JEFFERSON COUNTY JOINT ECONOMIC DEVELOPMENT PLANNING: EXISTING CONDITIONS REPORT

Prepared for:

Jefferson County
City of Port Townsend
Port of Port Townsend

October 2010

E. D. Hovee & Company, LLC

Economic and Development Services

EXISTING CONDITIONS – EXECUTIVE SUMMARY

This existing conditions report is intended to provide background information useful for Joint Economic Development Planning on behalf of Jefferson County, the City of Port Townsend, and the Port of Port Townsend. Information presented is intended to provide a *current snapshot* of existing conditions and trends, with no specific conclusions or recommendations regarding jurisdiction plans or policies at this time. What follows is a summary of preliminary observations and findings for consideration as part of the Jefferson County strategic economic development planning process.

ECONOMIC INDICATOR REVIEW

A major part of this review has been to summarize economic planning work already conducted for Jefferson County in recent years – followed by updating demographic and economic indicators as of 2009-10.

Prior Economic Assessments. Two major assessments have been conducted over the past decade:

- In 2002, a *Jefferson County Economic Assessment* was completed by the University of Washington School of Public Affairs (Paul Sommers). The report reviewed key trends at the time – noting that "Jefferson County's economy is transitioning from a reliance on forestry, wood products, fishing and other marine-related industries to one based on retirement, tourism, and linkages to the 'new economy' in the Seattle area."

  Stakeholder interviews and a business survey were conducted and a series of industry clusters recommended as a means to organize local economic development initiatives. The clusters recommended by Sommers in 2002 coincide well (albeit with some re-vamping) with the business sectors recently profiled through updated 2010 analysis by Team Jefferson.
- In 2007, E. D. Hovee and Company, LLC was retained to prepare a countywide industrial and commercial land inventory, infrastructure assets and economic development analysis. A business needs questionnaire was distributed to 1,290 businesses throughout Jefferson County.

  Three alternative scenarios were prepared to illustrate potential employment and accompanying land needs for Jefferson County over a 20-year forecast horizon (2007-27) – including extrapolation of the existing *job trends*, an alternative for *jobs-housing balance*, and a third scenario associated with a *jobs premium* for selected target industry sectors.

Updated Economic Indicators. As of 2010, Jefferson County has a population estimated at 29,300. As the county's only incorporated city, Port Townsend's 8,945 residents account for less than one-third (30.5%) of population countywide. In the past decade, population countywide has increased by about 11% (+3,000) residents, a rate of growth below the statewide increase of 14%. Other indicators of note:

- Port Townsend and Jefferson County residents tend to have lower household incomes but higher housing prices and higher levels of education than is typical throughout the rest of the state.
- As of 2009, Jefferson County had an estimated 1,070 firms employing more than 8,200 workers. Average annual wage is just under $31,700 per employee (33% below the statewide average wage of $47,500).
- From 2002 and 2009, the number of firms in Jefferson County has declined (by 0.8% annually), the total number of jobs have remained essentially flat (reflecting substantial job losses from 2008-09), but average wages have increased at a moderate pace (averaging 3.4% annual gains).
- When adjusted for inflation, median wages for workers in Jefferson County have increased at a much more modest rate averaging less than 1% per year since 1990 – with wages peaking in 2005, before the most recent economic downturn. Compared to the rest of the state, Jefferson

County wage levels appear to be disproportionately and adversely affected during recessionary time periods – as in 2001 and again in 2007-08.

- When measured by number of employees, government represents the largest overall sector with over 2,100 employees, as is the case statewide. The only other sectors with more than 900 jobs in Jefferson County are accommodations/food services, retail, and health care/social assistance. Taken together, these four industry sectors account for nearly 5,050 jobs – more than 60% of total employment in Jefferson County.
- Over the last two years, unemployment rates have nearly doubled but have recently begun to taper off – to 8.6% for Jefferson County and 8.9% for the state of Washington as of August 2010.
- Wage and salary sources account for a declining 30% share of total personal income in Jefferson County – a much lower proportion than statewide. Comparatively high proportions of personal income locally are investment and transfer payments.
- Taxable retail sales have increased in roughly similar fashion for the City and unincorporated County area over the last 15 years – but with much greater year-to-year variability for the County. This is due to greater reliance on construction activity outside the City – with a substantial downturn in activity experienced from 2008-09.
- Tourism is of considerable importance – accounting for about 18% of the job base countywide. On a per capita basis, visitor spending is better than 50% above the statewide per capita average but appears to be increasing more slowly than statewide.
- Due to the county's small population base, Jefferson County appears to offer potential for added retail activity across virtually all business types except health and personal care. Retail sales volumes compared to resident generated needs currently appear strongest with retail categories for which visitor expenditures serve to offset at least a portion of the sales leakage that can occur when local residents travel outside the county to shop.

REGIONAL & LOCAL POSITION OF COUNTY, CITY & PORT

A second objective of this 2009-10 review and update report is to begin the discussion of how economic changes globally, nationally, statewide and/or regionally might affect earlier conclusions and recommendations of the 2002 and 2007 countywide economic analysis.

Patterns of Economic Change. This analysis distinguishes between patterns of change being experienced globally, nationally, statewide and regionally – with further distinction between unanticipated changes brought on by the current economic downturn and longer term changes that can be expected post-recovery over the next 10-20 years, notably:

A. With Economic Downturn (& Early Phase Recovery)

- ✓ *Financial Market Retrenchment* – related to financial deleveraging, tightened consumer and business credit, and public sector intervention
- ✓ *Jobless Recovery?* – reflecting sectoral and location specific job loss with minimal expectations for substantial recovery now likely extending beyond 2010
- ✓ *Stalled Development* – including construction shut-down, declining home and investment real estate values

B. Post-Economic Recovery (over 10-20 Years)

- ✓ *Financial Market Restructuring* – with more conservative underwriting and emerging public sector fiscal stress
- ✓ *Changing Competitive Advantage* – with competitive positioning favoring global pathways of economic opportunity
- ✓ *Emerging Economic & Demographic Drivers* – for targeted employment amid ongoing economic instability, aging demographics and urbanization
- ✓ *Environmental & Infrastructure Drivers* – including impetus for alternative energy, going green, and hard and soft infrastructure needs
- ✓ *Changing Development Paradigm* – affecting development feasibility, real estate churn, and residential and commercial development products

For Jefferson County, the determination of which global patterns – including both challenges and opportunities – will be of greatest importance may represent a key topic of discussion as part of the strategic economic development planning and implementation process now underway. Two areas of *added focus* are highlighted with this existing conditions report – the changing face of American employment and aging demographics:

- With the exception of the next five years (to 2015), when faster job growth nationally is currently forecast with economic recovery, at no other point through 2035 is employment growth domestically expected to again come close to high growth experienced in the 1980s and 1990s. Since 1985, employment growth in the state of Washington has increased more rapidly than nationally, though the in-state advantage in performance has narrowed since 2000.
- A second major emerging trend of note is demographic. For at least the next 15 years, persons 55 years of age and older will represent the bulk of net population and household growth in the state of Washington. This trend can be expected to affect the economy in ways ranging from housing demand to retail sales to labor force replacement and health care demand. A pivotal policy and marketing question for non-metro areas is over the ability to attract and retain a balanced mix of younger households versus potential service demands associated with an aging population.

Washington State & The Innovation Economy. For the State of Washington, a major shift in economic development emphasis is indicated by the 2009 report of the Washington Economic Development Commission which advocates a shift from what has been described as a traditional approach to economic development to an innovation based economy. This approach suggests investing in talent and infrastructure rather than focusing primarily on attracting companies – and in quality of jobs and per capita incomes rather than simply increasing the number of jobs. For rural communities of the state, investing in internet broadband capability appears to be of increased importance for functions ranging from e-commerce to distance learning and telemedicine to telecommuting and business development.

While recognizing economic cluster analysis that has been conducted on a statewide level in the past, this new strategic approach focuses less on clusters and more out outcomes – in terms of "high growth, high-employment, traded sectors" offering realistic potential to bring new wealth into the state and its communities. However, the strategy does call out specific opportunities for job growth and improvement in sectors including tourism, aerospace and clean energy – together with possible new sectors such as life sciences, information technology, and electronic gaming.

Regional / Local Position of City, County & Port. While the emphasis of this existing conditions report is on joint economic development planning, it is important to understand needs and opportunities distinctive to the individual jurisdictions of the City of Port Townsend, Jefferson County and Port of Port

Townsend – together with the role of Team Jefferson as the countywide lead organization for economic development:

- As the only incorporated city in Jefferson County, the **City of Port Townsend** has received widespread recognition as a good place to visit and live. While businesses locally have been affected by the economic downturn, the City has maintained revenues over the last three years from diverse sources including sales, lodging and business and occupation (B&O) tax sources.

  With its *Capital Investment Strategy*, the City of Port Townsend has prioritized maritime investment, Upper Sims and Howard Street improvements and Fort Worden as three "economic anchors" pivotal to continued community vitality.
- As a largely rural county, most of **unincorporated Jefferson County** is characterized by population concentrated in the northeast portion of the county – at the Master Planned Resort of Port Ludlow and the Tri-Area. Quilcene and Brinnon are the largest communities in the southern portion of the county. Other than the City of Port Townsend, Irondale and Port Hadlock comprise the only unincorporated UGA in Jefferson County.

  Major initiatives that directly or indirectly relate to economic development have included Irondale and Port Hadlock UGA (as the primary regional growth center for the unincorporated portion of the county), Glen Cove light industrial area LAMIRD (for more intensive rural development including light industrial and commercial activity), Brinnon Master Planned Resort (MPR – being planned), revision to the Port Ludlow MPR (scaling back the commercial but increasing residential activity), and rezone of the Jefferson County International Airport (allowing non-aviation related industrial and manufacturing uses).
- The **Port of Port Townsend** serves all of Jefferson County – operating three marinas, a marine trades industrial area, the Jefferson County International Airport, an RV park, and boat launches at multiple sites. From 2000-08, Port revenue and expenses more than doubled (peaking in 2008) – though the recession has brought subsequent budget reductions in the last two years. Planned initiatives for the future have focused in two areas – harbor and airport improvements.
- Team Jefferson serves as the County-designated and Washington State Department of Commerce authorized Associate Development Organization (ADO) and lead economic development organization in Jefferson County. Team Jefferson is focusing on four key local economic initiatives – to energize entrepreneurs, attract 18-35 year-old emerging entrepreneurs, encourage community reinvestment, and development community leadership.

  Team Jefferson also has recently proceeded with detailed analysis of key business clusters for priority emphasis in Jefferson County – including advanced technology and manufacturing, arts and culture, education, small business and entrepreneurship, food and farm, health care, maritime, real estate and construction, and tourism and retail activities.

ECONOMIC DATA ASSESSMENT

The economic data presented with this report together with other immediately available resources appears to provide a reasonable basis for proceeding with at least the initial phases of the joint economic development planning process. While there appears to be a good repository of existing data, additional economic data research and analysis could be considered now or later to:

- Address specific questions or provide more **in-depth information** if requested during the planning process – with possible options including more detailed employment analysis (as for sub-county geographies and/or target business sectors), more detailed demographic and/or housing (including affordability) analysis, and/or benchmark comparison with similar rural amenity communities.

- Added **update opportunities** could encompass such items as incorporation of 2010 U.S. Census results (when available), updated business survey, adjusted employment and associated land demand scenarios, GIS land inventory updating, and/or preparation of an economic development element in conjunction with the next update of City/County comprehensive plans for GMA.

SWOT Assessment

A final objective of this existing conditions report is to provide a preliminary assessment of strengths, weaknesses, opportunities and threats (or SWOT) affecting the local economy. This preliminary assessment is based on information compiled from the economic indicator, *global to local* and data gap assessments provided as part of this baseline report.

Strengths & Weaknesses. Economic strengths and weaknesses reflect existing conditions and trends. Countywide *strengths* include quality of life appeal, proximity to Seattle metro, a recognized visitor destination, and a high proportion of non-locally generated income.

Countervailing *weaknesses* included relatively high and growing service sector needs, long travel times to Puget Sound urban centers, vulnerability to transportation disruptions, and a relatively low wage economy. More specific strengths and weaknesses are noted for the City, unincorporated Jefferson County and the Port in the full report.

Opportunities & Threats. Identified opportunities and threats are *forward looking*, reflecting a combination of locally determined initiatives plus economic drivers external to Jefferson County. *Opportunities* of potential importance countywide include value-added visitor services, retirement cluster, advanced technology with broadband capability, and going green.

Potential *threats* that could serve to undermine future opportunities include possible over-dependence on mature travelers, added retiree demands on public services, distance from markets and direct business-to-business client contacts affecting desirability of doing business in Jefferson County, and added costs or uncertainties associated with green development.

Options for Action. How the SWOT is to be used in shaping a joint economic development plan is a pivotal question that warrants some early-on discussion before getting underway. Strategic options to consider might be defined, for example, to include such options as status quo, targeted economic development, jobs/housing balance, and other (including possible hybrid) scenarios.

Each of these (or other) strategic options should be evaluated in terms of potential advantages and disadvantages, as well as requirements for successful implementation. Selection of a *preferred option* can then be followed by the determination of explicit economic development goals for Jefferson County and the resulting implementation plan.

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The map used on the report cover is from Google.

I. INTRODUCTION

Jefferson County, the City of Port Townsend and the Port of Port Townsend have joined together to conduct Joint Economic Development Planning. This planning process is expected to result in a common vision and policies addressing both state growth management and local objectives for economic development.

EXISTING CONDITIONS REVIEW FOR JOINT ECONOMIC DEVELOPMENT PLANNING

This existing conditions report is intended to provide background information useful for Joint Economic Development Planning on behalf of Jefferson County, the City of Port Townsend, and the Port of Port Townsend. The information compiled with this report is intended to provide a *current snapshot* of existing conditions and trends, with no specific conclusions or recommendations regarding jurisdiction plans or policies at this time.

Pursuant to a February 10, 2010 Memorandum of Understanding (MOU) between the County, City and Port, substantive subjects of joint economic development planning are anticipated to cover:

- Data collection and analysis
- Formulation of a common economic development vision
- Development of coordinated and complementary economic development policies based on market demand

The existing conditions report is focused on providing consulting assistance covering the first of these items – data collection, analysis and resulting recommendations in conjunction with a Joint Economic Development Planning Agreement which will serve to further the February 2010 MOU. Preparation of the common vision and policies will be conducted through a planning process involving an elected working group, inter-local staff team, Team Jefferson, and Joint Growth Management Steering Committee (JGMSC).

PROJECT BACKGROUND

In recent years, considerable economic development planning has been conducted for public jurisdictions and economic development organizations in Jefferson County:

- In 2002, Paul Sommers prepared a Jefferson County economic assessment – covering demographic and employment trends, interview and survey findings, and potential approaches and recommendations for economic development in Jefferson County.
- In 2007, the economic and development consulting firm E. D. Hovee & Company, LLC conducted preliminary work toward a countywide industrial and commercial land inventory, infrastructure assets and economic development analysis – with key products including a business survey, preliminary employment and commercial / industrial lands inventory analyses.

In effect, the purpose of this updated report is not to duplicate existing data or conduct a complete quantitative update, but rather to build from these prior analyses. A particular need that has emerged since the 2002 and 2007 economic development analyses is to take into account effects of the economic recession and ensuing economic recovery.

While readily available data will be used to inform this discussion, it is understood that this updated assessment is to be qualitative as well as quantitative in nature. In effect, a key purpose is to also provide an outside perspective regarding how the economic landscape has changed and may continue to change over the next 1-2 decades.

APPROACH TO UPDATE ANALYSIS

In June 2010, Jefferson County contracted with the economic and development consulting firm E. D. Hovee & Company, LLC to compile background information on existing economic conditions as applicable for consideration with the joint economic development planning process. Key steps in this preliminary inventory and compilation process have included:

- Economic data compilation and analysis – drawing from previously conducted analyses where possible, supplemented by selected updates as identified in consultation with the County, City and Port.
- Evaluation of the regional and local position of the County, City and Port – in the context of the economic downturn, pending recovery and changing global as well as national economic environment.
- Identification of adequacy of existing readily available data included with this report and with other available local sources – as a basis to proceed with joint economic development planning between the three jurisdictions.
- Preparation of a preliminary strengths, weaknesses, opportunities and threats (or SWOT) assessment of the local economy – focused on observations specific to the City, unincorporated County and Port and to address specific topics of interest as identified by the interjurisdictional MOU.

As noted, this report is intended to be used primarily as a *background resource* for the strategic economic development planning process now underway. As consultant, E. D. Hovee & Company, LLC is prepared to address questions and comments regarding any aspect of this resource document.[1]

REPORT ORGANIZATION

The remainder of this existing conditions report is organized to cover the following topics:

Economic Indicator Review
Regional & Local Position of County/City/Port
Economic Data Gaps & Update Needs
Preliminary Strengths, Weaknesses, Opportunities & Threats (SWOT) Assessment

Appendix A contains a brief profile of E. D. Hovee & Company, LLC as preparer of this existing conditions background report. *Appendix B* provides supplemental statistical data.

II. ECONOMIC INDICATOR REVIEW

This existing conditions report begins with a review of economic indicator data, including strategic options and recommendations as compiled over the past decade. Two previous countywide reports are of particular relevance:

- A *Jefferson County Economic Assessment*, completed in 2002
- Subsequent countywide economic development analysis including projections of future employment potentials, conducted in 2007

This review of historical economic development planning is followed by presentation of updated summary demographic and economic data as of 2009-10.

2002 ECONOMIC ASSESSMENT

In 2002, Paul Sommers and Kursten Holabird with the University of Washington School of Public Affairs completed a *Jefferson County Economic Assessment.* Purposes of the 2002 study were to:

- Assess the local economy by examining demographic, income and employment trends
- Recommend strategies and steps for future economic development efforts in Jefferson County

Demographic, Income & Employment Trends. Three *demographic trends* were identified by the Sommers report as being of importance for Jefferson County:

- Population growth at rates well above the entire state of Washington and U.S.
- Particularly rapid growth of older age cohorts (ages 50+)
- Higher overall levels of education than the state, albeit with the young workforce identified as the least educated age group in Jefferson County.

The Sommers report observed that "Jefferson County's economy is transitioning from a reliance on forestry, wood products, fishing and other marine-related industries to one based on retirement, tourism, and linkages to the 'new economy' in the Seattle area." Wages and salaries accounted for a lower proportion of earnings than elsewhere in the state. By comparison, the county has above average proportions of personal income from dividends, interest, rent, transfer (including retirement) payments, and self-employment.

Interview & Survey Results. As part of the 2002 assessment, the Sommers research team conducted 27 interviews with a mix of public sector, community and business leaders. A random sample of businesses countywide were also surveyed – with 17% of businesses contacted responding.

A range of shared goals between economic development entities in Jefferson County were identified with this 2002 report, with goals specifically suggested to:

- Promote education and training/workforce development opportunities
- Promote sustainability through diversity
- Create family wage jobs
- Maintain rural character and quality of life
- Promote economic opportunities for youth
- Coordinate economic development efforts with other local economic development
- Work towards coordination and consistency (streamlining) of the permitting and regulatory processes
- Provide infrastructure that is adequate to attract and support growth in appropriate locations
- Act in compliance with the Washington State GMA (Growth Management Act)

Opportunities for economic development were identified by those interviewed as including current strength of some industries, quality of life, community volunteerism, and abundance of creative spirit. Challenges were more numerous – including concerns with lack of unified economic development efforts, difficulty meeting workforce needs, inadequate infrastructure, and overly restrictive regulation for business.

The more broadly based business survey process corresponded with but also added more detail to the stakeholder interview results. Survey results indicated that business owners have been operating their business in Jefferson County for an average of 18 years. As of 2002, 59% of respondents wanted to grow their business and 45% had plans to expand.

When asked about *community assets*, the most common response (by more than 50%) was quality of life. Also noted as assets were the area's intellectual atmosphere with a strong presence of arts and culture. These attributes were identified as being of special importance "since many businesses have been started by emigrants to the county who could have chosen to locate elsewhere."

In contrast, the *top three barriers* to maintaining and operating a business in Jefferson County were identified as business costs (by 90% of respondents), land use regulation (69%) and workforce development (56%).

Recommended Strategies for Future Economic Development. The 2002 Sommers report defined local economic development as "a process by which local government and/or community based groups manage their existing resources and enter into new partnerships with the private sector, or with each other, to create new jobs and stimulate economic activity in a well-defined economic zone." Fundamental goals of economic development were further articulated to: create quality jobs for the current population, achieve local economic stability, and build a diverse economic and employment base.

Key strategies recommended at the time for consideration were to:

- *Adopt and encourage an industry clusters approach to economic development* – with nine existing and emergent suggested clusters (as indicated by the chart to the right), to be supported by workforce development initiatives, collaboration between industries and expanded education designed to strengthen existing industry clusters.
- *Fund entrepreneurial and small business strategies* – via strategic initiatives to develop an entrepreneurial support organization (ESO) and engage youth in entrepreneurial activities.
- *Continue baseline recruitment* – targeted at firms that would strengthen existing clusters and coordinate with infrastructure and site development to enhance probability of success while minimizing environmental or aesthetic impact.

Potential Jefferson County Business Clusters (2002)

- ✓ Forestry / wood and paper products
- ✓ Fishing / aquaculture
- ✓ Agriculture & food products (including the farmers market & food coop)
- ✓ Marine services
- ✓ Arts
- ✓ Tourism
- ✓ Industrial
- ✓ Emergent "new economy" firms based on information technology
- ✓ Health care / retirement

- *Monitor success* – via mechanisms including an annual economic indicators benchmark report and periodic adjustment of strategies (to occur about every two years) based on experience with cluster-based and entrepreneurial strategies in Jefferson County.

While benefitting from considerable community stakeholder and business input, the recommended strategies resulting from the 2002 economic assessment were not specifically adopted at the time. However, while the terminology has changed somewhat, virtually all of the business cluster opportunities first identified in 2002 are reflected in business sectors as currently prioritized by Team Jefferson (and as described further in Section III of this report).

2007 Economic Development Analysis

In 2007, E. D. Hovee and Company, LLC was retained to prepare a countywide industrial and commercial land inventory, infrastructure assets and economic development analysis. The analysis was conducted in cooperation with a stakeholders group involving representation from multiple local government agencies and the private sector.

Deliverables from this previous analysis most pertinent to this updated existing conditions report included a business survey, preparation of alternative employment and industrial/commercial land demand forecast scenarios, and preliminary industrial/commercial land use inventory.

Jefferson County Business Survey. As part of the 2007 study, a business needs questionnaire was distributed to 1,290 businesses throughout Jefferson County. The survey was conducted through a Jefferson County Economic Development Partnership with representation from Jefferson County, the City of Port Townsend, Port of Port Townsend, Economic Development Council of Jefferson County, and Diversified Resources.

In response, 260 completed surveys were received – for an overall survey response rate of 20%. Key findings from this 2007 survey research included the following:

- Nearly 30% of respondents had been doing business in Jefferson County for more than 20 years; just 26% said they were in business 5 years or less.
- Just 16% of respondents employed more than 5 people full-time; only 6% indicated plans to hire more than 5 new full-time employees in the next five years.
- "Work ethic" and "customer service" were cited as most important skills, abilities or characteristics employers are looking for in their workers. A high school degree or better was viewed as important for most employers.
- As of 2007, the majority (72%) reported no annual revenue from internet sales. However, 10% indicated that internet sales accounted for 25% or more of their business volume.
- Current land and building space configurations had not changed substantially (or at all) for the majority of business respondents. However for the few that had reconfigured plant facilities or operations, the change was often significant.
- About 21% of respondents indicated they would need added building area in the future and 12% indicated need for added land. *Note:* these responses reflected conditions prior to the subsequent economic recession.
- As of 2007, the *top 3* factors cited as potentially limiting current or future business operations or plans were: 1) labor force availability; 2) labor force skills and 3) telecommunications (including high speed internet access).[2]
- Businesses expressed a high level of interest in future business planning and the nature of prosperity in Jefferson County. Respondent comments indicated a range of views within the business community in terms of what kinds of businesses should be pursued or expanded, where they should locate, and how much growth is the right amount.

Employment Scenarios. With the 2007 economic development work program, preliminary employment analysis was conducted to assess potential job growth and commercial / industrial land implications for Jefferson County over a 20-year planning horizon (2007-27). Also included with the 2007 analysis was a preliminary inventory of vacant industrially and commercially zoned property in the City of Port Townsend and unincorporated Jefferson County.

As appropriate, policy options to address gaps that might be identified between employment land needs and inventory capacity could include steps to adjust job growth targets, provide added utility infrastructure to unserved sites, increase job densities, direct added employment to redevelopment as well as vacant properties, and/or designate added land for employment use focused on urban growth areas (UGA) with supportive infrastructure potential.

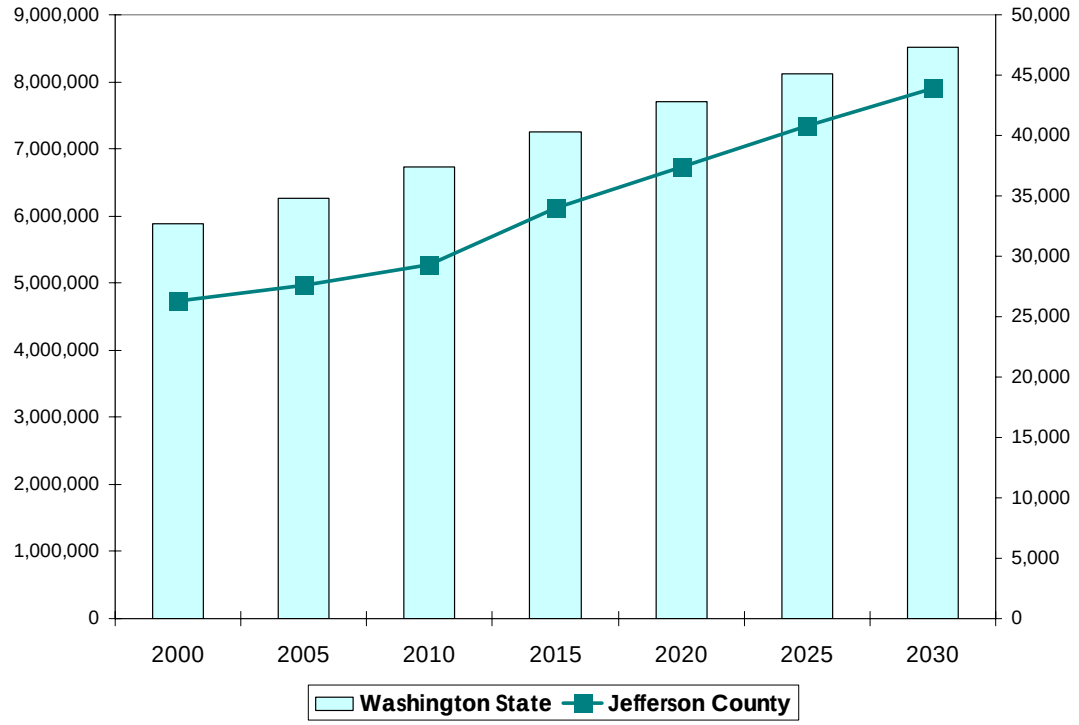
This prior analysis is expected to be updated and refined as the current joint economic development planning process proceeds. This planning is expected to result in coordinated and complementary economic development policies based on market demand through local jurisdiction comprehensive planning in compliance with the Growth Management Act (GMA).

UPDATED ECONOMIC INDICATORS

Economic indicators covered by this existing conditions report include population trend and forecast, related demographics, employment and payrolls, unemployment, income by source, taxable sales, tourism, and retail sales.

Population Trend & Forecast. With a 2010 population estimated at 29,300, Jefferson County represents only a small fraction (0.4%) of Washington State's population over 6.7 million.[3] In the past decade (from 2000-2010), Jefferson County's population has increased by about 11% (+3,000 residents), a rate of growth below the statewide increase of 14%.

Figure 1. Population Trend & Forecast – Medium Scenario (2000-2030)



Source: State of Washington Office of Financial Management. See Appendix C for more detailed data for medium, low and high growth scenarios both county and statewide.

Population forecasts prepared by the State of Washington Office of Financial Management (OFM) indicate that Jefferson County is expected to grow more rapidly than the rest of the state over the next 20 years. This expectation holds not only for OFM's medium growth scenario (depicted by the foregoing graph), but also with alternative low and high growth scenarios.

As the County's only incorporated city, Port Townsend's 8,945 residents account for less than one-third (30.5%) of population countywide. The City's proportion has declined somewhat from a 31.7% share in 2000.

OFM data indicates that the City has gained just over an estimated 600 residents since 2000. This is an increase of about 7%, below the 11% increase experienced countywide.

Comparative Demographics. Population related characteristics can be compared for Port Townsend, Jefferson County and the state of Washington – depicted by the graphs to the right. Data is noted for 2000 (U.S. Census) with 2010 estimates (ESRI – a national data firm):

- Residents of Jefferson County tend to have smaller households (with 2.18 *residents per household*) than is the case for the entire state. Household size is somewhat lower, at 2.07 residents, in Port Townsend.

  Household size does not appear to have changed much since 2000.

- At just over $47,600 (as of 2010), median *household income* for Jefferson County is about 21% below that of the state – with Port Townsend incomes 27% below the statewide median.

  Incomes in Port Townsend and Jefferson County have also increased more slowly than for the state – meaning that the gap between local and statewide incomes has widened over the last decade.

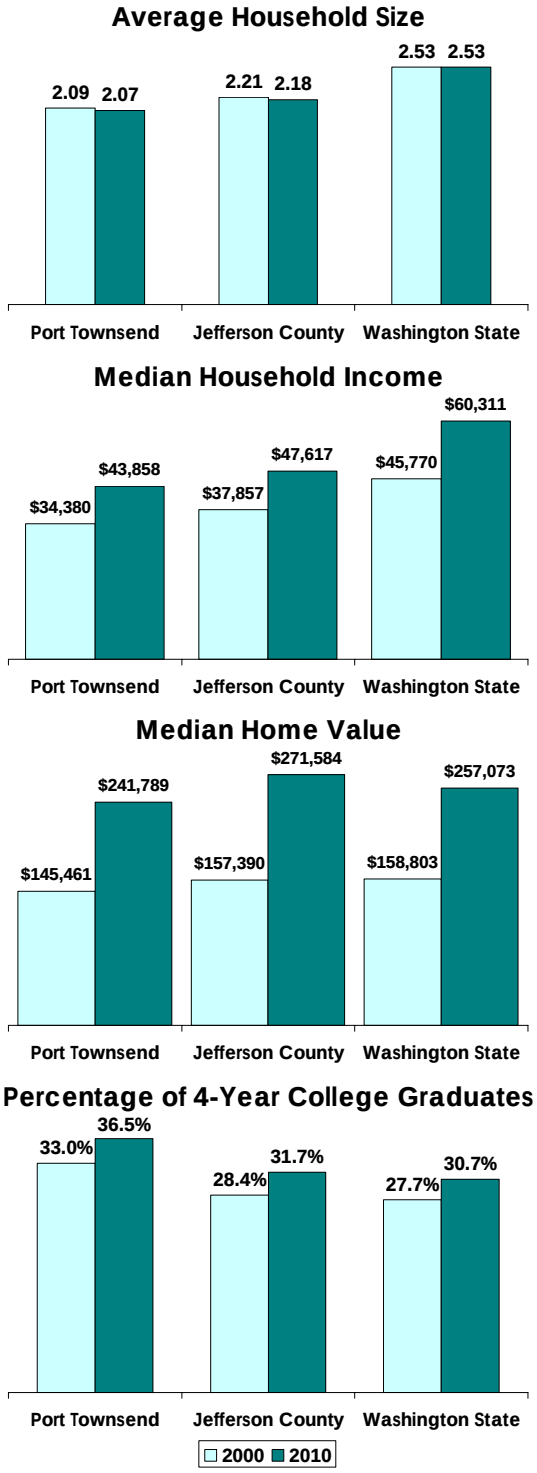
- A somewhat different result is indicated for *home values.* As of 2010, the median value for a Jefferson County home is estimated at 6% above the statewide median; Port Townsend is 6% below the statewide figure.

  However, the median priced home increased more rapidly locally than statewide from 2000-10.

- Approximately 36.5% of the adult residents (age 25+) in Port Townsend are 4-year college graduates. Compared to the entire state, rates of *educational attainment* are also relatively high countywide.

  Levels of educational attainment have also increased more rapidly locally than for the entire state.

Figure 2. Selected Demographic Comparisons (2000-2010)



Source: ESRI.

Covered Employment & Payroll Trends by Industry Sector. As of 2009, Jefferson County had an estimated 1,070 firms employing more than 8,200 workers. Average annual wage is just under $31,700 per employee (33% below the statewide average wage of $47,500).

Between 2002 and 2009, the number of firms has declined (by 0.8% annually), the total number of jobs have remained essentially flat (reflecting substantial job losses from 2008-09), but average wages have increased at a moderate pace (averaging 3.4% annual gains). Wage changes with this data are not adjusted for inflation, a factor of importance as detailed later in this report.

Figure 3. Jefferson County Covered Employment & Payroll Trend (2002-2009)

NAICS		Annual Averages 2009			AAGR (2002-09)		
Code	Industry Sector	Firms	Jobs	Avg Wage	Firms	Jobs	Avg Wage
	TOTAL	**1,070**	**8,223**	**$31,674**	**-0.8%**	**0.0%**	**3.4%**
11	Agriculture, forestry, fishing and hunting	22	120	$24,248	-6.4%	-0.8%	1.5%
21	Mining	-	-	-	-	-	-
22	Utilities	6	54	$79,575	-4.0%	-4.8%	7.9%
23	Construction	152	447	$35,654	-2.1%	-1.8%	3.8%
31-33	Manufacturing	57	715	$47,372	-0.2%	-0.5%	3.1%
42	Wholesale trade	35	151	$38,115	0.8%	5.9%	-4.1%
44-45	Retail trade	120	960	$23,280	-0.9%	0.1%	3.0%
48-49	Transportation and warehousing	17	59	$27,034	-2.3%	-6.6%	-1.6%
51	Information	18	139	$38,467	-1.5%	1.6%	8.2%
52	Finance and insurance	23	172	$36,189	-1.2%	1.2%	2.4%
53	Real estate and rental and leasing	44	142	$17,603	1.0%	-10.3%	-0.9%
54	Professional and technical services	80	239	$34,802	3.0%	1.2%	4.2%
55	Management of companies and enterprises	-	-	-	-	-	-
56	Administrative and waste services	39	146	$27,923	-1.7%	-14.7%	3.1%
61	Educational services	24	143	$20,165	5.0%	3.6%	1.5%
62	Health care and social assistance	79	924	$25,656	1.3%	4.4%	3.6%
71	Arts, entertainment, and recreation	19	128	$16,149	-2.7%	2.2%	1.6%
72	Accommodation and food services	111	1,031	$13,537	1.4%	-0.5%	3.3%
81	Other services, except public administration	173	493	$21,941	-3.1%	4.8%	4.0%
92	GOVERNMENT	47	2,131	$43,396	-0.9%	0.9%	3.9%
	Federal Government	8	176	$57,043	-3.1%	1.7%	2.3%
	State Government	19	259	$45,306	0.0%	-2.5%	2.3%
	Local Government	20	1,697	$41,663	-0.7%	1.5%	4.5%

Notes: AAGR denotes average annual growth rate, measured as a compound average over a 7-year period. To avoid disclosure of employment data for individual employers, employment growth data is unavailable for industry sectors Mining and Management of companies and enterprises.

Source: State of Washington Employment Security Department.

Considered from the perspective of industry sector, the following added observations are noted:

- When measured by number of employees, government represents the largest sector with over 2,100 employees. Other sectors with more than 900 jobs are accommodation/food services, retail, and health care/social assistance. Taken together, these four sectors account for nearly 5,050 jobs – equating to 61% of total employment in Jefferson County.
- As is true throughout the state, government represents the largest single job sector (utilizing the standard summary categories noted with the above chart) – accounting for 18-19% of total employment statewide. In Jefferson County, government jobs account for

almost 26% of covered employment. While higher than the statewide average, this proportion is below the 29-30% share of total employment that public sector jobs represent overall for the non-metro counties of the state. As is generally true in most areas of the state, local government represents the largest share of total public sector employment (at about 80% in Jefferson County).[4]

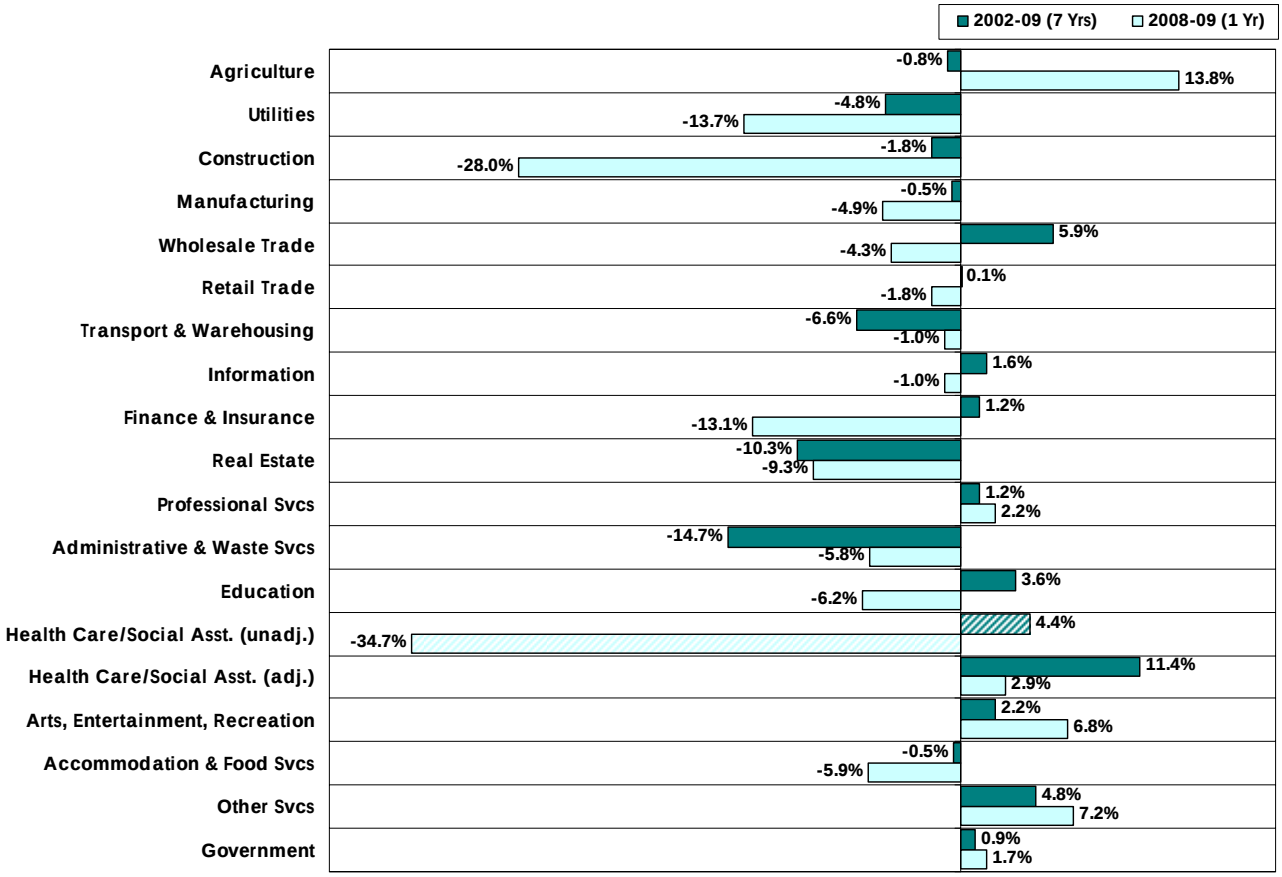
- The fastest growing employment sector in Jefferson County in recent years has been wholesale trade – with job growth averaging nearly 6% annually from 2002-2009. Other rapidly growing sectors have been health care/social assistance and other services – each growing at better than 4% per year. By contrast, government employment has increased by less than 1% annually and manufacturing jobs have declined slightly (from 2002-09).
- The relatively small utilities sector has the highest average wage (of nearly $79,600 annually). Next are manufacturing (close to $47,400) and government ($43,400). The sector with the lowest average wage is accommodation/food services – averaging about $13,500 annually but also including a fairly sizable component of part-time jobs.

Recent Recession-Related Job Changes. To a substantial degree, this 7-year employment trend analysis masks severe, and in some cases surprising, effects that the recession has had in Jefferson County. The graph on the next page compares the 7-year (2002-09) average annual job change pattern with most recent year (2008-09) job changes by employment sector.

Across all sectors, covered employment in Jefferson County as of 2009 stands at just over 8,200 jobs – essentially the same number as in 2002. Job growth was experienced through 2008, but the County lost close to 800 jobs in 2009 (an 8.7% loss), bringing the total job count about back to 2002 levels. Recession-related impacts have varied – depending on the employment sector:

- Out of 18 employment sectors, in-county employment declined across 12 sectors. The six sectors with job gains indicated from 2008-09 were in agriculture, professional services, health care/social assistance (when adjusted for an industry reclassification change), arts/entertainment/recreation, other services, and government.
- Several sectors previously experiencing weak job growth or actual loss pre-2009 experienced continued or intensified job loss in 2009 – as with utilities, manufacturing, real estate, and accommodation/food services.
- Conversely, a few sectors which had experienced strong growth earlier in the decade suffered substantial job loss in 2009 – including wholesale trade and educational services. The most severe one-year job loss occurred in construction, with 28% fewer jobs in 2009 than the year previously.
- **An important data anomaly is noted for health care/social assistance employment which more than doubled from 2002-08, then dropped by an indicated 35% (a loss of nearly 500 jobs) in 2009. This indicated job loss appears largely due to reclassification of a large number of social assistance workers (part of health care/social assistance) to one or more separate employment classifications. When the data adjustment is made to allow for *apples to apples* comparison, what is reported as a job loss turns into an actual health care/social assistance job gain – estimated at a nearly 3% employment increase for 2009. See accompanying Figure 4 chart on the next page and end note reference for added detail.**

Figure 4. Changing 7- and 1-Year Patterns of Annualized Employment Growth



Notes: Growth rates are calculated as average annualized compound rates of change.

To avoid disclosure of employment data for individual employers, employment growth data is unavailable for industry sectors Mining and Management of companies and enterprises.

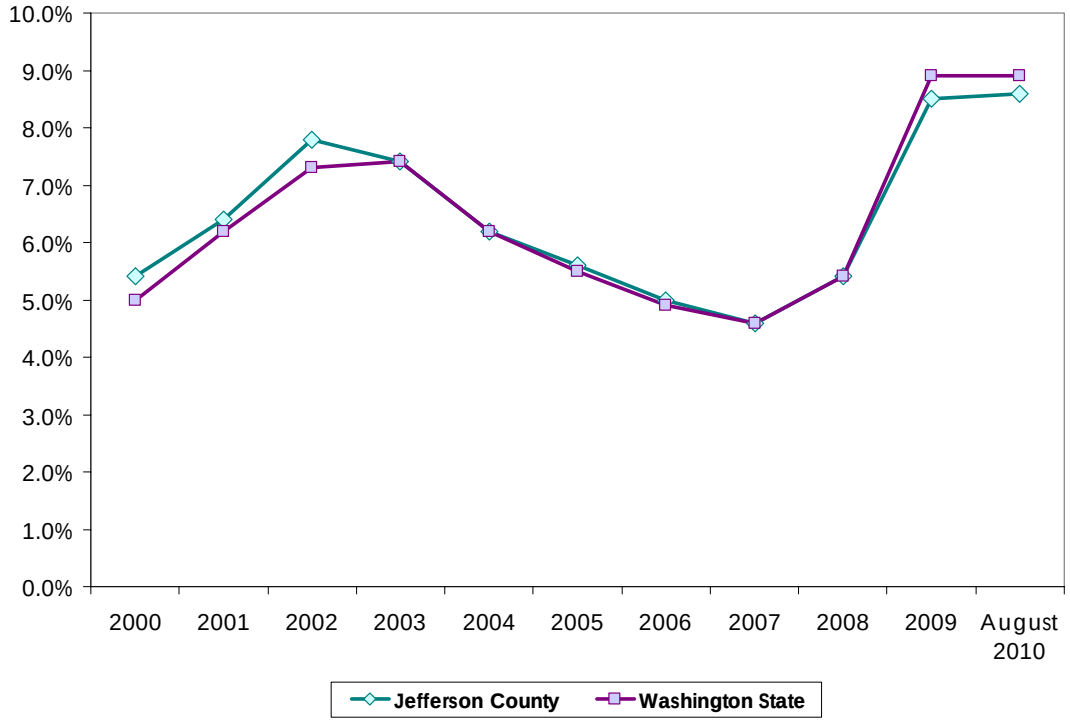
Reported health care/social assistance job loss is noted for the subsector of social assistance services, with a state-tabulated loss of 533 jobs in Jefferson County indicated as occurring between December 2008 and January 2009, potentially due to reclassification to one or more other non-health related employment sectors. Consequently, the graph above shows the % job change both before and after this adjustment.[5]

Source: State of Washington Employment Security Department.

Unemployment. Cyclical changes in the number of jobs are matched by a counterpart statistic – the rate of unemployment. As is illustrated by the next graph, unemployment rates in Jefferson County generally have closely matched statewide rates over the last decade.

Periods of peak unemployment occurred with the economic downturn of 2001-02 and then again starting in the latter part of 2008 through the present time. The mid-decade was market by a period of substantially lower unemployment with more robust economic growth.

Figure 5. Unemployment Trend (2000-2010)



Note: 2010 indicated unemployment rate is as of May. All other years are an annual average rate.

Source: U.S. Bureau of Labor Statistics and Washington State Employment Security Department.

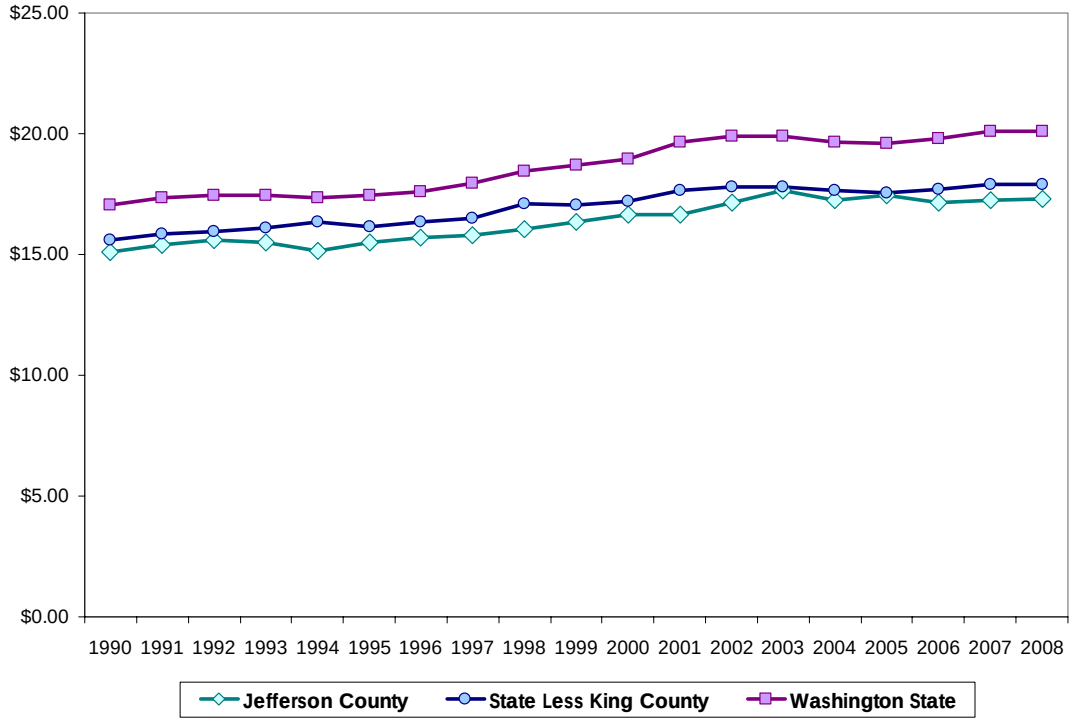
At the time of the prior 2007 economic development analysis, unemployment had reached its lowest level for the decade – at 4.6% both county- and statewide. Over the subsequent two years, unemployment rates nearly doubled but have recently begun to taper off – at 8.6% for Jefferson County and 8.9% for the state of Washington as of August 2010.

While the future outlook is unclear at this time, there is growing concern that patterns of high joblessness could persist longer with the current recession than in past economic downturns (including the most recent 2001-02 recession).

Median Wage Comparisons. While payroll information is typically reported in terms of average wage, the indicated averages may be skewed by what can be considered as *outlier* observations – notably a relatively small number of persons making relatively high wages. A more useful data point is the *median* figure, which represents the wage of the person in the middle of the range between the persons with the highest and lowest wage rates.

The following chart depicts median wage trends from 1990-2008 for Jefferson County compared with the entire state and with the state excluding King County. Data is also inflation adjusted.

Figure 6. Median Hourly Wage (Inflation Adjusted 1990-2008)



Source: State of Washington Employment Security Department. Inflation adjustment uses U.S. PCE deflator.

As of 2008, median wage in Jefferson County was $17.32 per hour. This figure is 86% of the statewide median of $20.11. If King County is excluded from the data, Jefferson County is much closer (at nearly 97%) to the median figure of $17.91 for the rest of the state (except King County).

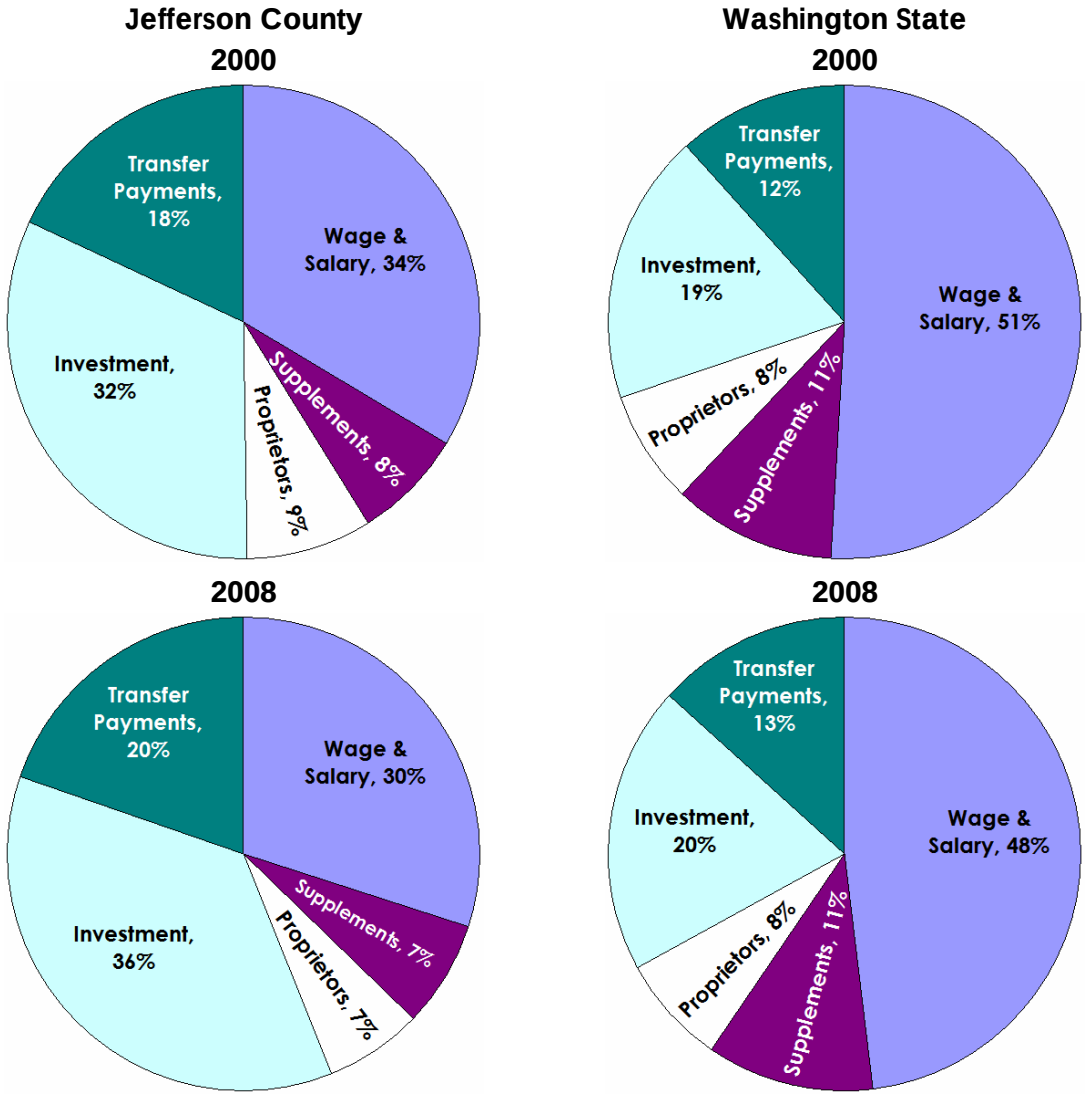
Between 1990 and 2008, the inflation-adjusted wage in Jefferson County has increased at an annualized (compound) rate averaging 0.8% per year, just below the annual statewide wage growth rate of 0.9%. This represents modest gains in purchasing power for the typical wage earner.

However, local real wage rates peaked in 2003 at $17.64 (in inflation-adjusted terms), and have fluctuated and then stagnated with weakened economic conditions in the succeeding five years. Compared with the entire state (including King County), median wages in Jefferson County peaked at over 89% of the statewide median in 1992, dropping to about 85% of the statewide median in 2001, then gaining relative to the state back to the earlier 89% ratio in 2005, before dropping back to less than 86% of the statewide median in 2007. This review suggests that while the entire state is affected during a recession, median wages in Jefferson County are particularly hard hit – most notably during the recession of 2001 and again with most recent downturn beginning in 2007.

Income by Source. As in many rural (especially high amenity) counties, overall sources of income are considerably different in Jefferson County than is the case statewide. Wage and

salary income now accounts for just under one-half (48%) of personal income statewide and only 30% of total personal income in Jefferson County.

Figure 7. Comparative Sources of Income (2000-2008)



Source: U.S. Bureau of Economic Analysis.

Wages and salary sources have been declining as a total share of income since 2000 – even more rapidly locally than statewide. Supplements to wage and salary incomes and proprietor's income (as from self employment) represent smaller shares of personal income locally than statewide.

An estimated 36% of income in Jefferson County is from investment sources – a figure exceeding the wage and salary proportion. Transfer payments are also relatively high compared to the state, at 20% of local personal income.

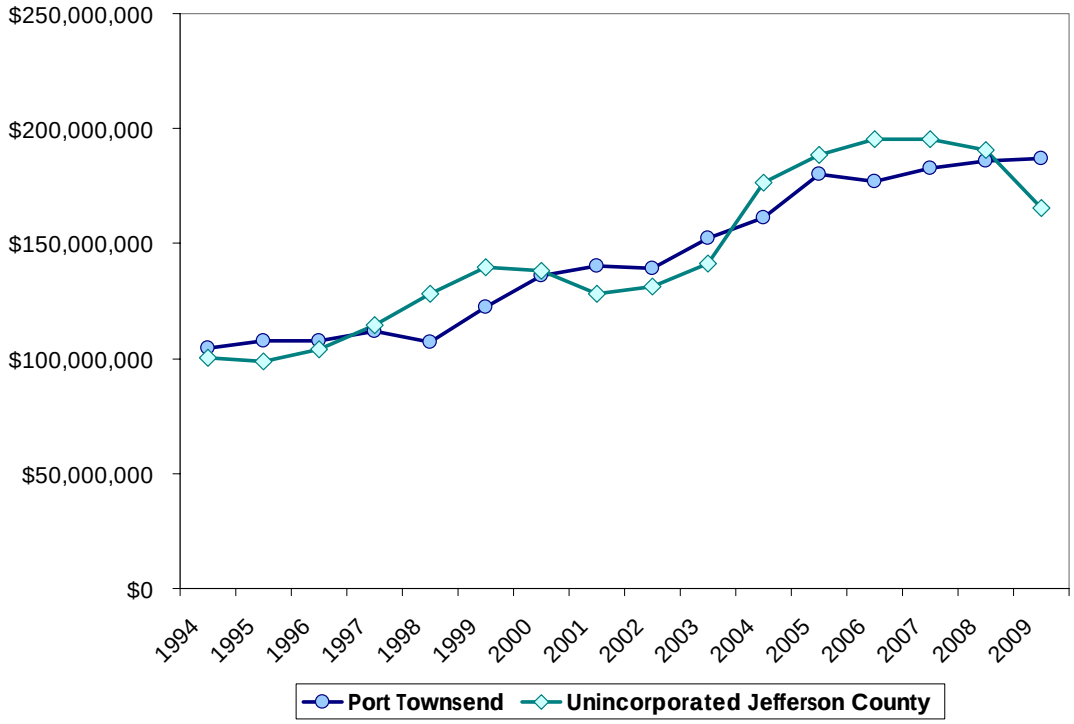
Taken together, investment and transfer payment income account for the majority (56%) of personal income in Jefferson County versus only one-third (33%) statewide. These two sources are relatively unrelated to local economic conditions, though retirement and other investment

income can be influenced by changing national and global economic conditions – as with changes in the stock and real estate markets.

Taxable Sales Trends. Information regarding taxable retail sales is of interest as a general indicator of economic activity. In recent years due to statewide voter-approved property tax limitations, taxable sales and associated sales tax have come to represent an increasingly important source of local jurisdiction revenues as well.

As depicted by the following graph, taxable sales growth has occurred in roughly similar patterns for both the City of Port Townsend and unincorporated Jefferson County extending back to 1994. However, greater variability is noted for the unincorporated portion of the County.

Figure 8. Taxable Retail Sales (1994-2009)

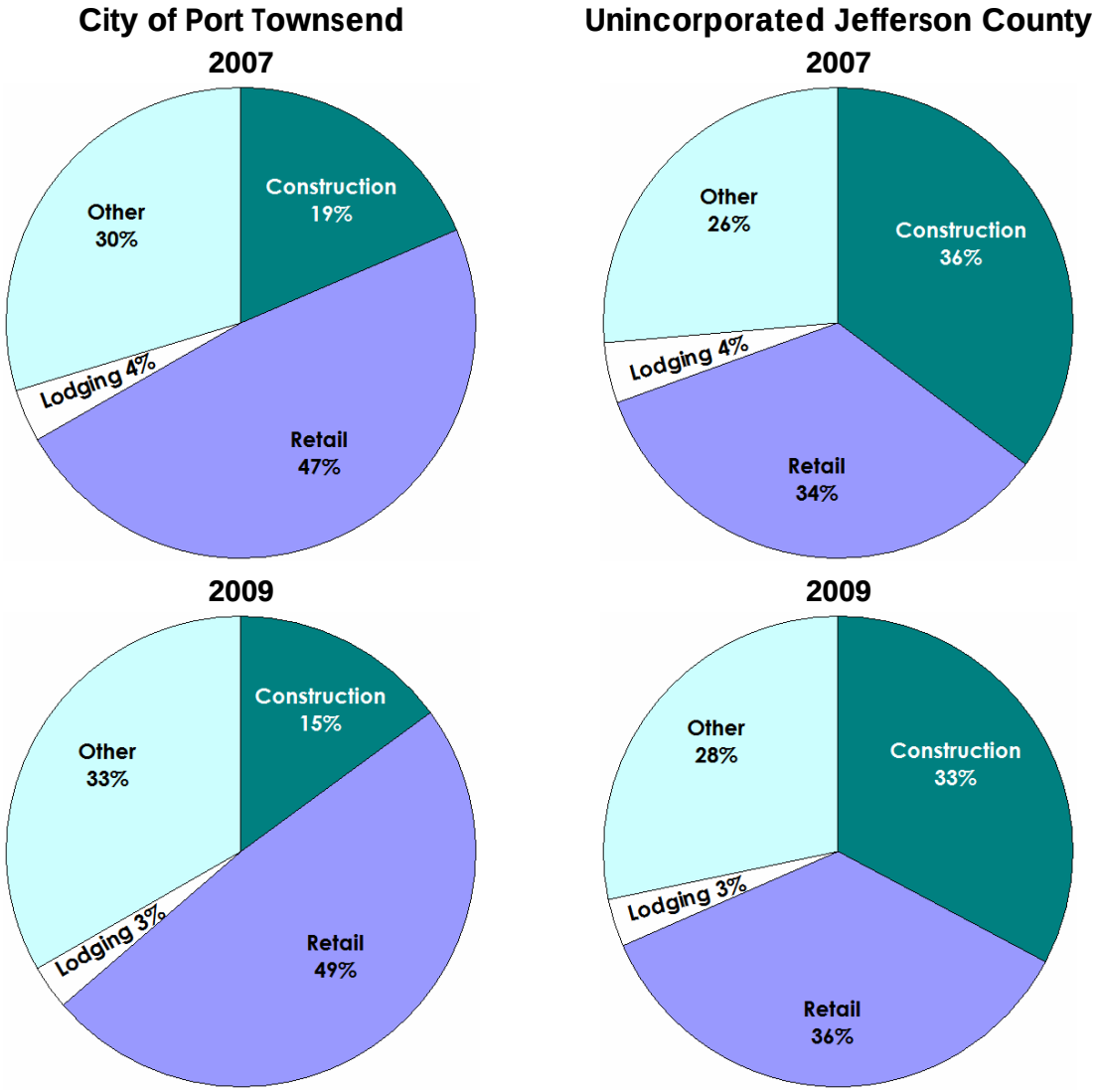


Source: State of Washington Department of Revenue.

From a base of just over $100 million in taxable sales for each jurisdiction in 1994, revenues subject to sales tax increased more rapidly for the County both through the late 1990s and then again over the more recent 2004-2008 time period. City of Port Townsend revenues held more stable through the dot-com recession from 2000-03 and then with the current economic recession. From 2008-09, taxable sales dropped by 13% in the unincorporated County area while holding their own (actually increasing by 0.7%) within the City.

In large part, greater variability in taxable sales outside the City can be attributed to a different mix of taxable revenue sources than in the City. This is illustrated by the following pie charts.

Figure 9. Components of Taxable Retail Sales (2007, 2009)



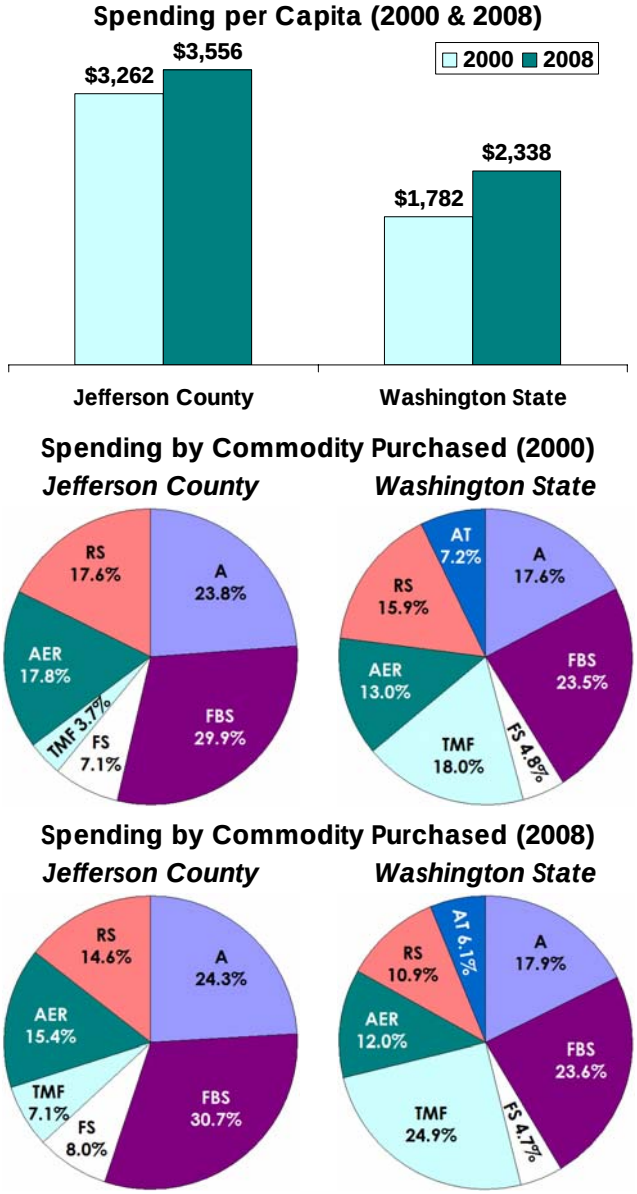
Source: State of Washington Department of Revenue.

The unincorporated portion of the County has been more dependent on construction as a source of sales tax revenue – which has fallen off more dramatically with the downturn. In comparison, the City has drawn more heavily from retail (and dining) business revenues – which have increased somewhat as a proportion of the total in the last couple of years.

Countywide Tourism. In 2008, visitors to Jefferson County spent an estimated $102.4 million in the county. As the 27th most populated (of 39 counties) in the state, Jefferson County receives the 23rd greatest volume of tourism related spending:

- Jefferson County visitor spending *increased* by 20% in the eight years since 2000 – a rate of increase well below the 49% increase in visitor spending experienced statewide.
- However, on a *per capita* basis, visitor spending (of $3,556 per resident) remains 52% greater than per capita spending statewide.
- The pattern of visitor expenditures locally is considerably different than that experienced statewide. Travelers to Jefferson County tend to spend *proportionately more* for dining, accommodations, groceries, other retail (including specialty) purchases, and arts/entertainment/ recreation than is typical for visitors traveling elsewhere in Washington.
- In contrast, Jefferson County visitors spend *considerably less* for transportation locally than is typically the case statewide. This may free up added discretionary dollars that benefit the local economy more than expenditures for fuel (with greater benefit to companies outside the local market area).
- Patterns of visitor spending have also *changed since 2000*. More of the tourism dollar is being spent for accommodations, food and beverage services, and transportation. Less is being spent on retail purchases and arts, entertainment and recreation.
- Tourism spending supports an estimated *1,580 jobs* in Jefferson County – equivalent to an estimated 18% of total in-county covered employment as of 2008.

Figure 10. Tourism Indicators



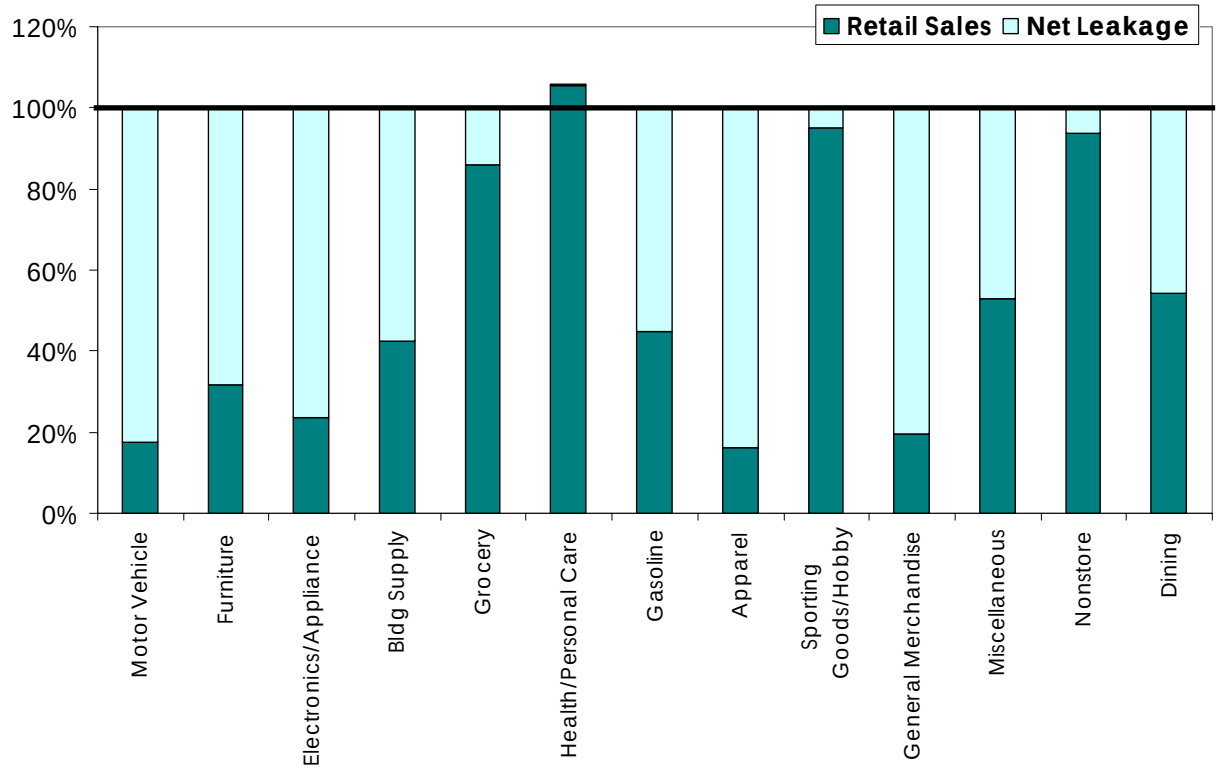
AT = Air Transportation
A = Accommodations
FSB = Food & Beverage Services (Dining)
FS = Food Stores (Groceries)
TMF = Transportation & Motor Fuels
AER = Arts, Entertainment & Recreation
RS = Retail Sales

Source: Dean Runyan Associates.

Retail Sales Potential. A final economic topic of interest for this existing conditions report is the relationship of retail spending power (or consumer demand) generated by local residents versus retail sales actually realized (or supply) at businesses located in Jefferson County. This relationship can be illustrated by specific retail category, as depicted by the following graph.

Sales leakage is often defined as occurring when retail sales are less than what the resident population potentially could support on its own – if all local residents shopped locally 100% of the time. In effect, net sales leakage means that residents are traveling to make some portion of purchases outside the local community (or are buying more than is typically the case via the internet) to an extent not offset by non-resident (or visitor) purchases.

Figure 11. Retail Sales Potential (as % of 2010 Resident Generated Demand)



Source: ESRI.

As illustrated by the above chart, Jefferson County retail sales do not achieve levels potentially supported by resident spending power in any business category except health and personal care. However, also noted is that realized spending comes closest to resident spending potentials in retail categories for which added visitor expenditures serve to offset at least a portion of the leakage that occurs when local residents travel outside the county to shop.

Stronger performing retail sectors include grocery, sporting goods/hobby, dining, and miscellaneous (specialty) retail. Specifically noted as an added high performance category are nonstore sales –comprising businesses in Jefferson County that sell via mail order catalog and/or the internet. Also noted is that while e-commerce sales still represent only a relatively small

3.2% of retail sales nationally (as of 2007), the e-commerce share has increased substantially over the prior decade.[6]

Retail categories with the highest proportions of sales leakage appear to be for motor vehicle, apparel, electronics, furniture, and general merchandise purchases. These tend to be bigger ticket items for which there is greater incentive for residents to travel to nearby larger metro areas for added selection and/or better pricing than may be readily possible in a more rural county.

While there may be some opportunity to increase local retail activity in these high leakage categories, realistic recapture potentials may also be limited by the relatively small population base in Jefferson County. This limitation is most apparent for retail categories in which stores depend on a larger population base for profitable and sustainable business operations.

In summary, the best opportunities for added retail business and associated local government revenues in Jefferson County would appear to be related to: a) businesses that can serve both resident and visitor needs; and b) businesses that can operate profitably with smaller "footprint" operations and proven viability to effectively serve a non-metro population base.

III. REGIONAL & LOCAL ECONOMIC POSITION

A second major objective of this 2010 review and update report is to begin the discussion of how economic changes globally, nationally, statewide and/or regionally might affect earlier conclusions and recommendations of the 2002 and 2007 countywide economic analyses. This discussion starts with an overview identification of patterns of economic change now on the radar screen – likely to influence both short and longer term prospects for economic recovery and prosperity.

This overview is followed by more detailed presentation of recent and forecast changes for two items of particular importance to most communities in Washington – employment and demographics. The discussion concludes with delineation of implications for consideration with the Jefferson County economic development strategy and resulting implementation.

PATTERNS OF ECONOMIC CHANGE

On the following three pages is presented a *matrix chart* cataloging patterns of economic change as have been identified by economic research conducted by our firm over the last 1-2 years. This analysis draws from nationally recognized information sources, as well as more detailed case study and focus group research recently conducted throughout the Pacific Northwest.[7]

The matrix chart distinguishes between unanticipated changes brought on by the current economic downturn and longer term changes that can be expected post-recovery over the next 10-20 years. Specifically covered are the following overall topics:

C. With Economic Downturn (& Early Phase Recovery)

- ✓ *Financial Market Retrenchment* – related to financial deleveraging, tightened consumer and business credit, and public sector intervention
- ✓ *Jobless Recovery?* – reflecting sectoral and location specific job loss with minimal expectations for substantial recovery likely extending beyond 2010
- ✓ *Stalled Development* – including construction shut-down, declining home and investment real estate values

D. Post-Economic Recovery (over 10-20 Years)

- ✓ *Financial Market Restructuring* – with more conservative underwriting and emerging public sector fiscal stress
- ✓ *Changing Competitive Advantage* – with competitive positioning favoring global pathways of economic opportunity
- ✓ *Emerging Economic & Demographic Drivers* – for targeted employment amid ongoing economic instability, aging demographics and urbanization
- ✓ *Environmental & Infrastructure Drivers* – including impetus for alternative energy, going green, and hard and soft infrastructure needs
- ✓ *Changing Development Paradigm* – affecting development feasibility, real estate churn, and residential and commercial development products

Patterns of Economic Change & Resulting Implications		
Global	**National**	**State & Regional**
A. With Economic Downturn (& Early Phase Recovery)		
Financial Market Retrenchment		
Financial Deleveraging: Cascading effect extending from smaller players (e.g. Iceland, Greece, Dubai) to U.S. & European sovereign debt	2008 near collapse of major financial institutions and industrial firms; 2009 extending to regional & community banks with challenges expected thru at least 2010	Continued pressure on local & regional banks together with substantially reduced real estate lending
Tightened Consumer & Residential Lending: Effects most severe in countries with rapid housing price escalation or financial sector melt-down	Drives down consumer demand as households reduce debt, experience increased rates of housing foreclosure & less ability to finance residential purchases	Loss of locally generated purchasing power is greatest in communities with large housing overhang or job loss
Tightened Business Credit: Widely varied depending on vulnerability of businesses to curtailed global demand & extent of public sector intervention	Most severe for small business & firms in weak sectors (e.g. construction & non-discount retail/dining)	Potential lender avoidance of non-metro communities (both with & without job loss issues)
Public Sector Intervention: Rapid response with stimulus support from national governments across U.S., Europe, Asia; now waning public intervention due to growing concerns over budget deficits & sovereign debt	Bailout support starting with banks, then companies too big to fail & overall stimulus; issues still on horizon are commercial mortgage refinancing needs & substantial ramp-up in national debt	Peaking state-local government budget shortfalls in California, Oregon & Washington (in order of severity); Washington State vulnerability is most directly related to sales tax dependence
Employment Downturn		
Jobless Recovery? Heavy losses in manufacturing, construction, finance, retail & in countries dependent on exports (e.g. China) with slow recovery post-2009	Primary job growth has been in health care & government (now waning); job recovery now expected to be slow with possible (though lesser chance) of "double-dip"	Washington returns to ranks of relatively high unemployment (@ #22 nationally); other west coast states of California & Oregon are even worse off
Stalled Development		
Construction Shut-Down: At virtual standstill save development previously committed or with public sector funding support; slow recovery starting in 2011 & beyond	Little to no new commercial construction thru 2012; potential apartment demand and possible re-start of single-family construction in 2011 (in stronger growth markets)	Previous high growth Pacific Northwest markets most detrimentally affected; growth management controls may have dampened the downside in some communities
Declining Home Values: Residential markets most affected in growing, easy credit markets (e.g. Spain, Ireland, U.S., possibly China); declining asset valuation reduces retail & service spending	Worst downturn in what were high growth sunbelt states (except Texas); many markets now bottomed out; strongest potentials for *global pathway* cities (e.g. Washington DC, New York, Boston, San Francisco, Seattle)	Previous high growth markets (e.g. Bend, Wenatchee) most detrimentally affected; land use & growth management controls may have dampened the downside in some communities
Investment Real Estate: Values decline by average of more than 40% off mid-2007 price peaks – across U.S. & much of the developed world	Best near-term for apartments (once doubling-up plays out), followed by *industrial / distribution* (gateway metros), *office* (flight to quality), *retail* (urban & grocery-led) & *hotels* (worst now but will rebound)	Least challenging for communities with stable housing & employment; greater economic development priority near-term for business retention & expansion rather than recruitment

Patterns of Economic Change & Resulting Implications		
Global	**National**	**State & Regional**
B. Post-Economic Recovery (over 10-20 years)		
Financial Market Restructuring		
Conservative Underwriting: Increased regulatory oversight & less speculative lending, meaning higher equity requirements & lower values relative to property income	Recovery options aided by continued low interest rates; cost of new construction favors building rehabilitation investment until recovery is clearly demonstrated	Non-metro communities often more disadvantaged for capital access; best opportunities are for in-town property rehab, then infill for end-user needs with business expansion
Public Fiscal Stress Shift from fiscal stimulus to deficit & debt reduction from national governments in U.S., Europe, Asia	Federal capacity limited by deficits compounded by rapid population aging; state/local governments best off with diverse revenue streams	Washington State public sector weakness, dependent on sales tax recovery (in retail & construction) & hampered by 1% property tax limits
Changing Competitive Advantage		
Competitive Positioning: Economic competitiveness to "push" & "pull" migration between countries & regions of the globe; continued move of commodity production to low-cost countries	U.S. export potential rises & falls with relative value of dollar, 24-hour gateway metros weather the downturn, recover more quickly & represent an increased share of long-term domestic investment	In-state disparities – with economic winners having globally & regionally competitive traded sector functions (as a mix of exported goods/services, out-of-state incomes & tourism)
Global Pathways: Concentration of brainpower, capital & investment focused on 24-hour coastal cities offering global & multi-modal access (air, highway, marine, rail)	Favored U.S. markets are generally coastal; mid-America faces risk of more rust-belt deterioration (except metro areas with global connectivity like Chicago, Minneapolis, Denver)	Seattle & San-Francisco are in the top tier of favored U.S. pathway markets, providing spin-off opportunities for nearby high amenity communities
Emerging Economic & Demographic Drivers		
Job Migration: International migration shifting from a south to north pattern back to developing countries – including increased opportunity for professionals, students & female workers	Continued outsourcing for commodity manufacturing & services; U.S. domestic opportunities best in technology, health care, education & resurgent housing (including latent demand)	Key in-state industries of aerospace, clean technology, forest products, health/life sciences, information & communications, manufacturing, marine technology, value-added agriculture & food processing
***Economic Instability*:** Risk of continued market volatility due to rapidly changing global competitive position of specific industries & countries, potentially exacerbated by ongoing sovereign debt crises	Real estate's perceived advantages of low volatility & steady income require re-evaluation – both short & long term; U.S. may still prove attractive despite slower growth due to perception of greater political & economic stability	Investment risk perceived as greater for smaller & less diversified communities; state of Washington shifting from traditional to an innovation driven model of economic development with globally rather than locally focused clusters
Demographics: Rapid workforce aging for developed countries (U.S., Europe, Japan) with continued growth of young labor pools in Asia, South America – especially the Middle East & Africa	Aging *baby-boomers* a dominant driver of smaller households, shrinking workforce, reduced retail & increased health care demand; offset in communities attractive to in-migrants (e.g. young creatives, foreign workers)	Increasing retiree share of population; maintaining balanced age-profile requires intentional strategy focused on high-wage job creation, education opportunity, housing affordability & amenity values for high quality of life
Urbanization: 70% of global population (of 9 billion) projected to live in urban areas by 2050 – up from 50% as of 2007	Secondary & small town areas without recreational amenities that suffer thru long winters less competitive for intellectual talent	Washington rural communities more natural resource, tourism & retiree dependent – posing increasing long-term sustainability challenges

Patterns of Economic Change & Resulting Implications		
Global	**National**	**State & Regional**
Environmental & Infrastructure Drivers		
Alternative Energy: **P**er capita energy use highest in the Middle East, North America & Europe, with growth strongest in Asia emerging countries – making global consensus for carbon footprint reduction a continued challenge	Prospect of peak oil & external events (as with Gulf oil spill) may incent reduced per capita vehicle miles & shift to alternate modes; rapidity of shift to non-petroleum energy affected by technology innovation & government incentives	Continued pressure to diversify from hydro as well as petro-based resources; may work to disadvantage of rural communities dependent on higher cost, long-distance transportation – whether for workers, visitors, or goods in transit
Going Green: An expected fundamental driver due to concerns over climate change, peak oil & rapidly growing consumer/investor demand	Green building can yield a price premium across more markets & real estate product types; green ethic extends to business practices such as "paperless" environments and more work-at-home or telecommuting	Pacific Northwest at the forefront of the green movement – offering continuing competitive opportunities in design, LEED construction, alternative energy, ecosystem management, even retail & dining
Infrastructure Needs: Emerging nations need investments ranging from water to transportation; developed areas need reinvestment in aging 20th century infrastructure; telecom & education represent critical "soft" infrastructure	Shift to urban & connected communities as capital & operational expenses appear to be increasingly disadvantageous for low-density communities; telecom/workforce investment more important for non-metro areas	Opportunities for communities with investments linked to economic development in places offering K-12 school system plus higher education; State of Washington emphasis on *smart infrastructure* including broadband internet
Changing Development Paradigm		
Development Feasibility? New construction slowed long-term if market supported values do not return, increased investor equity is required or interest rates increase	At least near-term, moderate-density projects may be most favored over higher cost high-density urban projects & infrastructure extensive low density development	Best options for incremental rather than dramatic increases in development density & focus on communities with the most vibrant commercial & industrial markets
Real Estate Churn: Slower growth markets (Europe, Australia, U.S.) still attract investment, but older properties at abandonment risk except as reuse is feasible	Retail driven by weak space demand but constant format reconfiguration; older retail strip centers & "brown" buildings at risk of obsolescence – requiring new uses & redevelopment	Re-use of underutilized (including brownfield) economic development sites likely an increased focus with GMA throughout Washington State
Residential Development: Slow growth countries will still have substantial development pressure to house an aging population; high growth countries need to house a much larger urban population	Next generation projects oriented to infill & urbanizing communities – with smaller/European style units closer to work & 24-hour amenities; with strong rental demand across multiple age cohorts	Growing gap between market supported values & cost to develop urban/infill housing – especially for communities without higher wage incomes or aggressive affordable & senior housing programs
Commercial Development: Distribution sector consolidation to major port / transport load centers; industrial differentiation between low-cost commodity producers & mass customization for niche manufacturers dependent on virtual market information; growing role of institutional uses as a non-traditional real estate development driver	*Retail* dampened by changing demographics & tenant churn (best for infill); *office* slowed by less labor force growth (more user driven); *industrial-distribution* dependent on trade (global pathway locations) – with non-metro community niches for independently owned businesses; *hotels* uncertain (but best @ proven destinations)	Shift to neighborhood & infill convenience retail & service; WA-State emphasis on industrial innovation, focus on institutional uses including higher education, hospital & cultural facilities; small business emphasis also may be conducive to growth of alternative business models including incubator & work/live space

Any or these patterns of economic change could well warrant added detailed analysis. Consistent with the experience of financial market retrenchment and the economic downturn, some patterns represent potential threats for Washington State and local communities including Jefferson County.

A challenge of particular importance is presented by the recognition that a V-shaped recovery with strong employment rebound now seems increasingly unlikely. Rather, a period of sluggish employment growth appears as a more likely outcome, meaning that substantial reductions in unemployment may occur more slowly than previously anticipated.

Others patterns are suggestive of prospective opportunity. This is especially the case for communities that are both nimble at anticipating and shaping change on a basis that proves sustainable beyond the next economic cycle.

For the State of Washington, a major shift is indicated by the 2009 report of the Washington Economic Development Commission which advocates a shift from what has been described as a traditional approach to economic development to an innovation based economy. This new statewide approach suggests investing in talent and infrastructure rather than focusing primarily on attracting companies – and in output measures such as quality of jobs and per capita incomes rather than simply increasing the number of jobs.

Unlike states which face wholesale restructuring of bedrock industries, the state's Economic Development Commission has also concluded that most economic sectors in Washington State are "not fundamentally broken". Rather, the Commission has recommended that with a new strategic approach, Washington State can "strengthen the innovation capabilities of incumbent industries and prepare the state to capture new opportunities that the future will bring."

The commission recommends that, "with a coherent policy framework, Washington can emerge from this time of trouble as a stronger, more adaptive, competitive and prosperous state."[8] However, statewide prospects may play out in very diverse ways in communities across the state – depending on factors such as locational attributes for new or expanding business, supporting infrastructure capacity of local government, and community culture that can serve to facilitate or impede desired forms of development.

For non-metro communities, a factor of special importance may involve internet connectivity including opportunities for broad-band internet. Rural communities that have less broadband internet may be at a growing disadvantage for economic development.

National research through the U.S. Department of Agriculture indicates that rural communities with greater broadband internet access tend to experience greater levels of economic growth. Broadband capacity is important for applications ranging from distance learning to telemedicine to telecommuting and e-commerce.[9]

Retail, wholesale, manufacturing and agricultural sectors are all beneficiaries of e-commerce capability. Communities with broadband internet also are more competitive for business start-ups and recruitment of firms that require high-speed telecommunications capabilities.

For Jefferson County, the determination of which global and U.S. patterns – both challenges and the opportunities – will be of greatest importance represents an important topic of discussion as part of the strategic economic development planning and implementation process now underway. Two areas of *added focus* are highlighted with this EOA review and update report – the changing face of American employment and aging demographics.

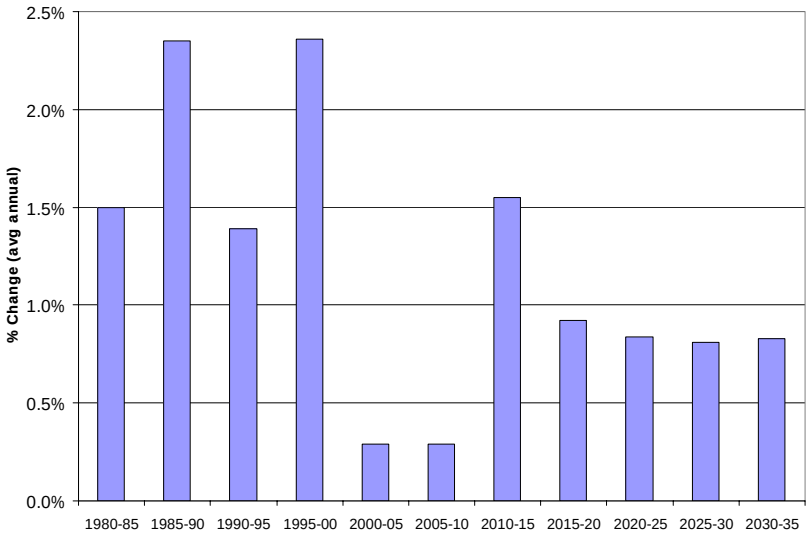
ADDED FOCUS #1: CHANGING FACE OF AMERICAN EMPLOYMENT

Looking back over the last generation, the composition of employment has changed dramatically in the U.S. While not all communities experience these changes in the same way, a similar if not accelerated impetus for continued change can be expected with economic recovery and for the next generation of workers nationally and in Washington.

U.S. Employment Trends & Forecast. As of 2005, the U.S. had an estimated 133.7 million non-farm jobs – an increase of 48% over the 1980 nationwide job count of 90.5 million:

- Over this 25-year time period, employment across the U.S. increased at an average annual rate of 1.6% per year, reflecting a particularly rapid 1.9% rate of job growth during the 1980s.
- The 1980-90 time period also coincided with entry of a large baby boom cohort into the job market – together with rapid increases in labor force participation by women.

Figure 12. U.S. Non-Farm Employment Growth Rates (1980-2035)



Source: Global Insight, *2008 QR US Long-Term Outlook*, as compiled by Metro.

- During the first half of the most recent decade (2000-2005), job growth slowed dramatically to a rate averaging 0.3% per year, reflecting a post-2001 period of economic contraction followed by a slow recovery (at least in terms of added employment).
- The remainder of the 2000-2010 decade looks equally anemic owing to the effects of the current recession (albeit with a brief run-up of employment growth mid-decade to 2007).
- Given the slow overall job growth experience of this past decade and as-yet nascent economic recovery, there is some risk that projections for the current decade may prove overly optimistic, especially if job recovery remains sluggish over the next several years.
- The fastest period of future anticipated job growth has been anticipated for 2010-2015 (at 1.5-1.6% per year), reflecting catch-up of employment with economic recovery.

However, both this catch-up and subsequent sustained employment growth may be conditioned on securing new economic drivers on a scale similar to the digital/high tech revolution that served as an impetus for strong job gains in the 1990s.

- Following 2015, U.S. job growth is projected to again drop back to a rate of about 0.9% by 2025-2035. At these rates of projected employment growth, the U.S. would have about 173.5 million non-farm jobs by 2035, an increase of just under 40 million jobs (or 30% gain) compared to 2005 conditions.

In summary, with the exception of the next five years (to 2015), when faster job growth may be possible with economic recovery, at no other point through 2035 is employment growth domestically expected to again come close to high growth experienced in the 1980s and 1990s. If job growth proves to be slow even during the 2010-15 recovery period, any return to more robust patterns of the 1-2 decades back should not be expected well into the next generation.

U.S. Sectoral Employment Change. When viewed by major employment sector, the most noteworthy change has been the continued shift of the nation's economy from industrial to service-related employment. This trend is expected to continue for the reasonably foreseeable future – extending to 2035 for purposes of this analysis. The following *generalized trends* are forecast nationally for manufacturing, other industrial employment, and service-related jobs.

Manufacturing:

- Manufacturing has dropped from just over 16% of all U.S. non-farm jobs in 1990 to between 10-11% in 2005, and is projected to decline to between 6-7% of employment by 2035.
- Manufacturing has been declining not just as a share of the total but also in terms of numbers of jobs – shrinking from about 18 million jobs in 1990 to just over 14 million in 2005, with further decline to a projected figure of about 11 million jobs nationally by 2035.
- Every manufacturing category except lumber experienced job losses nationally between 1990 and 2005, and all sectors are forecast for job loss through 2035. Durable goods production, which tends to be more capital intensive, has experienced less rapid job loss than non-durables (focused more on consumer goods).

Other Industrial-Related Employment:

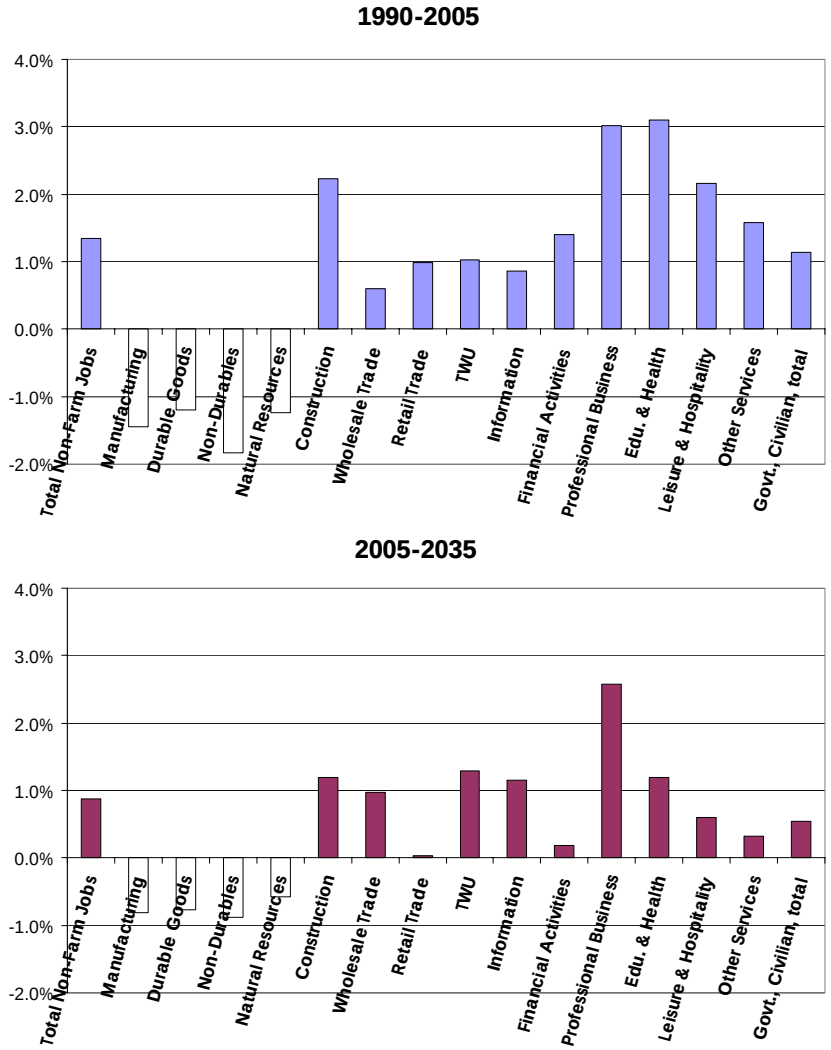
- With the exception of natural resources, all other industrial-related sectors experienced job growth from 1990-2005 and are projected for continued job growth through 2035 for the U.S. These other sectors include construction, wholesale trade, transportation/ warehousing/utilities, and information.[10]
- Between 1990 and 2005, these other industrial-related sectors experienced growth that was somewhat below rates experienced in non-industrial (service) sectors. However, through 2035 non-manufacturing industrial sectors are projected to again somewhat increase their share of the nation's employment – from 16.2% (as of 2005) to 17.4% (by 2035).
- From 1990-2005, the fastest growing industrial sector was construction, with jobs increasing at an average pace of 2.5% per year. Of course, this run-up occurred during a

period of exceptionally strong real estate development, before subsequent financial and economic downturn. From 2005-2035, the biggest non-manufacturing but industrial sector gains are projected for jobs in transportation/warehousing/utilities (at 1.3% annually), followed by the construction and information sectors.

Service Sector Employment:

- Service sector jobs have increased rapidly since 1990 in most communities across the U.S. The most rapid growth rates are reported for education and health (up by a remarkable average of 3.1% per year) and professional services (3%). The slowest growing service job sectors have been retail (up by just 1.0% per year) and government (1.1%).[11]
- Overall, these service sectors have increased from about two-thirds (67%) of the nation's non-farm employment in 1990 to 73% as of 2005. The largest single service-related sector was government at 16.3% as of 2005, followed by professional services and then retail.

Figure 13. U.S. Job Growth Rates (1990-2035)



Source: Global Insight, *2008 QR US Long-Term Outlook*, as compiled by Metro.

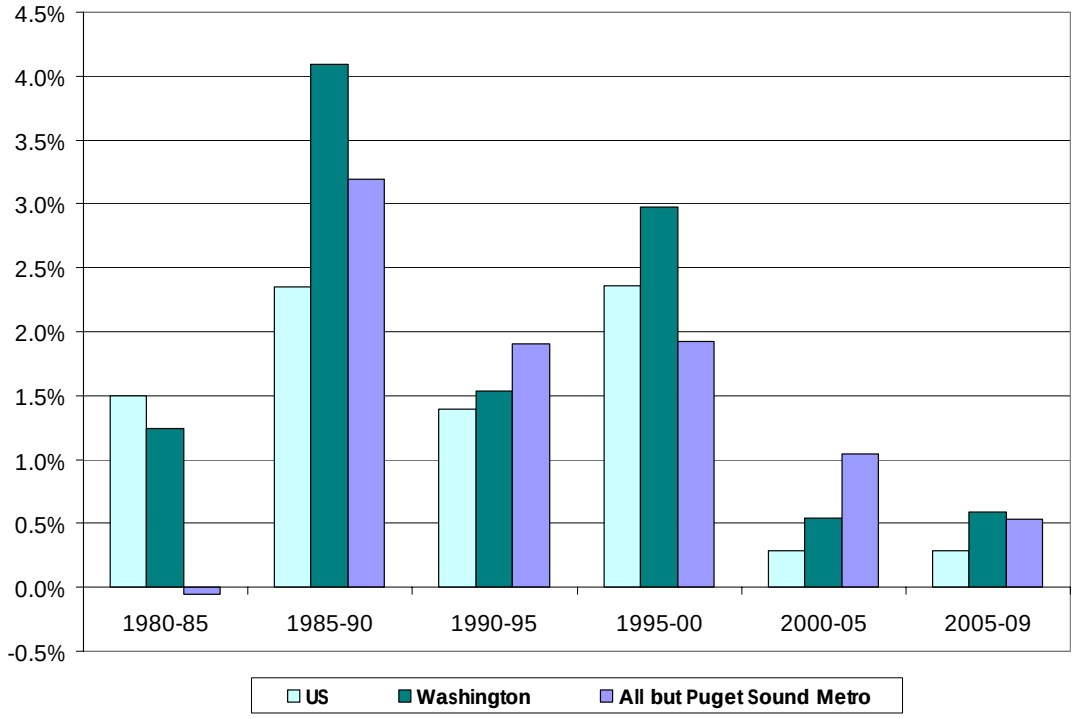
- While all service sectors (*except* retail) are expected to add jobs, only professional services, education and health are projected to increase their share of the employment base across the U.S. over the next 25 years. Declining shares of total employment are now projected for previously robust sectors such as retail trade, financial activities, leisure and hospitality, and government.

Comparative National & Statewide Employment Trends. National trends and projections can also be evaluated in the context of Washington State experience. In addition to

considering trends for the state in its entirety, a second comparison is made to Washington *excluding* the Puget Sound metro counties of King, Kitsap, Pierce, Skagit, Snohomish, Thurston and Whatcom.

As is illustrated by the following graph, detailed comparisons are provided in 5-year increments for non-agricultural employment dating back to 1980. All comparisons are made in terms of average annual growth rates for each of the comparison geographies.

Figure 14. Annual Job Growth Rates – U.S. & Washington State (1980-2009)



Note: *All but Puget Sound Metro* refers to all Washington State counties except King, Kitsap, Pierce, Skagit, Snohomish, Thurston and Whatcom Counties.

Source: Global Insight and Washington State Employment Security Department. Data is for non-farm employment.

Key observations from this comparative analysis are noted as follows:

- With the exception of the first half of the 1980s, the rate of employment growth in Washington State generally has exceeded growth nationwide. In the last half of the 1980s, Washington State rebounded sharply from the recession, experiencing job growth at a remarkable rate of 4.1% per year. Statewide job growth was also strong in the second half of the 1990s at 3.0% annually.

- Employment growth both nationally and statewide slowed markedly after 2000. This is a reflection of two recessions (both early and late in the decade), with relatively modest job growth even in the recovery period mid-decade.

- Also of note are changing patterns of job performance for the counties of Washington State lying beyond the Puget Sound metro market. These generally less populated counties experienced job loss in the early 1980s and have experienced job growth below that of the entire state in all but two of the six time periods covered. However, these smaller metro and rural counties out-performed the state as a whole in the first half of the 1990s and again in the first half of the most recent decade (from 2000-05).

Looking to the future (post-economic recovery), two questions can be posed of significance for the non-Puget Sound metro areas of Washington including Jefferson County. The first question is whether employment growth rebounds to levels of the late 1980s and 1990s or remains below these historic rates for the foreseeable future. Most forecasters currently project that national employment growth will not return on any sustained basis to previous high rates of growth.

A second question is whether the job growth will shift back to Puget Sound metro counties with economic recovery or to smaller metro and rural counties elsewhere across the state. The answer to that question remains less certain.

Arguments in favor of the Puget Sound metroplex include strong performance and global presence of core industries (ranging from aerospace to high tech), coupled with national expectations of growth favoring established 24/7 global pathway marketplaces – with Seattle identified as one of three major west coast U.S. pathway cities. Conversely, the case for decentralization to smaller markets hinges on advantages of lower cost options and resident desires for less urban living choices – as from households and individuals at or near retirement and potentially for families seeking smaller city or rural environments.

ADDED FOCUS #2: AGING DEMOGRAPHICS

While this report focuses on changing employment patterns, there is an emerging demographic trend expected to pose profound implications for economic development both short and longer-term. This is the rapid aging of residents anticipated nationally and across most of the U.S.

Aging of Baby Boomers. For the U.S. and the Pacific Northwest, a fundamental demographic driver over the last nearly 40 years has been the baby boom generation – those individuals born between 1946 and 1964. Taken together, persons born in this 18-year span accounted for 28% of the nation's population as of 2000.[12]

In the 1970s and 1980s, the entry of this generation into the workforce coupled with increasing participation by women drove the massive increase in employment nationally. The addition of more rapid in-migration caused employment growth to reach peak levels in the mid-late 1980s, but has tapered off substantially since 2000.

The oldest baby boomer will turn 65 this coming year, in 2011. Rapidly changing household, shopping, savings and retirement patterns of this cohort can be expected to substantially affect economic opportunities now and for the foreseeable future across mature economies of the globe.

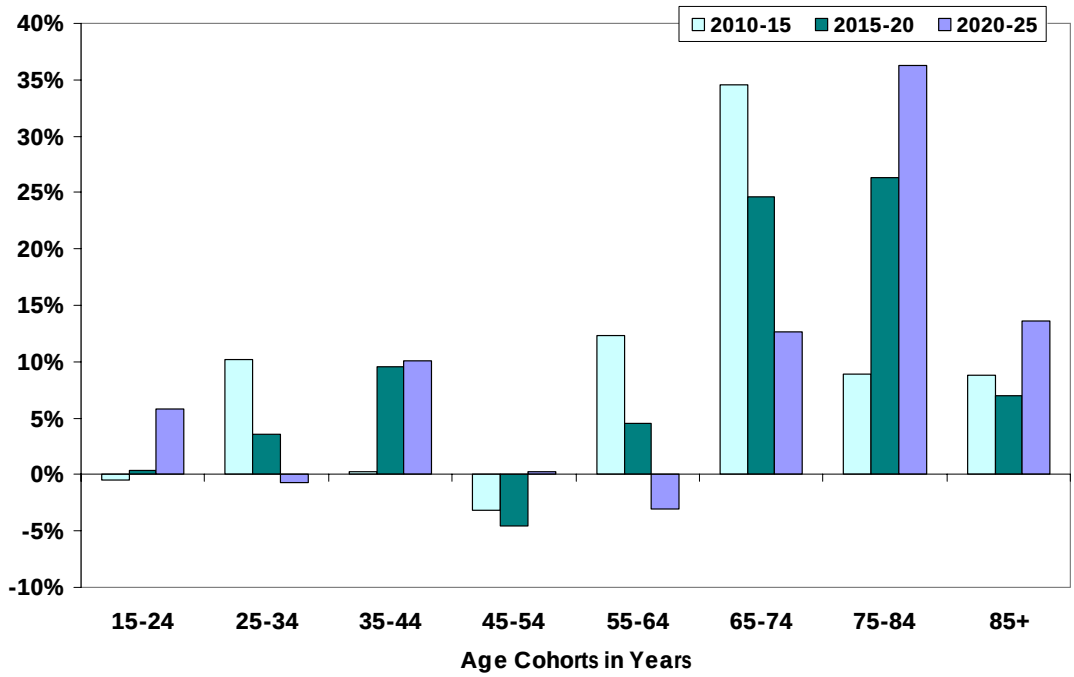
Washington State Demographic Forecast. For at least the next 15 years, persons 55 years of age and older will represent the bulk of net population growth in the state of Washington. This group accounts for more than 80% of net population growth from 2010-15, declining somewhat

to just under 60% of growth from 2020-25 as the *baby boom* ages with higher mortality rates in each succeeding 5-year time frame.

As illustrated by the following graph, the most rapid growth rates (in percentage terms) are expected to be in the 65-74 age bracket through 2015, then shifting to the 75-84 age cohort by 2020. The numbers of Washington State adults in the prime working years of 45-54 is currently declining and the numbers of persons age 55-64 will begin to decline post-2020.

This depletion of experienced work force will begin to be offset after 2015 with strong emerging growth of persons age 35-44 (as the leading edge of the Generation Y or *echo baby boom* age cohort). Assuming return to normalized economic growth by 2015, it can be expected that there will be strong (if not intensified) competition for this younger and re-energized work force.

Figure 15. Five Year % Changes in Washington State Population by Age (to 2025)



Source: State of Washington Office of Financial Management.

Economic Implications. While the full effects of an aging population have yet to play out, implications for local and regional economies can be expected to include:

- Continued shift in housing demand even with slower overall population growth – to accommodate downsizing and changing needs of older households
- Reduction of purchasing power for a significant component of the consuming public – aggravated by the loss of wealth and greater imperative to save for a large age cohort now quickly approaching retirement
- Shrinkage of labor force growth as boomers retire – placing potential impetus to encourage in-migration of younger workers and/or potential foreign in-migrants

- Continued growth of health care demand – whether dampened or intensified by recently adopted national health care legislation and subsequent refinements

Urban and rural areas of the state will likely experience these effects in highly varied ways. Large metro areas of the state with job growth activity can be expected to exert the greatest pull for young work force, unless offset by substantial rural economic development initiative

Non-metro areas generally can be expected to trend older more rapidly than the state. However, the characteristics of this increasingly non-working population will vary between high-amenity counties attracting residents with retirement income or other wealth versus communities with lower cost of living attractive to retirees of more limited means.

WASHINGTON STATE & THE INNOVATION ECONOMY

The State of Washington has recognized that global and domestic economic change will profoundly influence future prosperity of communities throughout this state as well as the nation. In February 2009, the Washington Economic Development Commission completed its report on *The Washington Innovation Economy: New Economic Strategy for Prosperity*. The report is predicated on the recognition that:

> Our economy is undergoing a profound structural adjustment and facing new global realities, and what will emerge in the next few years is anything but certain. In many industries the same jobs will not be coming back, so just waiting for a national economic stimulus and hoping for "cyclical recovery" would be a mistake.

Figure 16. Statewide Strategic Plan for Economic Development

Vision (adopted from the Washington Economic Development Commission)

Make Washington the most attractive, creative and fertile investment environment for innovation in the world as a means of achieving long-term global competitiveness, prosperity, and economic opportunity for all of the states citizens.

Global Goals

- ***Competitiveness:*** Retain, grow and attract businesses by improving and communicating Washington's competitive advantages.
- ***Education and Workforce Training:*** Improve performance of the education system to better match workforce skills to employer needs.
- ***Efficient and Effective Regulation:*** Reduce time and cost of meeting regulatory requirements, while maintaining their benefits.
- ***Infrastructure:*** Enable local governments to have adequate infrastructure to accommodate allocated growth and enable economic development and business opportunities, while maintaining quality of life.

Specific Goals

- ***Community Capacity:*** Mobilize and enhance local assets that strengthen community ability to meet the economic and social needs of Washington's families, workers and employers.
- ***Rural Focus:*** Improve economic performance of rural areas.
- ***Sector Focus:*** Increase Washington's share of high growth, high employment traded sectors.
- ***Small Business:*** Make Washington the best state in the country to start and grow a small business.

Source: State of Washington Department of Commerce, *2011-2015 Strategic Plan*, August 2010.

Concurrent with this report, Washington's Governor has created a new Department of Commerce with a succinct new mission – *to grow and improve jobs.* In August 2010, the new department (which replaced the former Department of Community, Trade and Economic Development) released its *2011-2015 Strategic Plan.*

Rather than continue along a traditional approach predicated on low cost inputs, the *innovation economy* is predicated on focusing around "technologies and markets that will grow in the future to create jobs, raise living standards and finance necessary public services."[13] Washington State has not participated as actively as other states in this "traditional economic development game" due in part to constitutional limitations on gifts of public funds and lending of credit for private business and development.

Rather, the state has prospered because of success in "growing and attracting forward-looking businesses based on underlying competitive fundamentals and not on cut-rate location factors." However, given the severity of the recession and intensified global competitive environment, the state is re-tooling toward a "new strategic approach for economic development."

While recognizing economic cluster analysis that has been conducted on a statewide level in the past, this new strategic approach focuses less on clusters and more on desired outcomes – in terms of "high growth, high-employment, traded sectors" that bring new wealth into the state and its communities. However, the strategy does call out specific opportunities for job growth and improvement in sectors including tourism, aerospace and clean energy – together with possible new sectors such as life sciences, information technology and electronic gaming.

REGIONAL / LOCAL POSITION OF CITY / COUNTY / PORT

While the emphasis of this existing conditions report is on joint economic development planning, it is also important to understand needs and opportunities distinctive to the individual jurisdictions of the City of Port Townsend, Jefferson County and Port of Port Townsend. This abbreviated jurisdiction-by-jurisdiction overview is followed by review of the role of Team Jefferson as the countywide organization for economic development.

City of Port Townsend. As the only incorporated city in Jefferson County, Port Townsend's 8,945 residents account for just over 30% of countywide population estimated at 29,300 as of 2010.

Incorporated in 1851, Port Townsend is one of only three Victorian seaports in the U.S. on the National Historic Register. The community has received widespread regional and national recognition as a good place to visit and live. As one example, *National Geographic* has cited Port Townsend as "the most sophisticated place west of Seattle" and has rated the community 24th of 109 historic destinations to visit and live based on authenticity and stewardship.[14]

Port Townsend is also one of the earliest and longest standing Main Street programs in the state of Washington – with continued focus on the four Main Street distinctives of community organization, promotion, design and economic restructuring. Port Townsend Main Street is responsible for marketing through its "Meet Me in Port Townsend" campaign.

Port Townsend has experienced the business downturn associated with the national economic recession. Effects of a down economy have been coupled with more localized issues including reduced ferry service and a 5-week closure of the Hood Canal Bridge at the start of the tourism season in 2009. These effects appear to have been short lived and positive steps are in place to improve ferry service with a decision by the State to purchase two 64-car class vehicles for the Port Townsend - Keystone route.

Unlike many communities statewide and nationally, the City has maintained revenues over the last three years from sources including sales, lodging and business and occupation (B&O) tax sources. However, it is also recognized that "national economic influences continue to slow the community's economic success and create anxiety over our future."[15]

As part of its *Capital Investment Strategy*, the City of Port Townsend has identified and prioritized three "economic anchors" as pivotal to continued community and economic vitality:

- **Maritime Investment** – focused on Port facilities at Port Hudson and Boat Haven together with Northwest Maritime Center Development.
- **Upper Sims and Howard Street** – including access, intersection and pedestrian improvements.
- **Fort Worden** – as partners with the State of Washington in developing a lifelong learning center.

Three year planned capital investment totals $19.455 million. This includes $10.675 million in Upper Sims and Howard Street investment and $8.780 in downtown and related capital investment connecting the communities identified key anchors.

Continuing infrastructure investment is noted as "still critical to recovery." The "next generation" of capital investment is anticipated to include an estimated $12.243 million in sidewalk, downtown utility undergrounding and street improvements. Another $29.500 million is identified for anticipated water, sewer and related utility investment. Other possible projects and opportunities include rehabilitation of Memorial Field, City library seismic design, and creating a fiber loop backbone for broadband and wireless internet.

Unincorporated Jefferson County. As of 2010, an estimated 20,355 people live in the unincorporated areas of Jefferson County. This population includes those living in proximity to Port Townsend as well as more dispersed rural areas. Together, the unincorporated areas account for nearly 70% of population countywide.

As a largely rural county with just one incorporated city (Port Townsend), most of the county's population and employment activity is located in the northeast portion of the county – in Port Townsend, the Master Planned Resort of Port Ludlow and the Tri-Area. Quilcene and Brinnon are the largest communities in the southern portion of the county. As noted by the county *Comprehensive Plan:*

> The County is comprised primarily of agricultural and forest lands. Seventy-five percent of Jefferson County is within the boundaries of Olympic National Park, Olympic National Forest, and State Forest land, this leaves very little land for development. This

rural quality of life is what attracts many residents and tourists to the County and is what most residents have expressed a desire to protect.

Washington State's Growth Management Act (GMA) prioritize future growth for Urban Growth Areas (UGAs) that, first, already have public facilities and sewer capacity and, second, in areas where such services if not already available, are covered by facility plans. Other than the City of Port Townsend, Irondale and Port Hadlock comprise the only unincorporated UGA in Jefferson County (as part of the Tri Area that also includes Chimacum).

Before and subsequent to GMA, economic development outside Port Townsend has been focused in and near the unincorporated communities, albeit with constraints as noted related to limited public sewer service. This leads to commercial and industrial uses that either have minimal septic needs (as for domestic use only) and/or own enough property to provide for adequate septic drainage (with correspondingly reduced development capacity).

Major initiatives in unincorporated Jefferson County that directly or indirectly relate to economic development in recent years include the following:

- **Irondale and Port Hadlock UGA.** The Comprehensive Plan identifies the Irondale and Port Hadlock UGA as the primary regional growth center for unincorporated Jefferson County. The lack of a sanitary sewer system has been cited as an impediment to commercial development and job creation.[16] The now adopted UGA General Sewer Plan identifies development "tiers," where the 6-year capital facilities plan is prepared to provide sewer service in the UGA core, followed by expansion of sewer availability throughout the full UGA over a 20-year planning horizon (to 2024).

  Phased sewer implementation will facilitate further economic development as almost one-quarter of the UGA is designated for commercial land use, including a commercial zone as the largest with 272 acres. Approximately 25 acres is designated as Urban Light Industrial (all but 5 acres of which are already in light industrial use).[17] This UGA has been found to be legally compliant with the Growth Management Act as of January 27, 2010. The County is currently pursuing funding to construct the wastewater infrastructure to promote future economic growth in this area.
- **Glen Cove light industrial area.** This area is designated by the Comprehensive Plan as a LAMIRD (limited area of more intensive rural development) under the Growth Management Act and is considered a final boundary until such time as a UGA is warranted in this area. The zoning district boundary was enlarged in December 2002 to the present acreage of 126.51 acres for Light Industrial and Commercial activities. Some existing businesses have shown interest in expanding the size of their buildings and increasing the employment base.
- **Brinnon Master Planned Resort** (with MPR boundary as approved with the 2007 Comprehensive Plan amendment cycle). As proposed, the 253 acre Pleasant Harbor Marina and Golf Resort could include a marina with 290 slips, a planned maritime village with approximately 180 residential units and 10,000 square foot commercial village replacing current facilities, an 18-hole golf course with conference and meeting capability, and in the range of 1,090 residential units to be operated as a "condotel" with individual units privately owned but managed as a resort. Next steps in the planning

process will include completion of a project level Supplemental Environmental Impact Statement (SEIS), Development Agreement and Development Regulations.

- **Revision to the Port Ludlow MPR Resort Plan** (proposed April 2004). Proposed was a major revision to the 1,800 acre resort plan, resulting in a reduction in the scale of the resort function. The overall amount of resort development is scaled back, including fewer commercial and public facilities but more residential units than were permitted with the prior 1999 Port Ludlow Resort Plan. This revision was proposed, in part, due to recognition of shifting market trends including reduced demand for large conference facilities in the Pacific Northwest. The marina is under consideration to be expanded to 100 slips to accommodate additional demand for local and transient boaters.
- **Rezone of the Jefferson County International Airport.** As a result of the 2009 Comprehensive Plan amendment cycle, the County rezoned 24 acres on the south side of the airport from Rural Residential to Airport Essential Public Facility, including a development regulations amendment to foster a self-supporting airport by allowing non-aviation related industrial and manufacturing uses.

Port of Port Townsend. Established by election in 1924, the Port of Port Townsend covers all of Jefferson County, owning and operating a diverse set of facilities including:[18]

- **Three Marinas** – with two in Port Townsend, one in Quilcene (including the annual Wooden Boat Festival at Port Hudson).
- **A marine trades industrial area at the Port Townsend Boat Haven** – home to 475 commercial and recreational vessels, more than 60 marine trades businesses and the Port Townsend shipyard (including heavy boat haulout).
- **Jefferson County International Airport** – a general aviation airport with a 3,000 foot east-west runway.
- **An RV park** – at Point Hudson Marina.
- **Boat launches** – at multiple sites in eastern Jefferson County.

Port Townsend also is recognized as one of three Victorian Seaports on the National Register of Historic Places. In addition to its maritime and aviation business centers, the Port of Port Townsend is also responsible for economic development at all of its facilities – including as a provider of building space for new and expanding businesses.

As of 2010, the Port has an operating revenues budgeted at $4,423,700 plus non-operating revenues of $961,500 – for combined *sources of funds* totaling $5,385,200. Major contributors to combined sources are user charges from marina and other facilities (65%), property rentals (18%), property tax levy (16%) and other sources (about 1%).

Uses of funds are allocated just over one-third (34%) to staff costs, 30% to debt service for capital expenses, 9% to utilities, 6% to maintenance and repair, and the remaining 20-21% to other expenses.

From 2000-08, Port revenue and expenses more than doubled (peaking in 2008). The recession has brought budget reductions in the last two years. The 2010 budget reflects operating revenue

decreases of 16% compared to 2009. This has led to reduction of 4.25 FTE staff positions, down from 30.36 FTEs in 2009 to 26.10 in 2010.

Planned initiatives for the future have focused in two areas – harbor and airport improvements. A *Comprehensive Scheme of Harbor Improvements Update 2003 & Environmental Impact Statement* was completed in 2003. This updated planning process identified a wide range of use and/or improvement alternatives related to the Boat Haven, Port Hudson, and Quilcene marinas, Gardiner and MATS Launch ramps, Port Hadlock Ramp and Dock, Fort Warden Beach, Quincy Street Dock, Kah Tai Lagoon.

This planning process included a proposed 20 year capital improvements implementation plan – with costs estimated at $8.4 million near term over the first five years, $18.2 million over a mid-tem horizon of 6-10 years, and $25.6 million over a long-term horizon of 11-20 years. Major improvement costs include near term marina and dock reconfiguration of Port Hudson and Boat Haven, more extensive investments at both facilities mid-term, and expansion of the Boat Haven marina plus Quilcene upland development over the long-term time horizon.

The Port's most recent *Airport Master Plan Update* was initiated in 2001. Initially developed as an auxiliary military training field prior to World War II, the airport was transferred to the Port of Port Townsend in 1947.

As of 2003, the Jefferson County International Airport (JCIA) comprised approximately 316 acres of land owned by the Port including the 3,000 foot runway. Property acquired and/or improved with FAA funded is limited to airport specific uses while property acquired or improved with Port funds may be used for a broader range of activities that directly or indirectly benefit airport operations.

As with planning for harbor improvements, the Port has identified a potential 3-phase development program for the airport – totaling approximately $9.3 million over 20 years (of which 54% was identified as potential for federal funding). Both runway/taxiway needs (or airside improvements) and terminal area needs (landside improvements) are identified in all three phases. Included within the planning process is consideration of opportunities to acquire additional properties between Highways 19 and 20, and Four Corners Road to facilitate compatible development around the airport.

Team Jefferson. As a County-designated and Washington State Department of Commerce authorized Associate Development Organization (ADO), Team Jefferson serves as the lead economic development organization in Jefferson County. As part of the Washington State University Extension (WSU) program, Team Jefferson is also one of the few if not only economic development organizations in the nation nested within a major research university.

Key initiatives of Team Jefferson include:

- Participation in efforts to obtain federal funds through the American Recovery Act (ARRA) for high speed internet to anchor institutions in east Jefferson County – greatly facilitated by the August 18, 2010 announcement of $3.22 million in resulting grant funding.

- Working with the Port Townsend Paper Mill toward a potential green energy biomass co-generation facility – building on the mill's commitment to recycled waste paper and wood products as well as offering opportunities for improved local forest health.
- Leadership role in moving toward development and implementation of a local electric utility to generate added high pay jobs in Jefferson County.

Team Jefferson is focusing on four key local economic initiatives and has recently proceeded with detailed analysis of key industry clusters or business sectors for priority emphasis in Jefferson County – as illustrated by the following chart.

Figure 17. Team Jefferson Economic Development Initiatives & Business Clusters

Local Economic Initiatives
(Creating economic opportunities for all)

1) ***Energize entrepreneurs*** – focusing on assets of current core businesses and clusters
2) ***Attract and retain 18-35 year old emerging entrepreneurs*** – to replace an aging workforce and ensure continued success of businesses with owners nearing retirement
3) ***Encourage community reinvestment*** –encouraging consumers to be "thinking local first," assuring capital for business startup and expansion including opportunities to capture community wealth for local reinvestment
4) ***Develop community leadership*** – through a new tone of community leadership , collaboration, and public-private partnership

Business Clusters
(Interim Draft – September 2010)

- ***Advanced Technology & Manufacturing*** – with established industries ranging from renewable forest products to technology and distribution firms
- ***Arts & Culture*** – encompassing individual artists, non-profit organizations, and private businesses such as galleries
- ***Education*** – including K-12 public and private schooling, and higher education thru WSU Extension, Peninsula College and Goddard College
- ***Small Business & Entrepreneur*** – focused on individual proprietors or less than 5-employee firms that are technology or craft/product based in start-up or acquisition mode and with a range of growth potentials
- ***Food & Farm*** – with activities ranging from farm and aquaculture to food retail and distribution including farmers markets, food banks, food coop and traditional grocery
- ***Healthcare*** – encompassing hospital, medical/clinic and alternative health providers
- ***Maritime*** – with key segments including shipwrights, outfitters and boat services
- ***Real Estate & Construction*** – including persons employed with real estate brokerage and development firms together with residential, commercial and infrastructure construction
- ***Tourism & Retail*** – encompassing firms and activities (including festivals) that provide hospitality, dining and retail services for local residents and visitors

Source: Team Jefferson, from http://tech.jefferson.wsu.edu and *Team Jefferson Business Cluster Report* (Interim Draft), August 4, 2010.

In addition to its ADO responsibilities on behalf of Jefferson County, Team Jefferson has drawn on national research and resources of the Kauffman Foundation and Center for Rural Economic Development – focused on strategies that maximize existing local assets and strengths. Team Jefferson is also directly involved working with a local team to develop a community-based strategic planning process for the Port of Port Townsend.

The recent business sector analysis prepared by Team Jefferson closely parallels results of the earlier 2002 Sommers study, but adapted to current conditions. For each targeted sector, Team Jefferson has provided an overall sector profile together with listing of key indicators and statistics, identification of what's working and what's not working, key decisions that most affect the sector, and recommendations/possibilities for public/private implementation.

Findings of Team Jefferson parallel results of earlier 2002 and 2007 business surveys. Uniformly cited as *what's working* are community attributes related to lifestyle and location.

Comments regarding w*hat's not working* vary more by sector. Sectors such as advanced technology/manufacturing, food and farm, real estate and construction have cited needs for added land and/or building space for business expansion. Small business/entrepreneurs and maritime businesses express concerns with high cost of living. Other sectors including arts/culture, education, and tourism/retail note issues with coordination, business communication and/or work force.

STRATEGIC ECONOMIC DEVELOPMENT IMPLICATIONS

Positioning for continued economic vitality requires perhaps greater attention to patterns of global, national, state and regional – as well as trends local economic change. While there are wide variations in outcomes that could be experienced, this review of global to local economic change concludes with several summary observations for consideration with the joint County, City and Port economic development planning process now underway:

- The financial and economic downturn starting in 2007 carries both short and long-term implications not fully anticipated by earlier economic development assessments for Jefferson County. Even if Jefferson County continues to fare better than many rural Washington communities through the current turbulence, economic recovery should not be construed as a return to "business as usual." Ongoing, and in some cases unexpected, challenges to the stability and vitality of **core sectors** can also be expected through the period of economic recovery and beyond.
- Of particular importance for is the manner and degree to which non-metro communities seek to couple with or avoid **global pathway** opportunities. Global pathway regions are those which are linked 24/7 to traded sector activity – benefitting from multi-modal transportation linkages and generally high disposable incomes. For Jefferson County, there is opportunity to play to residential, cultural and business development driven from its more urbanized Puget Sound neighbors (as one of the nation's most dynamic pathways due to Pacific Rim location and globally recognized industry trend-setters).
- The continued global and U.S. transition toward **service sector employment** potentially plays well to existing Jefferson County strengths – as in tourism and retail, arts and culture, education, food and farm, healthcare, and real estate/construction. However,

these will be only as strong as the customer markets and funding capacities underlying each of these sectors. While some sectors rely primarily on the purchasing power of individual consumers, others – such as arts/culture, education and increasingly healthcare – are highly influenced or dependent on increasingly strained public funding support as well.

- Not to be overlooked are opportunities to build from local niches of competitive advantage for **traded sector activity** that support higher wage jobs and greater community wealth – but that also may be associated with greater uncertainty over ongoing competitiveness and sustainability. Key sectors of interest that could serve to bring new wealth and wage income into Jefferson County have been identified as including advanced technology and manufacturing, and small business / entrepreneurial businesses with a traded sector orientation.
- Aging demographics carry potentially profound implications for a high amenity non-metro community such as Jefferson County – offering both benefits and risks. There is opportunity to attract and retain **quality of life migrants** looking for a small community in a setting boasting recreational, historic, cultural and educational appeal.

  There is also an increasing commitment to public services that can be required in the years ahead – together with the question of the extent to which Jefferson County actively attempts to maintain demographic balance versus capitalizing on a readily available and proven market niche, as with retirees.
- A related and as yet unanswered question is whether and in what ways the impetus toward **urbanization and reduced carbon footprint** may work to either stimulate or slow future economic and population change in smaller more rural regions of the Pacific Northwest. Rural areas offer the potential for building community and for the easy exchange of locally produced goods and services – where the consumer and producer readily interact face-to-face.

  However, to the extent that rural communities depend on lengthy or high cost transportation – as for non-local employment, retail purchases, or visitors – there is greater vulnerability to increasing fuel costs and to emerging social preferences for a lifestyle with demonstrated ability to achieve reduced carbon footprint. The perspectives and approaches taken to sustainability may also vary between the urban portions of Jefferson County and the low density, rural area encompassing most of the county's geographic landscape.
- Finally, there is the question of how a non-metro community can successfully respond to the challenge of statewide impetus for a tightly networked **innovation economy** while preserving or enhancing values for local autonomy together with historic and cultural preservation. Ability for non-metro communities to more fully tap broadband internet appears to be of increased importance for applications ranging from distance learning to telemedicine and e-commerce.

  Team Jefferson's business sector (or cluster) focus represents an important need to prioritize and leverage available economic development resources. At the same time, there will need to be extraordinary flexibility over the next 10-20 years to both shape and respond to new economic opportunities that are not yet readily apparent.

IV. ECONOMIC DATA ASSESSMENT

As part of this existing conditions report, the City, County and Port are interested in an assessment of the utility of economic data currently available. This assessment includes identification of potential additional economic information and future updates that may be desired to address specific questions that may arise during the joint economic development planning process and as important to ensure sound economic development strategy recommendations.

While any added data is not intended to be provided as a part of this initial reconnaissance and existing conditions report, data options are also noted in order to anticipate means for compilation of added information that may become viewed as pivotal to the joint economic development planning process as it proceeds.

ECONOMIC DATA ADEQUACY

As is indicated from the foregoing discussion, considerable economic data is readily available for use with the joint economic development planning process. While additional research could be conducted, it would appear that most of what is needed for a useful strategic plan is already in place. In effect, the existing data should provide a reasonable basis for proceeding with at least the initial phases of the joint planning process.

Additional, more detailed resources are also readily available, particularly if needed to address specific planning or policy questions that may arise. This includes more the detailed economic data set provided with the prior Sommers and E. D. Hovee analyses of 2002 and 2007, respectively.

A major additional and current data resource is available through recent in-depth demographic data compilation by Jefferson County Public Health (JCPH). As part of a report titled *The Health of Jefferson County: 2010 Demographic Update*, this JCPH resource includes detailed statistical information covering topics related to population, education, employment, income and poverty, household composition and marital status, and housing.

OPTIONS FOR ADDITIONAL ECONOMIC RESEARCH

While this report together with other existing information resources provides a good repository of existing data, additional economic data research and analysis could be considered now or later for either of two reasons: a) to address specific questions or provide more in-depth information desired with the joint economic development planning process; and/or b) to obtain updates on existing data sets that may become available for consideration either in the near-term or beyond the time frame of the current planning process.

Supplemental In-Depth Research Options. Depending on topics to be considered as part of a joint economic development strategy, the following additional research questions could be considered on an as-needed basis:

- **More detailed employment analysis.** Added detail may be of value in either or both of two ways: a) by county sub-area (as all information currently provided is on a countywide basis); and/or b) by customized aggregation of business clusters or segments for prioritized economic development (for example, specifically tailored to the nine business sectors as identified by Team Jefferson). Obtaining this more detailed information would, most likely, be based on a customized data run coordinated through the state's Employment Security Department (ESD).
- **More detailed demographic and/or housing analysis.** The mismatch between housing cost/availability and are wage incomes has been identified as a specific topic that may merit added attention as a joint economic development plan is prepared. More detailed data useful to address this question is currently available as part of the 2010 JCPH demographic analysis. Further analysis may be useful with subsequent implementation planning to determine how readily housing appropriate to specific employer or industry sectors can be provided currently or in the years ahead with economic recovery.
- **Benchmark comparison with similar rural amenity communities.** It may be useful to identify and profile communities that embody existing characteristics and/or experience similar to what is envisioned for the jurisdictions of Jefferson County. The purpose of this *case study* research would be, not only to compare economic and demographic characteristics, but more importantly to identify local economic development strategies together with successes realized as well as lessons learned.

  Examples of Pacific Northwest communities that might be considered as part of this benchmarking process might include Anacortes, Wenatchee, and Walla Walla in Washington State together with communities such as Bend, Ashland and Bandon in Oregon.

Each of these research options would require identification of resources, schedule and methodology for accomplishment. Unless deemed as a high priority for the initial strategy, an additional option would be to conduct supplemental research on high priority topics as part of strategic plan implementation.

Update Opportunities. While the information contained in this existing conditions report is based on what has been identified as most readily available, some data is now becoming somewhat dated. This is most notably the case with 2000 Census data. Potential information updates that may be considered with this joint economic development planning process or subsequently are noted as including the following items:

- **Incorporation of 2010 U.S. Census Results.** This report includes current (2009/10) estimates for a number of demographic and economic indicators. However, current demographic estimates are from sources that extrapolate from past trends (or 2000 Census data) and may be subject to revision when results of the 2010 Census become available. However, while some aggregate national and state population count information may become available this coming year, detailed local jurisdiction information is not expected to be made available until 2012-13. While beyond the anticipated time frame of the joint economic development plan, separate updating may still prove to be of value in the 2013-14 time period. Detailed census results could also be useful to provide in depth analysis of demographic changes at the sub-county level.

- **Updated business survey information.** As noted, business surveys have been conducted in 2002 and 2007 – both before the economic recession. Some interest has been expressed in conducting an updated survey. A key question would be whether to proceed ahead quickly in advance of completing joint economic development planning or to wait and conduct a new survey benchmark survey as an early implementation step of the adopted strategy.
- **Adjusted employment and associated land demand scenarios.** The scenarios provided with this existing conditions report were prepared in 2007 and may warrant updating to reflect: a) effects of the recession; and/or b) policy priorities that may emerge from the joint economic development planning process. Rather than re-run multiple scenarios, recommended for consideration would be an approach to project job and employment expectations for a *preferred employment scenario* as may be selected through this joint planning process.
- **GIS land inventory updating.** As with the employment scenarios, the land inventory data cited with this report were initially compiled in 2007. Some updating may be appropriate, particularly to the extent that key properties have been subsequently developed or might otherwise prove to be no longer viable for development consideration. A refined industrial and commercial inventory process could also be aimed to provide added detail not provided with the 2007 inventory. To the extent that such data was available, additional analysis might be focused on such items as large parcel size needs, redevelopment site opportunities, linkages with planned infrastructure, and intensity of rural and in-city site utilization.
- **Preparation of an economic development element.** This would be suggested to occur in coordination with the next update of the Jefferson County and/or City of Port Townsend Comprehensive Plan in compliance with the Growth Management Act (GMA). Jurisdiction-specific plans could then also reflect common outputs of the current joint economic development planning initiative.

V. PRELIMINARY SWOT ASSESSMENT

A final objective of this existing conditions report is to provide a preliminary assessment of strengths, weaknesses, opportunities and threats (or SWOT) affecting the local economy. As well as addressing countywide conditions, this assessment also focuses on findings specific to the City of Port Townsend, unincorporated Jefferson County, and the Port of Port Townsend.

This SWOT assessment is based on information compiled from the economic indicator, global to local and data gap assessments – all provided as part of this baseline report. SWOT findings are intended as preliminary summary observations – subject to refinement in consultation with participating jurisdictions and stakeholders. While data presented earlier is reported essentially as is, the SWOT also involves data interpretation in the context of jurisdiction-specific implications.

STRENGTHS & WEAKNESSES

Economic strengths and weaknesses reflect *existing conditions and trends,* outlined as follows.

Strengths	Weaknesses
Countywide	
• High quality of life appeal (in extraordinary natural setting) • Proximate to but removed from Seattle metro • Recognized visitor destination • High proportion of non-locally based income (only 30% dependent on wages & salaries)	• Relatively high & growing service sector needs (especially as local population ages) • Long travel time to Puget Sound urban centers • Vulnerability to transportation disruptions (ferry service cuts, Hood Canal Bridge repairs) • Relatively low wage economy (with high housing cost)
City of Port Townsend	
• Historic heritage (distinct Victorian seaport identity) • Distinct downtown & neighborhood commercial (with destination Main Street appeal) • Fort Worden (as an anchor historic & visitor resource)	• Difficulty integrating new development (minority share of county population & growth) • Small local market area & retail sales leakage (for price & comparison sensitive shoppers) • Challenge of on-going heritage maintenance (both cost & marketing to the next generation)
Unincorporated Jefferson County	
• Distinctive rural villages (including master planned resorts) • Substantial public lands ownership (national/state park & forest lands) • Designated industrial & commercial sites (to meet locally generated business needs)	• Disconnect between urban area & rest of county (with long travel times outside of east county) • Less local control over land use (with majority federal & state ownership) • Current lack of UGA sewer capacity (limiting business to low intensity septic use)
Port of Port Townsend	
• Diverse & well-used facility portfolio (marinas/RV/boat launches, airport) • Focused marine trades emphasis (a working harbor with 60 businesses) • Diverse revenue base covering operations & debt (facility users + renters, property tax augmented)	• Lack of scheduled commuter air service (for convenient Seattle access) • Deferred harbor facility maintenance (boatyard improvements lag behind needs) • Revenue vulnerability to recession (inadequate to fund all planned improvements)

Jefferson County's strengths represent potential building blocks for future prosperity and economic vitality. Conversely, weaknesses represent constraints that could serve to undermine prospective vitality, unless proactively addressed and/or mitigated.

OPPORTUNITIES & THREATS

Opportunities and threats are *forward looking*, reflecting a combination of locally determined initiatives plus economic drivers external to Jefferson County. These prospective conditions will play out over time – with some likely to be realized in the near-mid term (of the next 5-10 years), while others are experienced longer term (extending over a 20-year time horizon). As with the discussion of strengths and weaknesses, this outline differentiates between prospects of a countywide nature together with those more specific to the jurisdictions of the City of Port Townsend, unincorporated Jefferson County and the Port of Port Townsend.

Opportunities	Threats
Countywide	
• Value-added visitor services (historic, festival, arts & environmental themed)	• Potential over-dependence on mature travelers (need to cultivate the next generation)
• Retirement cluster (active communities & premium services)	• Added retiree demand on public services (with limited added non-residential tax base)
• Advanced technology with broadband capacity (start-up traded sector manufacturing & services)	• Distance from markets & direct client contact (constraining options for business expansion)
• Going green (food & farm, development, business ethic)	• Added costs/uncertainties of green development (& need for broad customer/client acceptance)
City of Port Townsend	
• Fort Worden Collaborative (an emerging arts & creative cluster)	• Fort Worden long-term sustainability challenge (on-going non-user funding & image freshening)
• Downtown & neighborhood business districts (next steps for visit/shop/work/live integration)	• Historic structure cost & code challenges (especially for adaptive reuse & upper levels)
• Maritime investment @ Port Hudson/Boat Haven (niched for competitive, authentic marine trades)	• Potential market shrinkage & global competition (with need to maintain distinct non-metro niche)
Unincorporated Jefferson County	
• Advanced technology & manufacturing growth (small to medium firms on sites with sewer)	• Cost of providing fully served, shovel ready sites (& unpredictable or prolonged permitting)
• Food & farm market diversification (managed & branded fresh, organic, sustainable)	• Needed capital & marketing support for local ag (also need to preserve working farm land)
• Sustainable, full-service rural village living (a mix of resort & year-round resident options)	• Conflicts over development versus preservation (& need to re-invent maturing developments)
Port of Port Townsend	
• Planned harbor improvements implementation ($8.4 million in 5 years / $52.2 million in 20)	• Lack of full resources for harbor improvements (leading to potential project deferral or cutbacks)
• Airport master plan development program (3 phases totaling $9.3 million over 20 years)	• Potential for declining general aviation activity (but majority of improvements federally funded)
• More industrial/incubator property development (land and/or building space)	• Speculative risk with property development (unless phased in synch with user needs)
• Diversified economic development options (e.g. other regional visitor destination facilities)	• Potential concern with private sector competition (unless focused where there is no private interest)

Virtually all of the opportunities can be linked to preserving and enhancing quality of life in Jefferson County. While quality of life will mean different things to different people as resident, business and property owners, attributes of importance locally appear to include qualities of recreation, historic, cultural and recreation resources – in a county that is near to but clearly distinct from the metro areas of Washington State's Puget Sound.

Some opportunities can readily be realized – at least initially – over the next 5-10 years. Examples might include countywide initiatives for value-added visitor services and *going green*, together with more localized projects as with forging the Fort Worden Collaborative and early phase harbor improvements.

Other opportunities will take longer to formulate and/or implement. For example, impetus for enhancing specialty and advanced technology business opportunities may yield results incrementally (or *step-by-step*), as part of a multi-year sustained cooperative economic development agenda. Successful implementation could also depend on individual actions related to such items as providing added inventory of *shovel-ready* development sites and/or buildings to occupy, expedited permitting, active economic development marketing, customized job skills and training, and assurance of a range of affordable to executive housing options.[19]

OPTIONS FOR ACTION

How the SWOT is to be used in shaping a joint economic development plan is a final question that warrants some early-on discussion as the joint economic development planning process gets actively underway. Which results will carry more weight than others? How will this be sorted out with County, City, Port and broader community interests?

Recommended is that, before setting definitive economic development goals and implementation actions, a refined SWOT would be accompanied by discussion of generalized strategic options and implications for economic development. Consistent with the employment scenarios first articulated in 2007, examples of strategic options to consider might include:

- **Status quo** – effectively assuming no major changes in course or jurisdictional and organizational responsibilities for economic development as currently practiced in Jefferson County.
- **Targeted economic development** – focused around specific high priority business sectors or clusters as initially outlined in 2002 and updated in 2010 by Team Jefferson.
- **Jobs/housing balance –** perhaps with less explicit targeting of specific job sectors but with greater emphasis on a range of job options matching the needs and skills of the existing and future Jefferson County work force.
- **Other scenarios –** as might be developed through the joint economic development planning process, possibly including some hybrid of the above noted options for action.

Each of these (or other) strategic options should be evaluated in terms of potential advantages and disadvantages, as well as requirements for successful implementation. Selection of a *preferred option* can then be followed by the determination of explicit economic development goals for Jefferson County and a resulting implementation plan.

APPENDIX A. PREPARER BACKGROUND

This *Jefferson County Existing Conditions Report* has been prepared for Jefferson County in cooperation with the City of Port Townsend and the Port of Port Townsend by the economic and development consulting firm E. D. Hovee & Company, LLC (EDH). Since 1984, EDH has conducted market and feasibility assessments, economic development planning analyses and targeted business development strategies for public agency, private and non-profit organizations – focused primarily in the Pacific Northwest states of Washington and Oregon.

EDH has considerable experience with economic development planning pursuant to economic development elements for comprehensive plans prepared pursuant to the state of Washington Growth Management Acts (GMA). In Oregon, similar economic planning has been conducted in conjunction with Goal 9 and more recent Economic Opportunity Analysis (EOA) requirements of the Oregon Land Conservation and Development Department.

Over its 25+ year history, EDH has been committed to the ongoing process of economic restructuring for entire communities, for emerging and revitalized downtowns, and for business investment in both urban and rural settings.

Examples of related project assignments have included:

- Previous 2007 preliminary work toward a countywide industrial and commercial land inventory, infrastructure assets and economic development analysis conducted on behalf of Jefferson County and participating public-private stakeholders.
- GMA-related economic development including industrial-commercial land needs assessments conducted for Skagit, Mason, Thurston, Lewis, Clark and Adams Counties.
- Similar economic development/comprehensive planning for cities including Mount Vernon, Covington, and Longview.
- Subcounty economic planning for South Lewis County and the Quincy/George area (Grant County), and the Vancouver urban growth area (UGA).
- Goal 9 and (more recently EOA) analyses for Oregon jurisdictions including the Cities of Portland, Cascade Locks, Hood River, Molalla, Forest Grove, Wilsonville, Medford and Ashland – as well as Metro with the 2009 draft Portland regional employment Urban Growth Report (UGR).
- Economic assessments for Washington State Port districts including Vancouver, Camas-Washougal, Wahkiakum, Chelan, and Skagit.
- EDH has also been involved in conducting *strength, weakness, opportunity and threat* (or SWOT) analyses in more than 45 communities throughout Washington and Oregon.

Preparers of this existing conditions report are Eric Hovee (Principal) and Andrea Logue (Research Coordinator).

APPENDIX B. SUPPLEMENTAL STATISTICAL DATA

Figure 18. Population Trend & Forecast (2000-2030)

Jurisdiction	Type of Forecast	Census 2000	Estimate 2005	Estimate 2010	Projections 2005	2010	2015	2020	2025	2030
Port Townsend	N/A	8,334	8,745	8,945	N/A	N/A	N/A	N/A	N/A	N/A
Jefferson County	low	26,299	27,600	29,300	N/A	28,007	29,907	31,882	33,595	34,940
	medium	26,299	27,600	29,300	N/A	30,912	34,035	37,447	40,769	43,858
	high	26,299	27,600	29,300	N/A	33,815	38,161	43,014	47,945	52,778
	medium 2002	26,299	N/A	N/A	28,308	30,892	34,067	37,483	40,807	N/A
Washington State	low	5,894,121	6,256,400	6,733,250	N/A	6,325,953	6,607,447	6,850,659	7,056,399	7,216,325
	medium	5,894,121	6,256,400	6,733,250	N/A	6,792,318	7,255,672	7,698,939	8,120,510	8,509,161
	high	5,894,121	6,256,400	6,733,250	N/A	7,372,751	8,042,721	8,713,386	9,379,550	10,026,660

Jurisdiction	Type of Forecast	Average Annual Growth Rate 2000-05	2005-10	2010-15	2015-20	2020-25	2025-30	2000-30
Port Townsend	N/A	1.0%	0.5%	N/A	N/A	N/A	N/A	N/A
Jefferson County	low	1.0%	1.2%	0.4%	1.3%	1.1%	0.8%	1.0%
	medium	1.0%	1.2%	3.0%	1.9%	1.7%	1.5%	1.7%
	high	1.0%	1.2%	5.4%	2.4%	2.2%	1.9%	2.3%
	medium 2002	1.5%	1.8%	2.0%	1.9%	1.7%	N/A	N/A
Washington State	low	1.2%	1.5%	-0.4%	0.7%	0.6%	0.4%	0.7%
	medium	1.2%	1.5%	1.5%	1.2%	1.1%	0.9%	1.2%
	high	1.2%	1.5%	3.6%	1.6%	1.5%	1.3%	1.8%

Notes: ☐ = Projection completed in October 2007 versus the estimate of 2010 population published in April 2010.

▭ = Projection completed in January 2002 used by E. D. Hovee & Company, LLC in 2007 economic development analysis.

Source: State of Washington Office of Financial Management.

Figure 19. Comparative ESRI Demographics (2000-2010)

	Port Townsend		Jefferson County		Washington State	
	2000	2010	2000	2010	2000	2010
Avg Household Size	2.09	2.07	2.21	2.18	2.53	2.53
Median Household Income	$34,380	$43,858	$37,857	$47,617	$45,770	$60,311
Median Home Value	$145,461	$241,789	$157,390	$271,584	$158,803	$257,073
Total Housing Units	4,250	4,776	14,144	16,641	2,451,075	2,870,124
Owner Occupied Housing Units	60.1%	59.9%	62.7%	61.4%	59.9%	58.4%
Renter Occupied Housing Units	32.1%	31.5%	19.6%	19.5%	32.8%	32.6%
Vacant Housing Units	7.8%	8.6%	17.7%	19.0%	7.3%	9.0%
Median Age	46.5	50.7	47.0	51.2	35.3	37.1
% 4-Year College Graduates	33.0%	36.5%	28.4%	31.7%	27.7%	30.7%
Population 25+ by Educational Attainment						
Total	6,266	7,162	19,551	23,330	3,827,507	4,503,749
Less than 9th Grade	0.8%	0.8%	1.4%	1.4%	4.3%	4.3%
9th - 12th Grade, No Diploma	7.4%	5.3%	7.1%	5.1%	8.6%	6.4%
High School Graduate	22.6%	22.0%	27.2%	26.7%	24.9%	24.7%
Some College, No Degree	27.7%	25.0%	28.9%	26.1%	26.4%	24.0%
Associate Degree	8.4%	10.4%	7.1%	9.0%	8.0%	9.8%
Bachelor's Degree	20.6%	21.7%	17.9%	19.3%	18.4%	19.8%
Graduate/Professional Degree	12.4%	14.8%	10.5%	12.4%	9.3%	10.9%
Population by Race/Ethnicity						
Total	8,334	9,186	25,953	30,024	5,894,121	6,756,150
White Alone	93.3%	91.5%	92.2%	90.2%	81.8%	77.7%
Black Alone	0.6%	0.7%	0.4%	0.6%	3.2%	3.6%
American Indian Alone	1.2%	1.4%	2.3%	2.5%	1.6%	1.7%
Asian or Pacific Islander Alone	1.5%	2.1%	1.3%	2.0%	5.9%	7.4%
Some Other Race Alone	0.9%	1.2%	0.8%	1.0%	3.9%	5.3%
Two or More Races	2.5%	3.2%	3.0%	3.8%	3.6%	4.3%
Hispanic Origin	2.3%	3.5%	2.1%	3.2%	7.5%	10.6%

Source: U.S. Census and ESRI.[20]

Figure 20. Jefferson County & Washington State Job Comparison (2002-09)

NAICS Code	Industry Sector	Jefferson County AAGR (2002-09) Jobs	Jefferson County AAGR (2002-09) Avg Wage	Jefferson County 2009 Avg Wage	State of Washington AAGR (2002-09) Jobs	State of Washington AAGR (2002-09) Avg Wage	State of Washington 2009 Avg Wage
	TOTAL	**0.0%**	**3.4%**	**$31,674**	**1.0%**	**3.1%**	**$47,458**
11	Agriculture, forestry, fishing and hunting	-0.8%	1.5%	$24,248	2.3%	2.5%	$23,653
21	Mining	-	-	-	-3.6%	1.4%	$52,981
22	Utilities	-4.8%	7.9%	$79,575	1.8%	5.2%	$84,379
23	Construction	-1.8%	3.8%	$35,654	0.6%	3.8%	$51,024
31-33	Manufacturing	-0.5%	3.1%	$47,372	-1.0%	3.1%	$62,939
42	Wholesale trade	5.9%	-4.1%	$38,115	1.1%	3.7%	$61,572
44-45	Retail trade	0.1%	3.0%	$23,280	0.3%	2.0%	$29,351
48-49	Transportation and warehousing	-6.6%	-1.6%	$27,034	0.4%	2.3%	$46,464
51	Information	1.6%	8.2%	$38,467	1.5%	0.5%	$105,713
52	Finance and insurance	1.2%	2.4%	$36,189	-0.6%	4.1%	$71,305
53	Real estate and rental and leasing	-10.3%	-0.9%	$17,603	-3.6%	3.9%	$37,243
54	Professional and technical services	1.2%	4.2%	$34,802	2.5%	4.0%	$71,822
55	Management of companies and enterprises	-	-	-	0.9%	3.8%	$87,710
56	Administrative and waste services	-14.7%	3.1%	$27,923	1.1%	3.6%	$39,559
61	Educational services	3.6%	1.5%	$20,165	3.2%	3.2%	$34,488
62	Health care and social assistance	4.4%	3.6%	$25,656	2.9%	4.4%	$43,557
71	Arts, entertainment, and recreation	2.2%	1.6%	$16,149	1.6%	2.2%	$25,514
72	Accommodation and food services	-0.5%	3.3%	$13,537	1.4%	2.9%	$17,060
81	Other services, except public administration	4.8%	4.0%	$21,941	7.3%	-0.3%	$24,879
92	GOVERNMENT	0.9%	3.9%	$43,396	1.0%	3.6%	$50,426

Note: To avoid disclosure of employment data for individual employers, employment growth data is unavailable for industry sectors Mining and Management of companies and enterprises.

Source: State of Washington Employment Security Department.

Figure 21. Median Wage Comparison (Inflation Adjusted 1990-2008)

Year	Jefferson County	State Less King County	Washington State
1990	$15.10	$15.59	$17.04
1991	$15.42	$15.86	$17.36
1992	$15.60	$15.95	$17.44
1993	$15.52	$16.12	$17.45
1994	$15.17	$16.34	$17.37
1995	$15.48	$16.16	$17.43
1996	$15.69	$16.34	$17.60
1997	$15.82	$16.49	$17.93
1998	$16.07	$17.09	$18.47
1999	$16.36	$17.03	$18.71
2000	$16.67	$17.18	$18.94
2001	$16.66	$17.67	$19.65
2002	$17.15	$17.80	$19.90
2003	$17.64	$17.81	$19.89
2004	$17.26	$17.65	$19.65
2005	$17.44	$17.55	$19.62
2006	$17.15	$17.68	$19.78
2007	$17.25	$17.90	$20.08
2008	$17.32	$17.91	$20.11

Source: Washington State Employment Security Department.

Figure 22. Comparative Sources of Income (2000-2008)

Income Type	2000	2001	2002	2003	2004	2005	2006	2007	2008
Jefferson County									
Wage & salary income	34%	33%	33%	34%	33%	33%	31%	30%	30%
Supplements to wages & salaries	8%	8%	8%	8%	8%	8%	8%	7%	7%
Proprietors income	9%	8%	8%	8%	8%	7%	7%	7%	7%
Investment income	32%	33%	31%	30%	33%	32%	35%	37%	36%
Transfer payments	18%	19%	20%	20%	19%	19%	19%	19%	20%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Per Capita Personal Income	$28,731	$30,347	$30,829	$31,983	$34,997	$36,327	$39,553	$42,462	$43,105
State of Washington									
Wage & salary income	51%	50%	49%	49%	47%	48%	48%	48%	48%
Supplements to wages & salaries	11%	11%	11%	12%	12%	12%	12%	11%	11%
Proprietors income	8%	9%	9%	9%	9%	8%	8%	8%	8%
Investment income	19%	18%	17%	17%	20%	18%	20%	20%	20%
Transfer payments	12%	13%	13%	13%	13%	13%	13%	13%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Per Capita Personal Income	$32,407	$32,947	$33,104	$33,852	$35,959	$36,734	$39,550	$41,919	$42,747

Source: U.S. Bureau of Economic Analysis.

Figure 23. Taxable Retail Sales (1994-2009)

	Port Townsend	Unincorporated Jefferson County
1994	$104,398,171	$100,364,988
1995	$107,660,343	$98,604,603
1996	$107,638,680	$103,969,568
1997	$111,827,109	$114,668,204
1998	$107,299,979	$128,107,265
1999	$122,618,497	$139,894,554
2000	$136,054,905	$138,157,051
2001	$140,291,616	$128,382,197
2002	$139,431,588	$131,443,109
2003	$152,468,178	$141,221,748
2004	$161,409,306	$176,242,122
2005	$180,221,075	$188,701,817
2006	$176,738,833	$195,120,688
2007	$182,831,807	$195,618,347
2008	$185,670,956	$190,455,571
2009	$186,921,980	$165,213,597

Source: State of Washington Department of Revenue.

Figure 24. Distribution of Taxable Retail Sales (2007, 2009)

Port Townsend

	2007		2009	
	$	% Dist	$	% Dist
Construction	$34,251,317	19%	$27,951,034	15%
Retail	$87,844,138	48%	$90,869,297	49%
Lodging	$6,503,385	4%	$5,987,519	3%
Other	$54,232,967	30%	$62,114,130	33%

Jefferson County

	2007		2009	
	$	% Dist	$	% Dist
Construction	$69,047,116	48%	$53,993,916	46%
Retail	$66,628,016	46%	$59,051,176	50%
Lodging	$8,536,948	6%	$5,579,165	5%
Other	$51,406,267	36%	$46,589,340	39%

Source: State of Washington Department of Revenue.

Figure 25. Comparative Tourism Indicators (2000 & 2008)

	2000	2008
Jefferson County		
Total Direct Travel Spending (x $1 million)		
Visitor Spending at Destination	$85.6	$102.4
Other Travel*	$0.2	$0.0
Total Direct Spending	$85.8	$102.4
Spending per Capita	$3,262	$3,556
Population	26,299	28,800
Visitor Spending by Commodity Purchased (x $1 million)		
Accommodations	$20.4	$24.9
Food & Beverage Services	$25.6	$31.4
Food Stores	$6.1	$8.2
Ground Tran. & Motor Fuel	$3.2	$7.3
Arts, Entertainment & Recreation	$15.2	$15.8
Retail Sales	$15.1	$14.9
Air Transportation (visitor only)	$0.0	$0.0
Spending at Destination	$85.6	$102.4
Total Direct Employment by Category (Jobs)		
Accommodations & Food Services	1,050	1,020
Arts, Entertainment & Recreation	540	390
Retail	190	160
Ground Transportation	10	10
Visitor Air Transportation	10	0
Other Travel*	0	0
Total	1,800	1,580
Washington State		
Total Direct Travel Spending (x $1 million)		
Visitor Spending at Destination	$8,967	$13,400
Other Travel*	$1,537	$2,000
Total Direct Spending	$10,504	$15,400
Spending per Capita	$1,782	$2,338
Population	5,894,121	6,587,600
Visitor Spending by Commodity Purchased (x $1 million)		
Accommodations	$1,577	$2,396
Food & Beverage Services	$2,107	$3,163
Food Stores	$434	$633
Ground Tran. & Motor Fuel	$1,611	$3,332
Arts, Entertainment & Recreation	$1,162	$1,609
Retail Sales	$1,425	$1,459
Air Transportation (visitor only)	$649	$816
Spending at Destination	$8,967	$13,407
Total Direct Employment by Category (Jobs)		
Accommodations & Food Services	66,000	79,000
Arts, Entertainment & Recreation	39,000	39,000
Retail	14,000	15,000
Ground Transportation	12,000	10,000
Visitor Air Transportation	4,000	5,000
Other Travel*	4,000	3,000
Total	140,000	151,000

Source: Dean Runyan Associates prepared for Washington State Tourism.

Figure 26. Retail Sales & Leakage (2010)

NAICS	Retail Categories	Demand (Retail Potential)	Supply (Retail Sales)	Leakage (Demand-Supply)
441	Motor Vehicle & Parts Dealers	$67,251,033	$11,682,158	$55,568,875
442	Furniture & Home Furnishings Stores	$9,871,163	$3,128,682	$6,742,481
443	Electronics & Appliance Stores	$6,989,137	$1,641,051	$5,348,086
444	Bldg Materials, Garden Equip. & Supply Stores	$10,803,542	$4,572,968	$6,230,574
445	Food & Beverage Stores	$55,863,207	$48,059,193	$7,804,014
446	Health & Personal Care Stores	$4,951,487	$5,230,700	-$279,213
447	Gasoline Stations	$34,403,791	$15,473,437	$18,930,354
448	Clothing and Clothing Accessories Stores	$12,770,986	$2,082,426	$10,688,560
451	Sporting Goods, Hobby, Book, & Music Stores	$2,972,959	$2,826,919	$146,040
452	General Merchandise Stores	$31,704,574	$6,198,575	$25,505,999
453	Miscellaneous Store Retailers	$7,648,207	$4,059,150	$3,589,057
454	Nonstore Retailers	$21,050,028	$19,730,039	$1,319,989
722	Food Services & Drinking Places	$42,861,390	$23,262,177	$19,599,213
44-45, 72	Total Retail Trade and Food & Drink	$309,141,504	$147,947,475	$161,194,029

Source: ESRI.

END NOTES

[1] This existing conditions report has been prepared based on a review of planning and data source documents generally deemed to be reliable; however, accuracy is not guaranteed. Information is subject to change without notice. The findings and opinions contained in this report are those of the author and should not be construed as representing the opinion of any other party prior to their express approval, whether in whole or part.

[2] Other potentially limiting factors cited with the 2007 business survey (in declining order of importance) were customer access, housing availability and cost, land or space cost, quality K-12 education, public sewer service, public water service, and predictability of land use code/process.

[3] 2010 estimates of population are expected to be revised once results of the 2010 U.S. Census become available.

[4] Of the 13 most rural counties in Washington State, Jefferson ranks 3rd lowest in terms of government jobs as a share of total employment covered by unemployment insurance. When 9 micropolitan counties are added to the comparison, Jefferson County ranks 6th lowest of the 22 county combined listing. Public sector employment is highest for Garfield County at 60% of total covered employment. Data is from the State of Washington Employment Security Department (2009 annual averages).

[5] The current North American Industry Classification System (NAICS) of employment coding lists the category of 624 Social Assistance (part of the larger category 62 Health Care and Social Assistance) as including:

624110 Child and Youth Services
624120 Services for the Elderly and Persons with Disabilities
624190 Other Individual and Family Services
624210 Community Food Services
624221 Temporary Shelters
624229 Other Community Housing Services
624230 Emergency and Other Relief Services
624310 Vocational Rehabilitation Services
624410 Child Day Care Services

The 500+ person reclassification likely involved shifting employer designation from one or more of these categories to other non-624 Social Assistance industry classification(s).

[6] The e-commerce share of U.S. retail sales has increased from 0.19% of all sales in 1998 to 3.17% as of 2007. This represents an annual average market share gain of about 0.33% per year. Source is the U.S. Census Bureau, *E-Stats, 2007 E-commerce Multi-sector Report*, May 28, 2009. The share of e-commerce for other sectors of the U.S. economy is even higher. As of 2006, an estimated 16% of wholesale trade sales were made on-line, including 4% of all wholesale farm products. As reported by USDA Economic Research Service, *Broadband Internet's Value for Rural America*, Economic Research Report Number 78, August 2009.

[7] Key information sources for this analysis include varied research reports of the Urban Land Institute (ULI) including *Emerging Trends in Real Estate: 2010*, *The City in 2050: Creating Blue Prints for Change*, and *Global Demographics 2009*, together with research conducted by E.D Hovee & Company, LLC and Bonnie Gee Yosick, LLC as part of an *Employment & Economic Trends Analysis* prepared for the Portland area elected regional government Metro, March 2009.

[8] Source is the Washington Economic Development Commission, *The Washington Innovation Economy: New Economic Strategy for Prosperity*, February 2009.

[9] Information is summarized from the above noted report by the USDA Economic Research Service, *Broadband Internet's Value for Rural America*, Economic Research Report Number 78, August 2009.

[10] Information is a new sector defined by NAICS that includes some previous industrially related SICs such as printing combined with more service sector related functions such as internet and software.

[11] Jobs in finance, leisure/hospitality, and other services increased at rates of 1.4%, 2.2% and 1.6% respectively.

[12] From the U.S. Census Bureau and Population Reference Bureau.

[13] Washington Economic Development Commission, cited above.

[14] As cited by the Port Townsend Guide, www.ptguide.com, as of July 2010.

[15] Planned capital investments are from the City of Port Townsend *Capital Investment Strategy Update and Renewal: Economic Investment Fiscal Years 2008-2014*, a powerpoint prepared by the City as of June 2010.

[16] As cited by the *Jefferson County Comprehensive Plan*, updated by Ordinance #17-1213-04, pages 2-7.

[17] The preferred sewer alternative as identified by the Jefferson County Comprehensive Plan for Port Hadlock is a gravity-fed membrane bioreactor with a rapid-rate infiltration basin for water reuse.

[18] Information for this assessment is obtained from sources including the Port of Port Townsend website www.portofpt.com as of July 2010 and discussions with Port personnel.

[19] Similar *step-by-step* approaches may be required for realization of opportunities related to a retirement cluster, further maritime trades development, food and farm market diversification, and industrial/incubator property development – in ways that reasonably match community expectations over a multi-year period.

[20] ESRI uses categorization consistent with the 2000 U.S. Census. Other sources such as JCPH may provide somewhat varied information – as for median home values, housing ownership/rental/vacancy and racial/ethnic characteristics due to use of other data sources or category definitions.