



905 West 9th, Suite 221-222  
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## EDC UPDATE – 17 March 2016

To: BOARD OF DIRECTORS

“We are all in the same canoe. Let’s pull together in the same direction.”

W. Ron Allen, Tribal Chairman

Jamestown S’Klallam Tribe

22 January 2016

### FINANCIAL RESULTS:

The EDC has grown substantially since the beginning of 2015, and the trends of last year have continued as we approach mid-March. Revenues (or Income) exceeded PLAN and would be larger except for the timing of a year-end payment due from the Department of Commerce. They were enhanced by significant growth in membership income from the Private Sector, 447 percent above the prior year. In only a few categories were we above budget and were below budget in most. Thus, we are able to report a “profit” of \$68,879 for 2015, funds which go to retained earnings and the rebuilding of our capital base. Our long term goal is to move private sector support above 40 percent which would put the Clallam EDC more in line with successful EDCs in other counties.

### BOARD CHANGES:

The EDC board is now expected to number 15. Five members will come from the Public Sector and they will represent the Jamestown Tribe, the Port of Port Angeles, Peninsula College, Olympic Medical Center, and the PUD. Ten members will now represent the Private Sector and are “Corporate” members of the EDC. The ratio is intended to reflect that our Corporation is a business and not a hybrid of a government/business, and thus titles, structure, and governance are now like a typical private sector organization. To reflect the above, the EDC bylaws have been revised, voted upon by our board, and approved with no dissent.

At March 17 we expect to seat at least eight Private Sector members. The remaining two are being selected by the Cities of Port Angeles and Sequim. Each City has agreed to fund the EDC and has our contract in hand. Now, we await their selection of one EDC corporate member from a list provided them from our Nominating Committee. It is possible that the selection will not have occurred prior to our March 17 meeting. However, the Executive Committee has formally invited the City Managers of each (or their designee) to sit at the board table and participate ex officio.

### STATUS WITH PUBLIC PARTNERS:



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By March 17 we expect that, with the exception of the cities, all contracts with our public partners will have been executed. Our largest financial supporter is Clallam County and we have used our executed contract with the county as the basis for all others in the interests of uniformity. This year's contract calls for regular reporting on metrics tied to the Strategic Direction adopted by the EDC Board in the fall of 2014. The EDC team recognizes the importance of this type of reporting and meets on a monthly basis to review and update. We will be reviewing progress on metrics with Commissioner Ozias in early fall to determine if adjustments to the process are necessary.

#### BUSINESS RETENTION:

As we have often said, there are plenty of tools in our kit-bag – many provided by the Department of Commerce. And we feel we used them to great effect in 2015. A two-page list of measureable outcomes for 2015 is appended to this report. We do believe that a clear measure of success lies in the growth in private sector EDC membership and funding. Local business leaders have come to understand that the EDC offers a tremendous value proposition. We have often either helped a business or been viewed by another as helping that business. In either case, it becomes highly likely that both companies decide to support our efforts. More and more, our team is also able to provide tremendous referrals among our members. And we intend to continue to advertise in the local papers using membership logos and a general statement that “The following companies and individuals support economic development in Clallam County”. Our members have been extremely pleased to be part of these ads. The EDC membership, led by our current Board of Directors, has truly become the “Economic Engine” of our county.

#### TEAM OF TEAMS:

Many people in the EDC have now read General Stanley McCrystal's book TEAM OF TEAMS. His points are complex and not easily defined by the title. The world of the 21<sup>st</sup> century is different from the 20<sup>th</sup> and leaders must adapt to the light speed of change occurring daily. And to get the right things done that will pull our community together, we need to act with alacrity. Our team is now taking more aggressive steps to work closely with the important business groups in the county whom we believe will be very close partners in 2016. In Marc Abshire we have a fine new leader at the Port Angeles Chamber. We already work together exceptionally well. Kevin Russell, a force in the construction industry both here and state-wide, has taken major steps to involve the EDC in the North Peninsula Building Association. Our team has always received a warm welcome from the Sequim Chamber. And the leaders at the Port want our help and cooperation – which they will 100 percent receive. To quote Ron Allen again: “We are all in the same canoe.”

#### BUSINESS RECRUITMENT:

Nearly every EDC member feels we need to turn up the flame under our recruiting efforts. They want more customers, more jobs, and a more balanced economy. A year ago we were betting that by now we would have direct connecting air service to SeaTac and the passage in hand of at least one school bond issue. We have much to “sell” about Clallam County to any company across Puget Sound, but the global economy demands flights and good schools. The Port is working hard right now to make flights happen but getting real results in 2016 is questionable. The EDC spent half its advertising budget on ads for the



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Sequim school system for a depressing result. We hope EDC members can help our school leaders in a major way to push for another vote, support it, and pass that 60 percent supermajority.

In the next quarter we will give a detailed update of our recruiting efforts, none of which have reached fruition. However, in the Sequim area we have three fine technology companies around which we are planning a showcase to CEOs who might consider locating here: A-M Systems, Batson Enterprises, and High Energy Metals. All manufacture here. All, for the most part, sell their products elsewhere. They pay good wages. They have workforces that are loyal and reliable. It is a picture we hope to build upon. We will also try to build on the very real world-wide success of Angeles Composite Technologies and seek to provide previews of what is emerging from the CRTC project. Bob Larsen, its Chairman, plans to give a full progress report at our June board meeting.

#### WORKFORCE TRAINING:

Some weeks ago, in his state of the city address, the Mayor of Forks listed about ten different areas of opportunity in the city that cried out for more workers. There are plenty of unemployed in Forks but few job-seekers. Forks does not have a plumber and therefore Forks Community Hospital requires at least a weekly call from Angeles Plumbing. But Forks is not alone. Our county faces tremendous needs in all the traditional trades, and there seem to be few takers. George Peabody, Area Manager for Lakeside Industries, a responsible company that dominates the paving business here, has no certainty about where his next generation of workers will come from. On his own, however, he is trying innovative ways to attract much younger kids to his industry. Our leading auto dealers are selling new cars these days at a remarkable clip, but their hiring sign is always out for service technicians -- who will command top rates.

We are fortunate to have a remarkable college that is ready and willing to deal with these challenges, and training grants are often available. But we need to encourage the newly-educated and perhaps our younger veterans that a major opportunity is at hand. People who can fix things are becoming far more valuable than people who can sell things. Finding a way to fix this issue is, in our view, the single biggest challenge faced by our EDC membership.

We are tremendously fortunate to have Amy McDonald and Jennifer Linde playing strong roles at the EDC. They are young mothers with large families and loyal husbands, and their lives are complex. But they show up every day with a fire in their eyes and have now enjoyed a long series of successes with various companies within our membership. Each success drives them to do even better. They share a strong sense of responsibility to Clallam County. It is exciting to see.

Respectfully submitted,

Bill Greenwood

Jennifer Linde

Amy McDonald

Encl: Measured results for 2015



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AS REQUESTED BY SUPPORTERS: MEASURED OUTCOMES BY THE EDC IN 2015

1. Assisted an auto repair facility that was relocating within the County. City had given owner what he and we considered to be unreasonable and illogical demands before he could acquire a permit. We went to the city clerks and ultimately the city manager. Demands were considered illogical. Permit secured.
2. Reviewed and set the way for application by a composites manufacturer for the numerous 8-year tax incentives available in our county. They have been secured and will provide hundreds of thousands of dollars in cost savings to the company.
3. Worked with a growing marine trades company to secure the following: debt financing, in various forms (which are worth understanding), the explaining, processing, and securing of the tax incentives mentioned above, and extensive managerial advice to the management team.
4. Worked with a major marine trades company to secure tax incentives both in explanation and application. The savings to this company are expected to be in the millions.
5. Have advertised twice in the PDN that the EDC knows of over 500 jobs available in the County. Have received job resumes which we have shared with both Work Force and with Express Employment professionals. 7 resumes; 5 jobs secured.
6. Part of our job is to link companies with the right financing resources. This we do all the time. We emphasize our local lenders and our Washington or Oregon based lenders (Umpqua Bank). We do not reference the major national banks because they do not care to support economic development in our county. BofA would not support. 1<sup>st</sup> Security, acquiring the BofA branches, will. These efforts have been numerous but are done almost daily in the normal course of EDC business. NOTE THAT WELLS FARGO, CHASE BANK, US BANK, and KEYBANK DO NOT SUPPORT OUR ECONOMIC DEVELOPMENT EFFORTS. All the other "local" banks do.
7. Met with key provider of Industrial Revenue Bonds who is in a position to finance a potential new customer of the Port – financing the Port is too small to provide.
8. Advised one of the County's oldest insurance firms on fixing and updating its entire data and records keeping systems. Systems are now fixed.
9. Arranged for special financing through the National Development Fund for an expanding medical practice that was not considered a candidate for a loan by any of our local banks. The practice received the financing and is now thriving.
10. Helping a hospitality company to meet the right people to explore further opportunities in our county. This was a lot of work. There is no "outcome" yet, but this is what we are chartered to do.
11. Acting as a continuous advocate for seafood supplier which needs to redistribute its fishing pens. A long, ongoing process.
12. Setting up key financing – again through the National Development Fund – for a second hospitality company. This financing has been secured and completed.
13. Working with major construction company to develop a program to encourage students at a young age to consider the traditional trades upon graduation as opposed to seeking white collar



jobs. This issue is a major crisis and we are seeking ways to solve it. Time used? Plenty. Outcome? Far in the future.

14. Have introduced the National Development Fund, which visits here monthly, to numerous prospective clients that are presently underway. Is an introduction an outcome?
15. Advocated for a major local subcontractor to be part of the winning bid in a major new local contract. Time expended because of detail involved. Failed.
16. Sponsored and fully arranged a course called "Tools for Entrepreneurs" that was presented to a full house at Peninsula College as part of National Entrepreneurship Week.
17. Provided both an array of financing options and several choices of builders for a local company about to commence a major expansion.
18. Helped to provide financing competition which resulted in substantially lower rates for a fine services provider. Also acted as a consistent advocate for the business regarding zoning and permitting issues with the involved city manager and his staff. New jobs at company will increase by almost 200 percent.
19. Led the charge, while working with the Port, to secure both air service and a major new property lessor. Neither has occurred yet despite the significant expenditure of time.
20. Secured important signage from the county for a business had been seeking it since 2012. Temporary signage is now in place. Permanent will be approved shortly. Business is now expanding and will add at least ten new jobs paying between \$50 and \$100,000 annually.
21. Partnered with Citizens for Sequim Schools to get out the vote for the new school bond by expending one-half of the EDC annual ad budget and paying for the ads.
22. Researched and did due diligence on behalf of the County for three significant projects to be funded or potentially funded by the Opportunity Fund. The EDC is responsible for this work. A fourth request was dealt with in late January – William Shore Pool.
23. Assisted local aerospace supplier by contacting OSHA and then helping to introduce CSR (Comprehensive Safety Resource) to enable the company to properly comply with noise abatement issues.
24. As reported earlier, increased EDC private sector membership by over 100 percent and private sector financial support by 447 percent. Our Board of Directors considers these measures to be the most indicative measures of our progress.
25. At the urging of the PA City Managers and the Executive Director of the Port, the EDC aggressively recruited both Alaska and Delta Airlines to consider direct to SeaTac service from Fairchild Airport. Our team hosted Alaska management's first visit to Port Angeles which included group meetings with top-tier business leaders as well as officials from the City, the Port, and the County. While both Alaska and Delta did not see a fit because their smallest planes are so large, Alaska did introduce SeaPort Air to the Port. That service, which was to commence in March, has now been cancelled. We are now working with the Port on other options.

Note: We have done plenty more. We do not think in terms of measures and outcomes. We think about facing reality and dealing with it without delay.

- Bill Greenwood, Amy McDonald, Jennifer Linde