



905 West 9th, Suite 221-222  
PO Box 1085 • Port Angeles • WA 98362  
360.457.7793 • www.clallam.org

## EDC UPDATE – 16 JUNE 2016

To: BOARD OF DIRECTORS

*"We few, we happy few, we band of brothers;  
For he to-day that sheds his blood with me  
Shall be my brother, be he ne'er so vile  
This day shall gentle his condition:  
And gentlemen in England now a-bed  
Shall think themselves accurs'd they were not here,  
And hold their manhoods cheap whiles any speaks  
That fought with us upon Saint Crispin's day."*

*Henry V, IV, iii.*

*William Shakespeare*

### BOARD ADDITIONS:

Today we expect to seat two new members to the EDC Board. The first is Michael McQuay, well-respected owner of the Kokopelli Grill in Port Angeles, and a man with a tremendous personal stake in seeing our community thrive and grow. Beyond being an outstanding chef and restaurateur, for many years Michael and his brother have owned and run a real estate management company in Houston with over \$400 million in assets. He knows a bit about economic development. The second is Kelly Fox, CEO of Lumber Traders of Port Angeles. Lumber Traders is the holding company for Angeles Millwork and Hartnagel Building Supply where he employs nearly 50 people. His company is structured as an ESOP which makes every employee an owner. Using that structure, Kelly has highly ambitious growth plans for the future.

### FINANCIAL UPDATE:

As we approach the half-year date, our finances are in good shape and improving every quarter. Despite an unplanned \$9,000 expenditure for a program called Zoom Prospector which will benefit the Port and many other organizations in the county, our revenues continue to grow above PLAN and our expenditures are well below PLAN. Private Sector membership has grown from \$12,850 at the end of 2014 to approximately \$80,000 today. For this increase we are very grateful to the many new companies that have stepped up to support our efforts. We also deeply appreciate our public sector supporters. We meet with them regularly and they know we are grateful. We have already passed the Board's revenue goal for 2016 by a wide margin and we have kept solid controls on costs. In 2015, we added about



\$69,000 to retained earnings (or reserves) and expect substantial additions six months from now. That said, we are still far away from our long term goal of 45 percent of total support from the Private Sector.

#### BUSINESS RETENTION & EXPANSION (BRE):

On March 29, 2016, the Employment Security Department reported that 550 new jobs had been added in Clallam County in 2015. Larry Hueth receives his own jobs report at First Federal and his numbers are exactly the same. Interestingly, in the fall of 2014 the EDC Board prepared a Strategic Plan and Direction that set a goal of helping to create 500 new jobs by 2018. Our local economy was in a depressed state at that time. We had all lived through seven very tough years and our timber interests were enduring numerous mill closures. Few of us could quite see the turn coming. But it is here now. As we meet with company after company our team is gaining greater confidence that we are about to enjoy high times. A huge number of county companies are trying to hire right now. Our best anecdotal estimate is that there are at least 1,000 new jobs available in the county with wages across a very wide spectrum. The major issue before us is finding qualified and willing individuals to fill those jobs; people with aptitude, good attitudes, and who show up on time. This issue may be near a crisis stage. Some examples:

- Our major auto dealers like PRICE, RUDELL, and WILDER cannot find good technicians fast enough. Several are reaching outside our state to find them and the competition is fierce.
- Substantial local companies in the construction trades have no up-and-comers from apprentice programs. A glazier is paid about \$54 an hour and demand is high. Is that a “living wage”? For the job there are few takers.
- Our financial services firms, particularly our banks, are being forced to reach out of state to find qualified people for very high level positions.

The EDC team, led by Jennifer Linde and Amy McDonald, has been highly diligent about identifying companies that we can help regarding planning and zoning issues, financing, understanding our available tax incentives, or just general business advice. Their energetic outreach has been the key factor behind the growth in our private sector support. In turn, we are trying – through a coordinated ad campaign – to showcase our members as much as possible and to point out how strongly they are behind economic development here. We will have run a member-focused ad at least once a week in June and we will pick up the program again in September. Our leaders at the Department of Commerce have told us that the Clallam County EDC’s approach to Business Retention is being held up as a model for other ADOs in the state of Washington.

#### BUSINESS RECRUITMENT:

Because we like it here, our lack of success in recruiting has been our own biggest surprise. Still, momentum is building. A major wood products company is seriously considering locating in Port Angeles. It would employ 45 to start. A well-financed restaurant group that expects to hire about 65 should eventually be coming here. The Port remains an ideal place for many companies in the marine trades to relocate. The right waterfront property is now not easy to find in the Puget Sound region. In



tandem with the Port, we are trying to court several. With the potential to have air service, many major hotel companies would consider locating here.

As we have said often, securing direct flights to SeaTac from Fairchild will be a game-changer. The Port is working hard on this matter – and is getting closer. WHEN an airline sets up shop here, our intent is to assist its marketing reach by any means possible. As a community we must help to make that airline as profitable as possible. We will want it to flourish and grow. If it eventually makes sense to install TSA, it will be faster for a Bainbridge Island resident to drive to Fairchild than to face the security lines at SeaTac.

**JUNE 16 AGENDA:**

As part of the June 16 board meeting we will be hosting three special presentations:

- Kelly Fox of Lumber Traders will present the PBS video narrated by James Earl Jones which is both a portrait of Kelly's company and the Olympic Peninsula.
- Bob Larsen, President of the Board of the Composite Recycling Technology Center, will be providing us with a full progress report.
- Jacki Skaught, CERB Financing specialist from the Department of Commerce, will be briefing us on the very valuable and low-cost CERB funding program that is potentially available to any company locating on property owned by the Port of Port Angeles.

On Wednesday, June 22, from 4PM to 6PM, one our star SCORE counselors, Mike McCarty, will be hosting a program at Peninsula College on the steps all businesses can take in the event of a disaster. This is an important subject and if an EDC business owner cannot attend we hope they will send an alternate. Preparedness is crucial. Please see the attached.

Last, please note that any EDC member is very welcome to our board meetings.

Respectfully submitted,

Bill Greenwood

Jennifer Linde

Amy McDonald

Encl: