

November 18, 2008

Whatcom County Planning & Development Services  
5280 Northwest Drive  
Bellingham, Washington 98226

Attention: Mr. David Stalheim, Director  
Mr. Matt Aamot, Senior Planner, and Mr. Gary Davis, Senior Planner  
Mr. Tyler Schroeder, SEPA Official  
Whatcom County Council, Planning Commission, and Growth Management  
Coordinating Council

Subject: Continuing Concern – Erroneous and Incomplete Data: Economic Analysis,  
2007 Draft Foothills Subarea Plan, and Whatcom 2031- Data for Foothills Area  
(Demand Allocation and Land Capacity Analyses/Methodologies, etc.)

Gentlemen:

Considering the volatility of the economy at this time, and particularly in light of challenges to past Whatcom County comprehensive plans, surely all parties in responsible charge will agree that the *success and integrity* of both Whatcom 2031 and completion of the 2007 Subarea Plan Update *require realistic and reliable information*.

On June 3<sup>rd</sup>, I wrote a lengthy comment letter describing serious statistical problems, inconsistencies, and unsubstantiated data in the 2007 Draft Plan “Section 7 - Economics.” There are significant and inescapable errors and oversights in the ECONorthwest material, referenced throughout the 2007 Draft Plan, which will have major negative consequences, resulting in a Subarea Plan (and potentially, the countywide 20-year plan) that does not accurately reflect either the present or future trends.

I have attached, for easy reference, two principal tables from the 2007 Draft Plan, annotated to illustrate the extent of the flawed and misleading statistics. Whatever methods may have been employed by ECONorthwest to construct the July 12, 2007 analysis, anyone even vaguely familiar with the Foothills must find this data questionable. Those sections of the 2007 Draft Plan that refer to it must be reviewed and revised in their entirety, as well as conclusions based on the economic analysis section of the 2007 Draft Plan, such as growth potential and carrying capacity.

Corrected data should reveal a better understanding of the area’s economy – its strengths and potential for modest growth well into the future. The “east end” of the County enjoys a unique mix of resource, rural, residential and recreational attributes. A cogent analysis should prevent or limit the expense and risk of potentially intensive and misdirected government interventions, however well intended, based on incorrect assumptions.

I urge planners and policy makers on all levels to review and require re-work of this data *before* proceeding with projections, goal-setting, and planning for the next 20 years. I would be happy to provide you with further details at your request, and stand available to meet with you in person to review these serious issues.

Respectfully submitted,

D. Ellen Baker, Glacier Resident - 35 years

Attachments (2)

Table 7.1 - Covered employment in the Foothills Subarea by sector and industry, 2005

Sector/Industry	Employees	Average Pay/Employee (in dollars)	
Agriculture, Forestry, Fishing, Hunting, and Mining	54	27,381	
Forestry and Logging	34	28,495	
Other Agriculture and Mining	20	25,488	
Construction	75	22,124	
Construction of Buildings	28	19,326	
Specialty Trade Construction	47	23,791	
Manufacturing	36	28,031	
Retail Trade	44	11,010	
Gasoline Stations	30	11,552	
Other Retail Trade	14	9,847	
Transportation, Utilities, and Wholesale Trade	22	22,041	
	23	22,267	
Real Estate, Professional, Administrative, and Health Services			
Accommodation, Food Services and Entertainment	101	12,569	
Food Services and Drinking Places	59	11,586	
Other Accommodation and Entertainment	42	13,949	
Other Services	91	13,350	
Religious, Grantmaking, Civic, Professional, and Similar Organizations	35	19,095	
Private Households	56	9,760	
<b>Government</b>	<b>847</b>	<b>29,842</b>	<b>&lt;- 66% !*</b>
<b>Total</b>	<b>1293</b>	<b>25,823</b>	

Source: "Foothills Subarea Economic Analysis," ECONorthwest, June 12, 2007, p. 7

### Questions and Problems With Table 7.1 Employment Data

\* For 66% of "Foothills employment" given as "Government" -- NO detail was provided?

- FSAP Advisory Committee minutes reported 500 (Nooksack) tribal employees - 38% of all Foothills jobs?
  - Section 7 states that tribal employees are included in the "government" category,
  - It is not specified how many tribal jobs are full-time, or part-time.
  - The analysis does not specify tribal-specific appointments or elected positions vs. "employed" staff.
  - The analysis fails to specify if all tribal employees are Foothills residents - i.e., is all "tribal employment" actually "Foothills employment"? Are we to believe that there were 500 tribal Foothills FTE's in 2005?
- FSAP Advisory Committee minutes and the analysis state that "government employment" includes all employees of Mt. Baker School District; and fails to specify School Year 2004-2005 employment (249), or School Year 2005-2006 employment (261).
  - It is not specified how many School District employees are full-time, or part-time.
  - Only three of five District schools are located within the Foothills, yet all employment was "Foothills"?
  - The analysis does not specify if all School District employees are Foothills residents - i.e., is all School District employment actually "Foothills employment"? There were 249-261 Foothills school district FTE's?
- What about "other" government employers? No detail is given.
  - Neither FSAP minutes nor the analysis name the other "government" employers/agencies. The figure includes which federal, state, and local agencies? What change can be anticipated for this sub-group?
  - It is not specified how many "other" government positions are seasonal, full-time, or part-time.

From: DRAFT Foothills Sub Area Plan, Pg. 69

Table 7.2 - Taxes Collected from Taxable Retail Sales, Foothills Subarea, 2005<sup>2</sup>

Sector	Establishments	Tax Collected (in dollars)	Percent
Accommodation and Food Services	23	5,011,458	29
Mining, Utilities, and Construction	54	4,962,059	28
Retail Trade	58	4,311,382	25
Food and Beverage Stores	4	2,190,369	12
Gasoline Stations	4	914,245	5
Building Material, Garden Equipment, and Supplies	6	370,358	2
Sporting Goods, Hobby, Book and Music Stores	4	374,437	2
Motor Vehicle and Parts Dealers	4	218,052	1
Miscellaneous Store Retailers	17	150,154	1
Health and Personal Care Stores	5	147,185	1
Nonstore Retailers	14	46,582	0
Agriculture, Forestry, Fishing and Hunting	8	579,537	3
Transportation and Warehousing	8	515,153	3
Arts, Entertainment, and Recreation	8	506,743	3
Other Services (except Public Administration)	20	451,578	3
Manufacturing	8	444,986	3
Administrative and Support Services	14	207,675	1
Assistance	3	187,330	1
Professional, Scientific, and Technical Services	10	150,436	1
Wholesale Trade	10	110,110	1
Information and Finance and Insurance	7	35,249	0
Total	228	17,573,696	100

Source: "Foothills Subarea Economic Analysis," ECONorthwest, June 12, 2007, p. 9

<sup>2</sup>Taxable retail sales do not include economic activity for items exempt from sales tax, such as groceries, professional services, wholesale activity, Tribal operations, and other items. It is reasonable to assume that the Foothills Subarea economy has activity from products and services exempt from sales tax, which contribute to the economy of the Subarea.

Questions and Problems With Table 7.2 Data

At a Tax Rate of 8.4%,

2005 Gross Sales Would Have Been	Avg. Gross (Per Estab.)?	Issue(s):
\$59,660,214	\$2,593,922	(1) 23 establishments? (2) Avg gross \$2-1/2 million each?
\$59,072,131	\$1,093,928	(1) 54 establishments? (2) Avg gross over \$1 million each?
\$51,325,976	\$884,931	(1) 58 establishments? (2) Avg gross over \$884 thousand each?
\$26,075,821	\$6,518,955	(1) Taxable merchandise (non-food)? (2) Avg over \$6-1/2 million in taxable merchandise? (3) What's the activity total?
\$10,883,869	\$2,720,967	(possible)
\$4,409,024	\$734,837	(1) There are NO known establishments of this type (2) Yet, this table reports 6 with avg gross \$734 thousand?
\$4,457,583	\$1,114,396	(1) 4 establishments? (2) Avg gross over \$1 million each?
\$2,595,857	\$648,964	(1) 4 establishments? (2) Avg gross \$648 thousand each?
\$1,787,548	\$105,150	(1) Avg gross \$105,150?
\$1,752,202	\$350,440	(1) Avg gross \$350,440?
\$554,548	\$39,611	(possible)
\$6,899,250	\$862,406	(1) 8 establishments? (2) Avg gross \$862 thousand?
\$6,132,774	\$766,597	(1) 8 establishments? (2) Avg gross \$766 thousand?
\$6,032,655	\$754,082	(1) 8 establishments? (2) Avg gross \$754 thousand?
\$5,375,929	\$268,796	(1) 20 establishments? (2) Avg gross \$268 thousand?
\$5,297,452	\$662,182	(1) 8 establishments? (2) Avg gross \$662 thousand retail?
\$2,472,321	\$176,594	(1) 14 establishments? (2) Avg gross \$176 thousand?
\$2,230,119	\$743,373	(1) 3 establishments? (2) Avg gross \$743 thousand?
\$1,790,905	\$179,090	(1) 10 establishments? (2) Footnote 2 says professional services were not included, yet, this "includes" professional services? (3) Avg gross \$179 thousand correct?
\$1,310,833	\$131,083	(1) 10 establishments? (2) Retail tax collected on WHOLESALE?
\$419,631	\$59,947	(1) 7 establishments?
\$209,210,667	\$917,591	<-- (1) Average gross per establishment in the Foothills???
		(2) Before non-taxable groceries?

A. Since no category includes only one business, it would be appropriate to verify the count for each category (why not identify the establishments?). B. Does the average gross activity for any annotated category seem realistic? C. The analysis includes a count for "tribal" employment, yet there is no general data for (gross) tribal revenue. D. The analysis includes a count for "government" employment, but no data for overall activity for this sector. The data is a poor indicator of overall economy.