

# Clallam County



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## Strategic Direction

2017-2021

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Clallam County Economic Development Corporation

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*Note: This is a working document, to be reviewed annually and updated as necessary. It may be amended at any time by the Economic Development Corporation Board of Directors to address issues and opportunities that may arise during the covered period. Input is welcome.*

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## Purpose of this Strategic Direction

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- To describe in quantitative terms the economic condition of Clallam County in 2018, so that we will know and be able to manage our progress toward that future state;
- To enable Clallam County governments and private businesses to cooperate using strategic intent;
- To provide a basis for mobilizing public and private capital; and
- To connect ends with means.
- To describe the Clallam County economic environment
- To provide a concise accounting of assets and liabilities
- To derive the maximum economic return from assets, and overcome or mitigate liabilities

## EDC Organization, Roles, and Responsibilities

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The Clallam County Board of Commissioners has designated Clallam County Economic Development Corporation (“EDC”) as the recipient of State of Washington Associate Development Organization (“ADO”) funding, should the EDC seek to contract for such funding. (See Revised Code of Washington, § 43.330.080(1)(a).)

The EDC is a private, non-profit organization, governed by a Board of Directors, operating in accordance with its By-Laws, and subject to Section 501(c)(6) of the U.S. Internal Revenue Code.

It is the EDC role and responsibility to understand, assist, partner, cooperate, collaborate and coordinate with all sectors of our community to promote the healthy growth of Clallam County.

The EDC acts as a portal to an expansive network of business contacts, tools, and solutions for both public organizations and private businesses.

## Mission Statement

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The Clallam EDC’s mission is to “set the table” for economic growth; to identify, understand and align the economic drivers throughout the County; and to be the advocate for Clallam County commerce.

## Areas of Focus

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Four areas of economic activity that can capitalize on Clallam County assets and advantages:

- Marine Trades
- Natural Resources (Forestry, Fisheries, Agriculture)
- Advanced Manufacturing
- Tourism

Tourism is certainly a necessary area of focus for economic development; however, state law provides a dedicated source of marketing and operating funds, and for a governing structure, separate from the EDC. *Therefore, EDC activities, while unmistakably supporting tourism, will “zero in” on the three remaining areas.*

The EDC will facilitate discussions, market research, and investment to strengthen and grow our existing business segments. It will also aim at recruiting new product lines and will seek ways to increase market share.

## Countywide Economic Development Fundamentals

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(Random order)

- An educated, trained, and ready workforce
- A trustworthy primary, and secondary education system
- A Community College which offers four year degrees, and is one of only fifteen colleges in the State of Washington approved by the Microsoft Corporation as an *authorized academic training program*
- High quality health care
- Access to capital financing
- Realistic and business friendly regulations
- High-speed telecommunications
- Ample land zoned for residential, commercial, and industrial activities
- Abundant, reasonably priced, diversely sourced, energy
- A transportation system connecting people with job locations, and goods from origin to destination
- Available and affordable family housing

## Economic and Demographic Condition of our County

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- Population: ~73841
- Between the ages of 25 and 60: ~32,110 (43% of the total population)
- Working or looking for work: ~31,227 (97% of people ages 20 – 60)
- Median age: ~49.8
- Veterans: ~12.4%
- Four federally recognized tribes
- Unemployment rate: ~8.1%
- Median household income: ~\$47,253
- Per capita income: ~\$38,545
- Non-farm businesses: 2,253
- Number of Businesses: 2,337
- Total Business Revenue: ~\$792,025,972

*[Data sources: WA Office of Financial Management; WA Dept. of Employment Security; U.S. Census Bureau; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics]*

## Assets and Advantages

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- Trees grow well throughout the County, and forest products are a major export,
- Soils are good throughout the County and the Sequim Dungeness area maintains a century-old irrigation network to support both plant-based and animal-based agriculture,
- Port Angeles Harbor is a maintenance dredging-free, deepwater port, located on shipping directly on shipping routes for all Puget Sound and southern British Columbia ports,
- Sport fishing and commercial fishing are well established industries,
- Olympic National Park, as well as other locations throughout the County are a major tourism draw,
- The climate and rural nature of Clallam County draws a vibrant retirement population, and provides a great place to raise a family,
- A privately owned passenger and vehicle ferry connects downtown Port Angeles to Victoria, British Columbia (the provincial capital),
- There are several public and privately owned general and commercial airports throughout the County,

- Clallam County has a strong history of working together as a community,
- Schools and health care are both trustworthy and comprehensive; Peninsula College has a strong academic and workforce training program; and Federal and State research facilities are located here,
- Telecommunications, including broadband service speed, is very good, and distribution is getting even better day by day.

## Challenges and Constraints (or in other words – Opportunities)

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- Clallam County has no natural gas pipeline or rail link,
- US Highway 101 is the only road link between east and west sides of the County,
- Substantially all foodstuffs and consumer goods must be imported, and all solid waste must be exported,
- Broadband telecommunications service to the west side of the County needs to be strengthened,
- The tax and regulatory environment, both state and federal, make it increasingly difficult to sustain historic County natural resource-based industries, and create significant obstacles to expansion, and even survival, of business in general,
- Federal and State discretionary budgets are under stress and will be increasingly unable to sustain their historic level of financial support to local governments and non-governmental organizations,
- We will increasingly need to rely on our own financial resources to support publicly owned economic infrastructure,
- The availability of financing for small business owners and entrepreneurs.

## Strategic Objectives:

### Desired Clallam County Economic Conditions in 2018

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- Jobs: No net loss of private sector jobs between the 2010 census and 2020 census
- Employment (ages of 25 to 60): 95% employable citizens will be either employed or looking for employment (up from the current 93%)
- Median wages: Consumer Price Index plus 4%
- Median household income: Consumer Price Index plus 4%

## EDC Performance Metrics

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The EDC staff will set annual targets and report on the following metrics.

### Recruiting Activities

- Business Contacts Initiated (1<sup>st</sup> Time)
- Current Marketing Outline

### Business Retention & Expansion Activities

- Outreach Interactions (Phone Calls, Surveys, & Site Visits)
- Follow-up Interactions with Existing Businesses

### Business Assistance

- Number of Businesses Requesting Assistance
- Number of Follow-up Interactions

### Readiness & Capacity Building

- Number of Engagements with Local Government & Organizations
- Number of Community Activities (ADO Planned, Sponsored, or Co-sponsored)

# Action Strategy for the EDC

## What's Clear

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The forestry industry, which has been the economic leader of Clallam County for over 100 years, has been in a significant decline for almost two generations. That said, forestry is our single most important industry and the EDC must fully support the efforts of its many employers who desire to hire individuals with a high work ethic.

A common perception is that forestry jobs have dropped to 25 percent of their peak and that they have never been adequately replaced. Moves can perhaps be made to slow the continuing drop, or even renew the industry, but economic growth for the County needs to come significantly from other industries.

## PART ONE: Objectives

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The Economic Development Corporation exists to serve the citizens of Clallam County. To best serve its constituents the EDC is advancing on two primary fronts. We weigh both equally.

- A. First, we must help to keep, build and expand what we have. “BRE” (Business Retention and Expansion) aims at assisting businesses with specific needs throughout the County to ensure they survive but also increase their employment base. There are many tools available like tax breaks that provide support and incentives. A broad awareness of what’s possible requires continuous communication and advice.

**OBJECTIVE:** *FIRST*, we must take care of our own.

This means a high order of “BRE action”. The EDC team needs to touch every possible business and is aiming at doing so. The action will be ongoing, recorded, with plenty of follow-up where needed.

- B. Second, the EDC will simultaneously focus on attracting any logical business, or part of a business, to the County. Ideally, we need providers of a mix of jobs up and down the wage scale. Hopefully, they come with private health insurance plans. But we believe in recruiting any type of company that will flourish in our environment and increase employment.

**OBJECTIVE:** Recruit new businesses based on “cost leadership, differentiation, and focus.” We are driven by these three strategies outlined by Michael Porter of Harvard Business School in his 1985 book, “Competitive Strategy”.

The Pacific Northwest is again growing faster than most areas in the U.S. In Seattle, unemployment appears to be heading below 5 percent, home prices are rising sharply, as are rents, and businesses are outgrowing their spaces. Significant growth both north and south of Seattle began about 40 years ago and I-5 and 99 are now choked with traffic. Expansion east, which began about 35 years ago, is now being slowed by congested traffic corridors and geography. Forward looking Seattle business leaders have few options and should be looking west.

In sum, to the west lies Clallam County and we have plenty to offer expanding companies:

- **“Cost Leadership”** – lower costs of land, buildings, homes, rents, power, and labor.
- **“Differentiation”** - in terms of lifestyle, beauty, and a workforce eager to be trained and hired.
- **“Focus”** – we need to make it very easy for any desirable business to locate here and for its employees to want to live here.

## PART TWO: Action

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*Economic development is a team sport.* The EDC needs to understand, assist, partner, cooperate, collaborate and coordinate with all sectors of our community to promote the healthy growth of our County.

The EDC requires a small team with high energy and a bias for action. The current EDC budget plan calls for an ultimate team of no less than three individuals. At least two members will be equally focused on objectives A and B. The third team member will manage the office and be the master coordinator of all activity, including that with the Department of Commerce. Routine, dependable and reliable BRE visits will be carried out. We will do our best to assist any company that faces zoning issues, financing issues, and other typical obstacles and challenges. Concurrently our energy will focus on the face-to-face marketing of Clallam County to companies in the Northwest starting,

specifically, in greater Seattle. Over time that marketing effort will expand further east in concentric circles after real results have been delivered. Clallam County has plenty to offer and is a logical place to go. A strong and properly financed EDC team will accelerate our County's drive to the future.

## PART THREE: Goals & Outcomes (2018-2021)

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1. Support 15 companies to significantly expand or to locate in Clallam County.
2. Induce \$75 to \$100 million of investment in new facilities.
3. Create over 500 new direct jobs.
4. Ensure an ever-building pipeline of new projects:
  - a. Some of which will fit our current business segments,
  - b. Some of which may represent new industries,
  - c. Have a growing list of prospective companies evaluating the area for expansion or relocation.

## Final Note

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As the Action Strategy described above is seen to be effective, the team intends to expand the Clallam County outlook to include a 10 year perspective.