

San Juan County Community Development & Planning

135 Rhone Street P.O. Box 947 Friday Harbor, WA 98250
(360) 378-2354 (360) 378-2116 Fax (360) 378-3922
www.sanjuanco.com

DETERMINATION OF NONSIGNIFICANCE (DNS)

Case: Project no. PCOMPL-13-0002

Proposal: Adoption of Economic Development Element of the San Juan County Comprehensive Plan

Applicant: San Juan County

Location: Unincorporated San Juan County

Responsible Official: Sam Gibboney, Director, Community Development and Planning

San Juan County, the lead agency for this proposal, has determined that it will not have a probable significant adverse impact on the environment. An environmental impact statement (EIS) will not be required under RCW 43.21C.030(2)(c). This determination was made after review of a completed environmental checklist and other information on file at the San Juan County Community Development and Planning Department and which is available upon request. San Juan County has determined that existing requirements for environmental analysis, protection, and mitigation are adequate and that additional mitigation measures under SEPA will not be required.

This determination is issued pursuant to WAC 197-11-340(2). San Juan County will not act on this proposal for at least 14 days from the date of publication and mailing of this determination to agencies with jurisdiction. Comments must be submitted in writing to the Community Development and Planning Department by April 16, 2014. Following a final decision this determination may be appealed with the underlying action to Superior Court or State Boards as provided in RCW 36.70A, RCW 90.58, and RCW 36.70C. For appeals to Superior Court the appeal period is 21 days and for appeals to the Growth Management Hearing's Board the appeal period is 60 days.

Copies of the ordinance and SEPA Determination are available from the San Juan County Community Development and Planning Department. For copies or more information contact Shireene Hale at (360) 370-7569 or shireeneh@sanjuanco.com.

Signature: _____

Date: _____

3/27/14

SEPA ENVIRONMENTAL CHECKLIST

Purpose of checklist:

Governmental agencies use this checklist to help determine whether the environmental impacts of your proposal are significant. This information is also helpful to determine if available avoidance, minimization or compensatory mitigation measures will address the probable significant impacts or if an environmental impact statement will be prepared to further analyze the proposal.

Instructions for applicants:

This environmental checklist asks you to describe some basic information about your proposal. Please answer each question accurately and carefully, to the best of your knowledge. You may need to consult with an agency specialist or private consultant for some questions. You may use "not applicable" or "does not apply" only when you can explain why it does not apply and not when the answer is unknown. You may also attach or incorporate by reference additional studies and reports. Complete and accurate answers to these questions often avoid delays with the SEPA process as well as later in the decision-making process.

The checklist questions apply to all parts of your proposal, even if you plan to do them over a period of time or on different parcels of land. Attach any additional information that will help describe your proposal or its environmental effects. The agency to which you submit this checklist may ask you to explain your answers or provide additional information reasonably related to determining if there may be significant adverse impact.

Instructions for Lead Agencies:

Additional information may be necessary to evaluate the existing environment, all interrelated aspects of the proposal and an analysis of adverse impacts. The checklist is considered the first but not necessarily the only source of information needed to make an adequate threshold determination. Once a threshold determination is made, the lead agency is responsible for the completeness and accuracy of the checklist and other supporting documents.

Use of checklist for nonproject proposals:

Please complete all questions that apply and note that the words "project," "applicant," and "property or site" should be read as "proposal," "proponent," and "affected geographic area," respectively. In addition, complete the supplemental sheet for nonproject actions (part D).

A. BACKGROUND

1. Name of proposed project, if applicable: *The Economic Development Element of the San Juan County Comprehensive Plan*
2. Name of applicant: *San Juan County*
3. Address and phone number of applicant and contact person:

*Shireene Hale
San Juan County, Dept. of Community Development and Planning
PO Box 947
Friday Harbor, WA. 98250
360-370-7572*
4. Date checklist prepared: *March 27, 2014*
5. Agency requesting checklist: *San Juan County Community Development and Planning Dept.*
6. Proposed timing or schedule (including phasing, if applicable): *Planning Commission hearing April 18, 2014. It is expected that the Economic Development Element will be adopted by San Juan County Council by October 1st, 2014.*

7. Do you have any plans for future additions, expansion, or further activity related to or connected with this proposal? If yes, explain.

It is hoped that the proposed policies and actions will be implemented, enhancing economic activity in San Juan County.

8. List any environmental information you know about that has been prepared, or will be prepared, directly related to this proposal.

9. Do you know whether applications are pending for governmental approvals of other proposals directly affecting the property covered by your proposal? If yes, explain. *No.*

10. List any government approvals or permits that will be needed for your proposal, if known.

The San Juan County Council will approve the Economic Development Element. All development proposals must meet applicable regulations at the time they occur.

11. Give a brief, complete description of your proposal, including the proposed uses and the size of the project and site. There are several questions later in this checklist that ask you to describe certain aspects of your proposal. You do not need to repeat those answers on this page. (Lead agencies may modify this form to include additional specific information on project description.)

This is a non-project action amending the San Juan County Comprehensive Plan to add an Economic Development Element. This Element details historical economic trends and ways to improve the county's economy and includes an overview; economic vision, framework and goals; purpose and background; and an economic profile. This Element is intended to address economic development needs in San Juan County, and represents the community's policy plan for the next 20 years.

12. Location of the proposal. Give sufficient information for a person to understand the precise location of your proposed project, including a street address, if any, and section, township, and range, if known. If a proposal would occur over a range of area, provide the range or boundaries of the site(s). Provide a legal description, site plan, vicinity map, and topographic map, if reasonably available. While you should submit any plans required by the agency, you are not required to duplicate maps or detailed plans submitted with any permit applications related to this checklist.

This is a non-project action and the goals and policies will apply throughout unincorporated San Juan County, Washington.

B. Environmental Elements

1. Earth

- a. General description of the site:

The lands within the County include a wide variety of terrain, including flat and hilly lands, extensive coastline, and areas with steep slopes.

- b. What is the steepest slope on the site (approximate percent slope)?

Slopes in the County vary, up to and including vertical cliffs along the island shorelines.

- c. What general types of soils are found on the site (for example, clay, sand, gravel, peat, muck)? If you know the classification of agricultural soils, specify them and note any prime farmland.

The County has a variety of soils. Soil types can be found in the San Juan County Soil Survey (2009).

d. Are there surface indications or history of unstable soils in the immediate vicinity? If so, describe.

There are some areas of unstable slopes in the County. Such slopes are included in the geologically hazardous areas map.

e. Describe the purpose, type, and approximate quantities of any filling or grading proposed. Indicate source of fill.

No filling or grading is proposed.

f. Could erosion occur as a result of clearing, construction, or use? If so, generally describe.

This is a non-project action and does not include earth moving.

g. About what percent of the site will be covered with impervious surfaces after project construction (for example, asphalt or buildings)?

Specific site construction is not proposed.

h. Proposed measures to reduce or control erosion, or other impacts to the earth, if any:

Future proposals will be required to follow County erosion control and stormwater management regulations.

2. Air

a. What types of emissions to the air would result from the proposal (i.e., dust, automobile, odors, industrial, wood smoke) during construction and when the project is completed? If any, generally describe and give approximate quantities if known.

Specific development is not proposed. Any future development will be required to comply with regulations designed to minimize adverse impacts.

b. Are there any off-site sources of emissions or odor that may affect your proposal? If so, generally describe.

No.

c. Proposed measures to reduce or control emissions or other impacts to air, if any:

Existing County regulations.

3. Water

a. Surface:

1) Is there any surface water body on or in the immediate vicinity of the site (including year-round and seasonal streams, saltwater, lakes, ponds, wetlands)? If yes, describe type and provide names. If appropriate, state what stream or river it flows into.

The County has a few seasonal and even fewer year round streams, and many lakes, ponds, wetlands, marine embayments and estuaries. The County is completely surrounded by marine waters. The entire coastline is designated as an "Area of Special Flood Hazard" on the FEMA flood zone maps.

2) Will the project require any work over, in, or adjacent to (within 200 feet) the described waters? If yes, please describe and attach available plans.

This is a non-project action and does not involve a specific development proposal.

3) Estimate the amount of fill and dredge material that would be placed in or removed from surface water or wetlands and indicate the area of the site that would be affected. Indicate the source of fill material.

Does not apply – there are no specific development proposals.

4) Will the proposal require surface water withdrawals or diversions? Give general description, purpose, and approximate quantities if known.

There are no specific development proposals.

5) Does the proposal lie within a 100-year floodplain? If so, note location on the site plan.

FEMA flood zones occur along the entire coastline and in other locations throughout the County. Specific regulations apply to prevent development impacts in those areas.

6) Does the proposal involve any discharges of waste materials to surface waters? If so, describe the type of waste and anticipated volume of discharge.

No.

b. Ground:

1) Will ground water be withdrawn, or will water be discharged to ground water? Give general description, purpose, and approximate quantities if known.

No.

2) Describe waste material that will be discharged into the ground from septic tanks or other sources, if any. Describe the general size of the system, the number of such systems, the number of houses to be served (if applicable), or the number of animals or humans the system(s) are expected to serve.

No specific development projects are proposed.

c. Water runoff (including stormwater):

1) Describe the source of runoff (including storm water) and method of collection and disposal, if any (include quantities, if known). Where will this water flow? Will this water flow into other waters? If so, describe.

No specific development projects are proposed. When projects are proposed they will be required to meet County stormwater management requirements and the requirements of the Stormwater Manual for Western Washington.

2) Could waste materials enter ground or surface waters? If so, generally describe.

No specific development projects are proposed.

d. Proposed measures to reduce or control surface, ground, and runoff water impacts, if any:

Compliance with County regulations.

4. Plants

- a. Check or circle types of vegetation found on the site:

Plants found in the County include:

- *deciduous trees: alder, maple, aspen, others.*
- *evergreen trees: fir, cedar, pine*
- *shrubs: snowberry, salmon berry, wild rose, salal, others.*
- *grass*
- *pasture*
- *crops and grains (hay, hops, vegetables)*
- *wet soil plants: cattail, buttercup, bullrush, skunk cabbage, others*
- *water plants: water lily, eelgrass, milfoil, others.*
- *other types of vegetation: succulents, saprophytes*

- b. What kind and amount of vegetation will be removed or altered?

No specific development projects are proposed.

- c. List threatened or endangered species known to be on or near the site.

Some threatened or endangered plant species are found throughout the County.

- d. Proposed landscaping, use of native plants, or other measures to preserve or enhance vegetation on the site, if any:

5. Animals

- a. Circle any birds and animals which have been observed on or near the site or are known to be on or near the site:

- *birds: hawk, heron, eagle, peregrine falcon, waterfowl, songbirds, others*
- *mammals: deer, rodents, raccoon, mustelids, marine mammals*
- *fish: bass, salmon, trout, herring, shellfish, marine fish in nearshore waters*

- b. List any threatened or endangered species known to be on or near the site.

Bald eagle, peregrine falcon, marine mammals, salmonids, and many other listed species are known to occur, and some to breed, in the County.

- c. Is the site part of a migration route? If so, explain.

The islands are part of the Pacific Coast Flyway.

- d. Proposed measures to preserve or enhance wildlife, if any:

6. Energy and natural resources

- a. What kinds of energy (electric, natural gas, oil, wood stove, solar) will be used to meet the completed project's energy needs? Describe whether it will be used for heating, manufacturing, etc.

No specific development projects are proposed.

b. Would your project affect the potential use of solar energy by adjacent properties? If so, generally describe.

No.

c. What kinds of energy conservation features are included in the plans of this proposal? List other proposed measures to reduce or control energy impacts, if any:

Nothing proposed.

7. Environmental health

a. Are there any environmental health hazards, including exposure to toxic chemicals, risk of fire and explosion, spill, or hazardous waste, that could occur as a result of this proposal? If so, describe.

No specific development projects are proposed. All future development must comply with County regulations designed to prevent hazards.

1) Describe special emergency services that might be required.

None required.

2) Proposed measures to reduce or control environmental health hazards, if any:

Nothing proposed.

b. Noise

1) What types of noise exist in the area which may affect your project (for example: traffic, equipment, operation, other)?

No specific development projects are proposed. Navy jet noise over Lopez and Southern San Juan Islands could be a problem.

2) What types and levels of noise would be created by or associated with the project on a short-term or a long-term basis (for example: traffic, construction, operation, other)? Indicate what hours noise would come from the site.

No specific development projects are proposed and noise impacts associated with future development are unknown.

3) Proposed measures to reduce or control noise impacts, if any:

8. Land and Shoreline use

a. What is the current use of the site and adjacent properties?

Land uses vary throughout the County.

b. Has the site been used for agriculture? If so, describe.

Some land within San Juan County is used for agriculture.

c. Describe any structures on the site.

No specific development projects are proposed. There are structures throughout the County.

d. Will any structures be demolished? If so, what?

No.

e. What is the current zoning classification of the site?

There are many zoning classifications throughout the County.

f. What is the current comprehensive plan designation of the site?

~~*We have just one zoning classification map with many different classifications throughout the County.*~~

g. If applicable, what is the current shoreline master program designation of the site?

We have many shoreline designations throughout the County.

h. Has any part of the site been classified as an "environmentally sensitive" area? If so, specify.

The entire County is a critical aquifer recharge area. Other areas meet the definition of various critical areas.

i. Approximately how many people would reside or work in the completed project?

Current resident population is approximately 16,000.

j. Approximately how many people would the completed project displace?

None.

k. Proposed measures to avoid or reduce displacement impacts, if any:

None.

l. Proposed measures to ensure the proposal is compatible with existing and projected land uses and plans, if any:

Compliance with County regulations.

9. Housing

a. Approximately how many units would be provided, if any? Indicate whether high, middle, or low-income housing.

Nothing specific proposed.

b. Approximately how many units, if any, would be eliminated? Indicate whether high, middle, or low-income housing.

None.

c. Proposed measures to reduce or control housing impacts, if any:

None.

10. Aesthetics

- a. What is the tallest height of any proposed structure(s), not including antennas; what is the principal exterior building material(s) proposed?

No specific structures are proposed.

- b. What views in the immediate vicinity would be altered or obstructed?

No specific development projects are proposed. Any new development will be required to follow County regulations.

- c. Proposed measures to reduce or control aesthetic impacts, if any:

Compliance with County regulations.

11. Light and glare

- a. What type of light or glare will the proposal produce? What time of day would it mainly occur?

Nothing specific proposed so impacts are unknown.

- b. Could light or glare from the finished project be a safety hazard or interfere with views?

Compliance with County regulations should prevent adverse impacts.

- c. What existing off-site sources of light or glare may affect your proposal?

None.

- d. Proposed measures to reduce or control light and glare impacts, if any:

12. Recreation

- a. What designated and informal recreational opportunities are in the immediate vicinity?

There are recreational trails and facilities throughout the County.

- b. Would the proposed project displace any existing recreational uses? If so, describe.

No.

- c. Proposed measures to reduce or control impacts on recreation, including recreation opportunities to be provided by the project or applicant, if any:

13. Historic and cultural preservation

- a. Are there any places or objects listed on, or proposed for, national, state, or local preservation registers known to be on or next to the site? If so, generally describe.

There are sites throughout the County.

- b. Generally describe any landmarks or evidence of historic, archaeological, scientific, or cultural importance known to be on or next to the site.

There are sites throughout the County.

- c. Proposed measures to reduce or control impacts, if any:

Compliance with State and County requirements.

14. Transportation

- a. Identify public streets and highways serving the site, and describe proposed access to the existing street system. Show on site plans, if any.

Specific development is not proposed.

- b. Is site currently served by public transit? If not, what is the approximate distance to the nearest transit stop?

No.

- c. How many parking spaces would the completed project have? How many would the project eliminate?

Specific development is not proposed so parking needs are unknown.

- d. Will the proposal require any new roads or streets, or improvements to existing roads or streets, not including driveways? If so, generally describe (indicate whether public or private).

Specific development is not proposed so transportation needs are unknown.

- e. Will the project use (or occur in the immediate vicinity of) water, rail, or air transportation? If so, generally describe.

All development in the County relies and air and ferry service.

- f. How many vehicular trips per day would be generated by the completed project? If known, indicate when peak volumes would occur.

Specific development is not proposed traffic volume is unknown.

- g. Proposed measures to reduce or control transportation impacts, if any:

15. Public services

- a. Would the project result in an increased need for public services (for example: fire protection, police protection, health care, schools, other)? If so, generally describe.

Specific development is not proposed so public service needs are unknown.

- b. Proposed measures to reduce or control direct impacts on public services, if any.

16. Utilities

a. Circle utilities currently available at the site: electricity, natural gas, water, refuse service, telephone, sanitary sewer, septic system, other.

All except natural gas are available in the County.

b. Describe the utilities that are proposed for the project, the utility providing the service, and the general construction activities on the site or in the immediate vicinity which might be needed.

Specific development is not proposed so necessary utilities are unknown.

17. Signature

The above answers are true and complete to the best of my knowledge. I understand that the lead agency is relying on them to make its decision.

Signature: Shereene Hale

Date Submitted: March 27, 2014

D. SUPPLEMENTAL SHEET FOR NONPROJECT ACTIONS

(do not use this sheet for project actions)

Because these questions are very general, it may be helpful to read them in conjunction with the list of the elements of the environment. When answering these questions, be aware of the extent the proposal, or the types of activities likely to result from the proposal, would affect the item at a greater intensity or at a faster rate than if the proposal were not implemented. Respond briefly and in general terms.

1. How would the proposal be likely to increase discharge to water; emissions to air; production, storage, or release of toxic or hazardous substances; or production of noise?

The proposal would be very unlikely to have adverse impacts as a key component of the document is that the "Preservation of San Juan County's unique and fragile ecosystem is essential to maintenance of all of the region's key industries."

Proposed measures to avoid or reduce such increases are:

Compliance with County and State regulations. Also, the document is specifically tailored to preserve the islands' unique ecosystem while improving the economy.

2. How would the proposal be likely to affect plants, animals, fish, or marine life?

There should be no adverse effects.

3. How would the proposal be likely to deplete energy or natural resources?

It should not deplete energy or natural resources.

Proposed measures to protect or conserve energy and natural resources are:

Compliance with State and County regulations including building and energy codes.

4. How would the proposal be likely to use or affect environmentally sensitive areas or areas designated (or eligible or under study) for governmental protection; such as parks, wilderness, wild and scenic rivers, threatened or endangered species habitat, historic or cultural sites, wetlands, floodplains, or prime farmlands?

Adverse effects are unlikely.

Proposed measures to protect such resources or to avoid or reduce impacts are:

Compliance with State and County regulations.

5. How would the proposal be likely to affect land and shoreline use, including whether it would allow or encourage land or shoreline uses incompatible with existing plans?

Adverse effects are unlikely.

Proposed measures to avoid or reduce shoreline and land use impacts are:

Compliance with State and County regulations.

6. How would the proposal be likely to increase demands on transportation or public services and utilities?

Increased economic activity would likely increase demands on transportation and public services and utilities, but where those impacts would occur will not be known until specific development is proposed. At that time impacts will be evaluated and addressed. Also, planning to accommodate growth over the next 20 years will occur as part of our upcoming periodic update of the Comprehensive Plan and development codes.

Proposed measures to reduce or respond to such demand(s) are:

7. Identify, if possible, whether the proposal may conflict with local, state, or federal laws or requirements for the protection of the environment.

There will be no conflict with State, Federal or local requirements for environmental protection.

COMPREHENSIVE PLAN

SECTION B, ELEMENT 10
Economic Development Element

March 31 2014

ELEMENT 10

ECONOMIC DEVELOPMENT ELEMENT

TABLE OF CONTENTS

10.1	INTRODUCTION	
10.1.A	Overview	3
10.1.B	Overarching Goals	3
10.2	ECONOMIC VISION, FRAMEWORK & GOALS	3
10.2.A	Economic Vision & Framework	4
10.2.B	Economic Development Goals, Policies & Actions	
10.3	PURPOSE & BACKGROUND	
10.3.A	Purpose of the Economic Development Element	6
10.3.B	Relationship to Other Sections of Comprehensive Plan and the GMA	6
10.3.C	Authority of the Economic Development Element	7
10.4	ECONOMIC PROFILE OF SAN JUAN COUNTY	
10.4.A	Key Challenges	8
10.4.B	Major Industries	9
10.4.C	Historical Economic Context	10
10.4.D	Data & Charts	13
10.4.E	SWOT Analysis	29

10.1 INTRODUCTION

10.1.A Overview

Economic development in San Juan County is a critical way to enhance community vitality, and it is a process where retaining and enhancing the archipelago's assets must be paramount: the islands' natural beauty, heritage and culture must be considered during any planning process.

10.1.B Overarching Goals

To maintain those assets and enhance our economy, we have identified four goals for the Economic Development Element (EDE) which will be expanded upon in section 10.2.B

Goal 1: Create family-wage jobs through the support of diversified, stable, community-friendly industries.

Goal 2: Support tourism and leisure opportunities which preserve islands' natural environment while providing high quality-of-life, living-wage employment.

Goal 3: Improve infrastructure such as ferry service and telecommunications infrastructure which enhances our economy and community health and vitality.

Goal 4: Strengthen traditional industries like construction, light manufacturing, marine resource industries, and agriculture.

10.2 ECONOMIC VISION, FRAMEWORK & GOALS

10.2.A Economic Vision & Framework

Economic Vision

Strategic economic development provides a crucial mechanism for maintaining and enhancing community vitality and prosperity for the long-term. Initiatives to strengthen infrastructure, training programs, transportation, and communications networks benefit business, resident and visitor populations. Efforts to create more quality employment are not just about creating jobs but also about enhancing a rich social network of healthy families and active community members.

Economic Development Framework

Retain and enhance an economy that reinforces San Juan County's diverse character and capitalizes on its assets, including: pristine natural beauty, history and heritage, high educational attainment, diverse skills, cultural creativity, rural quality, natural resources and agricultural and maritime industries.

The goals and actions proposed below are founded in a core set of assumptions, as follows:

1. The majority of island residents would see potential economic growth as a controllable means for maintaining economic vitality and a high quality of life, preserving what we hold dear to us – the rural and natural characteristics of San Juan County. As a community, we're interested in nurturing a healthy economy in a healthy environment.
2. The purpose of an economic element is to guide municipal policy, decision-making and investment. Therefore, proposed strategies should be designed with San Juan County, the Town of Friday Harbor, ports, potential business investors, proposed urban growth areas and hamlets as the principal audience. Implementation will require participation by many entities and private sector partners in addition to the various jurisdictions.

3. Proposed economic development strategies must be based on island realities and be designed holistically, with an eye toward keeping an island-scale economy and the preservation of our high quality of life and precious natural resources. Policies and actions should stress the most promising, family-wage-generating, and San Juan Islands-appropriate economic emphasis areas.

10.2.B Economic Development Goals, Policies & Actions

GOAL 1: CREATE JOBS

Goal: Support a sound, stable, year-round and diversified economic base that creates living-wage jobs in community-friendly industries.

Policies:

- Policy A: Emphasize locally made goods and services within our community, for local use & export.
- Policy B: Work to address and mitigate the seasonality of many industrial sectors in the county (e.g., construction, tourism).
- Policy C: Work to improve linkages with seasonal residents – tourists and “snow bird” residents alike.
- Policy D: Encourage light manufacturing and cottage enterprises to create products for export and jobs.
- Policy E: Ensure that ecological principles guide efforts to build the economy.
- Policy F: Ensure that San Juan County remains a place that our graduating high school students would like to return to in order to start a business, after finishing college or trade school on the mainland.

Actions:

- Action A: Through a Planning Commission review of current business area zoning, work to retain and encourage light manufacturing and cottage enterprises to create products for export and to create jobs.
- Action B: Research whether tax breaks and code allowances could encourage light manufacturing and cottage industries. In particular, work to discern what reasonable expectations the community has for zoning in San Juan County – what areas we want to protect, which areas are appropriate for manufacturing and other enterprise.
- Action C: Work to recruit entrepreneurs to San Juan County, particularly high-tech entrepreneurs.
- Action D: Work to develop “encore entrepreneurs” – helping retired island entrepreneurs to create new businesses.
- Action E: Collaborate to create a “Shop Islands” initiative, encouraging islanders to shop in San Juan County.
- Action F: Create and support mentoring and educational programs to support new businesses and entrepreneurs.
- Action G: Encourage and financially support tech and trades education in our public schools and colleges, and encourage trade education and coaching.
- Action H: Map gaps in small businesses’ needs in order to create new jobs (e.g., do businesses collectively need more bookkeepers).
- Action I: Work with Skagit Valley College and the Workforce Council to improve workforce training opportunities.
- Action J: Encourage public input to ensure that actions and policies dovetail with community needs, through open houses, public meetings, social media platforms, media and other arenas.
- Action K: Work with the Port of Friday Harbor, the Port of Lopez and the Port of Orcas to enable our ports to use port-owned land for business enterprises, if zoning allows.
- Action L: After the 2016 review of the Comprehensive Plan, review this document to ensure cohesion.

- Action M: Research to find the most easily achievable goals which will have the most positive impact to our economy. Use input from existing documents, such as the plan for a foot ferry system between the San Juan Islands and Bellingham, or the marine cluster study.
- Action N: Promote smart urban and rural growth and progressive planning.
- Action O: Encourage green architecture and ecologically sensitive design.
- Action P: Encourage our young adults to return to San Juan County after going off-island to college or trade school, by offering incentives to return (e.g., lowered taxes for young islanders returning to San Juan County to start businesses).
- Action Q: Work with the Eastsound Planning Review Committee to ensure that zoning in Eastsound allows for adequate service light industrial and commercial activity.

GOAL 2: IMPROVE INFRASTRUCTURE

Goal: Improve infrastructure such as ferry service and telecommunications infrastructure which enhances our economy and community health and vitality.

Policies:

- Policy A: Encourage provision of adequate infrastructure that supports a healthy economy and environment.
- Policy B: Support communication infrastructure (e.g., broadband), which enables the creation of jobs and improved educational opportunities for islanders.
- Policy C: Encourage Washington State Ferries to improve San Juan Islands ferry service, vessels and infrastructure, particularly through the implementation of sustainable funding at the state level.
- Policy D: Encourage a healthy workforce and community in San Juan County.
- Policy E: Encourage non-motorized transportation.
- Policy F: Encourage affordable housing for workers.
- Policy G: Substitute information and efficiency for natural resources.
- Policy H: Ensure that quality of life is a factor in decisions made regarding infrastructure.

Actions:

- Action A: Provide adequate infrastructure that is supportive of a healthy economy and environment.
- Action B: Provide adequate infrastructure and encourage zoning that is supportive of community high-speed broadband infrastructure.
- Action C: Ensure that tourism infrastructure and facilities (including way-finding signs) are updated and improved.
- Action D: Identify facilities for water-borne transportation for tourism and export.
- Action E: Support efforts of the San Juan County Health Department to encourage a healthy community and workforce through workforce wellness programs, community vaccination outreach, walkable spaces projects and other programs.
- Action F: Ensure that there are adequate long-term medical and other services for seniors and community-members of all ages.
- Action G: Encourage state legislators to implement sustainable funding for ferries.
- Action H: Work with San Juan County Public Works and the Trails Committees on Lopez, Orcas and San Juan islands to create separate, safe bike and pedestrian trails, which will encourage a higher local quality of life.
- Action I: Encourage community-building projects and exercises like Leadership San Juan Islands.

- Action J: Prioritize water conservation and efficiency.
- Action K: Work to build efficient and reliable transportation systems.
- Action L: Ensure that new infrastructure enhances the island quality of life, both aesthetically and practically.
- Action M: Encourage telecommuting between the islands and the mainland.
- Action N: Work with the Town of Friday Harbor and other waste management agencies to ensure that waste management is efficient and environmentally sound.

GOAL 3: ENCOURAGE TOURISM AND LEISURE OPPORTUNITIES WHICH PRESERVE ENVIRONMENT, JOBS

Goal: Encourage tourism and leisure opportunities while preserving the environment and living wage jobs.

Policies:

- Policy A: Encourage tourism and leisure opportunities which preserve islands' natural environment and which are attractive to residents and visitors, while providing high quality-of-life employment.
- Policy B: Encourage and promote ecotourism and conservation in the islands.

Actions:

- Action A: Encourage high-end, high-income, high-wage-paying international tourism, particularly by encouraging low-impact, green construction for tourism venues like micro-hotels, restaurants and bed & breakfasts.
- Action B: Ensure that villages and roads are kept attractive by naturalizing industrial and empty land (such as the gravel pit property), and by encouraging innovative leases for empty storefronts.
- Action C: Ensure that view corridors and scenic roads are preserved, with consideration for owners' property rights.
- Action D: Enable and encourage the "Island Friendly Spirit" customer service initiative through the islands' three chambers of commerce, encouraging business owners to improve customer experience.
- Action E: Encourage arts tourism – visual arts, food, music – all arts which benefit residents and tourists.
- Action F: Implement the San Juan County tourism master plan.
- Action G: Work to get more media productions, encouraging conservation-oriented use of the land for movies and commercials. In particular, build a media kit to shop around to media and film producers.
- Action H: Work to bring low-impact, high-wage-generating conventions to the San Juan Islands.

GOAL 4: STRENGTHEN TRADITIONAL INDUSTRIES

Goal: Strengthen traditional industries like construction, light manufacturing, marine resource industries, and agriculture.

Policies:

- Policy A: Promote actions that protect and enhance construction, marine resource industries, agriculture, aquaculture and other traditional industries, including establishment of infrastructure such as barge landings, commercial kitchens, and support of workforce development and training in these trades.

Actions:

- Action A: Work with Port of Friday Harbor, Department of Commerce, Department of Ecology, and other entities to purchase the cannery property at Jackson's Beach in order to develop a marine-based facility.

- Action B: improve waterfront infrastructure and access, particularly the improvement of barge landing access throughout the county, by renovating existing barge landings and through the creation of new ones, working with the Port of Friday Harbor and other entities.
- Action C: Expand local and regional markets through promotion of local branding through the *Island Grown* Program.
- Action D: Assist new farmers in acquiring access to agricultural land.
- Action E: Work to streamline the construction permitting process.
- Action F: Identify & implement policies which expand genetically-modified organism (GMO)-free seed production.
- Action G: Work with the San Juan County Economic Development Council, Workforce Development, and other agencies to provide training in trades.

10.3 PURPOSE & BACKGROUND

10.3.A Purpose of the Economic Development Element

The Economic Development Element (EDE) is part of the comprehensive plan. The county recognizes the importance of economic development in maintaining the stability of the local economy and quality of life. Industries in San Juan County serve diverse markets and needs that include local, regional, state, national and international markets.

The statewide goal for economic development is as follows:

“Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state’s natural resources, public services, and public facilities.”

Economic development itself has been described in many ways, but is essentially the specific and concerted efforts of communities and policy makers to enable the economic viability of a region or industry. Sound economic development seeks to create sustainable wealth by creating jobs and infrastructure that match the workforce and environment, or by providing workforce training that qualifies locals to fulfill available jobs.

Proactive economic development seeks out business development opportunities based on an area’s competitive advantages, market characteristics and community values – because those are the foundations of long-range success. Smart economic development recognizes that prosperity both depends on, and drives quality of life. Sustaining the structure, nature, and diversity of our community as we now know it is dependent on maintaining and nurturing a successful economy.

The economy in the San Juan Islands is inextricably linked to our environment and sustainability. Our future economy is driven by county residents’ vision for the future of the community itself. A strong economy that dovetails with the community’s vision will help that community achieve larger goals. Indeed, as the Washington State Department of Commerce has noted, “a community that...preserves its natural features will have an edge when it comes to improving its economy.”

The Economic Development Element of the San Juan County Comprehensive Plan is intended to act as a “roadmap” to reinforce the overall values of the Comprehensive Plan and to steward sustainable development for the betterment of the lives of San Juan County citizens.

The purpose of the Economic Development Element is to set goals and establish policies, objectives and provisions for economic growth and vitality and a high quality of life in San Juan County, with supporting strategies integrated with land use, housing and transportation elements.

10.3.B Relationship to Other Comprehensive Plan Elements & the GMA

The Economic Development Element (EDE) is just one part of the San Juan County Comprehensive Plan. It does not supersede any other element or policy direction set therein. Rather, the EDE incorporates and builds on or works within policies and planning frameworks established in the other plan areas.

The EDE is structured to provide the same level of general goal and policy direction as the other Comprehensive Plan elements, but also includes a more detailed “action plan.” Generally speaking, a Comprehensive Plan serves as a vehicle for characterizing and forecasting conditions and levels of demand within a specific jurisdiction, then developing *jurisdiction-specific* policies and goals for responding to anticipated conditions and meeting defined levels of service. The EDE does this as well, but also offers a stand-alone action plan that assumes economic development is regional, and that implementation responsibilities will be shared among the Town of Friday Harbor, San Juan County and many other quasi- (e.g. ports, OPALCO) and non-governmental (e.g. private sector, non-profit) partners.

Most importantly, strategies, actions and policies presented within the EDE are presented within the context of the overall Comprehensive Plan, cognizant of community values and priorities related to land use, population growth, transportation constraints, natural hazard response readiness and many other factors. In short, the EDE is presented as a plan to bring economic vitality that fits San Juan County.

10.3.C Authority

The Washington Growth Management Act (GMA) requires Washington counties and municipalities to maintain a Comprehensive Plan to help plan for and manage growth now and in the future. The Economic Development Element, developed in accordance with Section 36.70A.070(3) of the Comprehensive Plan, has become an important planning tool supported and promoted by the State of Washington. It is intended to address economic development needs in San Juan County, and it represents the community’s policy plan for the next 20 years. The Growth Management Act (GMA) addresses the concerns of “uncoordinated and unplanned growth that potentially pose a threat to the environment, sustainable economic development, and the health, safety and high quality of life enjoyed by residents.”

Development of this element was authorized by the Washington Growth Management Act (GMA) planning goals¹, and guided in particular by the following:

- Encouraging development in existing urban areas where adequate public facilities and services exist or can be provided in an efficient manner.
- Reducing the inappropriate conversion of undeveloped land into sprawling, low-density development.
- Encouraging economic development throughout the county that is consistent with adopted comprehensive plans, promoting economic opportunity for all citizens of this county, especially for unemployed and for disadvantaged persons, promoting the retention and expansion of existing businesses and recruitment of new businesses, recognizing regional differences impacting economic development opportunities, and encouraging growth in areas experiencing insufficient economic growth, all within the capacities of the county’s natural resources, public services, and public facilities.
- Retaining property rights: private property shall not be taken for public use without just compensation having been made. The property rights of landowners shall be protected from arbitrary and discriminatory actions.
- Streamlining the permit process: applications for local government permits should be processed in a timely and fair manner to ensure predictability.
- Maintaining and enhancing natural resource-based industries, including productive timber, agricultural, and fisheries industries. Encouraging the conservation of productive forest lands and productive agricultural lands, and discouraging incompatible uses.

¹ <http://apps.leg.wa.gov/rcw/default.aspx?cite=36.70a.020>, accessed 1-23-14.

- Retaining open space, enhancing recreational opportunities, conserving fish and wildlife habitat, increasing access to natural resource lands and water, and developing parks and recreation facilities.
- Protecting the environment and enhancing the state's high quality of life, including air and water quality, and the availability of water.
- Encouraging the involvement of citizens in the planning process and ensuring coordination between communities and jurisdictions to reconcile conflicts.
- Ensuring that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.
- Identifying and encouraging the preservation of lands, sites, and structures that have historical or archaeological significance.

10.4 ECONOMIC PROFILE OF SAN JUAN COUNTY

10.4.A Key Challenges

Environmental Components

Preservation of San Juan County's unique and fragile ecosystem is essential to maintenance of all of the region's key industries. The real estate and marine industries, tourism, agriculture, and the quality of life itself is preserved when we work to preserve and protect our natural surroundings. Water rights and use, garbage and recycling services, low-impact transportation: all of these have a profound effect on our islands.

Transportation Components

San Juan County is unique in that it is the only county in Washington state entirely surrounded by water and without a bridge connecting it to the mainland. San Juan, Orcas, Lopez, and Shaw Islands are all served by the Washington State Ferry System, which is the primary transportation link between the county and mainland U.S. and Canada, followed by private and commercial air and marine transportation.

The Washington State Ferry System is also the primary delivery system for commercial products and materials destined for island businesses or sold directly to residents. A small number of commercial passenger ferries serve San Juan Island with limited schedules, mostly during the tourist season; and a handful of private vessels regularly barge commodities such as fuel, water, and gravel onto the islands, weather permitting. Also, there are currently at least two freight companies operating from island airports.

Public and private facilities for air travel are available throughout the county. Several private air charter and scheduled air services exist, with private and public airports on most of the inhabited islands. Private and public marine transportation companies serve many of the islands.

Besides the Washington State Ferry docks on San Juan, Orcas, Lopez, and Shaw, San Juan County has numerous public and private marinas, haul-out facilities, and community and private docks. The Port of Friday Harbor is the largest marina in the San Juan Islands with 464 moorages.

San Juan County does not meet Washington State's population requirements for creating its own regional transportation planning organization (RTPO), but is eligible to join the Skagit-Island RTPO or one from a neighboring region. The County has chosen not to join a local RTPO.

Infrastructure Issues

Potential economic development is either encouraged or discouraged by the availability of public infrastructure – electricity, water, fiber, sewer services, and transportation. The issues are partially addressed in the Capital Facilities Element of the Comprehensive Plan. As with the Housing and Transportation Elements, this issue must be addressed here.

Electrical power is supplied by Bonneville Power Authority and distributed via submarine cable by the locally-owned Orcas Power and Light Cooperative (OPALCO). Sewer and water services are available in the Town of Friday Harbor, the Eastsound Subarea, Lopez Village and in some areas by community associations.

Planning for water, wastewater and storm water management is the responsibility of the Town of Friday Harbor and San Juan County under the provisions of the Growth Management Act. Inside the designated urban growth areas and hamlets the responsibility for planning rests with County appointed citizen committees and nonprofit entities and/or private developers, regulated by the County. Some areas of the islands do not have good access to water, which limits growth.

Broadband internet services are provided by a nationally-owned cable franchise, nationally-owned telephone franchise, and in a much more limited role by OPALCO. There are also private internet service providers on the three main islands, all reselling service available from the telephone franchise. Most of the county does not have access to speeds higher than 1.5Mbps. The lack of county-wide high-speed broadband needs to be addressed from an economic development standpoint.

Faster broadband connections help ensure economic sustainability and competitiveness in the global marketplace and they have been clearly shown to spur economic development. As computing shifts to the cloud and applications become more bandwidth-intensive, the need for a fast broadband connection will become even more evident, and our access to the world, even more remote. San Juan County's quality of life is associated with its rural feeling. High-speed broadband will contribute to the retention of this rural environment, providing high-wage jobs to residents who could choose to work from home.

10.4.B Major Industries

Construction/Real Estate

Construction in San Juan County represents 34% (2012 figure) of the county's gross business income as calculated by the Washington State Department of Revenue.

Construction and real estate sales in San Juan County have historically been vulnerable to fluctuations in the US and world economy. With the Great Recession of 2007-2009, real estate values plummeted nearly 30% and have not yet fully recovered, although gains have been made over the past few years. Construction has also not come back fully and that sector remains well below the economic activity of even ten years ago. As San Juan County is a secondary market for most purchasers, it is likely to take several years more to recover from the impacts of the Great Recession.

Other opportunities:

1. Large construction projects (e.g., Peaceland hospital project) seem beyond the capability of local contractors; often local major construction projects are won by out-of-county contractors.
2. The real estate bust post-Great Recession has made homes more affordable, but many high-end properties are not selling.
3. Lack of potable water in some areas of the islands continues to hamper some development.

Professional/Technical/Information & Administrative Services

In recent years, as infrastructure has improved, San Juan County and, in particular Friday Harbor, has become a comfortable place for many non-resource-dependent businesses to set up shop. Industry classification data shows growth in information services, finance and insurance, professional and technical services, educational services and health care and social services.

A few of the characteristics of these businesses have contributed to recent success: they have few employees, require little space, operate year-round, have little environmental impact and, in large part, do not have insurmountable cost-of-business incongruities when compared to off-island competitors. Currently representing nearly 16% of our economy, the service sector is critically important to the county's financial health, particularly as these jobs are some of the few higher wage jobs available to workers in the area. Improved broadband speeds are likely to increase this sector as islanders find ways to earn income through the internet and as people relocate here bringing their tech businesses or employment with them.

Accommodations/Dining/Tourism

Currently representing about 14.5% of our economy, tourism plays an important role within the economy and affects other sectors. While many residents would agree that tourism is a healthy component of our economy, groups like the San Juan Islands Visitors' Bureau and the chambers of commerce work hard to mitigate any negative impacts of tourism. Studies have shown that most negative impacts occur when the number of visitors is greater than the infrastructure and the environment's ability to cope with the visitor volume. These groups work to encourage the preservation of sociocultural and environmental authenticity of our island communities.

Imperative to tourism initiatives has been conservation and historical preservation to ensure that the islands remain a welcoming, beautiful and meaningful place both for locals and visitors, and this effort to maintain and preserve is likely to – and should – continue.

One part of the current efforts regarding tourism is an Island Friendly Spirit initiative, begun in 2011 in order to address how the impacts of tourism affect tourism employees and business owners and how to ameliorate negative effects, making our islands friendlier to visitors and locals alike. Additionally, begun in 2005, the San Juan Islands Scenic Byway effort was envisioned as a way to accommodate and manage tourism while at the same time preserving and enhancing the qualities of the islands.

Manufacturing

The manufacturing sector, while small at about 3% of the total gross county product, represents an important one for the county in that manufacturing employees tend to receive higher wages than many other sectors here. Small-scale manufacturing has grown steadily in the county and some of our most innovative firms are from this sector, including a manufacturer of thin foil band-pass filters, a manufacturer of synthetic corneal plugs, and a manufacturer of electronic fish tags.

Challenges continue to include goods transportation, and the lack of highly-skilled workers. Creation of trades training of younger residents will enable increased growth of this industry sector.

Marine Resources

Marine resource-related employment and revenue have long been a core piece of island social and economic fabric. Yet, little data is available to quantify just how important these marine related jobs and entities are. Friday Harbor Labs and other research organizations are major employers given that their employees and conference and research guests contribute to the local economy. Numerous small firms create marine-related products such as wild fish tags, and yacht sales generate significant sales tax revenue. Traditional and widespread marine harvests are not currently viable, but are new sustainable, niche products – such as kelp, an option? Additional research in this and other marine-related industry opportunities will be required to determine overall viability and best prospects. Additionally, marine services such as shipyards and ports are important to our economy.

Agriculture Sector

While representing less than 2/10th of one percent (.0015%) of the economy in San Juan County, agriculture is nonetheless an important industry to many residents for several reasons. A thriving farm economy diversifies our local economic base and can help to preserve our beautiful pastoral landscape which is alluring to locals and visitors alike.

The farmers markets on the three largest islands are thriving, community supported agriculture (CSA) sales are on the rise, and new value-added agricultural businesses are being established, including micro-dairies, and locally produced foods, wines and liquors. San Juan County farmers specialize in crops such as grass-fed meats, berries, tree fruits, and year-round production of vegetables for market, as well as fibers, lavender, and herbs. Increased construction of greenhouses and hoop houses have allowed year-round production of crops that would typically die in the cold winter weather, and also help production of heat-loving crops such as tomatoes, melons, and some herbs.

Working to help new farmers to establish successful farms, developing adequate access to ag-processing infrastructure, expanding local and regional marketing opportunities, and adopting scale-appropriate state and local regulations will foster farm businesses and support a thriving local farm economy.

Entrepreneurship

Without a doubt, the primary strength of San Juan County and the Town of Friday Harbor is the fact that the San Juan Islands' environment is what brought most people here and why they stay. Whether fourth-generation resident or first-time visitor, the Islands have a way of capturing the imagination and inspiring people to somehow, some way, stay a little longer. In spite of, and probably because there are limited employment opportunities, a strong and long-standing culture of entrepreneurship has evolved in the islands. Many of those who contributed their observations and suggestions during development of this plan report holding multiple jobs, some just to make ends meet, others to supplement income during the "off-season." To be sure, island residents are quite resourceful in finding ways to "make a buck" and San Juan County boasts more Washington state business licenses per capita than any other county in the state.

10.4.C. Historical Economic Context

The San Juan Islands were seasonally occupied by Coastal Salish people for approximately 5,000 years. The population of native peoples of the San Juan islands declined by over 90 percent within 100 years of the arrival of Europeans, due to the introduction of disease and by the removal of all land rights under the Elliott Point Treaty in 1855. A number of Native-American properties and burial sites exist within the county and are protected by Federal laws.

Permanent settlement in the islands generally began in 1850, when the Hudson's Bay Company established a saltery on the southern tip of San Juan Island, and later, a Lime Kiln at Roche Harbor, subsequently purchased by the Tacoma & Roche Harbor Lime Company and then John McMillin. Within 20 years European settlers had spread to Lopez, Shaw, Orcas, Waldron, Decatur, and Blakely islands, raising sheep, cattle, and poultry on small subsistence farms.

Fishing and marine-based industries continued to be a major activity in the Islands. Early salmon salteries and later canneries were established at Friday Harbor on San Juan, at Deer Harbor on Orcas, and at Richardson on Lopez. The strategic location of the Islands relative to Canada also proved attractive to smugglers transporting illegal laborers, drugs, wool, liquor, and other commodities.

Up to the 1940s, agriculture was a staple industry on the islands. Before the irrigation of eastern Washington, the San Juans were the number one apple producing region in the state; plums, cherries and peas were also major crops. Many farms reverted to second growth forest after the Great Depression and the Second World War. Some of these farms still continue, mainly as pastureland which contributes to the overall ecosystem diversity and sense of open space.

Extensive logging for the lime kilns (for burning the lime and for barrels) and salteries (for barrels) at the beginning of the 20th century removed all old growth and valuable timber on most of the Islands. The lime company at Roche Harbor continued to operate until 1956. Quarrying activities for sandstone were extensive on Waldron, Sucia, and Stuart islands, and aggregate extraction continued on San Juan until 2001.

By the 1960's the San Juans had been discovered by visitors and the economy began to be driven by construction of new residences, particularly summer homes, and commercial properties. Trade and services, especially for seasonal visitors developed to the extent that the islands host the highest number of businesses per capita of any county in the state.

Marine biology, resorts, and nature camps have historically contributed to the economy, attracting students, vacationers, and campers from around the world. The University of Washington Friday Harbor Laboratories was established in 1904 and seasonally hosts over 450 researchers and students.

As of this writing, San Juan County's economy is continuing to recover from the Great Recession of 2007-09. Most sectors have recovered well, but gains since the recession have not kept up with inflation – and the aggregate of all industries has not kept up with inflation, experiencing shrinkage of 1.3% overall between 2003-2012. Construction and real estate experienced the largest drops and have not yet fully recovered from Great Recession impacts. Transportation, while a small component of our economy, experienced the largest

gains during that same time period of 2003-2012, and wholesale trade, utilities and services also experienced moderate gains.²

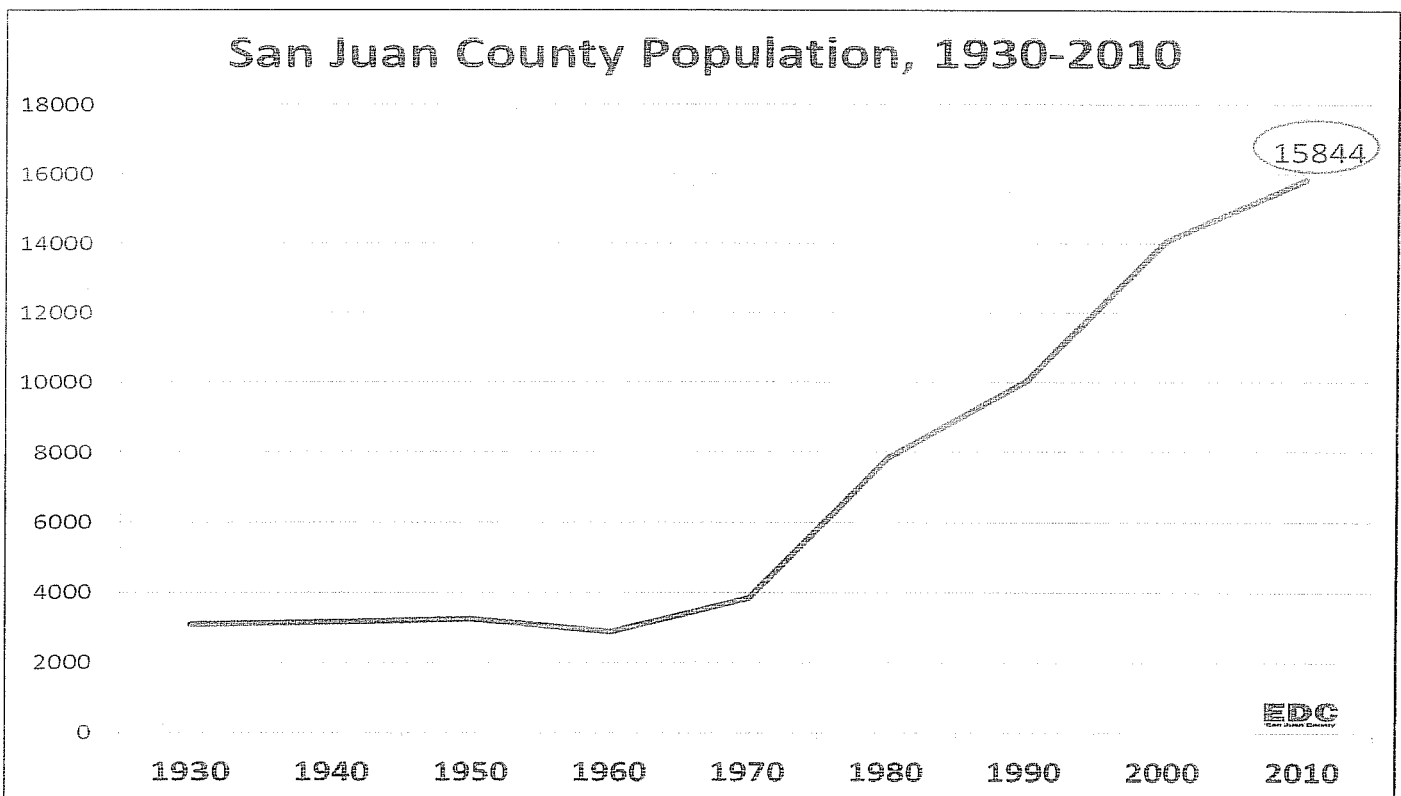
10.4.D Data & Charts

Population

As shown in the following chart, San Juan County saw a quintupling of its population in the years after 1970, possibly due to efforts to market the islands as a retirement and second home destination. Currently, population growth has leveled off and the Office of Financial Management of Washington State expects the population to grow slowly over the next 10 years.

Since 1980, most of the growth in San Juan County has been in the population over the age of 55, and the “greying” of San Juan County over the past 30 years has been remarkable, as noted in the second chart on the next page. Median age is continuing to climb and projections from WA State Office of Financial management suggest that in 2030, 34% of SJC population may be over 65.

Educational attainment of adults age 25 and over is higher for San Juan County than the rest of Washington state and the US. Nearly 45% of our residents have a bachelor’s degree or higher, compared to the state average of 31%.¹ San Juan County is far less ethnically diverse than Washington State with smaller proportions of all racial or ethnic minorities compared to the state. About 98 percent of its population was white in 2010.



Data: US Census Bureau, 3/5/13.

Figure 10- 1

² Data: Bureau of Labor Statistics/Washington State Department of Revenue, July 2013

San Juan County Population by Age, 1980 vs 2010

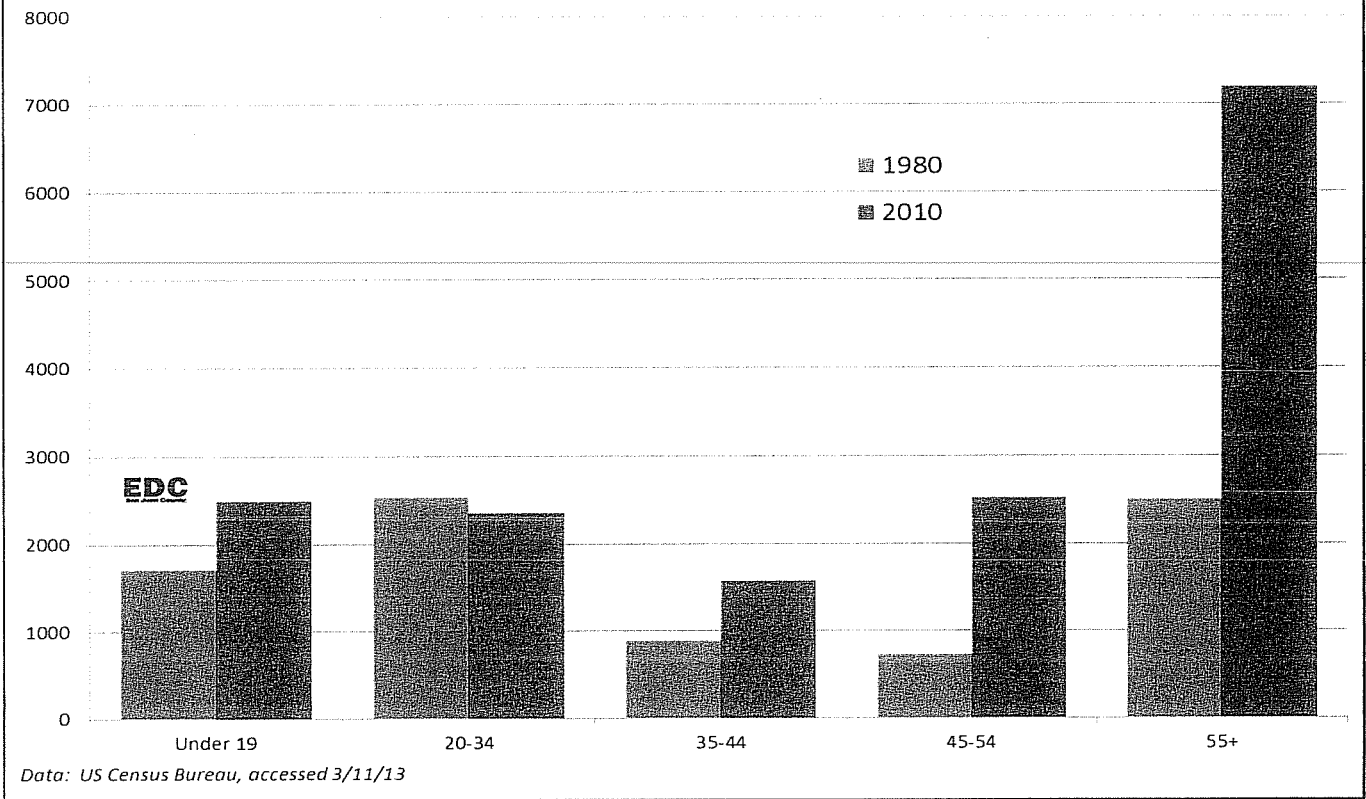


Figure 10- 2

Income

San Juan County residents enjoy the second highest “personal income per capita” in Washington State, by county, at \$53,389 (state average is \$42,589; King County average is \$55,136).³

“Personal income” is defined as *all* income, aggregated, including passive income such as investment and pension income, and wage income. “Personal income per capita” means the aggregate of income earned in San Juan County, divided by all residents San Juan County (man, woman and child). Personal income includes \$25,058 of “dividend, interest and rental income” per capita, meaning the aggregate of *dividend/interest income*, divided by all residents of (man, woman and child). Our retired and semi-retired residents may account for the high personal income per capita. The beauty of the archipelago has attracted many retirees from around the nation.

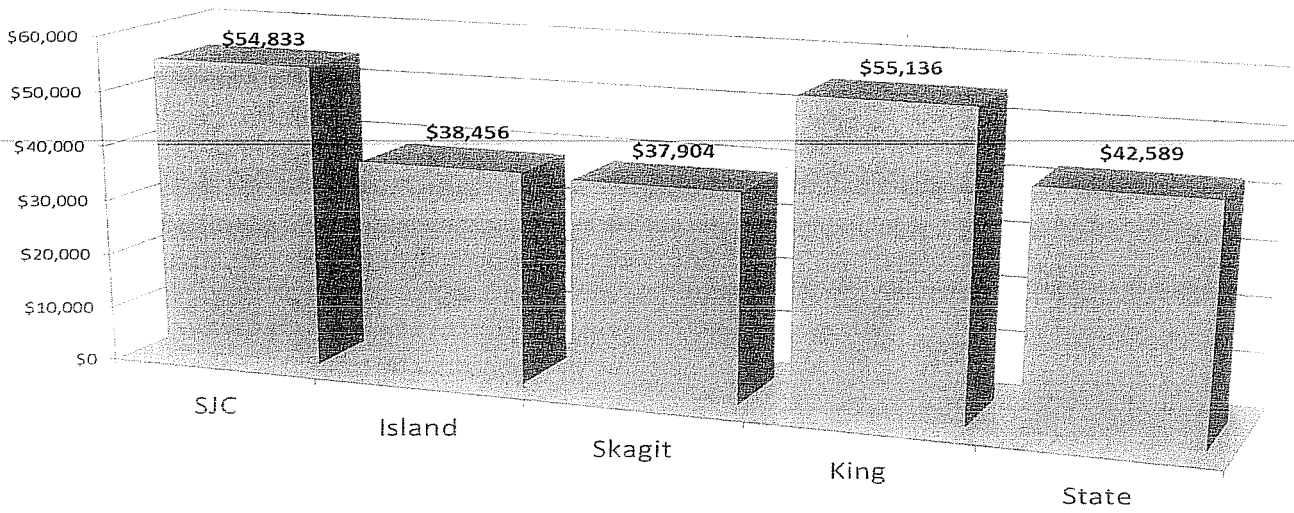
“Wage income” is defined as income earned through work. Average annual wage income is \$31,200, among the lowest in Washington state (state average is \$48,518, King County is \$60,751). Average pay in all the top sectors (except government) is quite low, and wages have not kept up with inflation.⁴ “Average” means the aggregate of all wage income, divided by the number of workers.

Average annual wage income in San Juan County is significantly lower than other counties, particularly urban counties, because many jobs here are seasonal and part-time, and jobs in unskilled service sectors predominate in the economy. The following two charts show the contrast between personal income per capita in 2012 versus average annual wage income, with a comparison between neighboring and King counties. Data are from the Washington State Employment Security Department and the Bureau of Economic Analysis, accessed 1/24/14.

³ Data: Washington Employment Security Department, accessed 1-24-14.

⁴ *Ibid*

Personal Income Per Capita, 2012 San Juan County vs Other WA Counties

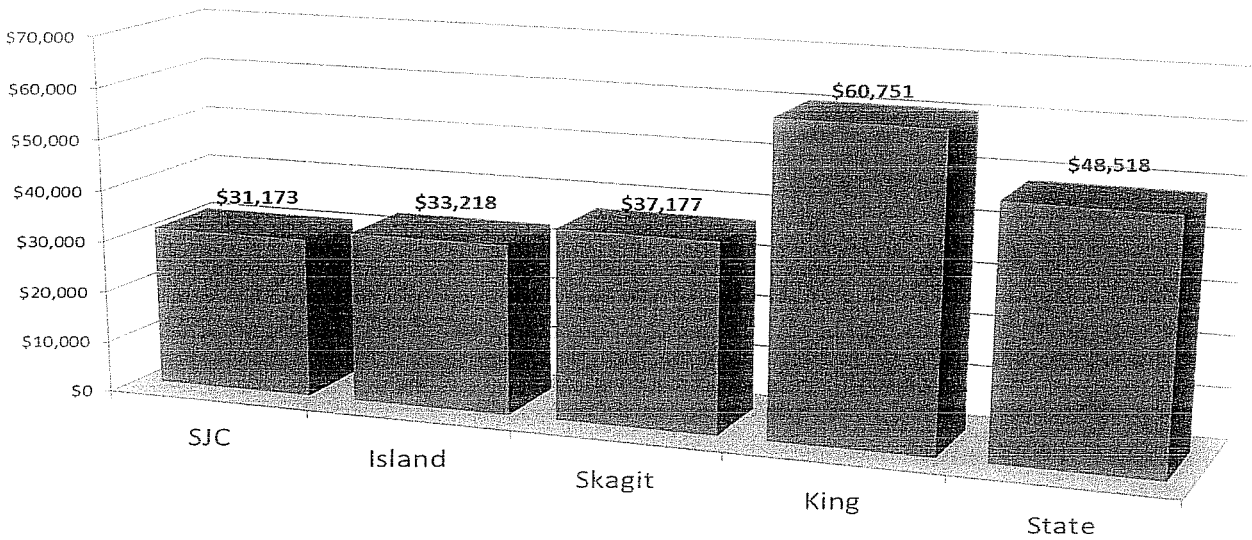


Data: WA Employment Security Department, accessed 2-26-13



Figure 10-3

Average Annual Wage Income, 2012 San Juan County vs Other WA Counties



Data: WA Employment Security Department, accessed 2-26-13



Figure 10-4

The following chart shows personal income for by major source, and earnings by industries defined by two-digit North American Industry Classification System (NAICS) code. NAICS codes are the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. Except as noted, numbers are in thousands of dollars. Negative numbers represent losses. (D) entries replace data for industries with few reporting businesses in order to preserve confidentiality.

Several figures and trends are notable in the chart on the next page.

- Farm proprietor income shows only steepening *losses* for the past decade, meaning that there has been no income, only growing business losses, for all farms as an aggregate for the past 10 years.
- Non-farm earnings (all other sectors) retracted post- Great Recession, but began making positive strides again in 2010 and income continues to increase – 3% from 2011 to 2012.
- The construction sector continues to struggle, and has not made up losses after the Great Recession
- Retail trade, educational services, health care and transportation emerge as a few of the sectors little affected by the Great Recession. Administrative services have done very well, with increases of over 68% in the past decade. Arts, entertainment and recreation have also made great gains, experiencing an increase of over 75% since 2003.
- Real estate and rental and leasing has been hard hit – losing nearly 50% of its strength in the past decade.
- While affected by the Great Recession, government and government enterprises have remained solid during the past decade, experiencing an increase in income of nearly 37% during that time period.

CA05N Personal Income by major source and earnings by NAICS industry 2003-2012 : San Juan County, WA

Bureau of Economic Analysis, data accessed 1/24/14, formatted by Victoria Compton, SJCEDC

Line Code	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Income by place of residence (thousands of dollars)											
10	Personal income (thousands of dollars)	\$602,005	\$689,406	\$729,135	\$792,427	\$876,714	\$944,770	\$801,985	\$778,627	\$811,402	\$844,824
20	Population (persons) 2/	14,787	15,071	15,167	15,270	15,400	15,590	15,714	15,759	15,812	15,824
30	Per capita personal income (dollars)	\$40,712	\$44,417	\$48,074	\$51,894	\$56,929	\$60,601	\$51,036	\$49,408	\$51,316	\$53,389
Derivation of personal income (thousands of dollars)											
35	Earnings by place of work	\$232,016	\$248,818	\$255,033	\$270,290	\$282,182	\$300,853	\$280,226	\$283,919	\$286,985	\$294,474
36	less: Contributions for government social insurance 3/ Employee & self-employed contribs for gov't social insurance	\$29,210	\$31,676	\$33,089	\$34,720	\$36,460	\$37,959	\$36,879	\$37,888	\$34,934	\$35,132
37		\$13,927	\$15,088	\$16,022	\$17,388	\$18,627	\$20,195	\$19,515	\$19,654	\$16,548	\$16,948
38	Employer contributions for government social insurance plus: Adjustment for residence 4/	\$15,283	\$16,588	\$17,067	\$17,332	\$17,833	\$17,764	\$17,364	\$18,234	\$18,386	\$18,184
42	equals: Net earnings by place of residence	\$35,466	\$37,900	\$39,693	\$43,225	\$45,189	\$46,252	\$44,399	\$46,522	\$49,441	\$52,043
45	plus: Dividends, interest, and rent 5/	\$238,272	\$255,042	\$261,637	\$278,795	\$290,911	\$309,146	\$287,746	\$292,553	\$301,492	\$311,385
46	plus: Personal current transfer receipts	\$293,693	\$341,437	\$388,484	\$427,938	\$491,225	\$533,365	\$396,773	\$359,095	\$378,893	\$396,519
47	plus: Personal current transfer receipts	\$70,040	\$72,927	\$79,014	\$85,694	\$94,578	\$102,259	\$117,466	\$126,979	\$131,017	\$136,920
Earnings by place of work (thousands of dollars)											
Components of earnings											
50	Wages and salaries	\$147,247	\$158,075	\$163,409	\$176,054	\$187,574	\$195,035	\$184,674	\$183,865	\$182,238	\$188,075
60	Supplements to wages and salaries	\$36,938	\$41,166	\$42,620	\$43,439	\$47,192	\$50,220	\$47,384	\$50,387	\$48,927	\$48,869
61	Employer contribs for employee pension and insurance funds 6/	\$21,655	\$24,578	\$25,553	\$26,107	\$29,359	\$32,456	\$30,020	\$32,153	\$30,541	\$30,685
62	Employer contributions for government social insurance	\$15,283	\$16,588	\$17,067	\$17,332	\$17,833	\$17,764	\$17,364	\$18,234	\$18,386	\$18,184
70	Proprietors' income 7/	\$47,831	\$49,577	\$49,004	\$50,797	\$47,416	\$55,598	\$48,168	\$49,667	\$55,820	\$57,530
71	Farm proprietors' income	-\$904	-\$1,274	-\$1,819	-\$1,985	-\$2,400	-\$3,437	-\$2,400	-\$2,686	-\$2,162	-\$3,498
72	Nonfarm proprietors' income	\$48,735	\$50,851	\$50,823	\$52,782	\$49,816	\$59,035	\$50,568	\$52,353	\$57,982	\$61,028
Earnings by Industry (thousands of dollars)											
81	Farm earnings	-\$26	-\$252	-\$398	-\$669	-\$1,143	-\$2,119	-\$973	-\$1,491	-\$1,147	-\$2,494
82	Nonfarm earnings	\$232,042	\$249,070	\$255,431	\$270,959	\$283,325	\$302,972	\$281,199	\$285,410	\$288,132	\$296,968
90	Private nonfarm earnings	\$189,358	\$204,055	\$208,177	\$219,645	\$229,078	\$244,390	\$222,767	\$224,019	\$229,396	\$238,639
100	Forestry, fishing, and related activities	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
200	Mining	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
300	Utilities	\$4,420	\$5,310	\$5,421	\$6,266	\$6,400	\$6,798	\$6,653	\$7,617	\$8,239	\$7,844
400	Construction	\$41,986	\$44,022	\$46,086	\$47,816	\$51,574	\$52,666	\$44,291	\$41,208	\$40,885	\$40,361
500	Manufacturing	(D)	\$12,584	\$9,192	\$10,957	\$10,940	\$11,301	\$9,010	\$8,999	\$9,625	\$9,773
510	Durable goods manufacturing	(D)	\$10,833	\$7,374	\$9,010	\$8,954	\$9,056	\$7,189	\$7,382	\$7,887	\$7,911

530	Nondurable goods manufacturing	(D)	\$1,751	\$1,818	\$1,947	\$1,986	\$2,245	\$1,821	\$1,617	\$1,738	\$1,862
600	Wholesale trade	\$2,951	\$3,189	\$3,776	\$3,649	\$3,357	\$3,553	\$4,207	\$4,686	\$4,179	\$5,135
700	Retail trade	\$22,183	\$25,301	\$27,084	\$31,221	\$30,537	\$28,793	\$27,949	\$29,270	\$27,271	\$27,361
800	Transportation and warehousing	\$2,733	\$2,978	\$3,174	\$3,342	\$3,691	\$3,735	\$3,510	\$3,738	\$3,584	\$4,045
900	Information	\$2,915	\$3,276	\$3,868	\$3,278	\$3,701	\$3,786	\$4,371	\$4,536	\$4,197	\$3,961
1000	Finance and insurance	\$7,453	\$8,443	\$7,361	\$7,567	\$7,687	\$6,802	\$6,883	\$7,173	\$6,679	\$6,170
1100	Real estate and rental and leasing	\$12,573	\$11,460	\$10,231	\$8,794	\$5,697	\$9,563	\$6,560	\$6,803	\$6,640	\$6,733
1200	Professional, scientific, and technical services	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
1300	Management of companies and enterprises	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
1400	Administrative and waste management services	\$6,553	\$7,381	\$6,820	\$8,013	\$8,407	\$10,304	\$11,701	\$11,324	\$10,815	\$11,018
1500	Educational services	\$2,435	\$3,022	\$3,456	\$3,485	\$3,297	\$3,830	\$3,910	\$4,133	\$4,243	\$4,683
1600	Health care and social assistance	\$10,110	\$11,521	\$12,183	\$12,923	\$13,381	\$15,993	\$16,238	\$16,417	\$16,246	\$16,804
1700	Arts, entertainment, and recreation	\$3,740	\$4,307	\$4,708	\$4,691	\$5,657	\$6,036	\$5,494	\$5,430	\$6,962	\$6,544
1800	Accommodation and food services	\$26,490	\$28,450	\$29,112	\$30,082	\$31,882	\$34,105	\$27,151	\$28,078	\$32,595	\$38,762
1900	Other services, except public administration	\$12,558	\$13,701	\$14,666	\$16,061	\$18,060	\$18,685	\$18,653	\$18,912	\$20,054	\$20,480
2000	Government and government enterprises (thousands of dollars)	\$42,684	\$45,015	\$47,254	\$51,314	\$54,247	\$58,582	\$58,432	\$61,391	\$58,736	\$58,329
2001	Federal, civilian	\$3,351	\$3,582	\$3,961	\$4,153	\$4,444	\$4,596	\$4,567	\$5,083	\$4,721	\$4,782
2002	Military	\$1,392	\$1,497	\$1,682	\$1,495	\$1,487	\$1,681	\$1,908	\$1,863	\$1,657	\$1,483
2010	State and local	\$7,941	\$39,936	\$41,611	\$45,666	\$48,316	\$52,305	\$51,957	\$54,445	\$52,358	\$52,064
2011	State government	\$4,143	\$4,725	\$5,196	\$6,407	\$6,323	\$6,404	\$5,657	\$5,954	\$5,730	\$5,508
2012	Local government	\$33,798	\$35,211	\$36,415	\$39,259	\$41,993	\$45,901	\$46,300	\$48,491	\$46,628	\$46,556

Legend/Footnotes

1/ The estimates of earnings for 2001-2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2007-2010 are based on the 2007 NAICS. The estimates for 2011 forward are based on the 2012 NAICS.

2/ Census Bureau midyear population estimates. Estimates for 2010-2012 reflect county population estimates available as of March 2013.

3/ Contributions for government social insurance are included in earnings by type and industry but they are excluded from personal income.

4/ The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers and US residents employed by international organizations and foreign embassies.

5/ Rental income of persons includes the capital consumption adjustment. Interest includes actual and actuarially imputed interest to reflect receipts on assets accrued by defined benefit pension plan participants through service to employers in the current period.

6/ Includes actual employer contributions and actuarially imputed employer contributions to reflect benefits accrued by defined benefit pension plan participants through service to employers in the current period.

7/ Proprietors' income includes the inventory valuation adjustment and capital consumption adjustment.

Note-- All state and local area dollar estimates are in current dollars (not adjusted for inflation).

(D) Not shown to avoid disclosure of confidential information due to small number of reporting businesses, but the estimates for this item are included in the totals.

Estimates for 2001 forward reflect the results of the comprehensive revision to the national income and product accounts (NIPAs) released in July 2013.

Last updated: November 21, 2013 - new estimates for 2012; revised estimates for 2001-2011.

Table 10-1

Educational Attainment

San Juan County has a highly educated populace. Over 94% of the adult residents of the county have a high school education or better. The chart below shows San Juan County compared to the state average, and neighboring counties'.

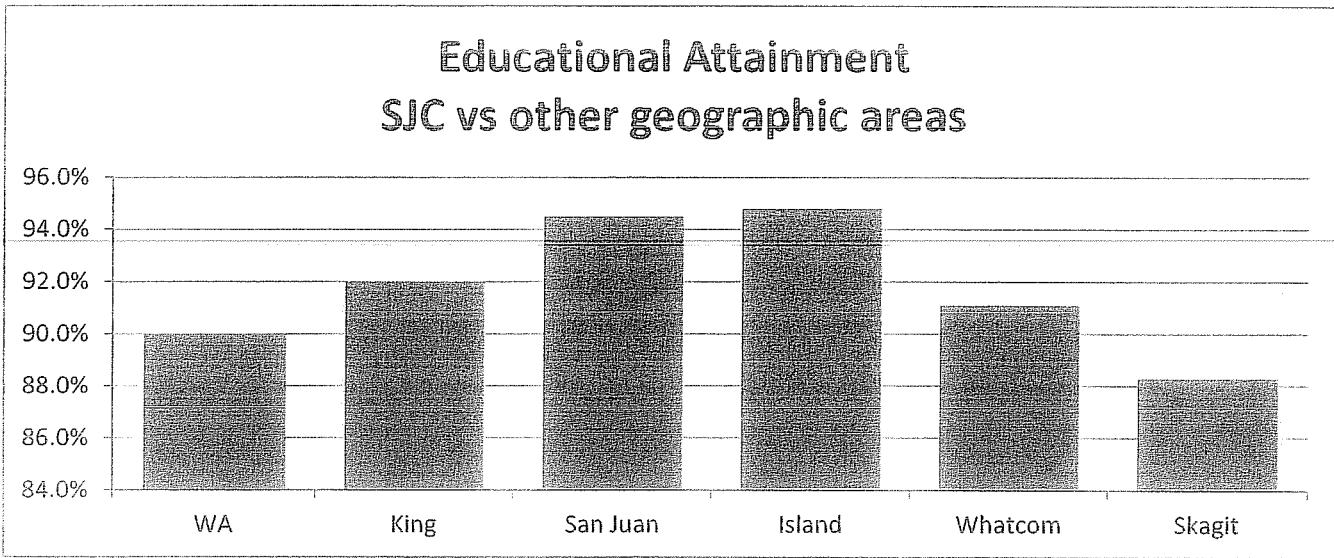


Figure 10- 5

Current Industries

The four largest industry sectors in San Juan County represent 73% of total business income in the county, as measured by Department of Revenue reporting. Retail represents 28% of the total economy; construction, 19%; professional services/tech, 15%; accommodations/dining, 11%. Aggregate gross business income for all reporting businesses in San Juan County was \$ 527,691,659 in the year 2012.

Over the past 13 years, industries have changed somewhat but the four mainstays (retail, construction, professional services and accommodations/dining) have remained. Two sectors – construction and accommodations/dining – have not kept up with inflation over the past decade.

Notable growth has been seen in the years between 1994 and 2011 for several subsectors including: wood product manufacturing (up +581%); sightseeing transportation (+745%); administrative services (up +227%); passenger transit companies (up +867%); publishing industries (up +827%); rental services (up 500%); truck transportation (up +444%).

The chart below shows the change over time for the top four industries, plus an aggregate of the remaining industries. It then compares the inflation-adjusted numbers for each industry to the actual revenues for those businesses. Construction and accommodations/dining did not keep up with inflation, but retail trade, professional services and aggregated other sectors did enjoy some growth. Data are from the Washington State Department of Revenue.

The following chart shows the aggregate gross business income reported to the Washington State Department of Revenue by businesses in the county, for the years between and including 1994 and 2012. Data are from the Washington State Department of Revenue.

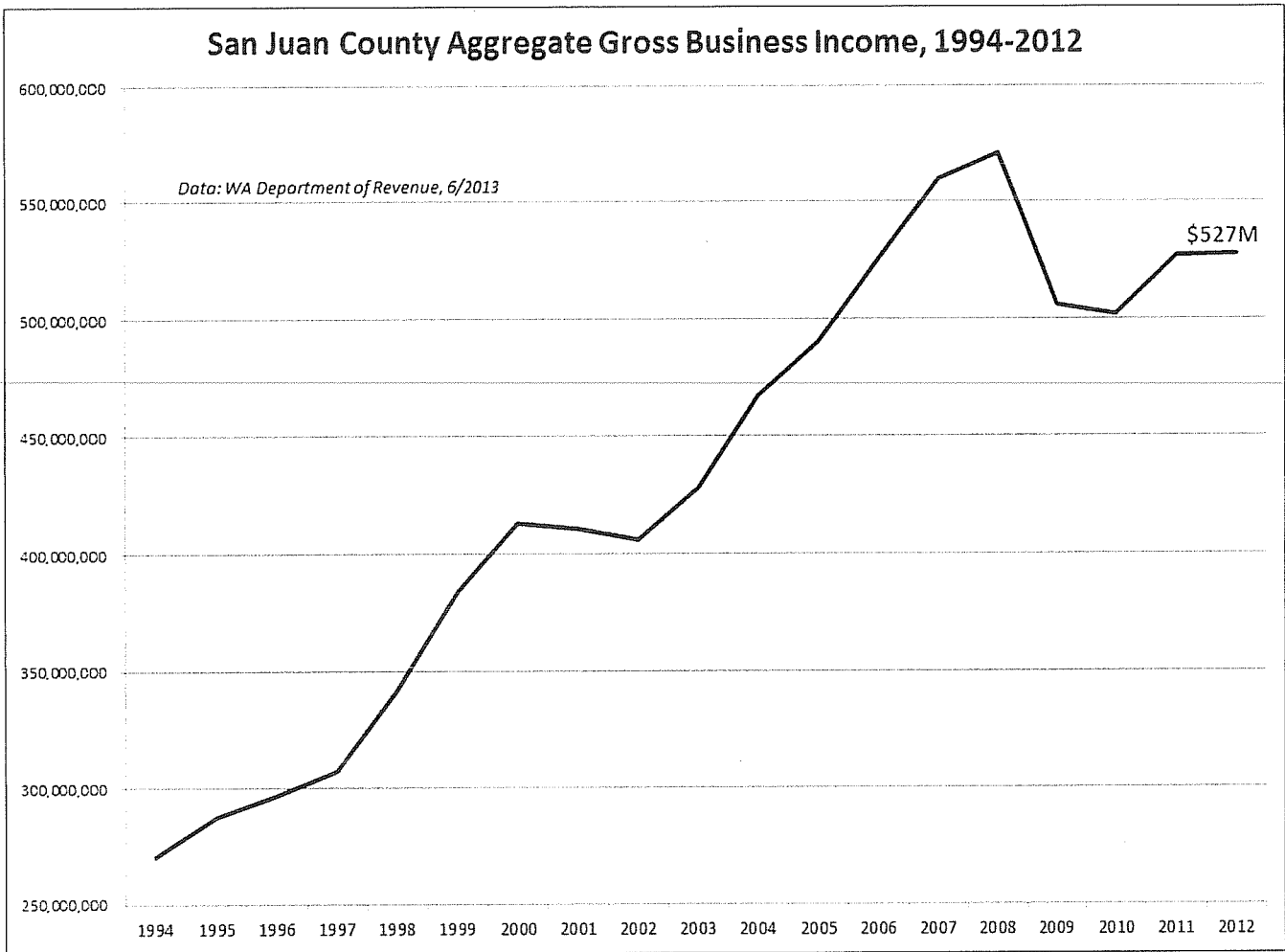


Figure 10- 6

The first chart on the next page shows historical trends for the four major industries in San Juan County, plus an aggregate of the remaining industries. Notable is the general trend upward, with a sharp uptick in 2007 for construction, then varying downward trends followed by recovery. Construction continues to lag other industries in recovery, as seen in the second chart on the next page.

San Juan County Major Industries, 1994-2012

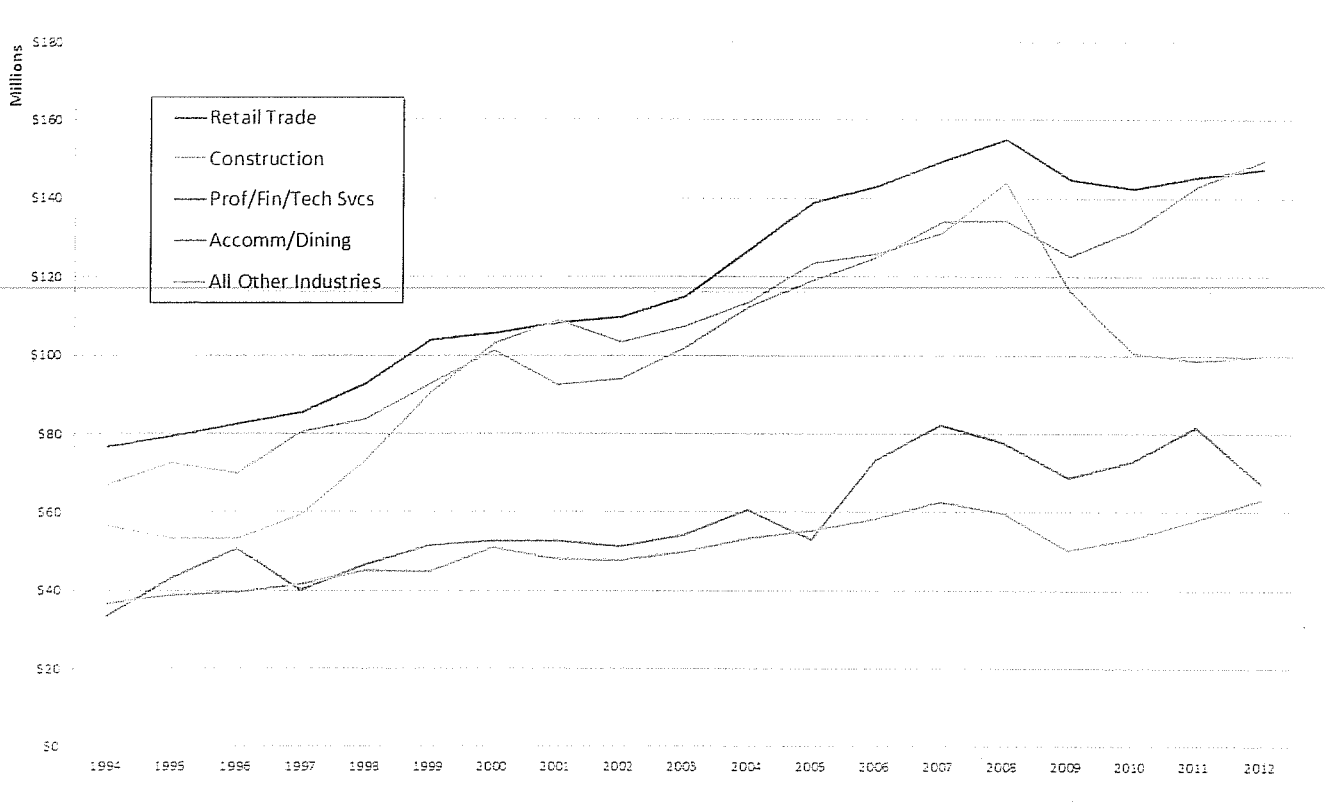


Figure 10-7

Another way to get a snapshot of industries in San Juan County is through Bureau of Economic Analysis data, based on what's reported by businesses to agencies like the IRS.

In the first chart below, the aggregate of all businesses' earnings is shown, categorized by NAICS industry. Government and government enterprises is the largest industry in San Juan County, as it is for many counties in Washington and the rest of the US (compare to Figure 10-9 and Figure 10-10).

Next is accommodations/food services, the tourism industry, accounting for 14.5% of the economy. Next is construction, which has been higher in past years: the real estate slump has affected this sector.

Absent is data for the agricultural sector. As reported to federal agencies by businesses in San Juan County, there have only been recorded growing aggregate business losses for the past 10 years.

The second chart shows the same data, but for Washington state in its entirety. Notable are the differences in the sizes of our manufacturing, information, and wholesale sectors, which are much smaller in San Juan County. These are all high-wage sectors and could be encouraged in San Juan County. Also notable is the comparative size of accommodations/food services sector.

The third chart shows the same data for all of the US. It closely parallels Washington state, with the exception of the information category, which is likely higher in Washington because of large employers like Microsoft.

Earnings by NAICS Industry - SJC 2012



Data: Bureau of Economic Analysis,

Agriculture: not shown as only aggregate business losses in SIC for years 2003-2012

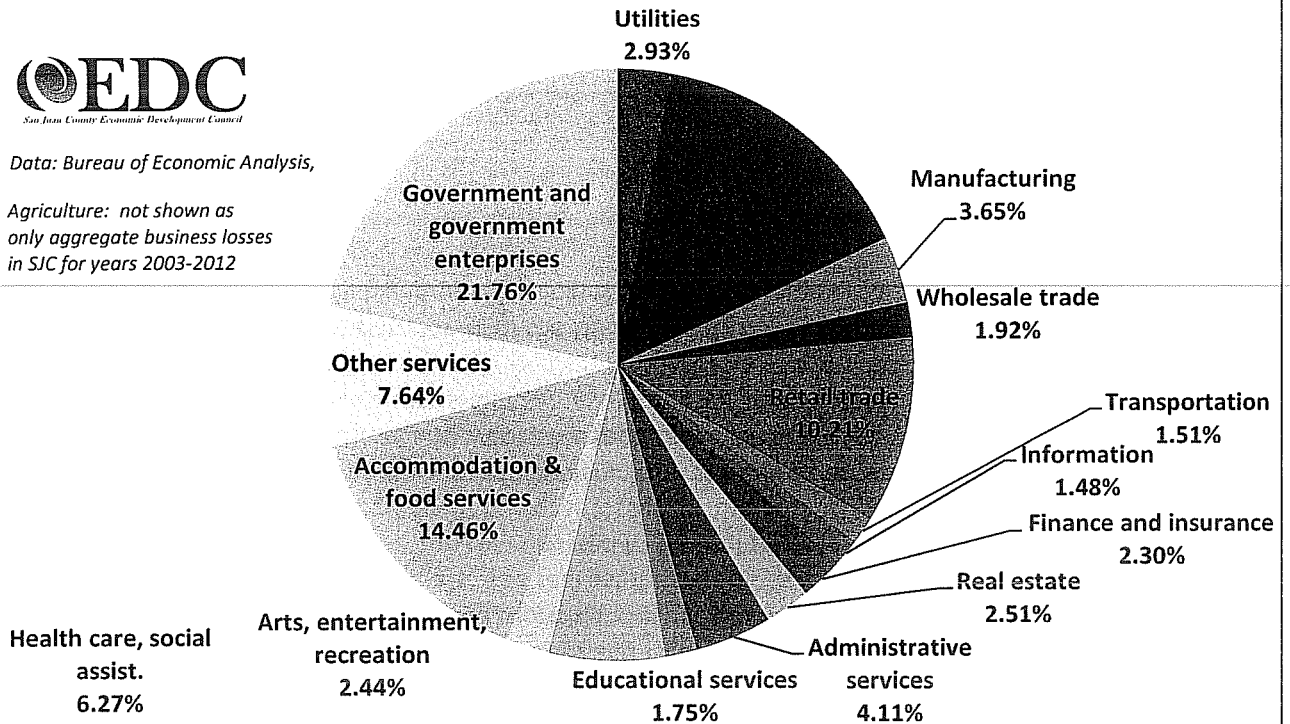


Figure 10- 8

Earnings by NAICS Industry - WA 2012



Data: Bureau of Economic Analysis, accessed 1/29/14

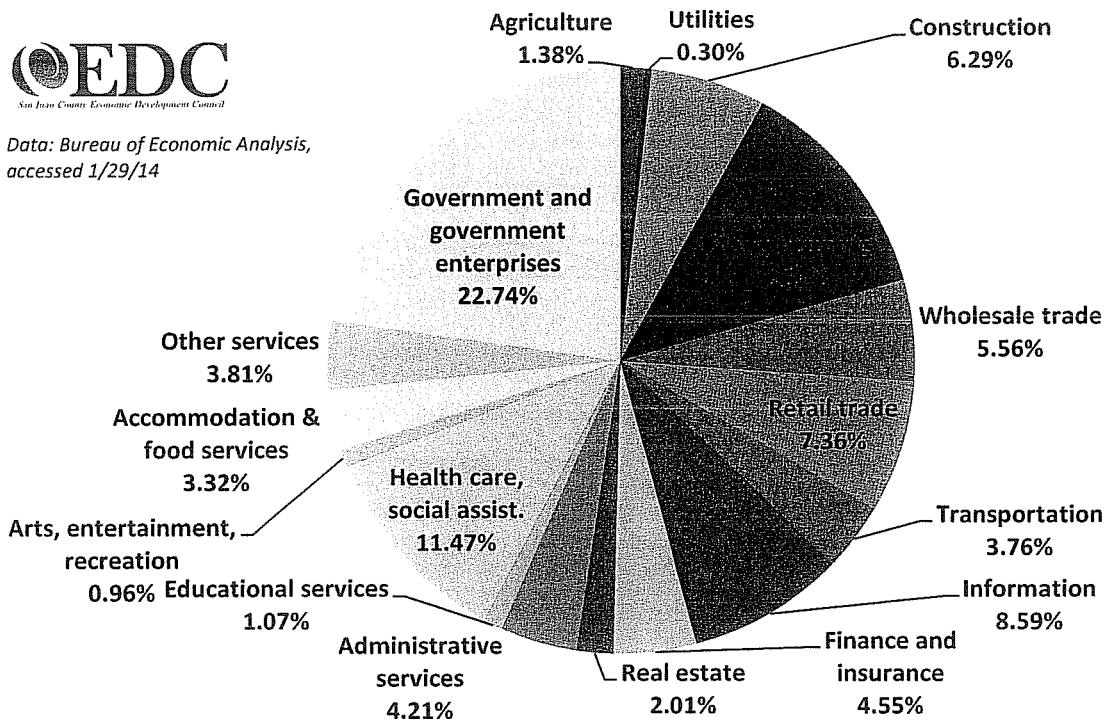


Figure 10- 9

Earnings by NAICS Industry - USA 2012



Data: Bureau of Economic Analysis, accessed 1/29/14

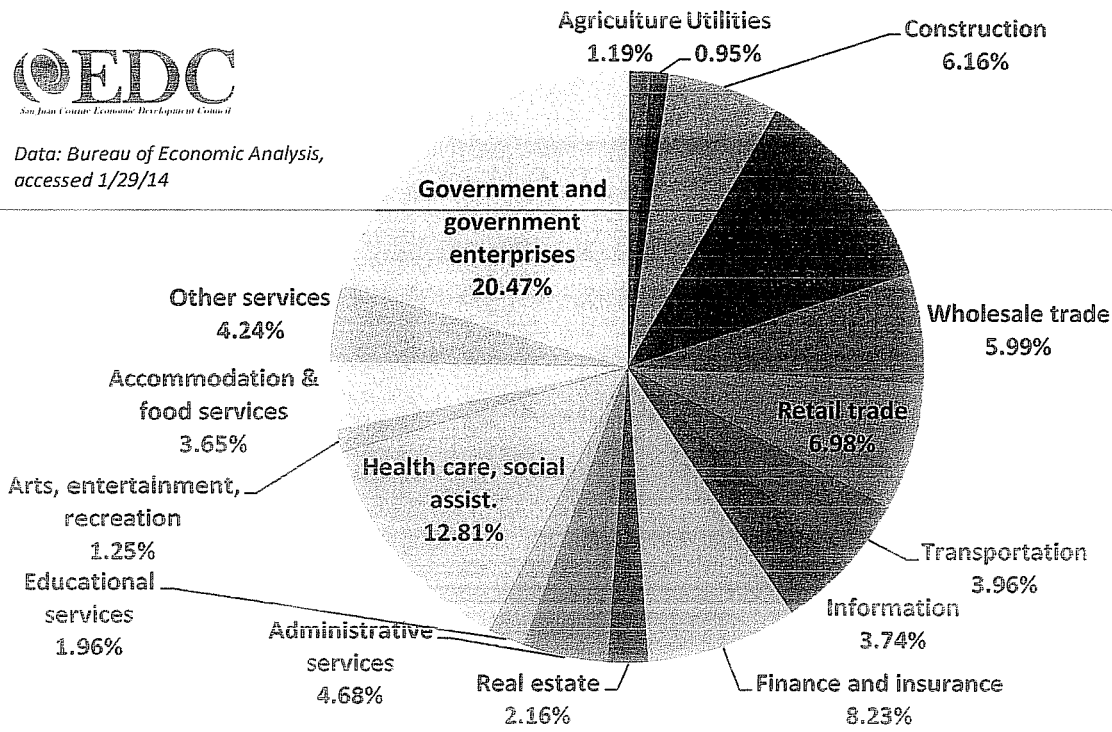


Figure 10- 10

The chart below shows the number of new building permits in San Juan County each year, from 2004-2012. Permits numbers began to experience major declines in 2009, a couple of years after the Great Recession hit the rest of the nation. Numbers have not recovered.

SJC Number of Building Permits, 2004-2012

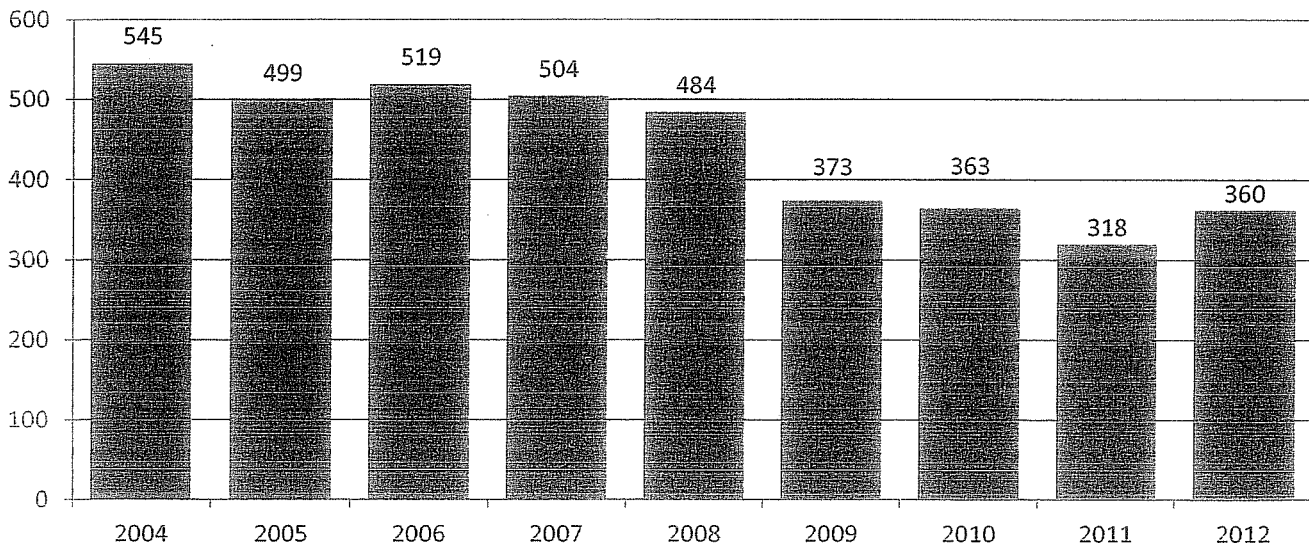


Figure 10- 11

Workforce

San Juan County's unemployment rate tends to be annually lower than the national average, but has a regular annual fluctuation resulting primarily from the seasonal workforce needs of the tourism and construction industry segments. San Juan County has some "commuter" element to its workforce, primarily provided by selective employers who fly/ferry workers into the county for specific project related work, and residents who telecommute for mainland companies. It is estimated that between 15 and 20 percent of working residents of the county commute out of the islands for work. All data in this section are from the Washington State Employment Security Department, accessed May 2013.

Unemployment: San Juan County tends to have ~2% lower unemployment than the rest of the US as an annual average. Unemployment is about the same as the US in the winter, but up to ~4% lower in the summer. For the past 5 years, our unemployment rate has been 20-30% lower than the rest of the US.

The majority of the county's top sectors are seasonal industries: construction, tourism and related support industries. Along with seasonal employment come challenges like an increased need for social services for unemployed, lower-wage employees during the off-season months, shortened ferry services, and the closure of retail establishments and other services like bus and transportation services. Finally, some companies (e.g., the major resorts) import seasonal workers from international sources, such as South America, the Philippines and Eastern Europe. Another source of seasonal workers are retired seniors and high school students and returning college students working during their summer breaks. Retired seniors in particular were strong in the workforce, post-Great Recession, but have left the workforce as their investments have recovered.

The following chart shows a comparison between San Juan County unemployment rates and the rest of the US.

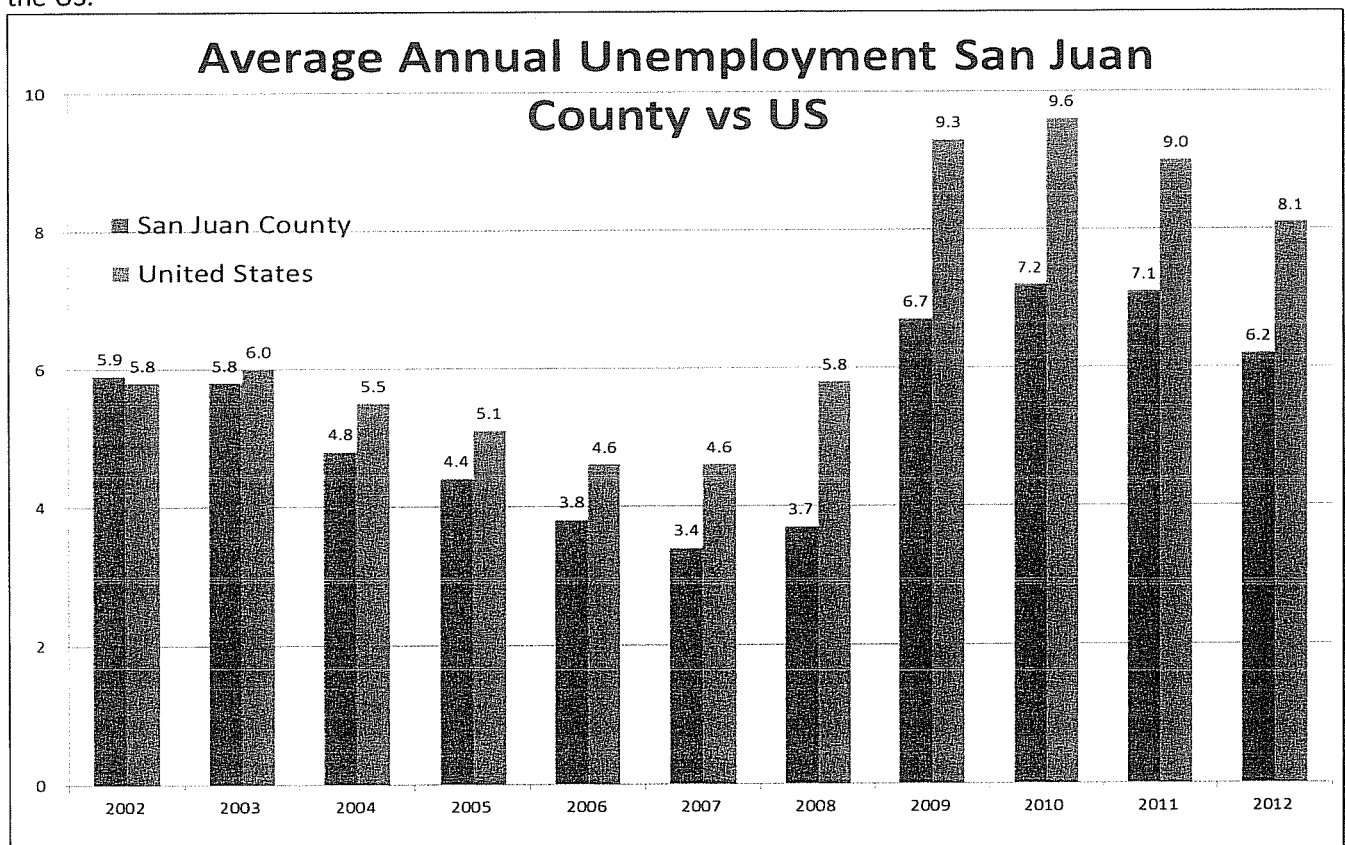


Figure 10- 12

The two charts on the next page show the percentage of workers employed in various industry sectors in San Juan County, and average annual wages by industry. Both charts include data from 2010, the date of the last US Census.

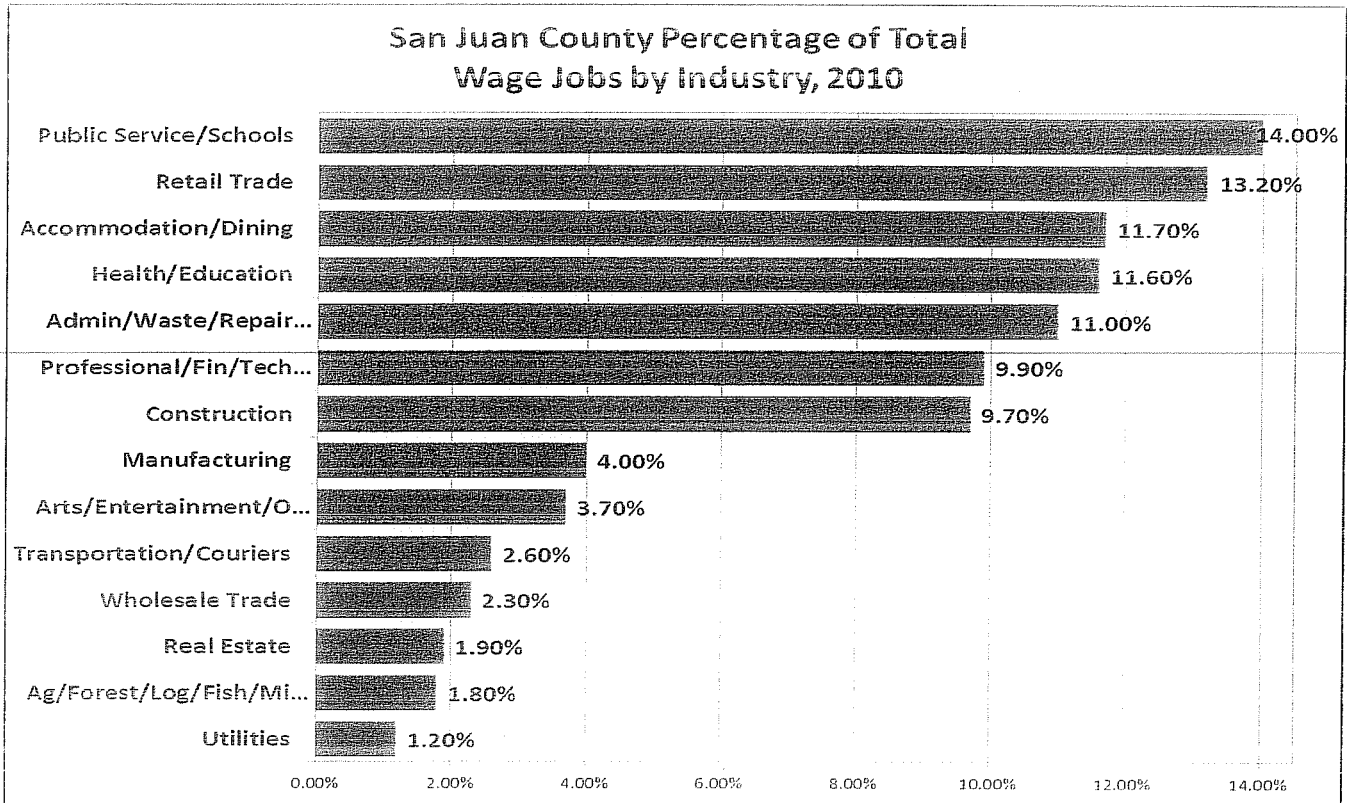


Figure 10- 13

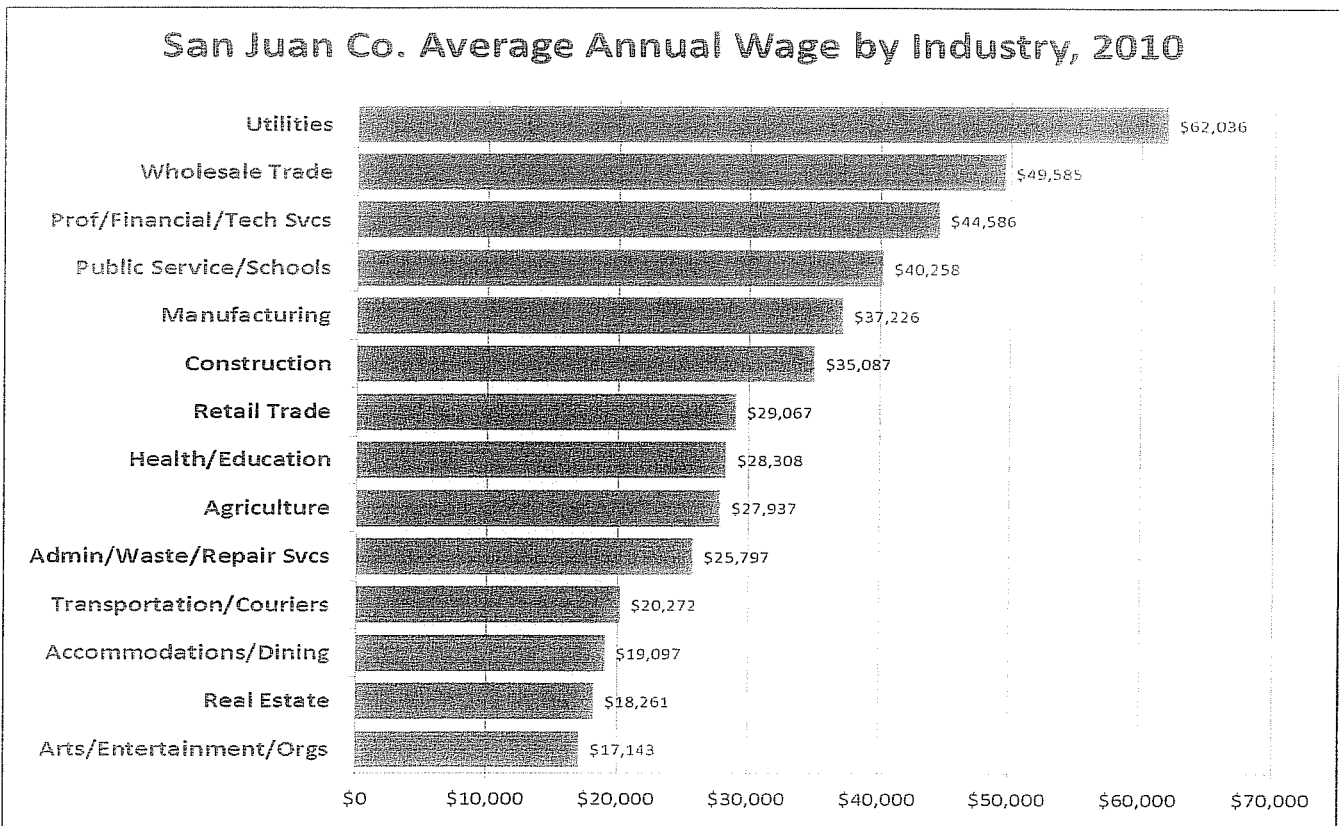


Figure 10- 14

As mentioned before, annual wage income is distinctly lower than other counties, particularly urban counties, partly because the region's major industries tend to provide low-wage jobs.

Notably, tourism and construction jobs tend to offer lower per-hour wages than other industries' nationally and regionally. Additionally, the wages of San Juan County's major industries – retail, tourism and construction – are less than other industries' per-hour wages. Since retail trade, construction, professional services and accommodation/dining account for almost 42% of all jobs in San Juan County, this is an important factor to consider when weighing economic development priorities for the future.

24% of San Juan County wages come from the public service sector – county, town and federal government, port, fire/sheriff department, and school employees. The total number of jobs in the county is 10,596, with wage/salary jobs at 5,765 and proprietors at 4,831.

With nearly 5,000 business licenses – 3,000 of them actively reporting some income annually – San Juan County has more entrepreneurs per capita than any other county in Washington State. 66% of San Juan County workers are private wage workers, 20% self-employed workers, and 14% are government workers. Self-employed Comparators: San Juan County averages 3-4 times the number of self-employed persons than in other counties in the state.

King Co: 81% wage income, 12.7% government, 6.3% self-employed

Island: 66% wage, 23% government, 11.6% self-employed

Skagit: 75.9%, 15.3%, 7.8% (Data: Bureau of Labor Statistics, May 2013).

In San Juan County, average annual wages by sector varies from \$62,036 for utility jobs, to \$17,143 for jobs within the arts. Wholesale trade (at \$49,585), professional/technical services (at \$44,586) and public services sector (at \$40,258) are notably higher than total average. Accommodations/dining (at \$19,097) and real estate (at \$18,261) are notably lower than average. San Juan County's median hourly wage is \$19.68, lower than the state's median of \$21.01.

Another way to get a snapshot of the workforce in San Juan County is through Bureau of Economic Analysis data, based on what's reported to agencies like the Social Security Administration and the IRS. In the first chart below, the aggregate of all employees' compensation is shown, by NAICS industry. Government and government enterprises is the largest employer in San Juan County, which is comparable to Washington and the rest of the US (see Figure 10-16 and Figure 10-17).

Next is accommodations/food services, the tourism industry, accounting for 15% of the economy. As wages in that sector tend to be low, it's inferable that there are more employees in that sector than any other industry. Next is construction, which has been higher in past years: the real estate slump has affected this sector.

The second chart shows the same data, but for Washington state in its entirety. Notable are the differences in the sizes of our manufacturing, information, and wholesale sectors, which are much smaller in San Juan County. These are all high-wage sectors and should be encouraged in San Juan County.

The third chart shows the same data for all of the US. It closely parallels Washington state, with the exception of the information category, which is likely higher in Washington because of large employers like Microsoft.

Total Compensation of Employees by NAICS



Data: Bureau of Economic Analysis, accessed 1-29-14

Industry - SJC

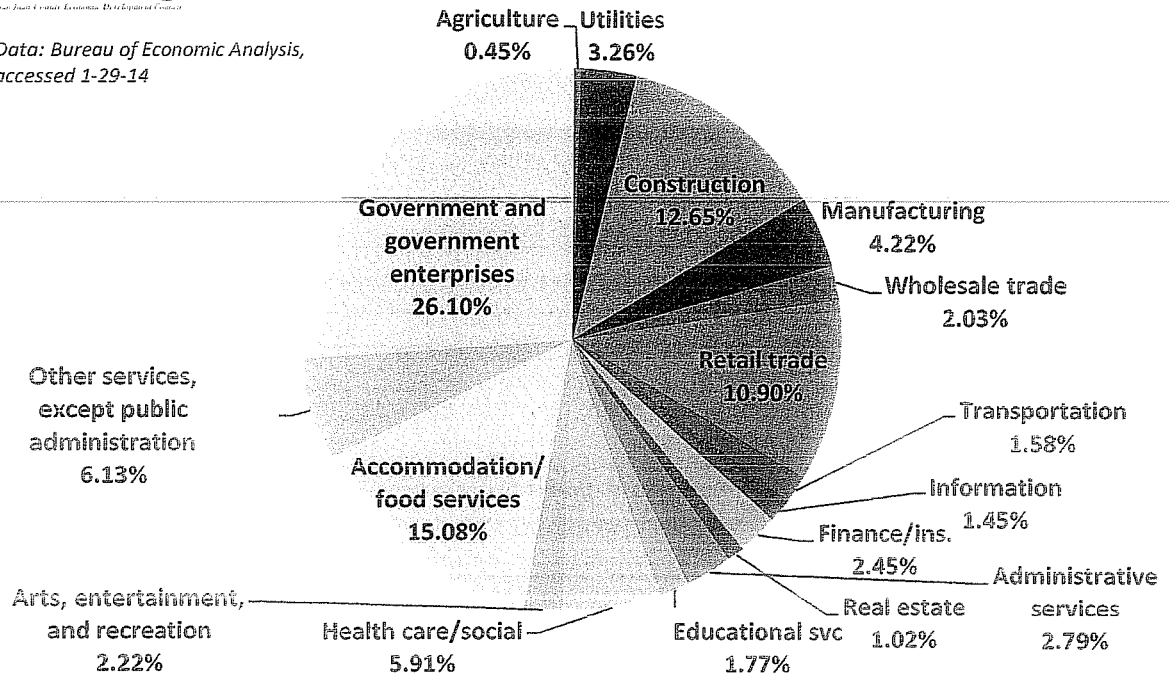


Figure 10-15

Total Compensation of Employees by NAICS



Data: Bureau of Economic Analysis, accessed 1-29-14

Industry - WA

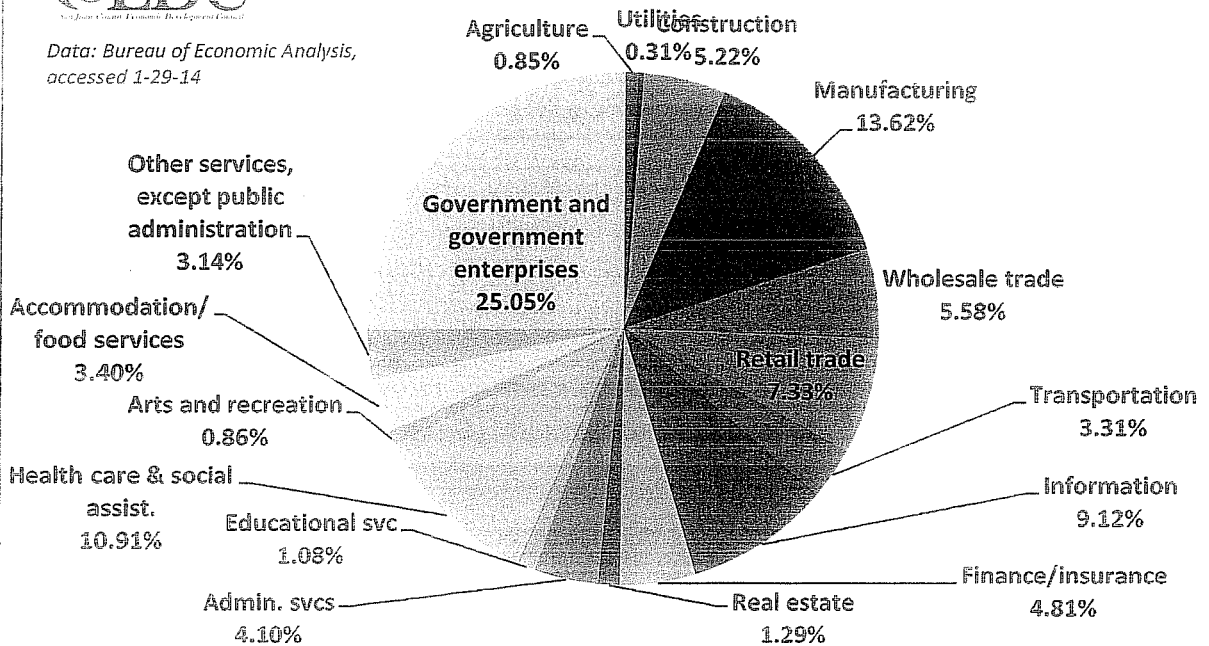


Figure 10-16

Total Compensation of Employees by NAICS Industry - USA

Data: Bureau of Economic Analysis
accessed 1-29-14

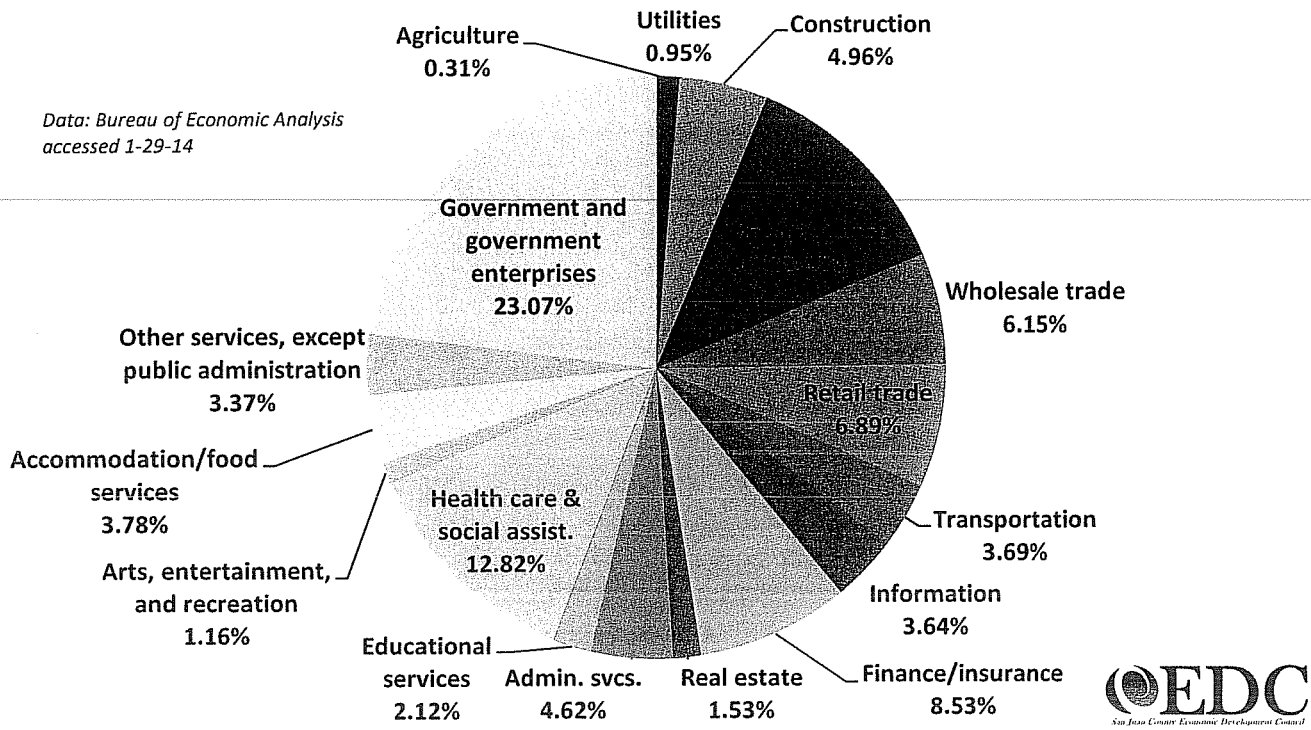


Figure 10- 17

10.4.B SWOT Analysis

Including an analysis of the strengths, weaknesses, opportunities and threats (a SWOT analysis) to the county as a whole is a GMA requirement of the Economic Development Element of the Comprehensive Plan. To that end, we are including four “word clouds” created after the April, 2013, San Juan County government Community Conversations held on Lopez, Orcas, San Juan and Shaw Islands and attended by hundreds of community leaders and citizens. The largest words in the word clouds represent the issues chosen by more participants as the most important.

