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CLALLAM COUNTY EDC QUARTERLY REPORT 10/1/2015

To All Members of the EDC:

“For want of a nail the shoe was lost.
For want of a shoe the horse was lost.
For want of a horse the rider was lost.
For want of a rider the battle was lost.
For want of a battle the kingdom was lost.
And all for the want of a horseshoe nail.”

- English traditional

Since mid-December 2014 the economy in Clallam County has experienced a definite upswing. Most of our traditional economic sectors have participated. Tourism has been a bulwark. The companies in the marine trades have commenced what appears to be very rapid expansion. Many of our restaurants and retailers and service providers are on the way to record years. The Red Lion Hotel, under the new general manager Robert Utz, is already blowing out its plan for 2015. Only forest resources – the county’s traditional backbone – has seen significant setbacks. But expansion has a long way to go before it can match the economy of, say, 2005. We are coming back from a very long and very lean time.

THE GREAT IMBALANCE

While our unemployment remains high (7.4 percent in August vs. 3.3 percent in King County) the number of jobs available in our county is shockingly high. Why can’t those jobs be filled? The answer seems to lie in the simple fact that our economy is way out of balance. The long downturn in our building trades has left us with a shortage of people with certain traditional skills just as new construction is taking off. Ask your plumber! The young people he was training in 2008 slowly drifted away from the industry because the work wasn’t there. Today, the stable of well-trained plumbers just isn’t there to do the work. Outside the building trades our population is made up of vast numbers of folks who are educated and eager for jobs in technology, in major service businesses like insurance, and many other areas. They don’t feel eager or willing to change their own knowledge base, to get work force training, and then enter, for example, the marine industry. People would prefer to effectively utilize their own history.



The best answer to the issue of imbalance seems to lie in the recruitment of new types of industries and employers to our county. The team at the Port and our team at the EDC spend a significant amount of time precisely on recruiting. But without direct connecting flights from Fairchild Airport to SeaTac the effort could be nearly fruitless. In this global economy, those flights are the first demand of any CEO of an expanding company. At a time when Seattle-area companies are being priced out of their own city, they are moving operations to places like Moses Lake and Reno, not Clallam County. Every EDC member fully understands why they should be coming here. The primary reason why they are not here is air service.

Getting that service involves dealing with a host of issues at the airlines and other tough issues at our airport. Jerry Ludke at the Port is doing a tremendous job on this matter and he feels we are close. But the matter must be solved promptly before real recruitment can gain traction. For want of a nail...

RECRUITMENT

Why is recruitment so important? We reported on our recruiting efforts in our July quarterly and little has changed. New industries and new companies in Clallam County will, of course, bring jobs. They will also – with luck – bring the necessary economic balance discussed above. And most importantly, perhaps, is that recruited companies will bring new customers for our homebuilders, our merchants, our service providers. In July we described a marine trades company that is considering a move which would relocate at least 200 families to our county and would seek to hire over 100 more. The economic impact of that employer would be staggering. The very conservative estimate is over \$200 million annually in increased spending in our county. By contrast, when Shell brought the Polar Pioneer to Port Angeles Harbor for five weeks this spring – with little notice and a temporary work force – about \$1 million of additional dollars was injected into the Port Angeles economy.

With air service from Fairchild – and with both Sequim and Port Angeles passing spending measures to rebuild our schools' infrastructure – most objections raised by a recruited company based in King County are wiped away.

RELATIONSHIP WITH THE DEPARTMENT OF COMMERCE

In early August the Clallam County EDC formalized its agreement with the Department of Commerce for another two years as our county's representative ADO. The agreement is augmented by a negotiated work plan which is measured quarterly by the team at Commerce which funds about one-sixth of our annual budget. Our team met all the benchmarks in our previous contract and we are developing strong relationships at the Department. We plan to exceed their expectations.

Business Retention and Expansion (BRE)

The EDC team has been highly active in helping county businesses of all sizes and types with regard to our primary mandate: business retention and expansion. We have met with over fifty business owners



in 2015 and they are taking advantage of a message that had not been clear to them in recent years. Many are now securing the tax abatements and tax credits available in our rural county. Others are benefitting from introductions to some of our first-rate financial institutions. Still others are taking advice on building a good business plan. Many are getting great professional service from our SCORE counselors Mike McCarty and Mark Hannah. And we are advising companies on the first-rate workforce training available—often through grants-- at Peninsula College. Generally, local business owners seem to see that the long term efforts of our team and our board and our members will lead to increased work and customers for their own business. We are all in this together.

The best measure of success we can give you is the news that private financial support for the EDC has already increased by 300 percent over 2014. A six-page list of supporters, by logo, is appended to this report and we've run out of room. We are incredibly grateful to all our new members and to all our supporters, public and private, who have stood by the EDC as we emerge from difficult times.

Respectfully submitted,

Bill Greenwood

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Amy McDonald

Encl: EDC Membership List