



SAN JUAN COUNTY DEPARTMENT OF COMMUNITY DEVELOPMENT

135 Rhone Street, PO Box 947, Friday Harbor, WA 98250
(360) 378-2354 | (360) 378-2116
dcd@sanjuanco.com | www.sanjuanco.com

MEMO

REPORT DATE: April 25, 2022

TO: San Juan County Planning Commission

CC: David Williams, Department of Community Development (DCD) Director

FROM: Sophia Cassam, Planner II, DCD *sc*

SUBJECT: 2036 Comprehensive Plan Update
Draft Section B, Element 10, Economic Development

DISCUSSION: May 6, 2022

ATTACHMENTS: A. Draft Section B, Element 10, Economic Development

PURPOSE

To provide the draft Comprehensive Plan (*Plan*) Section B, Element 10, Economic Development (Economic Development Element) to the Planning Commission for review and to prepare a public hearing draft.

PUBLIC COMMENTS

Please send all public comments to compplancomments@sanjuanco.com. Please do not copy the County Council, Planning Commission members, or County Staff. Written public comments received by 12pm on May 5 will be provided to the Planning Commission prior to the meeting. Please focus public comments on the issues and options contemplated in this report.

All comments received on the Economic Development Element are available on the County website at: <https://www.sanjuanco.com/1306/Comprehensive-Plan-Elements>

BACKGROUND

The Economic Development Element provides an overview of the San Juan County economy and contains four interrelated goals created with the intent of maintaining the County’s natural capital and developing its human assets while achieving and enhancing a balanced county economy. The four goals are:

1. Create living wage jobs
2. Develop a broadly competent workforce
3. Improve infrastructure and community assets and services
4. Enhance economic resilience

The goals are expanded on in the element to provide clarity and greater specificity. There are multiple policies assigned to each goal. The Economic Development Element is unique in the San Juan County Comprehensive Plan in that it also includes lists of actions identified to carry out the policies and to accomplish the goals.

The draft Economic Development Element was developed by the Economic Development Council (EDC) in conjunction with DCD staff. The draft was reviewed and edited by the Planning Commission and County Council multiple times in 2018, 2019, and 2020. Comments from the public, including nonprofit organizations such as local family resource centers and The Friends of the San Juans, have been incorporated.

The draft Economic Development Element is a proposed repeal and replacement of the existing Economic Development Element adopted in 2014. The draft is provided in Attachment A. The Planning Commissioners last reviewed this element at the February 21, 2020, meeting where they considered additional changes suggested by a member of the EDC. No new changes have been made to the Economic Development Element since the Planning Commission worked on it on at the meeting on February 21, 2020.

ECONOMIC DEVELOPMENT IN THE *PLAN* VISION

The Vision adopted in 2018 contains a section dedicated to the County's economy:

ECONOMY We support a diverse, resilient, and sustainable economy while respecting the natural world. This economy serves the needs of our community, and recognizes the rural, residential, quiet, agricultural, marine and isolated nature of the islands. Our economy comprises a wide spectrum of stable, year-round activities that provide wages that allow islanders to live, work, and thrive locally. We encourage new ideas and new technology for improving the quality and profitability of our goods and services. Communication systems support our economy.

When reviewing the draft Economic Development Element, the Planning Commission should consider whether the existing draft goals and policies will bring the County closer to the Vision.

PUBLIC HEARING DRAFT

At the meeting on April 15, 2022, the Planning Commission will review the draft Economic Development Element to agree on a draft to use for the future *Plan* public hearing. The draft can be brought forward as-is (Attachment A), or the Planning Commission can discuss and make any edits or additions before agreeing on a public hearing draft.

NEXT STEPS

After the Planning Commission makes its edits to the draft Economic Development Element the draft will become the public hearing draft. This is the draft that will be brought forward at the Planning Commission's public hearing on the *Plan*. At the public hearing, the Planning Commission will hear public testimony and, after deliberations, make its final edits to the draft *Plan* to be recommended to the County Council.

COMPREHENSIVE PLAN

SECTION B, ELEMENT 10

ECONOMIC DEVELOPMENT

May 12, 2020

SUPERSEDES OCTOBER 2014

Photos are placeholders to be reviewed by the Economic Development Council

We support a diverse, resilient, and sustainable economy while respecting the natural world.

This economy serves the needs of our community, and recognizes the rural, residential, quiet, agricultural, marine and isolated nature of the islands.

Our economy comprises a wide spectrum of stable, year-round activities that provide wages that allow islanders to live, work, and thrive locally.

We encourage new ideas and new technology for improving the quality and profitability of our goods and services. Communication systems support our economy.

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ECONOMIC DEVELOPMENT ELEMENT

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1 **10.1 INTRODUCTION**

2 **10.1.A OVERVIEW**

3 San Juan County’s share of the global ecosystem is a rich, temperate and increasingly unique niche consisting of
4 its geology, soils, air, water, and all living organisms. Its internal workings are of a complexity not well understood,
5 supporting both agricultural and marine productivity. Its aesthetics, novelty of experience and opportunity for
6 knowledge and contemplation enhance domestic
7 tranquility, and residents’ health and wellbeing.

8 These non-monetary benefits, more fundamental than
9 money itself, also attract visitors, seasonal residents and
10 investors who amplify the monetary economy. Preservation
11 of the county’s natural capital² as a public good maximizes
12 its availability for continuing support of the county’s
13 monetary economy, and preserves a high standard of living
14 coupled with a rural quality of life.



15 The county’s economy is measured in terms of money. The
16 public recognizes that priority of this valuation inexorably diminishes natural capital and the rural quality of life
17 that holds its inhabitants and draws visitors from near and far. That said, a high quality of life cannot be maintained
18 without a vibrant economy. Accordingly, this document is the product of the public’s effort to develop and support
19 such an economy in balance with the county’s natural capital and its consequent rural character; together these
20 provide the county’s increasingly rare high quality of life.

21 For purposes of this Economic Development Element (EDE) of the *San Juan County Comprehensive Plan (Plan)*, the
22 term “rural character” refers to the aesthetic and social experience of life in a geographic region that consists
23 predominantly of agricultural lands, uncultivated open lands, and forests or other natural habitats. It is consistent
24 with improving the county’s strong educational, economic, technological, and other infrastructure to maintain a
25 high standard of living. The population of the county is rising and expected to continue to rise, and that
26 Washington State Ferries and other entities (ports, airports) currently serve nearly 2 million visitors and expect
27 passenger increases of 43 percent in the next 10 years². Preservation of rural character will inevitably require
28 preservation of this aesthetic and social experience, the quality of which will depend upon achieving the goals of
29 the *Plan* as a whole.

30 **10.1.B OVERARCHING GOALS**

31 To maintain its share of natural capital and develop its human assets while achieving and enhancing a balanced
32 county economy, four interrelated goals for the EDE of the *Plan* have been identified. These are expanded upon
33 in section 10.3.B.

34 **Goal 1: CREATE LIVING WAGE JOBS:** Establish and maintain a sound, stable, year-round, and locally based
35 diversified economy that creates living wage jobs in community and environmentally friendly industries
36 consistent with rural character.

37 **Goal 2: DEVELOP A BROADLY COMPETENT WORK FORCE:** Train a resident work force to support and attract
38 diverse businesses (in harmony with the county’s natural resources), perform work otherwise done by
39 labor and skills sourced from outside the county, and supplement an aging talent pool.

¹ Natural capital is taken to include all natural elements and processes such as: marine, terrestrial, and freshwater habitats; shorelines, wetlands, water bodies, and aquifers; native biota (flora, fauna, fungi, and microbes); dark skies; clean air; natural soundscapes; soil and bedrock; open spaces.

² <https://www.wsdot.wa.gov/NR/rdonlyres/F5735A06-1A07-44A6-83B8-76FE997785EA/0/AnacortesPreDesignPkg.pdf>, page 6

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1 **Goal 3: IMPROVE INFRASTRUCTURE AND COMMUNITY ASSETS AND SERVICES:** Improve and maintain
2 infrastructure such as but not limited to community assets and environmental resources, ferry service,
3 and telecommunications infrastructure, particularly in support of living wage job creation, the
4 enhancement of economic, environmental, and community resilience, and to protect environmental
5 services and natural assets as consistent with rural character.

6 **Goal 4: ENHANCE ECONOMIC RESILIENCE:** Enhance economic resilience to natural and economic disruptions,
7 both rapid (natural disasters, drought, recessions, etc.) and long-term (climate change, resource
8 limitation, long-term economic or industry shifts, changing property values)

9 **10.2 AUTHORITY, PURPOSE, AND OTHER ELEMENTS**

10 **10.2.A AUTHORITY**

11
12 This EDE is adopted pursuant to RCW 36.70A.070 (7) of the
13 Washington Growth Management Act (GMA) which mandates that
14 the County’s *Comprehensive Plan* include:



15 “[a]n economic development element establishing local goals,
16 policies, objectives, and provisions for economic growth and
17 vitality and a high quality of life.”

18 This is subject to an overarching instruction preceding this mandate relating specifically to the economic element:
19 “Encourage economic development throughout the state that is consistent with adopted comprehensive plans,
20 promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged
21 persons, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of
22 the state’s natural resources, public services, and public facilities.” RCW 36.70A.020(5). For purposes of this EDE,
23 this language regarding biological resources is interpreted to include and encourage only those activities or
24 industries whose impact on those resources does not impair their sustainability.

25 **10.2.B PURPOSE**

26 The purpose of this EDE is to execute the legislative mandate set forth above by setting goals and establishing
27 policies, objectives, and actions to attain economic growth and vitality consistent with the distinctive quality of
28 life in the County.

29 Economic development is the specific and concerted expenditure of time and money by communities and policy
30 makers in order to create and maintain the economic viability of a region. Sound economic development seeks
31 to foster sustainable wealth by creating jobs and infrastructure that sustain and enhance the quality of life of the
32 populace without net cost to the county’s natural capital.

33 Proactive economic development seeks out business development opportunities based on an area’s competitive
34 advantages, market characteristics, and community values. Smart economic development recognizes that
35 prosperity depends upon the county’s natural capital supporting its quality of life. In turn, sustaining the current
36 structure, nature, and diversity of the county community will depend on maintaining and nurturing a successful
37 economy.

38 Economic resilience is essential to the wellbeing of county residents. Its elements are:

- 39 ▪ Diversification of industries (particularly those less reliant on fluctuations in the local, regional, and
40 national economy);
- 41 ▪ Planning for foreseeable changes in the local and national economy, in population, in technology, and in
42 the environment; and
- 43 ▪ Readiness for likely disasters.

1 Economic resilience supports social resilience and the public peace. Economic resilience expressly includes
2 provision for low-income housing for “unemployed and low-income persons” as mandated by RCW 36.70A.020(5).
3 The economy of the San Juan Islands is inextricably linked to its environment. Enterprises that consume or
4 threaten to consume nonrenewable natural resources that the County’s economy depends on are not endorsed.
5 The county’s economic plans are driven by County residents’ goals for the future of the community itself as set
6 forth in the Vision statement of this *Plan*.

7 **10.2.C RELATIONSHIP TO OTHER COMPREHENSIVE PLAN ELEMENTS**

8 This EDE is intended to integrate with and govern the economic aspects of the other elements of this *Plan*. In
9 addition, this EDE provides a stand-alone action plan that recognizes that economic development affects the
10 entire County including its marine areas, and that implementation responsibilities may be shared among the Town
11 of Friday Harbor, the County, and many other quasi- (e.g. ports, OPALCO) and non-governmental (e.g. private
12 sector, non-profit) partners, while recognizing that the *Plan’s* legal mandate is upon the County alone.

13 **10.3 ECONOMIC VISION, FRAMEWORK, AND GOALS**

14 **10.3.A ECONOMIC VISION AND FRAMEWORK**

15 **Economic Vision**

16 The 2036 *Plan* Vision is:

17 **ECONOMY:** We support a diverse, resilient, and sustainable economy while respecting the natural
18 world. This economy serves the needs of our community, and recognizes the rural, residential,
19 quiet, agricultural, marine and isolated nature of the islands. Our economy comprises a wide
20 spectrum of stable, year-round activities that provide wages that allow islanders to live, work, and
21 thrive locally. We encourage new ideas and new technology for improving the quality and
22 profitability of our goods and services. Communication systems support our economy.
23

24 Strategic economic development provides a crucial mechanism for maintaining and enhancing community vitality
25 and prosperity for the long-term, consistent with the community ethos (defined as the guiding beliefs, culture,
26 and spirit within a community) embodied in the Vision statement of the *Plan*. Initiatives to strengthen
27 infrastructure, training programs, transportation, and communications networks benefit business, as well as
28 resident and visitor populations. Efforts to create more high-quality employment opportunities are not only about
29 creating jobs but also about enhancing a rich social network of healthy families and active community members.

30 Economic development must also sustain and strengthen the County’s natural assets. These assets do not vote
31 but do provide significant environmental benefits and services that residents, visitors, and businesses depend
32 upon. These components of the County economy require continuous balancing of the interests involved as
33 conditions (natural, human-caused, and in combination) change over time. This *Plan*, of which this EDE is a part,
34 looks only twenty years ahead. Planning with respect to natural capital requires a far longer planning horizon
35 than monetary economics. The failure to plan and regulate the use of the County’s natural capital may take many
36 generations to repair, while extinctions are irreparable with as-yet unknown future consequences.

37 **Economic Development Framework**

38 The County seeks to retain and enhance an economy that reinforces the County’s diverse character and allows
39 both capitalization on and conservation of its assets, including: pristine natural beauty, diverse agricultural
40 activities, history and heritage, and the high educational attainment, diverse skills, cultural creativity, can-do
41 attitude, and problem-solving skills of its residents. The County seeks to maintain or encourage sustainability, the
42 county’s rural quality and natural resources, and its historical agricultural and maritime industries. The goals and
43 actions proposed below are founded in a core set of assumptions, as follows:
44
45

- 1
2 1. Most county residents would see economic growth as a controllable means for maintaining economic
3 vitality and a high quality of life, while preserving what is dear: the rural character and natural
4 characteristics of their county. All elements of the environment and the best qualities of the economy
5 must be nurtured because together they determine the quality of life.

6 Quality of life is defined as the general wellbeing of
7 individuals and communities, particularly in ecology,
8 inclusiveness of economic opportunity, health and
9 welfare, openness and civility of political society, and
10 breadth and depth of culture.



- 11 2. The purpose of this EDE is to guide regulatory policy,
12 decision-making, and private and government investment. Therefore, proposed strategies should be
13 designed with the County, the Town of Friday Harbor, the ports, potential business investors, proposed
14 urban growth areas, and hamlets as the principal audience. Implementation of this EDE will entail
15 participation by many entities and private sector partners in addition to the various municipal
16 jurisdictions, all in a manner intended to benefit the people of the county.
- 17 3. Proposed economic development strategies must be based on island realities and be designed holistically,
18 with a view to keeping an island-scale economy and the preservation and enhancement of each island's
19 quality of life, rural character, and precious natural resources. In adopting policies consistent with these
20 strategies, emphasis should be placed on the most promising, wage-generating, and locally appropriate
21 economic emphasis areas consistent with the ethos embodied in the Vision and consistent with the
22 character of the respective islands.
- 23 4. The San Juan County Council recognizes the limits of its authority to direct economic development, and
24 further recognizes that economic development is ultimately determined by the tolerance for risk on the
25 part of those with access to capital sufficient to start and maintain a business, however small. This EDE
26 confirms the County's intention to cooperate with all toward developing an economy with the Vision
27 Statement.

28 **10.3.B ECONOMIC GOALS, POLICIES AND ACTIONS**

29 The following goals, policies and their execution by the actions set forth below are intended to be consistent with
30 the Vision:

31 **GOAL 1: CREATE LIVING WAGE JOBS**

32
33 **Goal:** Establish and maintain a sound, stable, year-round, and locally based diversified economy that creates living
34 wage jobs in community and environmentally friendly industries consistent with rural character.



Comment: Living-wage jobs may include (among others) trades jobs that serve residents, or high tech, engineering, scientific, or “knowledge work”³ that brings in income from outside the County. However, this goal is not intended to diminish any existing business, enterprise, or trade. This category also includes the self-employed and the home, office, or shop that may or may not have additional employees,

³ “Knowledge work” includes jobs (programming, writing, editing, scientific consulting, and many others) that can be done remotely because they do not involve making a physical product or require in-person contact.

1 and to that extent, this goal overlaps with Goal 2, “Develop a Broadly Competent Resident Work Force,” below.
2 A living wage is defined as net income that can meet a worker’s basic needs for food, housing, child care, and
3 other necessities. We categorize jobs that exceed this threshold as living wage jobs so as to maintain a safe,
4 healthy, and decent standard of full-time living within the community.

5 **Policies**

- 6
- 7 1. Consider how changes in regulatory, permitting, and zoning affect businesses and natural resources to
8 maximize business opportunities while preserving and enhancing natural capital.
 - 9 2. Seek to create an environment conducive to long-term job growth that encourages the creation of new
10 businesses, and retention and expansion of existing businesses, within a framework that preserves and
11 enhances the natural assets and rural character of the county.
 - 12 3. Encourage locally-focused retention and expansion of the county’s business and employment base rather than
13 seeking mainland or nationally-franchised businesses to (1) emphasize the county’s distinctive economy and
14 lifestyle that attract visitors and hold its inhabitants, and (2) to avoid the “leakage” that occurs when profits
15 and royalties are paid to out-of-county businesses and franchisors.
 - 16 4. Encourage diversified and sustainable practices in the tourism and construction industries to reduce the negative impacts
17 that these industries may have on the natural assets that they, other industries, and residents depend upon.
 - 20 5. Encourage workforce development (Goal 2) to enhance the
21 capacity of county inhabitants to attract and meet the needs
22 of clients wherever located.
 - 23 6. Address the local insufficiency of long-term healthcare to
24 meet the needs of the increasingly large percentage of elderly
25 among the population, resulting in an economy that fails to involve a growing segment of the county
26 population, and so evicts from the county both the infirm and the attendant jobs.
 - 27 7. Encourage agricultural enterprises and activities in order to enhance agricultural viability and create a thriving
28 local food economy.
 - 30 8. Encourage cottage enterprises in order to enhance arts and small-scale, low-impact manufacturing viability
31 and create a thriving local arts, crafts, value added agricultural products, small scale manufacturing, and tech
32 economy.



1 **Actions**

2 1. Work with all three county ports, the Washington State
3 Department of Commerce, Department of Ecology, and
4 other entities to help support the development of
5 underutilized and abandoned commercial properties.

6 2. Alone, or in cooperation with the Town of Friday Harbor
7 or any other entity, study and execute a plan to enable
8 the financially feasible development of one or more long-
9 term healthcare facilities.

10 3. Increase the County’s commercial intangible assets by
11 funding initiatives to expand access to local and regional
12 markets, such as the Island Grown and the San Juan
13 Islands Made programs. Promote efforts to distinguish the county’s historical agricultural character and create
14 a market for its agricultural products.



15 4. Enact feasible tax breaks, code and zoning allowances, or other regulatory changes to encourage startup or
16 expansion of low-impact business activities, such as light manufacturing (in appropriate locations), cottage
17 enterprises, value added agricultural product production, software/online/remote businesses,
18 freelancing/consulting, small-scale farming/market stands, food trucks, call centers, childcare services, aging-
19 in-place services, etc.

20 5. Clarify, streamline, and eliminate redundancy in the application and permitting of home occupation and
21 cottage enterprises related to growing the local economy.

22 6. Support initiatives such as Launch San Juan Islands and Startup Washington that support and encourage
23 startup entrepreneurship.

24 7. Recruit entrepreneurs including remote workers.⁴

25 8. Work to develop “encore entrepreneurs,” helping retired island entrepreneurs to create new businesses that
26 would result in broader hiring and on-the-job training.

27 9. Work with the San Juan County Economic Development Council, the San Juan Islands New Economy Fund and
28 other entities to improve the health of existing small businesses, including for example, creation of a resource
29 center for small businesses.

30 10. Work to streamline the permitting process to make it easier and less expensive for businesses and contractors
31 to plan and execute projects.

32 11. Permit more sustainable and environmentally friendly construction methods (e.g.
33 LEED or similar green building) than standard or minimally required construction
34 methods in order to both mitigate effects of construction on natural assets and
35 encourage innovations that could be exported from the county.

36 12. Implement those zoning and regulatory changes that would benefit quality of life
37 and the natural environment, consistent and balanced with the economy
38 envisioned in this EDE; review and update enforcement mechanisms to
39 encourage compliance regardless of financial means.



⁴ While attraction of outside entrepreneurs and skilled labor is necessary, this action must be matched by additional affordable housing for existing low and middle-income residents who will otherwise be priced out of the market for shelter. This EDE is expressly intended to prioritize the welfare and quality of life of County residents and natural assets over monetary increase in the County economy for its own sake.

- 1 13. Implement loan and grant programs or tax incentives for new business creation or existing business expansion
2 when business creation/expansion is done in a manner that preserves and protects both natural assets and
3 rural character.
- 4 14. Foster, develop, and/or financially support programs to enhance cooperation within and among industries (in
5 particular scientific/technological and knowledge work, agricultural, trades, and manufacturing industries)
6 through: information and contact sharing; land, infrastructure, facilities, or tool sharing; peer mentoring;
7 events/programs to encourage permanent and seasonal residents and visitors to meet; and maker or
8 incubator spaces.
- 9 15. Invest in the balanced long-term health of the primary economic sectors – construction and tourism – as
10 consistent with preservation of natural capital and rural character of the locale involved.
- 11 16. Assist new farmers in acquiring access to capital, agricultural land, housing, equipment, knowledge, and farm
12 infrastructure, and encourage their success by supportive commissions.
- 13 17. Identify and implement policies that facilitate the expansion of genetically modified organism (GMO)-free
14 seed and crop production in the islands.
- 15 18. Allow agricultural activities as defined by RCW 7.48.310 (1)⁵.



16 19. Foster economic growth through allowing accessory uses identified in RCW
17 36.70A.177 Section (3)(b)(i)⁶, that enhance or preserve the overall agricultural use of
18 the property applicable to ARL, RFF.

20. Support the expansion of the cottage food operation laws and passage of food
freedom legislation introduced in WA State.

21. Harmonize San Juan County Code with WA RCW to clarify that marijuana is not
an agricultural product and create a regulatory framework in San Juan County for
marijuana production that does not negatively impact local food and fiber

23 production or natural resources such as shorelines, wetlands, and forests.

- 24 22. Enact regulatory changes that address farm labor and farm succession issues consistent with rural character
25 and encourage locating housing in clusters with existing development or on non-prime agricultural soils.
- 26 23. Engage an independent study of the economic and environmental risks and benefits of vacation rental
27 businesses.
- 28 24. Discourage commercial and recreational enterprises that could have harmful effects upon nonrenewable
29 resources.
- 30

31 GOAL 2: DEVELOP A BROADLY COMPETENT RESIDENT WORK FORCE

32 **Goal:** Train a resident work force to support and attract
33 diverse businesses (in harmony with the County's
34 natural resources), perform work otherwise done by
35 labor and skills sourced from outside the county, and
36 supplement an aging talent pool.

37 **Comment:** This goal is a necessary counterpart to Goal
38 1, "Create Living Wage Jobs," above, as out-of-county
39 labor causes "leakage" of local dollars. An untrained,
40 unemployed/underemployed local population reduces
41 economic productivity and drains public resources.



⁵ Revised Code of Washington: <https://apps.leg.wa.gov/RCW/default.aspx?cite=7.48.310>

⁶ Revised Code of Washington: <https://app.leg.wa.gov/rcw/default.aspx?cite=36.70A.177>

1 **Policies**

2



1. In all industries, local workers need to continually hone their skills to adapt to changes in the economy, climate, natural resources, and technology; therefore, support the education, training and counseling of county residents to expand their professional opportunities, emphasizing those areas of trade or practice currently served by imported talent.

2. Support the education, training and counseling of county residents toward internships in existing high wage local trades to supplement and replace an aging talent pool.

3. Support the study and analysis of areas of economic activity to target specific activities or employers the initiation or expansion of whose activities would be environmentally benign and economically beneficial to the community.

4. Support the training of county residents in those areas of high wage trade or practice in areas of economic activity targeted for initiation or expansion within the county.

5. Develop and sustain an infrastructure that enables low- and middle-income people to work and reside within the county [and see Goal 3: Improve Infrastructure and Community Assets and Services].

6. Support the education, training and counseling of county residents toward internships in agriculture to supplement and replace an aging talent pool.

25 7. Support educational training programs and business development for agriculture and value-added processing
26 of local agricultural products.

27

28 **Actions**

29 1. Map gaps in small businesses' needs in order to create new jobs (e.g., do businesses collectively need more
30 bookkeepers?).

31 2. Provide financial or other support for job skills training, and mentoring, counseling, educational support –
32 including for necessary licensing – to county residents, or to training facilities, to strengthen existing
33 businesses and attract new industries and entrepreneurs.

34 3. Prioritize workforce training programs that:
35 ▪ support sustainable practices and either fill critical existing needs of local businesses and residents (e.g.
36 construction and repair trades, marine transportation, tech, or gaps identified in Goal 2, Action 1), or
37
38 ▪ support development of low-environmental impact businesses that produce exportable products or
39 service (e.g. in light manufacturing, sustainable agricultural or natural resource industries, science, tech,
40 information and knowledge work industries).
41

42
43 4. To provide or improve workforce training opportunities, work with and fund as appropriate those
44 organizations that support workforce development. Such organizations may include local libraries, local
45 colleges and educational providers (e.g. Skagit Valley College, local schools, Friday Harbor Labs), trade and

1 community organizations (e.g. the San Juan County Economic
2 Development Council, the Workforce Council, the San Juan County
3 Trades Foundation, and San Juan County New Economy Fund), and
4 other organizations.

5 5. Whenever feasible, hire county residents at apprentice or trainee
6 level to establish a pool to replace resigning or retiring members of
7 the county work force.

8 6. Whenever feasible, issue contracts providing for or permitting
9 apprentice or trainee participation on the work contracted for.

10 7. Seek approval from the appropriate union to authorize local
11 apprenticeships in needed trades and encourage local sponsorships
12 toward that end.

13 8. Support efforts of the San Juan County Health Department to
14 encourage a healthy workforce through workforce wellness
15 programs, community vaccination outreach, walkable spaces
16 projects, mental health programs, and other programs.



17 **GOAL 3: IMPROVE INFRASTRUCTURE AND COMMUNITY ASSETS AND SERVICES**

18 **Goal:** Improve and maintain infrastructure such as community assets, environmental resources, ferry service, and
19 telecommunications infrastructure, particularly in support of living wage job creation, the enhancement of
20 economic, environmental, and community resilience, and to protect environmental services and natural assets as
21 consistent with rural character.

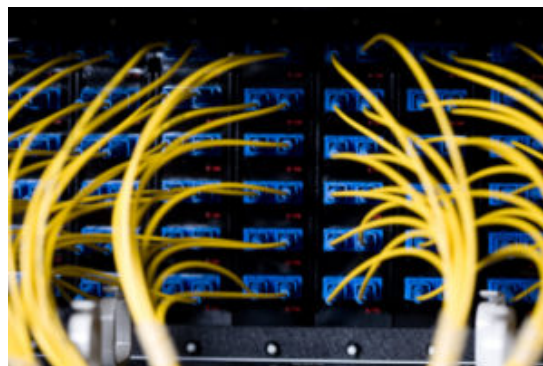
22 *Comment:* This goal overlaps with Goal 4: Enhance Economic Resilience with respect to infrastructure and services.
23 This goal also treats the county's natural capital as essential infrastructure much of which is owned or regulated
24 by the County, the state of Washington, or the federal government.

25 **Policies**

26 1. Encourage provision of adequate infrastructure that is supportive of a healthy economy and environment
27 while preserving those unique features valued by inhabitants and the subject of interest and pleasure to
28 visitors, as well as those natural elements that underlie and support those features.

29 2. Analyze the costs of constructed infrastructure additions
30 and improvements; determine whether the cost of the work
31 would be subsidized by residents, in favor of tourists and
32 visitors (showing the net economic burden of tourism), or
33 whether the cost would be subsidized by tourist and visitor
34 income (showing the net benefit of the tourist economy).

35 3. Support development of reliable high-speed (100 Mbps or
36 higher, or the current standard for urban regions of the U.S.,
37 whichever is higher) broadband infrastructure that enables
38 the creation of jobs and improved educational opportunities
39 for islanders, and increased competitiveness for the county.



40 4. Encourage Washington State Ferries to improve San Juan Islands ferry service, vessels, and infrastructure
41 including by encouraging the training and licensing of the necessary personnel and investing in new, quieter,
42 and more efficient ferries for the San Juan Islands route.

- 1 5. Support alternative energy and energy storage capability, and increased redundancy of both power and
2 telecommunications infrastructure, and in so doing, create a long-term, sustainable energy plan to offset
3 increases in electric rates and promote energy independence and resilience.
- 4 6. Support improvements in programs to manage solid waste locally and efficiently.
- 5 7. Encourage cooperation with US Customs and Border Patrol and other agencies to increase commerce and
6 transportation between the county and Canada, including without limitation, scheduled flights, coupled with
7 regulatory scheduling to prevent over-intensive surges of visitors.
- 8 8. Foster a thriving local food economy by investing resources in the development of supporting infrastructure.
- 9 9. Recognize the ecosystem services performed by healthy soil as fundamental and essential county assets and
10 support regenerative stewardship activities.
- 11 10. Recognize the critical necessity of the preservation and restoration of fragile and essential ecological assets
12 as economic assets. For example, False Bay tidelands, Garry Oak habitat, and our dark skies. These assets can
13 provide sustenance to iconic San Juan Islands species, including the Southern Resident Killer Whales and Island
14 Marble butterflies.
- 15 11. Work within the bounds of state and federal law to implement code that ensures protection of wildlife and
16 ecological systems within the county.

17 **Actions**

- 18
- 19 1. Identify and adopt a standard for valuation of natural capital and assets, ecosystem services, and rural
20 character to support prioritizing resource allocation, and balancing community, environmental, and
21 commercial interests; regularly review and update this standard based on available scientific information and
22 community input.
- 23 2. Maintain, protect and establish adequate infrastructure that is
24 supportive of a healthy local economy and environment,
25 including community facilities, and other assets emphasizing
26 their use year-round.
- 27 3. Support the development of public base infrastructure in
28 Eastsound, Friday Harbor, Lopez Village and the other urban
29 growth areas, including parking, garbage, sewer, and water.
- 30 4. Design built infrastructure to incorporate the natural
31 environment as a part thereof to help fulfill its function and
32 over time, reduce its financial and/or environmental costs.
- 33 5. Use permeable asphalt or concrete as top layer paving or deeper, to allow drainage from roadways (which
34 themselves act as collectors and stormwater conduits in the denser areas) to penetrate into base soil to slow
35 storm drain rate of flow and allow breakdown of soaps, detergents, agricultural, petrochemical and other
36 toxics to dilute and decompose before reaching drinking water and the Salish Sea. By expressly including the
37 portions of county roads and barge sites so constructed or treated as municipal stormwater control facilities,
38 provide for financial contribution by the existing storm water utility to defray the cost of such work.
- 39 6. Identify facilities for water-borne transportation for tourism and export.
- 40 7. Improve waterfront infrastructure and access, particularly barge landing access throughout the county, by
41 working with the ports and other entities to renovate existing barge landings or create new landing sites if
42 found necessary and if consistent with preservation of the environment (e.g. shorelines, marine habitats) and
43 human neighborhoods.



- 1 8. Provide adequate infrastructure and encourage zoning that is supportive of
2 reliable community high-speed broadband infrastructure.
- 3 9. Encourage jobs and businesses that require few resources and/or bring
4 revenues into the county, such as software, high-tech or small-scale
5 manufacturing, and science/engineering businesses, or remote/online work
6 by providing or encouraging the necessary infrastructure.
- 7 10. Enact degrees of regulatory preference for those businesses that take affirmative steps to reduce their
8 environmental impact, with specific preference for the quietest means of marine and overland propulsion,
9 e.g. electric vehicle and vessel propulsion replacing internal combustion propulsion with special emphasis in
10 the case of marine propulsion to those frequencies needed for cetacean communication.
- 11 11. Using cost-benefit analysis including social and environmental costs, ensure that tourism infrastructure and
12 facilities (including way-finding signs) are updated and improved to a level only sufficient to serve the existing
13 tourist industry unless a greater level is required for residents.
- 14 12. Inventory the county's total permanent and seasonal carrying capacity of natural resources, consistent with
15 their preservation. [For example, but not in limitation: make an inventory of the county's water supply and
16 usage and measure its carrying capacity in the face of population or visitor increases, climate change,
17 emergency use, or civil unrest; improve mapping of soils and risks to soil health]. Using data from the
18 inventory of each natural resource, enact a regulatory scheme for response and mitigation should those limits
19 become – or threaten to become – exceeded.
- 20 13. Research the full extent of County powers to protect its natural capital in response to changed or newly
21 discovered conditions; seek state legislation to authorize necessary powers toward that end to permit the
22 county to protect its natural capital and thereby its economy, and its rural quality of life.
- 23 14. Enact and enforce local legislation to protect the county's and state's natural capital as authorized by
24 legislation sought pursuant to Action 13, above.
- 25 15. Use Lodging Tax funds to create or support protection, stewardship, environmental education, and restoration
26 programs in fragile ecological areas.
- 27 16. Create programs to preserve fragile and essential ecological assets such as False Bay tidelands and Garry Oak
28 habitat, using methods and programs like the Friends of Haystack Rock program in Cannon Beach, OR⁷,
29 including monitoring programs, education programs, volunteer stewardship programs, signage, fencing and
30 other deterrents to over- and misuse.
- 31 17. Encourage habitat restoration in appropriate places using native plants wherever possible.
- 32 18. Cultivate low-impact tourism by encouraging ecotourism, agritourism, and the building of low-impact,
33 appropriate-scale tourism venues; target promotions for ecotourism and agritourism rather than all markets;
34 enforce regulations that protect those features that attract ecotourism and agritourism visitors; and
35 encourage agritourism as an accessory activity on farms whose primary business activity is agriculture defined
36 in RCW 4.24.830⁸.
- 37 19. Ensure that view corridors and scenic roads are preserved, with due consideration for owners' property
38 rights, traffic safety, and emergency response; actively enforce laws, regulations and rules protecting the
39 county's natural capital.
- 40 20. Encourage use of lighting options that reduce light pollution and enhance safety by limiting glare.
- 41 21. Encourage arts tourism attractions (for example: visual arts, writing, cuisine, music) that will provide activities
42 for both residents and visitors and showcases for locally produced artistic works.



⁷ <http://friendsofhaystackrock.org/> (accessed Mar. 2019)

⁸ Revised Code of Washington: <https://app.leg.wa.gov/RCW/default.aspx?cite=4.24.830>

- 1 22. Encourage county staff, residents, and visitors to use “leave no trace” principles by signage with appropriate
2 regulatory warnings and identification of county projects directed to environmental protection or
3 enhancement to encourage unity of purpose among all parties.
- 4 23. Support development of infrastructure, such as commercial hubs and cold storage facilities, necessary for the
5 production and distribution of agricultural products and related value-added products on San Juan, Orcas and
6 Lopez Islands; encourage dual use for disaster preparedness (as part of Goal 4).
- 7 24. Expand the leasing of agricultural lands held in public trust to farmers and invest in infrastructure such as
8 fencing, water and housing on those lands to support agricultural production.
- 9 25. Encourage County programs (i.e. Affordable Housing program and Land Bank) to collaborate in the
10 development of affordable farmer/farm worker housing and supporting Ag infrastructure in functional
11 proximity to agricultural lands held in public trust.
- 12 26. Re-evaluate the saturation and location of vacation rentals allowed Countywide to determine appropriate
13 legislation.

14 **GOAL 4: ENHANCE ECONOMIC RESILIENCE**

15 **Goal:** Enhance economic resilience to natural and economic disruptions, both rapid (natural disasters, drought,
16 recessions, etc.) and long-term (climate change, resource limitation, long-term economic or industry shifts,
17 changing property values).

18 *Comment:* This goal is integral to the long-term success of Goals 1, 2, and 3.

19 **Policies**

- 20 1. Identify and support opportunities to diversify economy among and within sectors.
- 21 2. Include disaster management planning in infrastructure and economic development programs, and seek
22 synergies between job creation and disaster preparedness programs.
- 23 3. Identify and encourage means to reduce the cost of living and doing business in the County.
- 24 4. Encourage the reduction and/or substitution of fossil fuel consumption to reduce the competitive handicap
25 suffered by businesses and work force alike due to the cost of importing such
26 fuels into the county.
- 27 5. Encourage community and governmental disaster preparedness for
28 infrastructure on which industries depend.
- 29 6. Increase local food production and promote land stewardship and food
30 security as core components of economic resilience.
- 31 7. Encourage and improve spill prevention, spill response preparedness, and spill
32 response capacity for oil spills or other HAZMAT events that threaten the
33 County’s natural capital and resources, economy, or public health.
- 34 8. Encourage community and governmental awareness, preparedness, and
35 action regarding negative impacts from climate change.



36 **Actions**

- 37 1. Identify high impact ways to increase economic diversity, such as investing in programs to support small local
38 industries that provide county exports, such as agriculture and natural resource industries, software and
39 information, and high-tech manufacturing.
- 40 2. Maintain and support a regularly meeting joint inter-agency, inter-non-governmental organizational body to
41 coordinate preparedness for, and actions in response to, natural disasters, acts of war, civil unrest or

- 1 catastrophic accidents in order to assure communications, evacuations, medical treatment and sustenance
2 during such events; incorporate appropriate inter-local and other agreements to carry out this mission.
- 3 3. Involve local citizens in disaster preparedness including by publicizing the county's vulnerability to
4 transportation and communications interruptions, and its oil spill risk due to its close proximity to commercial
5 vessel traffic, refineries, and terminals.
- 6 4. Define the county as an oil spill landfall oil boom staging area with a 4-hour response time within the county,
7 coordinated with state and federal (particularly concerning but not limited to shoreline managed by the
8 federal Bureau of Land Management) and other county, state, federal and Canadian efforts in the event of
9 any spill within or threatening the county. This may require paid professional spill response personnel and
10 their equipment to be resident in the county, so that they can be onsite anywhere in the county within that
11 time period and seek cost-sharing contribution from the state and federal governments.
- 12 5. Support positioning of an Emergency Response Towing Vessel in San Juan County.
- 13 6. Build oil spill response capacity (equipment, personnel, and volunteers) in San Juan County, including wildlife
14 response capacity, e.g. by providing adequate and sustainable funding for the Islands Oil Spill Association or
15 a similar organization.
- 16 7. Support increased protections of marine species and waters from the impacts of vessel traffic and encourage
17 updating WAC 173-182-370 to improve oil spill response capacity by requiring the 4- and 6-hour planning
18 standards to be resident.
- 19 8. Develop alternative and improved transportation to move goods and services between the islands and the
20 mainland for necessary resilience.
- 21 9. Enact appropriate land use regulations to encourage distributed energy generation and cooperate with
22 OPALCO and to encourage the use of electric energy from local providers as an economically favorable
23 alternative to fossil fuels.
- 24 10. Continue and increase county acquisition of fully electric vehicles for its own use as and when financially
25 advantageous over the life of the vehicle and advertise by published notices or bulletins the savings realized
26 by to encourage residents to obtain similar savings.
- 27 11. Enhance workforce resilience by: increasing support for and protection of victims of domestic violence to
28 ensure the welfare of the workforce and their children who constitute the future workforce; encouraging local
29 provision of mental health, prenatal/OB, and other locally deficient medical services; encouraging coverage
30 for medically necessary air transport.
- 31 12. Enhance business resilience by supporting the study and creation of a workforce pool to help businesses
32 survive disasters (e.g. the sudden illness or injury of key personnel).
- 33 13. Enact regulatory incentives for guest accommodation businesses to maintain supplies of food, water,
34 generators, and/or fuel as appropriate for guests, seasonal workers, and regular staff in case of natural
35 disaster.
- 36 14. Enact regulatory incentives for energy efficient housing and commercial construction such as but not limited
37 to permitting taller multi-floor terraced sod-roofed construction that maximizes natural light to its environs
38 while increasing the productive volume over a smaller footprint.
- 39 15. Work with organizations and private capital sources to encourage, enable, and support safe, adequate,
40 environmentally-friendly, and affordable housing – especially multi-resident buildings – to maintain a viable
41 labor and trades force within the County.

1 16. Adjust land use regulations to encourage low and middle
2 income clustered and multifamily housing developments that
3 share and so reduce utility costs, sited and designed to be
4 consistent with the available natural resources, infrastructure
5 and rural character. Such housing may include housing
6 designed to promote economic opportunities for unemployed
7 or disadvantaged persons specifically designated by statute
8 (RCW 36.70A.020(5)) as parties to be served, whose skills and
9 talents may be developed to enrich the pool of talent available
10 to the county economy.



11 17. Enact zoning or regulatory changes that reduce the loss of contiguous stretches of agricultural, timber, and
12 undeveloped land to single family housing and vacation homes, while encouraging construction of multi-unit
13 housing in zones created to preserve open space, forests, and agricultural lands elsewhere.

14 18. Enact regulatory incentives for the preservation and enhancement of farmland, working farms and
15 implementation of best management practices that support soil health.

16 19. Secure funding to conduct an analysis of the current and projected economic impact of local food in San Juan
17 County, to be completed no later than 2021 and updated every five years after that, including direct, indirect
18 and induced impacts, to measure progress and help inform future initiatives and policy decisions.

19 20. Secure funding for creating a local food system plan that lays out specific strategies, timeline, and benchmarks
20 to move our County toward greater local food resilience. (see Whatcom Community Food Assessment).

21 21. Support and promote agricultural best management practices that build resilience in the face of climate
22 change, water shortage, and changing disease pressures.

23 22. Identify opportunities to utilize the geographic isolation of San Juan County to introduce programs that would
24 build agricultural resilience and create economic opportunity.

25 **SPECIFIC PROJECTS:**

26 Key to achieving these five overarching goals will, among other things, be by implementation of specific projects,
27 including but not limited to the following list of eligible project types for the Public Facilities Financing Assistance
28 Program (PFFAP), compiled and approved by San Juan County Council in May of 2018. For projects to be eligible
29 for PFFAP funding, they must be designed to increase capacity and not address a deficiency, unless that deficiency
30 is a direct impediment to economic development. In spite of this, nothing in the following list is intended to limit
31 the action items set forth above in this EDE.

32 **Agriculture/Aquaculture/Timber**

- 33 ▪ Product processing facilities, such as: commercial kitchens, seed production facilities, timber mills,
34 silviculture land
- 35 ▪ Product sales, marketing and distribution facilities, such as: Food hubs, farmers' markets, cold and dry
36 storage and locker freezers

37 **Alternative Energy**

- 38 ▪ Local, sustainable energy generation
- 39 ▪ Energy storage systems
- 40 ▪ Energy distribution infrastructure

41 **Economic Development Projects**

- 42 ▪ Shared workspaces, business incubators, trades and business training facilities, business parks
- 43 ▪ Personnel in economic development (Associate Development Organizations) offices and economic
44 development infrastructure

1 **Health Care**

- 2 ▪ Public hospitals and/or long-term care facilities

3 **Maritime Industries**

- 4 ▪ Marine research facilities
5 ▪ Boat building, repair facilities
6 ▪ Marine industry incubators and/or training facilities

7 **Telecommunications**

- 8 ▪ Broadband/communication infrastructure, such as: cell/communication towers, fiber optic installations,
9 joint use wireless facilities

10 **Tourism**

- 11 ▪ Park and/or event facilities, such as: public pools, public restrooms and signage
12 ▪ Public access to shorelines and/or trails
13 ▪ Ecological preservation programs
14 ▪ Dark skies light retrofitting

15 **Transportation**

- 16 ▪ Roads including intersection improvements
17 ▪ Public transportation improvements, such as: bridges, non-motorized pathways, public parking,
18 boardwalks
19 ▪ Public marina improvements, such as: barge landings, boat launches, docks
20 ▪ Public airport improvements, such as: buildings and emergency medical transportation infrastructure
21 ▪ Ferry landing and parking improvements

22 **Utilities**

- 23 ▪ Water, wastewater and stormwater systems
24 ▪ Solid waste, recycling and composting facilities

25 **10.4 ECONOMIC PROFILE OF SAN JUAN COUNTY**

26 **10.4.A KEY OPPORTUNITIES AND CHALLENGES**

27 **Overview**

28 San Juan County stands at a crossroads. Its equable climate is
29 nationally recognized. Its vistas appear in national and international
30 real estate and travel materials. It is remote, yet it is within a day’s
31 surface travel to Seattle, Portland Oregon and Vancouver British
32 Columbia. It hosts not only varied plants and wildlife, including the
33 iconic Southern Resident Killer Whales, but an enterprising and well-
34 educated human population.



35 The provisions that follow necessarily focus on monetary economics. In San Juan County, the monetary economy
36 discussed below has value only to the extent that the county’s natural capital is nurtured at a greater rate than it
37 is depleted, an example being the iconic (yet declining) Southern Resident Killer Whales, which are themselves a
38 substantial economic driver of the county economy. If the County is successful in conserving and nurturing its
39 natural capital, the people of the county should profit from longer, richer and more peaceful lives.

40 **Environmental Components**

1 Preservation of San Juan County’s ecosystem is essential to maintenance of all of the region’s key industries.
2 According to the San Juan Islands Visitor Study, the most important reason for both visiting and living on the San
3 Juan Islands is “Natural/Rural Scenery”⁹. Tourism, the real estate industry, agriculture, marine industries, and the
4 quality of life are maintained when the natural surroundings are preserved, protected, and affirmatively
5 supported.

6 **Economic drivers**

7 **Tourism**

8 Tourism is a major driver of the County’s economy, which also depends upon natural assets while posing risks to
9 those assets. Marine mammals (particularly Orcas) are one of the major draws for tourists and residents alike¹⁰;
10 however, the Southern Resident Killer Whales are under stress from multiple factors¹¹. In San Juan County, whale
11 watching boat tours alone contribute approximately \$4 million directly to the San Juan County economy¹² and it
12 is clear that millions of dollars and many jobs could be lost in the county if the Southern Resident Killer Whales
13 were to die out.

14 In addition to whale watching, there are other potential draws,
15 such as bioluminescent seas, exceptional biodiversity of intertidal
16 and pelagic ecosystems, and dark skies, that are not currently
17 focuses of advertising campaigns and tour companies. These are
18 also quite sensitive to damage, but a leave-no-trace approach to
19 diversifying visitor activities may reduce the stress on marine
20 mammals and popular attractions, while providing awareness and
21 incentives to protect natural characteristics that people do not
22 think about as frequently.



23 This EDE assumes that a settled human presence inherently
24 detracts from the status quo of the natural environment, and the
25 presence of an overabundance of humans (through tourism or settlement) inherently detracts further from that
26 as well as from the rural character of the islands. Accordingly, this EDE recognizes the necessity for affirmative
27 countervailing actions and regulations.¹³ Factors relating to tourism have been summarized as follows¹⁴:

Social Benefits

- Brings in outside dollars to support community facilities and services that otherwise might not be developed.
- Encourages civic involvement and pride.
- Provides cultural exchange between hosts and guests.
- Encourages the preservation and celebration of local festivities and cultural events.
- Facilities and infrastructure developed for tourism can also benefit residents.
- Encourages the learning of new languages and skills.
- Tourism-related funds have contributed towards schools.
- Identifying future Islanders

⁹ Whittaker, D. Shelby, B. & Shelby, D. (2018). *San Juan Islands Visitor Survey*. <https://www.sanjuanco.com/1391/San-Juan-Islands-Visitor-Study>.

¹⁰ *Ibid.*

¹¹ *Southern Resident Orca Task Force Report and Recommendations*, November 16, 2018.

https://www.governor.wa.gov/sites/default/files/OrcaTaskForce_reportandrecommendations_11.16.18.pdf

¹² Washington State Department of Revenue data for San Juan County taxable retail sales in 2017; NAICS code 487210 (Scenic and Sightseeing Transportation, Water). The taxable retail sales for this sector does not include contributions from land based whale watching or spending on other activities, food, or lodging by visitors who come primarily for boat tours. A recent study suggests that these additional contributions total tens of millions of dollars or more (Van Deren, M., et al. 2019. *The Whales in Our Waters*. Earth Economics. Tacoma, WA. <https://www.eartheconomics.org/all-publications/srkw>).

¹³ Pawson, E. and The Biological Economics Team. (2018). *The New Biological Economy*. Auckland University Press.

¹⁴ Substantially derived from work of [Barcelona Field Studies Centre S.L.](http://BarcelonaFieldStudiesCentre.S.L) <https://geographyfieldwork.com/TourismProsCons.htm> (accessed Feb. 2019)

Social Costs

- May attract visitors whose lifestyles and ideas conflict with the community's. An example may be the visitors' use of drugs and alcohol or just the pace of behavior.
- May change individual behavior and family relationships.
- May lead to an increase in diseases.
- Loss of traditional values, culture and rural character through imitation of visitor behavior, or cultural diffusion resulting from faster-paced interaction.
- May create crowding and congestion.
- May compete with residents for available services, facilities, and existing recreation opportunities.
- May result in harassment of visitors perceived to be wealthy and an increase in crime.
- Can involve violation of human and property rights when visitors trespass upon and abuse private property.

Environmental Benefits

- Can foster conservation and preservation of natural, cultural and historical resources.
- Encourages community beautification and revitalization.
- Could be considered a clean industry.

Environmental Costs

- May threaten specific natural resources such as Orcas, endangered plants and animals and historical sites.
- May increase litter, noise, and pollution.
- Brings increased competition for limited resources such as water and land, resulting in land degradation, loss of wildlife habitats and deterioration of scenery.
- Directly contributes to sewage, solid waste and visual pollution.
- Emissions generated by forms of transport are a serious environmental problem of tourism.

Economic Benefits

- Helps diversify and stabilize the local economy.
- Provides governments with extra tax revenues each year through accommodation and restaurant taxes, airport taxes, sales taxes, park entrance fees, etc..
- Creates local jobs and business opportunities. These include those jobs directly related to tourism (hotel and tour services) and those that indirectly support tourism (such as food production and housing construction).
- **The multiplier effect:**
 - o Brings new money into the economy. Tourist money is returned to the local economy as it is spent over and over again.
 - o Helps attract additional businesses and services to support the tourist industry.
- Is labor-intensive. Earns valuable out-of-county income.

Economic Costs

- Tourism development of infrastructure (airports, roads, etc.) can cost the local government a great deal of money.
- May inflate property values and prices of goods and services.
- Leakages:
 - o If outside interests own the tourism development, most of the economic benefits will leave the community
 - o Considerable amounts of revenues leak back out of the local economy for tourism-related imports. This would, however, encourage local production of these goods.
- Employment tends to be seasonal. Workers may be laid off for the fall, winter and spring seasons.
- Many jobs in the tourism industry are poorly paid. This is a problem particularly in less-developed areas where the local workforce lacks the skills to fill better-paid positions.
- Tourism as an industry is particularly susceptible to fluctuations in the state, national and global economy; numbers can be adversely affected by events beyond the control of the destination e.g. terrorism, economic recession.
- Badly-managed tourism follows a "product life cycle", with a final stage of decline, where the destination no longer offers new attractions for the tourist, and the quality has diminished with the rise of competition and tourist saturation.

1 In terms of the ultimate intended beneficiaries of a tourist economy, one study¹⁵ indicates that as tourism
2 comes to provide over 25 percent or retail sales (and presumably services) revenue , which is the case for the
3 County, the desirability of additional tourism development decreases significantly, and the favorability of special
4 tourism taxes increases.

5 **Real Estate**

6 Real estate transaction earnings support many brokers and
7 agents active in an area where many people desire to live.
8 Transaction taxes from these activities provide county
9 revenues. Because the county's desirability as a place to live
10 and visit is regionally and nationally known, the segment of the county economy concerning real estate is largely
11 driven by regional and national factors and so is not amenable to county policies or actions beyond those regarding
12 land use, including environmental regulations.



SAN JUAN COUNTY
LAND BANK

13 However beneficial to the County itself, the involvement of county real estate in the regional and national markets
14 has distorted the local market resulting in a lack of low and middle-income housing, in turn limiting the County's
15 ability to gain and retain lower- and middle-class participants necessary to broaden the County economy;
16 additionally, significant real estate development may degrade the environmental assets which drive tourism. The
17 large proportion of high-end properties has consumed much of the space for development, resulting in a shortage
18 of building trades workforce, which in turn increases the cost of real estate development for the lower tiers of the
19 economy, exacerbating a housing shortage faced by a full-time workforce. Although this EDE seeks to respond to
20 this challenge, the distortion of the local housing market imposed by the regional and national markets remains a
21 challenge.

22 **Construction**

23 Construction is a key industry that provides both living-wage jobs and housing. It is
24 driven by people's desire to live in the county due to the its natural beauty;
25 however, clearing, shoreline modification, and water use can degrade the natural
26 and rural character that draw people to reside here. Water rights and use, garbage
27 and recycling services, low-impact transportation, and land clearing all have a
28 profound effect on the islands. Maintaining a construction industry over the long
29 term will depend on identifying ways to balance continued construction with
30 preservation of natural resources and assets and rural character. The policies and
31 actions outlined above (Goals 1 and 4) seek to identify approaches for doing so.



32 The climate and natural environment continue to draw new residents to the County; the strength of this draw is
33 likely to increase due to climate change and crowding in nearby metro areas and their suburbs. Net immigration
34 puts additional stress on environmental services, housing, and infrastructure; however, immigration of skilled
35 workers and entrepreneurs brings income from out of the County, provides skills that are in short supply, and
36 provides a customer base to sustain year-round activity in other industries.

37 The local climate (specifically the rain shadow) provides opportunities for solar and distributed power on the
38 islands; however, if climate change reduces rainfall, it may increase stress on water resources for residents,
39 visitors, agriculture, and natural habitats.

40

41

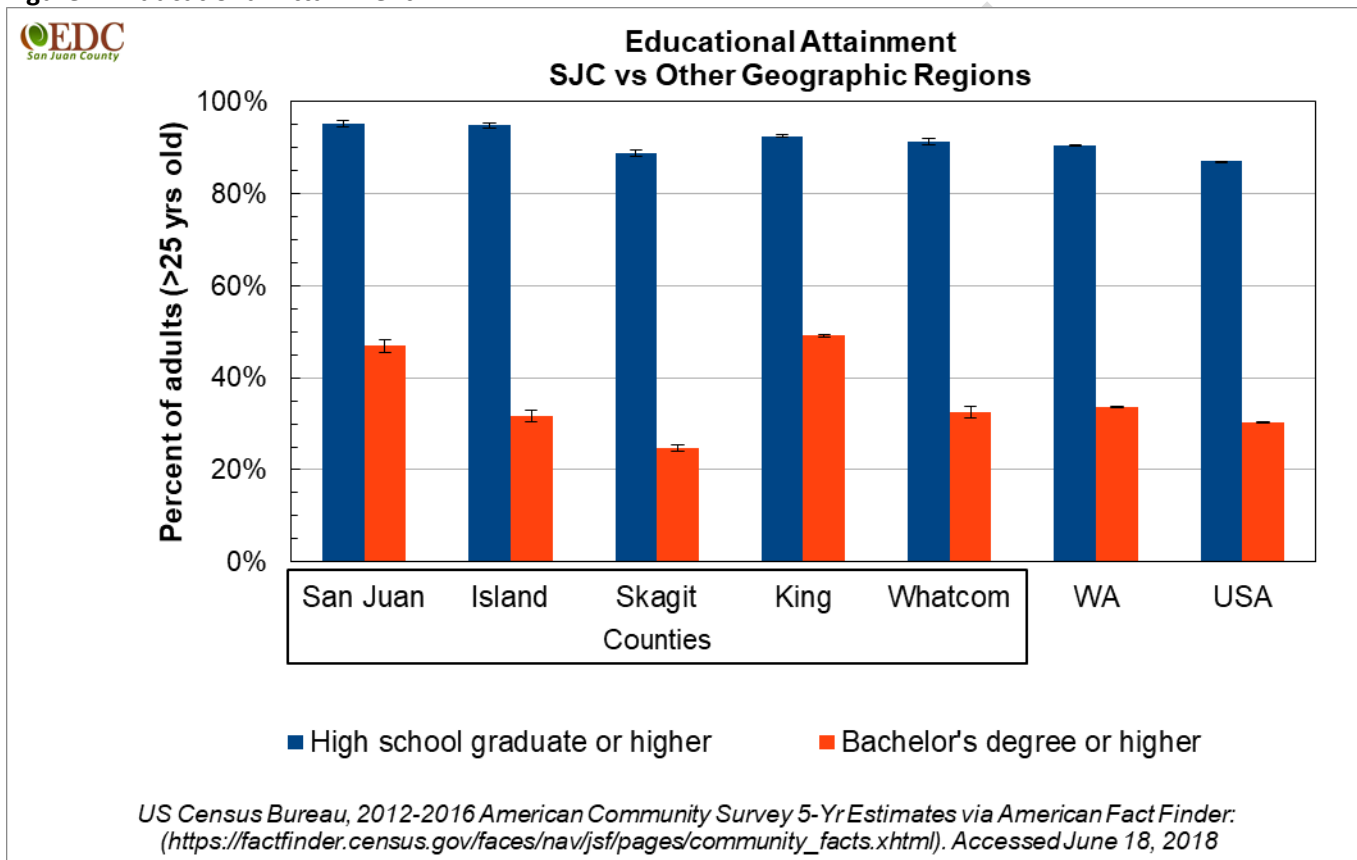
42 **Population**

¹⁵ Perdue, R.R. & Long P.T. & Allen, L. (1987). Rural Resident Tourism Perception and Attitudes. *Annals of Tourism Research*. 14. 420-429.
10.1016/0160-7383(87)90112-5.

1 **Education**

2 The San Juan County populace is highly educated (Figure 1)¹⁶. A substantially higher percentage (47 percent) of
3 people have bachelor’s degrees or higher in San Juan County than the state (34 percent) and national (30 percent)
4 averages. The San Juan County population’s educational attainment is comparable to King County’s (49 percent)
5 despite the absence of a university or 4-year college in the islands. High school degree rates are also
6 high relative to other geographic areas.
7

8 **Figure 1. Educational Attainment.**

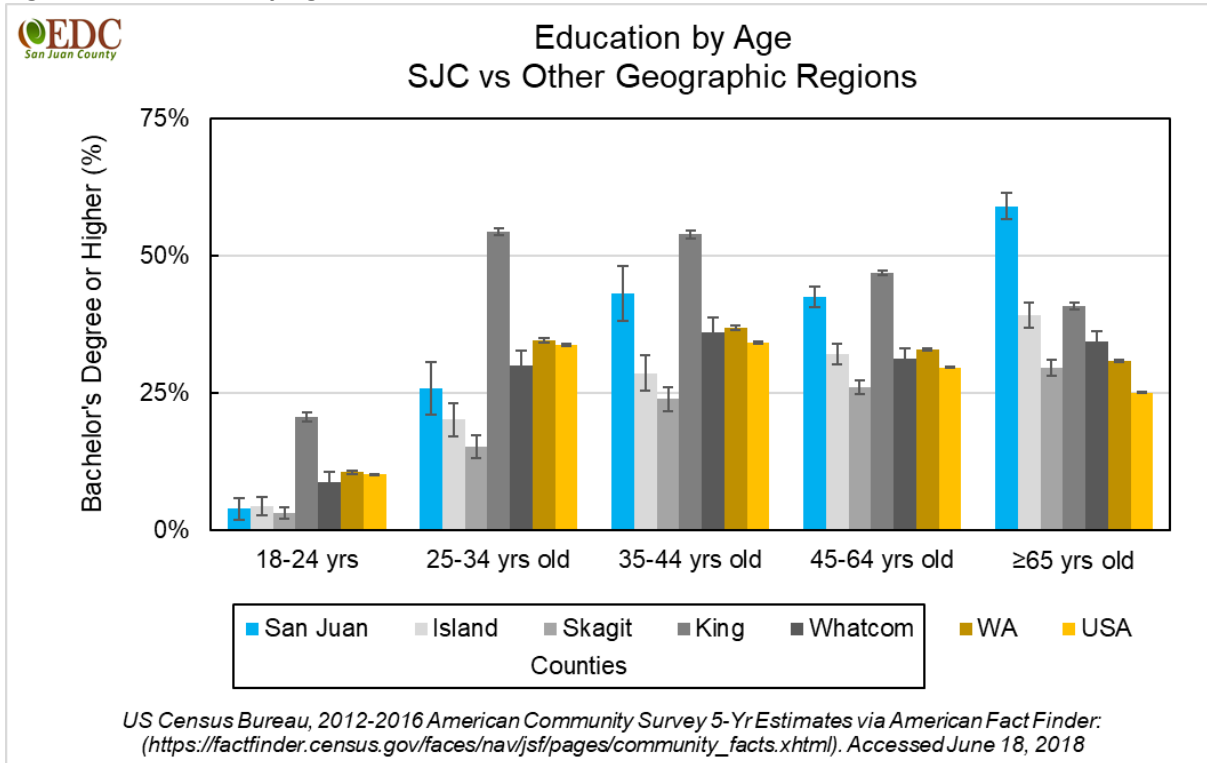


9
10 Although the educational level for the population as a whole is high, it is skewed towards older residents,
11 particularly those over 65 (Figure 2). The percentage of younger San Juan County residents (18 - 34 yrs old) who
12 have bachelor’s degree or higher is substantially lower than the state or national average. This may pose a
13 challenge for developing high tech and knowledge work sectors.
14

15
16 The small population of the County, and difficulty travelling among islands, presents an additional barrier to
17 interactions that could catalyze thriving high-tech, scientific/engineering, and related knowledge worker sectors
18 (based on discussions at the EDC’s Knowledge Worker meetup, Oct. 24th, 2018). Attendees comments at the EDC’s
19 first Knowledge Worker Network meeting (Oct. 24, 2018) suggest that the perception of competition for small
20 numbers of local clients provides another barrier to cooperation among local knowledge and tech workers.
21 Programs to connect local knowledge/tech workers with local and out-of-county businesses, or encourage
22 cooperation (e.g. with finders fees, meet ups, or mentoring programs) might help catalyze growth in this sector.
23

¹⁶ U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates via American Fact Finder:
https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml
N:\LAND USE\LONG RANGE PROJECTS\COMPL-17-0001 Comp_Plan\B_Plan_Drafts_2020_Plan_PHElements\Section_B_Ele_10_Eco_Dev_2020-05-12.docx

1 **Figure 2. Education by Age.**



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Income, employment, and community service

The following two charts show the contrast between personal income per capita in 2016 versus average annual wage income, with a comparison between neighboring and King counties. Per capita income is quite high in San Juan County in comparison to most nearby counties, or the state as a whole (Figure 3); per capita income in San Juan County is second only to King County.¹⁷ “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 of San Juan County (adults and children). The county’s 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. This provides a potential pool for investment of both capital and knowledge in local businesses that the County could tap into with actions that encourage engagement between part-year, retiree, and working residents.

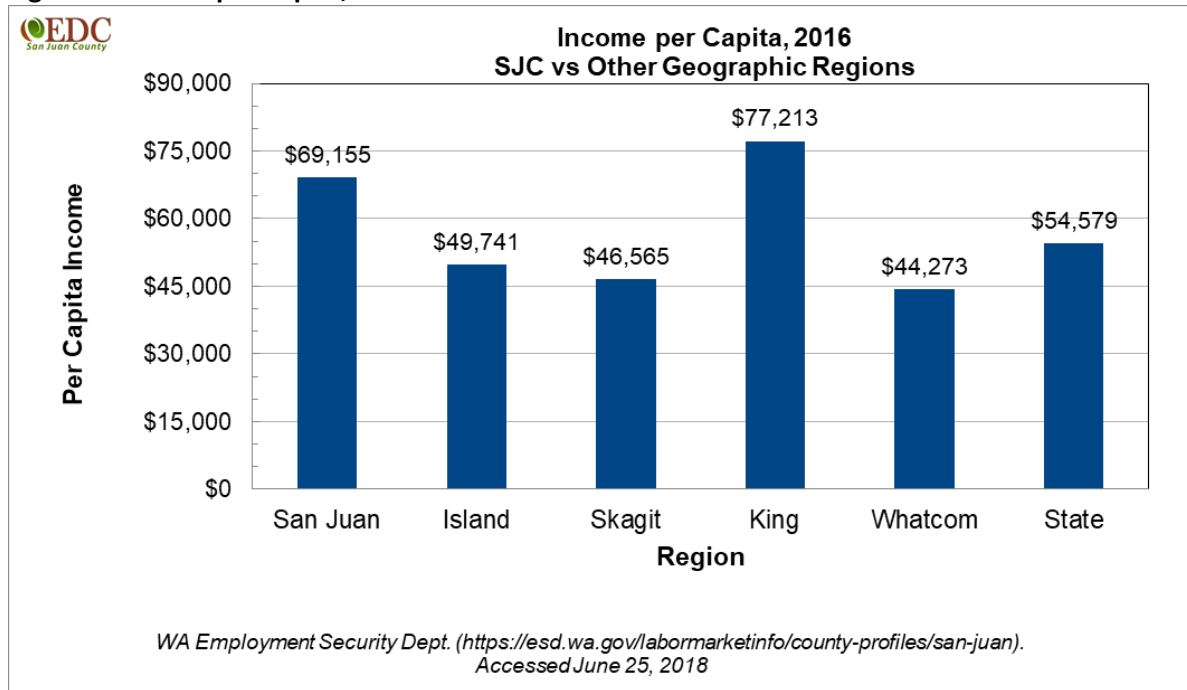
In contrast to income, wages are quite low in San Juan County relative to the rest of the state (Figure 4). “Wage income” is income earned through work. Average annual wage income was \$33,890, among the lowest in Washington State (state average was \$59,073, King County was \$76,830) for the year 2016. Average pay in all the top sectors (except government and utilities) is quite low, and wages have not kept up with inflation.¹⁸ “Average” means the aggregate of all wage income, divided by the number of workers. One reason that wages are low in San Juan County is that many jobs here are seasonal and part-time, and jobs in unskilled service sectors predominate in the economy (Figure 14).

As a consequence of the low wages, islanders frequently have multiple jobs in multiple industries. This, combined with extensive participation in volunteer organizations, would be expected to facilitate cross-industry communication and might be leveraged to encourage innovative new business ventures.

¹⁷ Data: Washington Employment Security Department, accessed June 25, 2018.
¹⁸ *Ibid*
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Figure 3. Income per Capita, 2016.

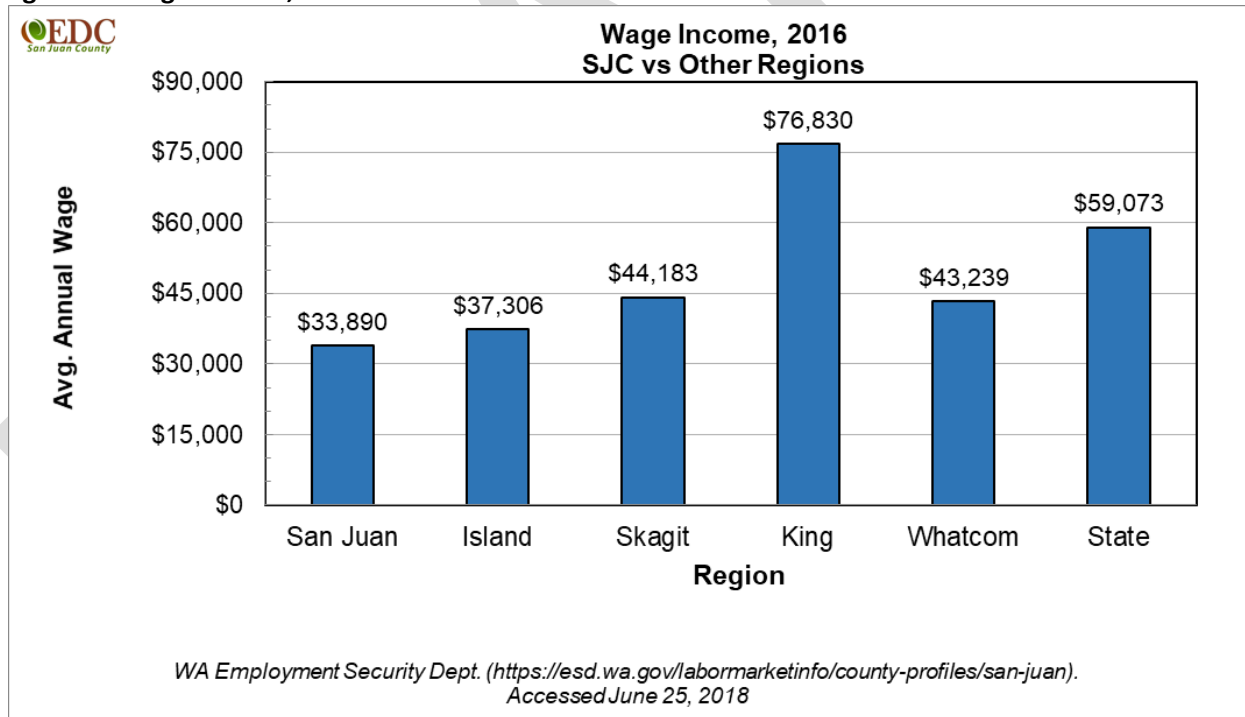


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Figure 4. Wage Income, 2016.



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6

1 **Transportation Components**

2 The County is unique in that it is the only county in Washington State entirely surrounded by water and without a
3 bridge connecting it to the mainland. San Juan, Orcas, Lopez, and Shaw Islands are served by the Washington State
4 Ferry System (WSFS), which is the primary transportation link between the County and mainland U.S. and Canada,
5 followed by private and commercial air and marine transportation. The many other islands comprising the rest of
6 the county rely entirely on private or seasonal commercial
7 transportation.

8 San Juan County, a part of the San Juan Archipelago, has a total
9 area of 621 square miles, of which 174 square miles are land
10 and 447 square miles are marine waters. The County includes
11 more shoreline than any other county in the continental United
12 States: more than 428 linear miles of shoreline on more than
13 400 islands and rocks with elevations above mean high tide.
14



15 The WSFS is also the primary delivery system for commercial products and materials destined for island businesses
16 or sold directly to residents. A small number of commercial passenger ferries serves the San Juan Islands with
17 limited schedules; a handful of private vessels regularly barge commodities such as fuel, water, and gravel onto
18 the islands, weather permitting. Also, there are currently at least two freight companies operating from island
19 airports.

20 Public and private facilities for air travel are available throughout the county. Several private air charter and
21 scheduled air services exist, with private and public airports on most of the inhabited islands. Private and public
22 marine transportation companies serve many of the islands. It will be critical to work with US Customs and Border
23 Patrol to increase commerce and transportation between the islands and Canada, including scheduled flights.

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

27 The County does not meet Washington State’s population requirements for creating its own regional
28 transportation planning organization (RTPO), but is eligible to join the Skagit-Island RTPO or one from a
29 neighboring region. The County has chosen not to join a local RTPO at this point in time.

30 San Juan County is surrounded by areas with significant—and potentially increasing—oil spill risk. Because
31 negative economic and environmental impacts from an oil spill could be catastrophic, oil spill prevention has been
32 determined as the highest environmental priority for the county, as ranked by the Local Integrating Organization.

33 The County is surrounded by marine waters with high volumes of both recreational and commercial vessel traffic
34 that is cooperatively managed by US and Canadian Vessel Traffic Services. The VTRA [Vessel Traffic Risk
35 Assessment] 2015 Final Report¹⁹ finds that within the Salish Sea up to the 49th parallel the majority of the
36 potential oil spill risk (by spill volume) from actual 2015 commercial vessel traffic is in Rosario Strait and connecting
37 waterways on the eastern side of San Juan County. However, the greatest increase in oil spill risk (by spill volume)
38 from proposed and permitted new and expanding terminal projects occurs on the northwest and western side of
39 the County, where Southern Resident Killer Whales and other species congregate.

40 Several strategies for protection have been identified, including:

- 41 1. An increase in oil spill prevention measures by stationing an emergency response towing vessel (ERTV)
42 in San Juan County, and

¹⁹ Van Dorp, J.R., Merrick, J. (2017). Final Report: VTRA 2015. <https://fortress.wa.gov/ecy/publications/documents/1708009.pdf>
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1 2. Supporting the increased protection of marine water quality, habitat and local species from vessel
2 traffic impacts. An ERTV is estimated to cost between \$4.3 and \$6.2 million annually, in comparison to
3 conservatively estimated costs of oil spills (\$87 to \$504 million per spill)²⁰.

4 Other risks associated with transportation include the difficulty of obtaining mutual aid for large emergencies (fire,
5 earthquake, etc), risk of isolation if ferry terminals or docks on outer islands are damaged, and losses to all major
6 industries when ferry service is disrupted by even minor breakdowns.

7 Travel within the county relies almost entirely on fossil fuels. Consequently, the added cost of transportation of
8 these fuels to the county places county business and residential uses at a competitive disadvantage with
9 businesses and residential costs on the near mainland. However, the traffic congestion and the high cost of living
10 in Seattle and its immediate surroundings partially balances these added costs.

11 **Infrastructure Components**

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

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

19 Planning for water, wastewater, and storm water management is the responsibility of the Town of Friday Harbor
20 and the county under the provisions of the Growth Management Act. Outside the designated urban growth areas
21 and hamlets, the responsibility for planning rests with the County. Some areas of the islands do not have access
22 to sufficient fresh water, which limits growth. Water planning is currently managed by the San Juan County Health
23 and Community Services Department, and more information is available here:
24 <http://www.sanjuanco.com/health/ehswrm.aspx>

25 Broadband internet services are provided by commercial subsidiary of nonprofit OPALCO, a nationally-owned
26 cable franchise, a nationally-owned telephone franchise, and in a much more limited role by mainland providers.
27 There are also private Internet service providers on the three main islands. While much progress has been made
28 by our local RockIsland company, a significant portion of the county does not have access to speeds higher than
29 1.5Mbps. The lack of Countywide high-speed broadband is a major concern for the County. This needs to continue
30 to be addressed from an economic development standpoint.

31 Fast broadband connections help ensure economic sustainability and competitiveness in the global marketplace
32 and they will spur economic development. As applications become more bandwidth-intensive, the need for a
33 fast, fully symmetrical broadband connection will become even more evident. San Juan County's quality of life is
34 associated with its rural feeling. High-speed broadband will contribute to the retention of this rural environment
35 by providing high-wage jobs to residents who could choose to work from home or develop specialized tech-related
36 businesses.

²⁰ Page, R., Van Deren, M., Soares, J., Kerr, N. (2019). San Juan County Oil Spill Risk
Consequences Assessment. Earth Economics, Tacoma, WA. [https://www.sicmrc.org/media/18754/sanjuancooilspill-
riskconsequencesassessment_earthconomics_030119.pdf](https://www.sicmrc.org/media/18754/sanjuancooilspill-
riskconsequencesassessment_earthconomics_030119.pdf)

1 **Housing**

2 Another key challenge to the economic development of San Juan County is
3 the current shortage of affordable housing. In this county, affordable
4 housing should be considered not just for those earning below 80 percent
5 of the median family income for the area but, also those earning up to 150
6 percent of the area median family income because the cost of housing here
7 is exceptionally high. A large percentage of County residents are considered
8 cost burdened²¹ (spending ≥30 percent of income on housing) despite the
9 County’s high per capita income. Affordable housing for all these citizens is
10 a necessary component of economic development for a healthy and diverse population. Affordable housing is
11 discussed in detail in Section B, Element 5, Housing of the San Juan County Comprehensive Plan.



12
13 **Permitting and Zoning Considerations**

14 Entrepreneurship, home occupations, and cottage enterprises are a thriving and critical component of the San
15 Juan County economy that is contingent on permitting and zoning policies.

16 Below are shown number of parcels and acreage for various land use types in San Juan County in 2014.
17

18 **Table 1. Commercial, Industrial, and Institutional Parcels and Acreage.**

| Land Use Type | Commercial | Industrial | Institutional |
|---------------|------------|------------|---------------|
| Total Parcels | 7,954 | 568 | 13,740 |
| Total Acreage | 51,176 | 2,356 | 64,668 |

19 **The above includes rural areas of the County as well as those subject to the Eastsound, Waldron, and Shaw subarea plans. While there are
20 quite a few land use zones that allow some commercial, industrial and institutional uses, in many cases the types of businesses that are
21 allowed is quite limited. Also, much of the land designated as Rural General Use is located on Decatur Island which is of little use to
22 businesses and organizations trying to provide services to the more populated islands.*
23

24 In addition to the parcels and acreage listed above, the land use codes allow home occupations and cottage
25 enterprises in many land use designations, provided the operation meets the limitations of the code.

26 The above does not include land use designations where the allowable use is extremely limited, areas covered by
27 the Town of Friday Harbor, Roche Harbor, or Rosario Master Planned Resorts, or areas subject to activity center
28 plans.

29 **10.4.B MAJOR INDUSTRIES**

30 **Construction/Real Estate**

31 Construction in San Juan County represents 19 percent (2017 data; Figure 7) of the County’s gross business income
32 as calculated by the Washington State Department of Revenue.

33 Construction and real estate sales in San Juan County have historically been vulnerable to fluctuations in the US
34 and world economy. With the Great Recession of 2008-2011, real estate values plummeted nearly 30 percent
35 and have not yet fully recovered, although gains have been made over the past few years. Construction has
36 recovered to 2008 levels as of 2017 (Figure 8).

37 Other considerations:

- 38 1. Large construction projects (e.g., Peace Island Hospital project) seem beyond the bonding capacity of local
39 contractors causing major construction projects to default to out-of-county contractors.

²¹ 2019 Housing Needs Assessment for San Juan County (appendix 5 of the Comprehensive Plan).
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2. The real estate decline 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 construction.
4. Training in the building, repair, and maintenance trades will help enable employees in these industries garner higher wages and will improve the quality of service that county tradespeople offer.
5. Monitoring of regulations and permit fees to ensure that San Juan County is attractive to entrepreneurs considering starting a business here, will be critical.

Professional/Scientific/Technical, Information, and Finance/Insurance

In recent years, as infrastructure has improved, San Juan County has become a comfortable place for many non-resource-dependent businesses to set up shop; however, more work must be done. Industry classification data (Figure 10) shows stagnation in the finance and insurance sector and the professional, scientific, and technical services sector, while the information sector kept pace with Washington State as a whole.

Although these sectors have struggled in San Juan County, a few of the characteristics of these businesses could contribute to their future success in San Juan County and enhance their value to the County: they have few employees, require little space, operate year-round, have little environmental impact, and in large part, have comparable business costs when compared to off-island competitors. Currently representing approximately 10 percent of the county’s economy by gross business income (GBI) (Figure 7), these sectors are 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 benefit these sectors 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

Tourism plays an important role within the economy and affects other sectors. Tourism contributes the major share to Accommodation and Dining sector (12 percent of GBI), and contributes to the retail, arts and recreation, and transportation sectors (Figure 7). While many residents would agree that sustainable tourism is a healthy component of the county’s economy, groups like the San Juan Islands Visitors’ Bureau and the chambers of commerce should work hard to mitigate negative impacts of tourism. Studies have shown that most negative impacts occur when the number of visitors is greater than the infrastructure and environment’s ability to cope with the visitor volume. These groups should work to encourage the preservation of sociocultural and environmental authenticity of the islands’ communities.

Environmental conservation, historical preservation, and support for scenic byways have been imperative to tourism initiatives to ensure that the islands remain welcoming, beautiful, and meaningful places both for locals and visitors. This effort to maintain and preserve local assets should continue.



Critical to the continued success of the San Juan Islands as a tourism destination will be the encouragement of leisure opportunities that preserve the environment and jobs.

Policies that must be explored include encouraging the preservation of the natural environment which attracts residents and visitors, and which provides living wage employment; the encouragement and promotion of ecotourism and conservation; and the protection of our County’s rural character and cultural heritage.

Policies should enable county powers to protect wildlife and ecological systems within the county, including without limitation, those portions of ecological systems within the county that extend beyond the county, e.g. Orca and salmon habitat, to prevent deterioration of the county’s greatest assets underlying its tourist industry.

1 **Manufacturing**

2 The manufacturing sector, while small at about 4 percent of the total gross business income (Figure 7), represents
3 an important one for the county in that manufacturing employees tend to receive higher wages than many other
4 major San Juan County sectors (Figure 14) and manufacturing brings in income from out of the county. Small-
5 scale manufacturing has grown steadily in the county and some of the county’s most innovative firms are from
6 this sector, including a manufacturer of thin foil band-pass filters, a manufacturer of fish tagging and tracking
7 systems, and a manufacturer of small heating stoves.

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

10 Small, local producers can harness low-cost technology and changing markets to sell hundreds and thousands of
11 locally produced consumer products. Most of these small manufacturing companies require very small
12 commercial real estate footprints and can offer high-wage jobs to a few employees. The manufacturing industry
13 could benefit from countywide efforts to find synergies with local knowledge workers with skills such as marketing
14 and web development, computer aided design and engineering, or 3D printing.

15
16 **Marine Resources**

17 Marine resource-related employment and revenue have long been a core piece of island social and economic
18 fabric. Yet, little data is available to quantify just how important these marine related jobs and entities are. Friday
19 Harbor Labs and other research organizations are major employers whose employees, students, and conference
20 and research guests contribute to the local economy.

21 Shoreline protection efforts can also bring in funding and research and restoration jobs
22 through state and federal grants, while providing benefits to industries such as tourism
23 and fisheries that depend on healthy shorelines (e.g. via supporting food sources for
24 Southern Resident Killer Whales). Numerous small firms create marine-related products
25 such as wild fish tags, and boat sales generate significant sales tax revenue. Traditional
26 and widespread marine harvests are not currently viable²², but there is potential for
27 growth in new sustainable, niche products (such as kelp, sea salt, etc.). Additional
28 research in this and other marine-related industry opportunities will be required to
29 determine overall viability and best prospects. Additionally, marine services such as
30 shipyards and ports are important to the county’s economy.



31 **Agriculture Sector**

32 Open space and the rural character of San Juan County is maintained in large part by our working farms. Tourism,
33 real estate, and the local food economy are all supported by our agricultural base. The San Juan Islands Visitor
34 Study conducted in 2018 found that “Natural/rural scenery” was the highest ranked reason that visitors and
35 residents alike gave for visiting or moving to San Juan County. Out of 14 choices both visitors and residents agreed
36 that “Local Food” was ranked 7th. In recognition that working farms preserve island culture, rural character and
37 open space it is difficult to calculate the true economic impact of agriculture.

38 According to the Economic Analysis of Resource Lands (2017)²³ the farm income reported from San Juan County
39 in 2015 was \$7.1 million and both the number of farms and the total farm employment are either increasing, or
40 are projected to increase, in the coming years. Since 1990, agriculture in San Juan County has grown by about
41 39.5 percent (1.3 percent average annual growth). This rate of growth is higher than the average across
42 Washington State (2.4 percent total growth) and the United States (-0.7 percent).

²² Fishing represented 0.6 percent of total earnings in San Juan County in 2013, the most recent year for which data is available from the U.S. Bureau of Economic Analysis (www.bea.gov; table CAINC5N, accessed Nov. 20, 2018).

²³ C. Mefford, et al. (2017). *Economic Analysis of Resource Lands*. Community Attributes Inc. (

https://www.sanjuanco.com/DocumentCenter/View/14432/2018-1-2_Natural_Resource_Lands_Analysis-

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1 There is much written about the multiplier effect of dollars spent on the local food economy and although we
2 have no data specific to San Juan County we can extrapolate from state and national sources that those dollars in
3 reported farm sales double or triple the dollar for dollar impact on the local economy due to indirect and induced
4 economic impacts. Conducting an analysis of the current and projected economic impacts of local food in San



5 Juan County will be an essential step in the near-term
to help inform future initiatives and policy decisions.

Farms in San Juan County produce beef, pork, lamb, goat, poultry, mixed vegetables, grains, orchard crops, aquaculture crops, fiber, hay, eggs, and dairy products. Many farms are diversified and rely on multiple income streams. According to the Economic Analysis of Resource Lands the average farm size has been in decline since 1992, falling from 132 acres per

14 farm to 57 acres in 2012. The County's agriculture sector today is characterized by a larger number of smaller
15 farms.

16 According to the 2012 USDA Census there has been a 6 percent reduction in the number of farms and a 27 percent
17 reduction in farmland acreage since 2007. These numbers speak to the urgency of protecting farmland from
18 development, which makes it unusable for agricultural activities in the future. The loss of agricultural lands is
19 happening for several reasons including: lack of owner interest, owners' responses to regulatory incentives,
20 conversion from agricultural management to estate management, land sales into other uses, and conversions of
21 larger farms into smaller parcels which may not be able to support agricultural production. The San Juan County
22 Land Bank and local non-profits with the mission to preserve open space and agricultural lands can play a crucial
23 role in preserving our agricultural resources and provide access to these resources through long-term leases. The
24 agricultural activities that define our pastoral landscapes need farmers and access to agricultural land is an
25 increasing challenge in San Juan County.

26 On farm employment is rising and expected to continue to rise in San Juan County as opposed to the declining
27 state and national numbers. Over 50 percent of principal operators state that farming is their primary income and
28 40 percent of those are women. The average age of the island farmer is 60 years old and speaks to the need for
29 new farmer incentives, training, and succession strategies so that we ensure we have a robust agricultural
30 economy for years to come. Working to help new farmers to establish successful farms, developing adequate
31 access to ag processing infrastructure, expanding local and regional marketing opportunities, and adopting scale-
32 appropriate state and local regulations could be an important way to foster farm businesses and support a thriving
33 local farm economy.

34 Value-added products are defined as follows:

35 A change in the physical state or form of the product (such as milling wheat into flour, making
36 strawberries into jam or manure into compost).

37 Whether the producer is adding value, or the producer sells their raw commodity to a local business who is
38 creating a value-added product, these tend to increase the multiplier effect of local food dollars and job creation.
39 There are infrastructure constraints to many value-added processes. There are many overlapping jurisdictions in
40 the current regulatory environment. High capital investment can hinder creativity. However, access to shared
41 facilities such as commercial kitchens and storage facilities can help local entrepreneurs and food innovators grow
42 this important sector of the food economy. The Island Grown Cooperative's USDA mobile slaughter unit is a prime
43 example of how shared infrastructure has enabled growth.

44 Although San Juan County farmers face challenges ranging from geographic isolation, transportation costs, small
45 local market, lack of farm services and suppliers, high labor costs, insufficient affordable housing, and the rising
46 value of land prices, there are also promising development opportunities. Many of these issues can be addressed
47 through creative policy that commits to supporting the infrastructure and regulatory environment needed for the

1 farms in the County to flourish. Opportunities for agriculture exist in the following areas: high-value direct
2 markets, production of value added products, year round vegetable production, agritourism, geographic isolation
3 and the GMO-free status of the county, and the entrepreneurial spirit of farmers.

4 **Entrepreneurship**

5 The primary strength of San Juan County and the Town of Friday Harbor is the fact that the San Juan Islands’
6 environment is what brought most people here and why they stay. Whether fourth-generation resident or first-
7 time visitor, the islands have a way of capturing the imagination and inspiring people to somehow, some way, stay
8 a little longer. In spite of, and probably because there are limited employment opportunities, a strong and long-
9 standing culture of entrepreneurship has evolved in the islands. Many of those who contributed their
10 observations and suggestions during development of this plan report holding multiple jobs, some just to make
11 ends meet, others to supplement income during the “off-season.” To be sure, island residents are quite
12 resourceful in finding ways to “make a buck” and San Juan County boasts more business proprietors per capita
13 than any other county in the state²⁴.

14 **10.4.C. HISTORICAL ECONOMIC CONTEXT**

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

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

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



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

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

43 By the 1960’s the San Juans had been discovered by visitors and the economy began to be driven by construction
44 of new residences, particularly summer homes, and commercial properties. Trade and services, especially for

²⁴ U.S. Bureau of Economic Analysis, 2017 CAINC30 Economic Profile table for WA counties (apps.bea.gov; accessed Jan. 30), 2019. See also Figure 15.

1 seasonal visitors developed to the extent that the islands host the highest number of businesses per capita of any
2 county in the state.

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

6 San Juan County's economy has recovered from the Great Recession of 2007-09. Most sectors have recovered
7 well, with the aggregate of all industries gross business income increasing by 12 percent between 2006 and 2017,
8 after adjusting for inflation²⁵. Construction and real estate experienced the largest drops and construction has
9 not yet fully recovered from Great Recession impacts. Educational services, while a small component of the
10 county's economy (Figure 7), experienced the largest gains during the period between 2006-2017, and
11 manufacturing, arts/entertainment/recreation, and wholesale trade also experienced substantial gains after
12 adjusting for inflation.

13 **10.4.D DATA AND CHARTS**

14 Data presented in this document is from state and federal agencies that classify industries by North American
15 Industry Classification System (NAICS²⁶). NAICS has limitations that should be recognized when interpreting these
16 data: frequently the categories are not intuitive. Notably, the tourism industry, which is critical to the County,
17 contributes to several NAICS sectors, but many of these sectors cannot be assigned specifically to tourism (e.g.
18 retail and food services). For smaller sectors, restrictions on reporting can prevent splitting or aggregating to
19 answer questions about specific industries. In addition, businesses are categorized only by the activity that
20 generates most of its revenue, regardless of what other activities they do.

21 Population

22
23 As shown in the following chart (Figure 5), San Juan County saw a quintupling of its population in the years after
24 1970, possibly due to efforts to market the islands as a retirement and second home destination. Currently,
25 population growth has leveled off and the Office of Financial Management of Washington State expects the
26 population to grow slowly over the next 10 years.

27 Since 1980, most of the growth in San Juan County has been in the population over the age of 55, and the "greying"
28 of San Juan County over the past 30 years has been remarkable, as noted in the second chart on the next page
29 (Figure 6). Median age is continuing to climb and projections from WA State Office of Financial management
30 suggest that in 2030, 34 percent of SJC population may be over 65.

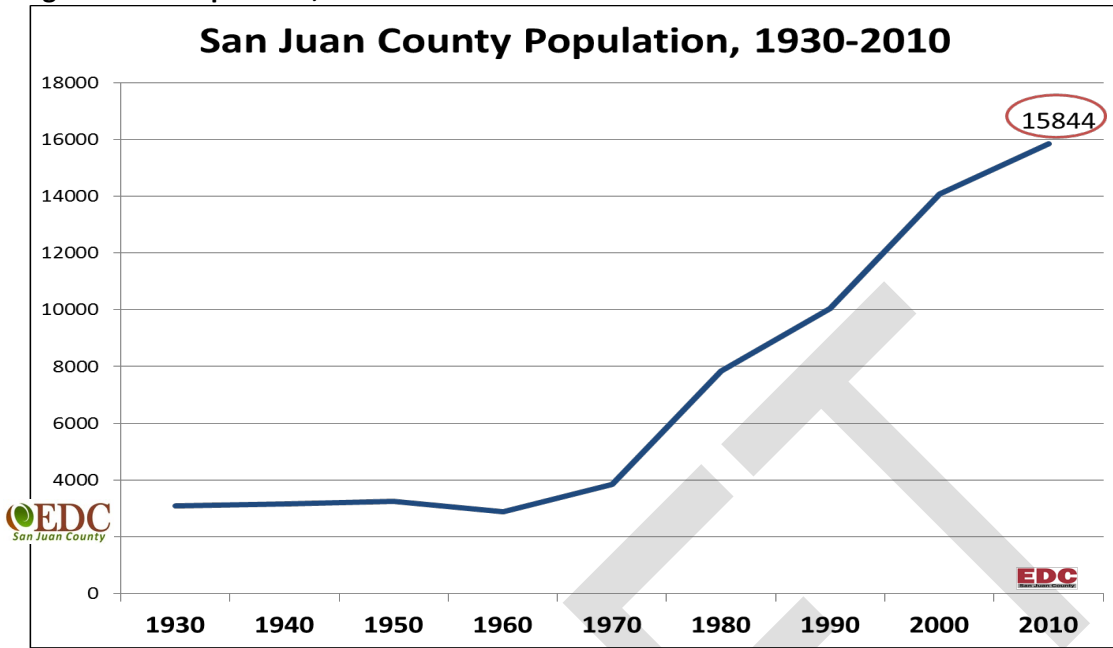
31 Educational attainment of adults age 25 and over is higher for San Juan County than the rest of Washington State
32 and the US. Nearly 47 percent of County residents have a bachelor's degree or higher, compared to the state
33 average of 34 percent (Figure 1). San Juan County is far less ethnically diverse than Washington State with smaller
34 proportions of all racial or ethnic minorities compared to the state. About 98 percent of its population was white
35 in 2010.

²⁵ Data: WA Dept. of Revenue, courtesy of J. Hoke, June 28, 2018. Inflation adjustment based on U.S. Bureau of Labor Statistics inflation calculator (www.bls.gov/data/inflation_calculator.htm).

²⁶ See: <https://www.census.gov/eos/www/naics/faqs/faqs.html>

1

Figure 5. SJC Population, 1930-2010.



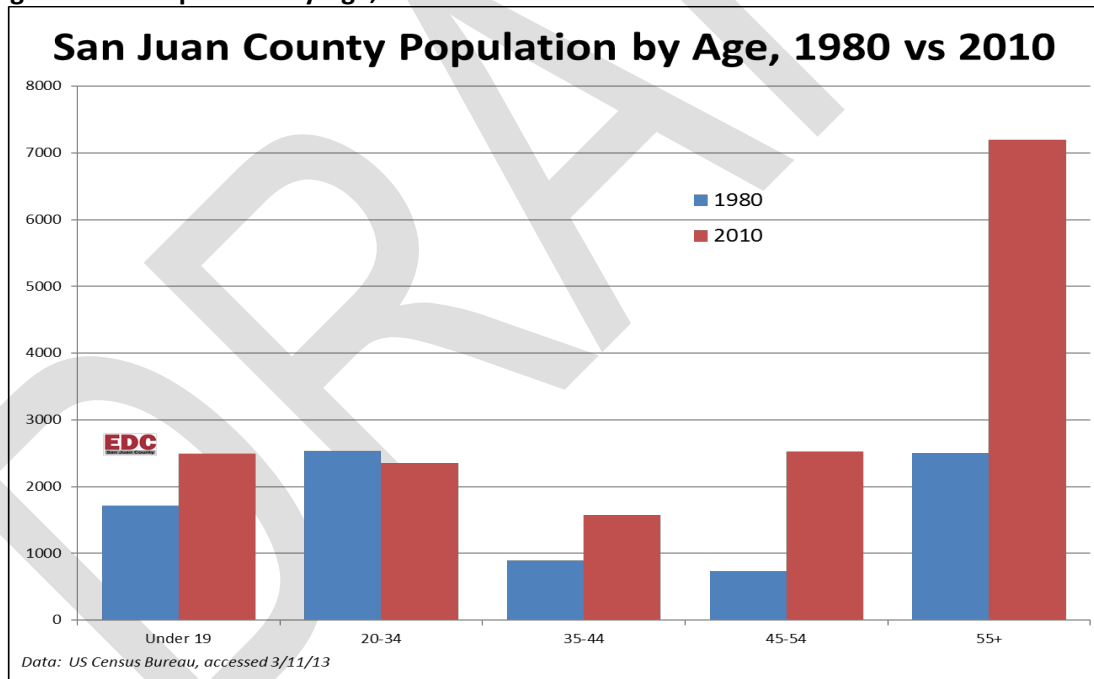
Data: US Census Bureau, 3/5/13.



2

3

Figure 6. SJC Population by Age, 1980 vs. 2010.



Data: US Census Bureau, accessed 3/11/13

4

5 **Income**

6 The following table shows personal income by major source, and earnings by industries defined by two-digit North
 7 American Industry Classification System (NAICS) code. NAICS codes are the standard used by federal statistical
 8 agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical
 9 data related to the U.S. business economy. Except as noted, numbers are in thousands of dollars and are not
 10 adjusted for inflation. Negative numbers represent losses. The (D) entries replace data for industries with few
 11 reporting businesses in order to preserve confidentiality.

1 **Table 2. CA5N Personal Income NAICS: 2007-2016, San Juan County.**

| CA5N Personal Income by Major Component and Earnings by NAICS Industry: 2006 - 2016, San Juan County | | | | | | | | | | | |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|
| <i>U.S. Bureau of Economic Analysis, "CA5N Personal Income by Major Component and Earnings by NAICS Industry" (accessed June 26, 2018).</i> | | | | | | | | | | | |
| Line Code | Description | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Income by place of residence | | | | | | | | | | | |
| 10 | Personal income (thousands of dollars) | \$889,509 | \$948,292 | \$783,306 | \$792,347 | \$842,984 | \$959,155 | \$955,433 | \$1,093,407 | \$1,103,587 | \$1,129,920 |
| 20 | Population (persons) 2. | 15,400 | 15,590 | 15,714 | 15,770 | 15,822 | 15,810 | 15,875 | 16,021 | 16,234 | 16,339 |
| 30 | Per capita personal income (dollars) | \$57,760 | \$60,827 | \$49,848 | \$50,244 | \$53,279 | \$60,668 | \$60,185 | \$68,248 | \$67,980 | \$69,155 |
| Derivation of personal income | | | | | | | | | | | |
| 35 | Earnings by place of work | \$314,414 | \$329,699 | \$309,074 | \$318,808 | \$316,517 | \$347,397 | \$347,603 | \$352,871 | \$360,825 | \$380,152 |
| 36 | Less: Contributions for gov't social insurance 3. | \$37,840 | \$39,028 | \$38,793 | \$39,748 | \$36,528 | \$37,248 | \$42,315 | \$43,988 | \$45,872 | \$47,985 |
| 37 | Employee and self-employed contributions for gov't social insurance | \$19,911 | \$21,085 | \$21,250 | \$21,385 | \$17,972 | \$18,735 | \$23,293 | \$24,137 | \$25,168 | \$26,636 |
| 38 | Employer contributions for gov't social insurance | \$17,929 | \$17,943 | \$17,543 | \$18,363 | \$18,556 | \$18,513 | \$19,022 | \$19,851 | \$20,704 | \$21,349 |
| 42 | Plus: Adjustment for residence 4. | \$13,517 | \$8,953 | \$9,334 | \$9,982 | \$11,034 | \$12,088 | \$12,671 | \$13,534 | \$13,985 | \$14,537 |
| 45 | Equals: Net earnings by place of residence | \$290,091 | \$299,624 | \$279,615 | \$289,042 | \$291,023 | \$322,237 | \$317,959 | \$322,417 | \$328,938 | \$346,704 |
| 46 | Plus: Dividends, interest, and rent 5. | \$505,128 | \$542,108 | \$386,262 | \$373,992 | \$419,561 | \$499,234 | \$495,338 | \$615,595 | \$612,484 | \$612,940 |
| 47 | Plus: Personal current transfer receipts | \$94,290 | \$106,560 | \$117,429 | \$129,313 | \$132,400 | \$137,684 | \$142,136 | \$155,395 | \$162,165 | \$170,276 |
| Earnings by place of work | | | | | | | | | | | |
| | Components of earnings | | | | | | | | | | |
| 50 | Wages & salaries | \$187,574 | \$195,085 | \$184,752 | \$183,939 | \$182,125 | \$187,849 | \$191,150 | \$199,324 | \$207,423 | \$220,302 |
| 60 | Supplements to wages and salaries | \$49,972 | \$53,537 | \$50,437 | \$53,645 | \$51,564 | \$52,416 | \$51,912 | \$53,351 | \$53,669 | \$57,663 |
| 61 | Employer contributions for employee pension and insurance funds 6. | \$32,043 | \$35,594 | \$32,894 | \$35,282 | \$33,008 | \$33,903 | \$32,890 | \$33,500 | \$32,965 | \$36,314 |

| | | | | | | | | | | | |
|--|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 62 | Employer contributions for gov't social insurance | \$17,929 | \$17,943 | \$17,543 | \$18,363 | \$18,556 | \$18,513 | \$19,022 | \$19,851 | \$20,704 | \$21,349 |
| 70 | Proprietors' income 7. | \$76,868 | \$81,077 | \$73,885 | \$81,224 | \$82,828 | \$107,132 | \$104,541 | \$100,196 | \$99,733 | \$102,187 |
| 71 | Farm proprietors' income | -\$2,397 | -\$3,237 | -\$2,147 | -\$1,392 | -\$480 | -\$695 | -\$364 | -\$572 | \$413 | -\$23 |
| 72 | Nonfarm proprietors' income | \$79,265 | \$84,314 | \$76,032 | \$82,616 | \$83,308 | \$107,827 | \$104,905 | \$100,768 | \$99,320 | \$102,210 |
| Earnings by industry (thousands of dollars) | | | | | | | | | | | |
| 81 | Farm earnings | -\$1,140 | -\$1,882 | -\$699 | -\$177 | \$536 | \$457 | \$785 | \$707 | \$1,907 | \$1,959 |
| 82 | Nonfarm earnings | \$315,554 | \$331,581 | \$309,773 | \$318,985 | \$315,981 | \$346,940 | \$346,818 | \$352,164 | \$358,918 | \$378,193 |
| 90 | Private nonfarm earnings | \$261,273 | \$272,911 | \$251,278 | \$257,489 | \$257,101 | \$287,649 | \$294,851 | \$299,191 | \$305,586 | \$322,024 |
| 100 | Forestry, fishing, and related | (D) | (D) | (D) | (D) | (D) | (D) | (D) | (D) | (D) | (D) |
| 200 | Mining, quarrying, & oil/gas extraction | (D) | (D) | (D) | (D) | (D) | (D) | (D) | (D) | (D) | (D) |
| 300 | Utilities | \$6,782 | \$7,245 | \$6,951 | \$7,702 | \$8,306 | \$7,704 | \$8,149 | \$8,526 | \$8,977 | \$9,310 |
| 400 | Construction | \$65,473 | \$68,951 | \$64,560 | \$68,225 | \$61,551 | \$59,484 | \$60,390 | \$59,630 | \$60,517 | \$66,824 |
| 500 | Manufacturing | \$11,110 | \$11,007 | \$8,434 | \$9,408 | \$10,999 | \$11,865 | (D) | (D) | \$10,410 | \$10,810 |
| 510 | Durable goods manufacturing | \$9,158 | \$8,852 | \$6,065 | \$7,222 | \$8,726 | \$9,574 | \$10,149 | \$8,387 | \$7,859 | \$8,180 |
| 530 | Nondurable goods manufacturing | \$1,952 | \$2,155 | \$2,369 | \$2,186 | \$2,273 | \$2,291 | (D) | (D) | \$2,551 | \$2,630 |
| 600 | Wholesale trade | \$4,438 | \$3,871 | \$4,185 | \$4,898 | \$3,906 | \$6,726 | \$8,189 | \$7,995 | \$7,281 | \$7,145 |
| 700 | Retail trade | \$28,065 | \$26,658 | \$27,013 | \$27,530 | \$24,797 | \$26,441 | \$27,169 | \$31,122 | \$34,487 | \$37,925 |
| 800 | Transportation, warehousing | \$3,956 | \$4,103 | \$4,096 | \$3,819 | \$3,801 | \$4,696 | \$5,419 | \$5,507 | \$5,512 | \$5,509 |
| 900 | Information | \$4,421 | \$3,772 | \$3,858 | \$3,747 | \$3,154 | \$2,924 | \$4,136 | \$4,736 | \$6,833 | \$6,521 |
| 1000 | Finance & insurance | \$5,248 | \$5,633 | \$5,903 | \$6,659 | \$6,293 | \$5,873 | \$5,787 | \$6,613 | \$6,262 | \$5,987 |
| 1100 | Real estate, rental & leasing | \$5,967 | \$14,408 | \$9,301 | \$7,343 | \$4,928 | \$10,563 | \$13,373 | \$14,767 | \$17,888 | \$17,527 |
| 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 | \$12,164 | \$11,948 | \$12,720 | \$12,984 | \$12,963 | \$15,572 | \$17,766 | \$18,421 | \$16,062 | \$16,290 |
| 1500 | Educational services | \$3,739 | \$4,235 | \$4,210 | \$4,428 | \$4,567 | \$4,803 | \$4,706 | \$5,044 | \$5,343 | \$5,548 |

| | | | | | | | | | | | |
|------|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1600 | Health care and social assistance | \$15,051 | \$16,915 | \$17,190 | \$17,135 | \$16,592 | \$16,604 | \$20,728 | \$19,413 | \$20,176 | \$20,961 |
| 1700 | Arts, entertainment, and recreation | \$5,994 | \$6,705 | \$6,416 | \$4,461 | \$7,370 | \$7,300 | \$9,291 | \$11,466 | \$7,945 | \$7,814 |
| 1800 | Accommodation & food services | \$34,373 | \$31,908 | \$26,292 | \$26,904 | \$31,573 | \$46,935 | \$40,783 | \$37,537 | \$41,112 | \$43,933 |
| 1900 | Other services (except gov't and gov't enterprises) | \$21,923 | \$21,409 | \$20,854 | \$20,486 | \$21,160 | \$22,082 | \$21,953 | \$23,007 | \$23,190 | \$23,236 |
| 2000 | Government and government enterprises | \$54,281 | \$58,670 | \$58,495 | \$61,496 | \$58,880 | \$59,291 | \$51,967 | \$52,973 | \$53,332 | \$56,169 |
| 2001 | Federal civilian | \$4,440 | \$4,593 | \$4,565 | \$5,079 | \$4,719 | \$4,790 | \$4,579 | \$4,723 | \$4,723 | \$4,815 |
| 2002 | Military | \$1,487 | \$1,681 | \$1,908 | \$1,863 | \$1,648 | \$1,477 | \$1,385 | \$1,309 | \$1,264 | \$1,317 |
| 2010 | State and local | \$48,354 | \$52,396 | \$52,022 | \$54,554 | \$52,513 | \$53,024 | \$46,003 | \$46,941 | \$47,345 | \$50,037 |
| 2011 | State government | \$6,312 | \$6,374 | \$5,650 | \$5,925 | \$5,712 | \$5,568 | \$5,100 | \$5,047 | \$4,874 | \$4,865 |
| 2012 | Local government | \$42,042 | \$46,022 | \$46,372 | \$48,629 | \$46,801 | \$47,456 | \$40,903 | \$41,894 | \$42,471 | \$45,172 |

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 2010-2016 reflect county population estimates available as of March 2017.

3. Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they are excluded from net earnings by place of residence and personal income. Employee and self-employed contributions are subtractions in the calculation of net earnings by place of residence and all of the income measures.

4. The adjustment for residence is the net inflow of the earnings of inter-area 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.

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.

8. Under the 2007 NAICS, internet publishing and broadcasting was reclassified to other information services.

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

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

(L) Less than \$50,000, but the estimates for this item are included in the totals.

(NA) Data not available for this year.

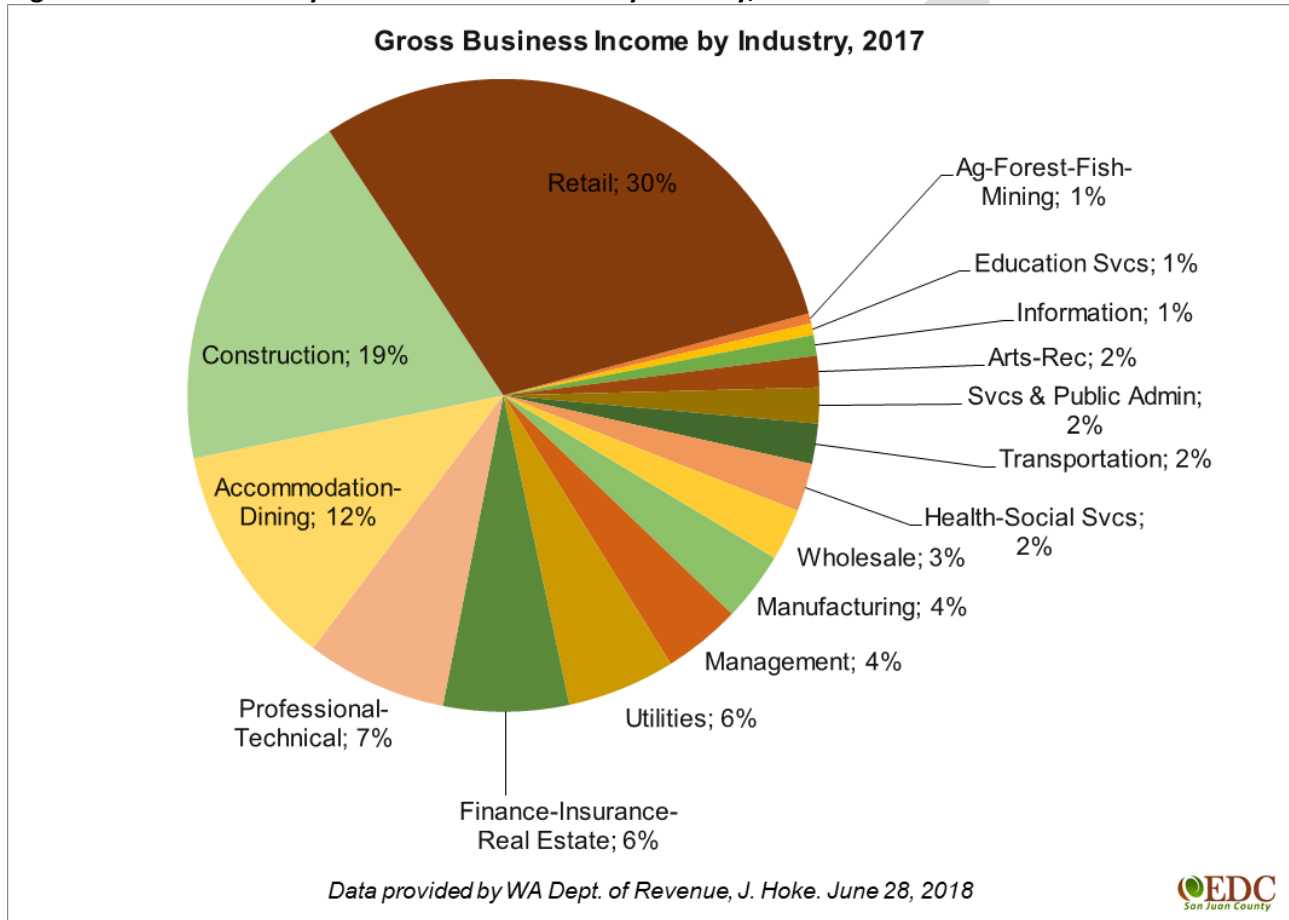
Last updated: November 16, 2017 -- new estimates for 2016; revised estimates for 2010-2015.

1 **Current Industries**

2 *Gross Business Income*

3 The four largest industry sectors in San Juan County represent 68 percent of total business income in the County,
4 as measured by Department of Revenue reporting (Figure 7). Retail represents 30 percent of the total economy;
5 construction, 19 percent; accommodations/dining, 12 percent; professional, scientific, and technical services, 7
6 percent. Aggregate gross business income for all reporting businesses in San Juan County was \$744,812,830 in
7 the year 2017.

8 **Figure 7. San Juan County Gross Business Income by Industry, 2017.**

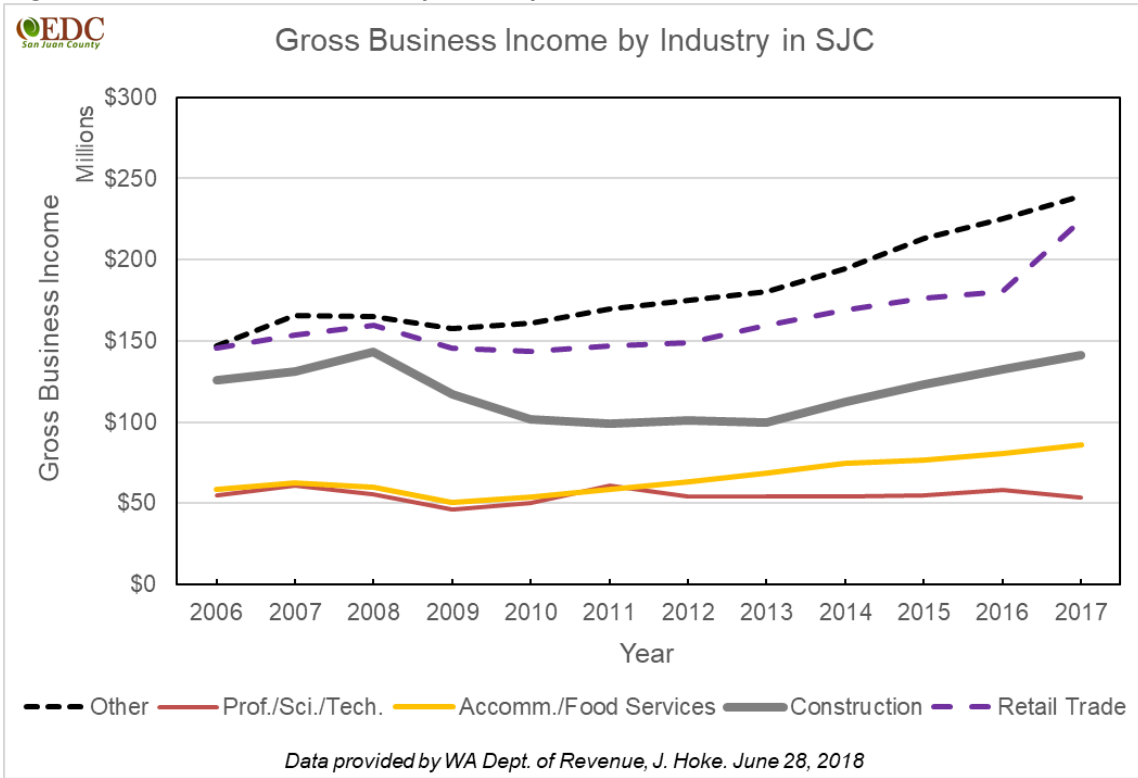


9

10 Over the past 10 years, industries have changed somewhat but the four mainstays (retail, construction,
11 accommodations/dining, and professional-scientific-technical services) have remained dominant in terms of gross
12 business income (Figure 8). Construction fell more sharply than other major industries during the 2008 recession,
13 and lagged other industries in recovery, only catching up to pre-2008 levels in 2017. The professional, scientific,
14 and technical services sector has been stagnant since 2006, although it did not decline as sharply as
15 construction did after 2008.

1

Figure 8. Gross Business Income by Industry in SJC.

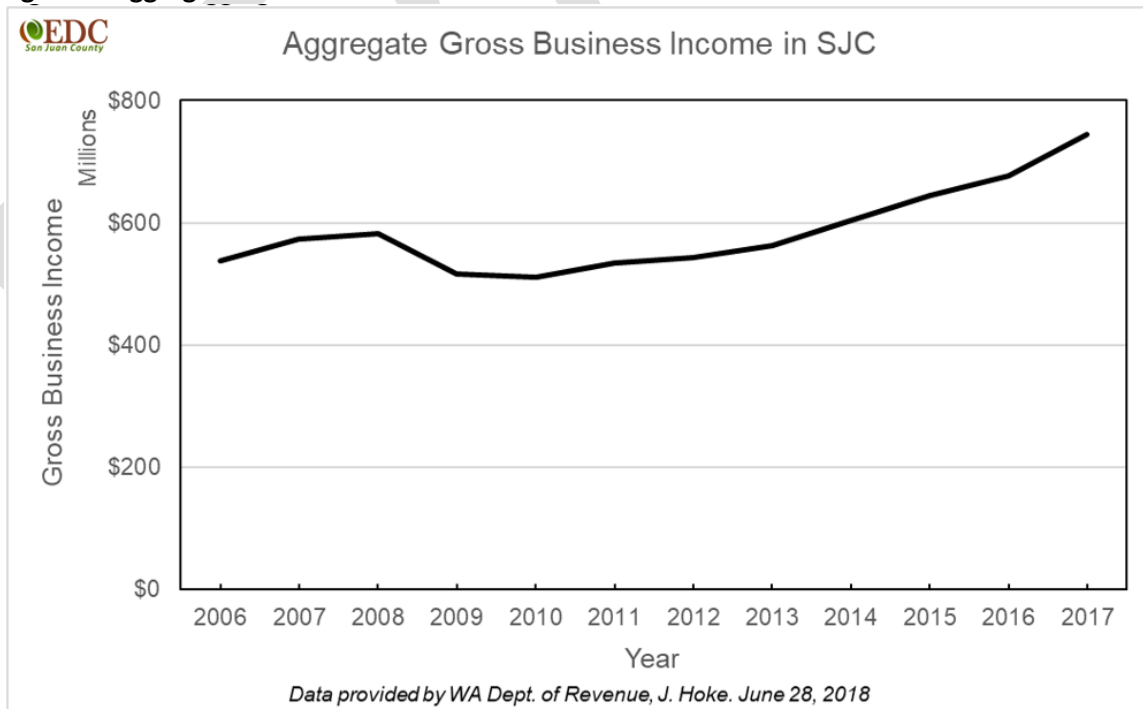


2

3 The following chart (Figure 9) shows the aggregate gross business income reported to the Washington State
4 Department of Revenue by businesses in the County, for the years between and including 2006 and 2017.

5

Figure 9. Aggregate Gross Business Income in SJC.



6

7 Increasing economic diversity requires strengthening smaller sectors. The following shows how some of these
8 sectors have changed over the last decade in San Juan County (Figure 10) and Washington State (Figure 11) in

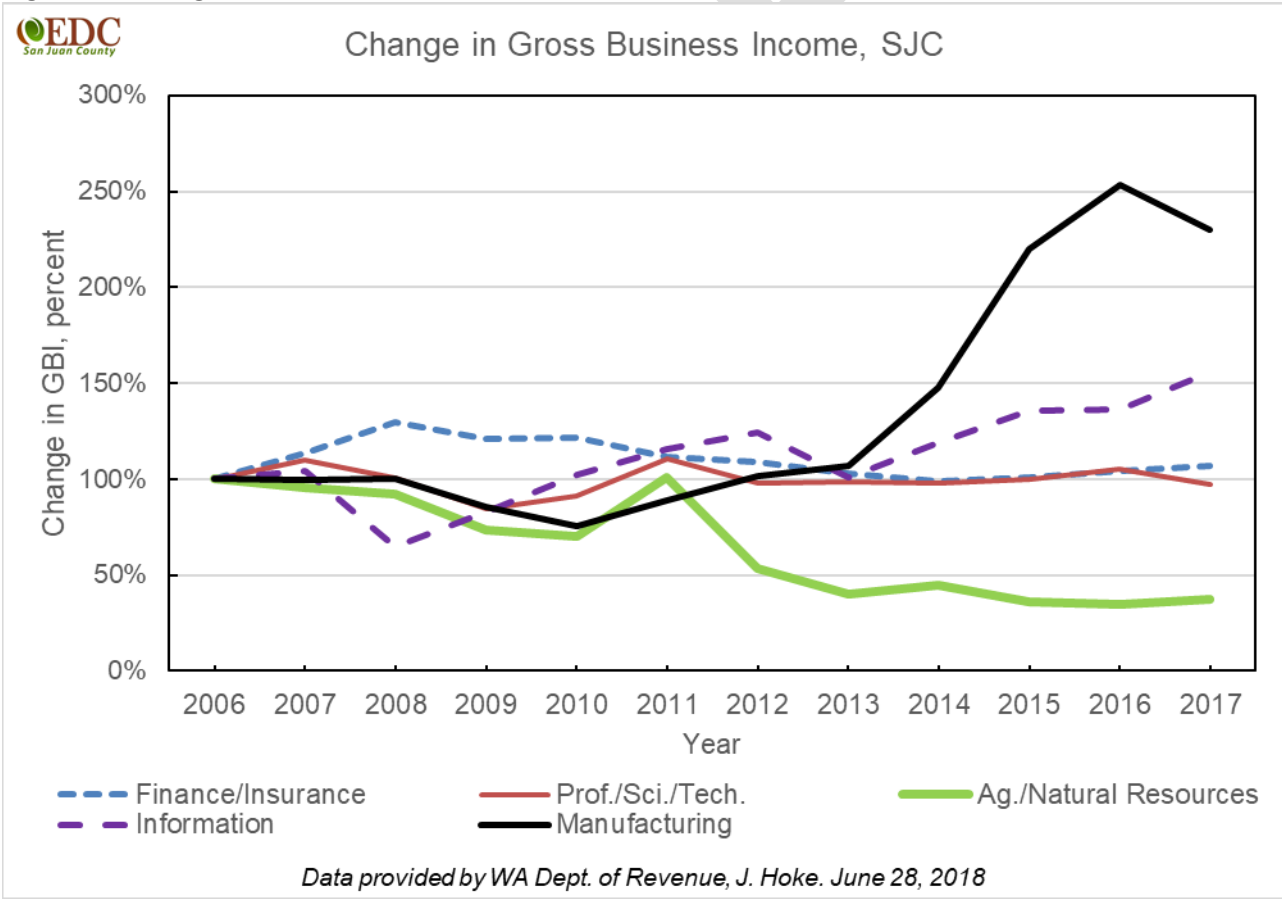
1 terms of gross business income. Sectors were picked that have relatively high wages (Figure 14), provide
 2 exportable products or services, and are not currently dominant (except for professional, scientific, and technical
 3 services). Encouraging these sectors would provide both high paying jobs and bring income into the County.

4 San Juan County’s agriculture and natural resources sector and professional, scientific, and technical sectors have
 5 not kept pace with the corresponding sectors in Washington State. The GBI for the agriculture and natural
 6 resources sector has declined dramatically in San Juan County, especially since 2011. The professional, scientific,
 7 and technical sector on San Juan County has not enjoyed the boom it experienced in Washington State. It is not
 8 clear what local factors have limited these sectors in this county; however, identifying and ameliorating those
 9 factors could diversify the economy and bring high-wage jobs and revenue to the County.

10 Although the direct monetary value of the agriculture/natural resources sector is small, it may have much larger
 11 indirect effects on the economy by maintaining the character that other industries (tourism, retail, construction)
 12 depend upon. It also enhances the larger food services sector by providing local food options and benefits
 13 prepared food or craft sellers at farmers markets. This does not include benefits to residents’ nutrition (including
 14 proprietors’ and workers’). Therefore, supporting agriculture and identifying and ameliorating the causes of its
 15 steep decline, could both diversify local industry and support other major industries.

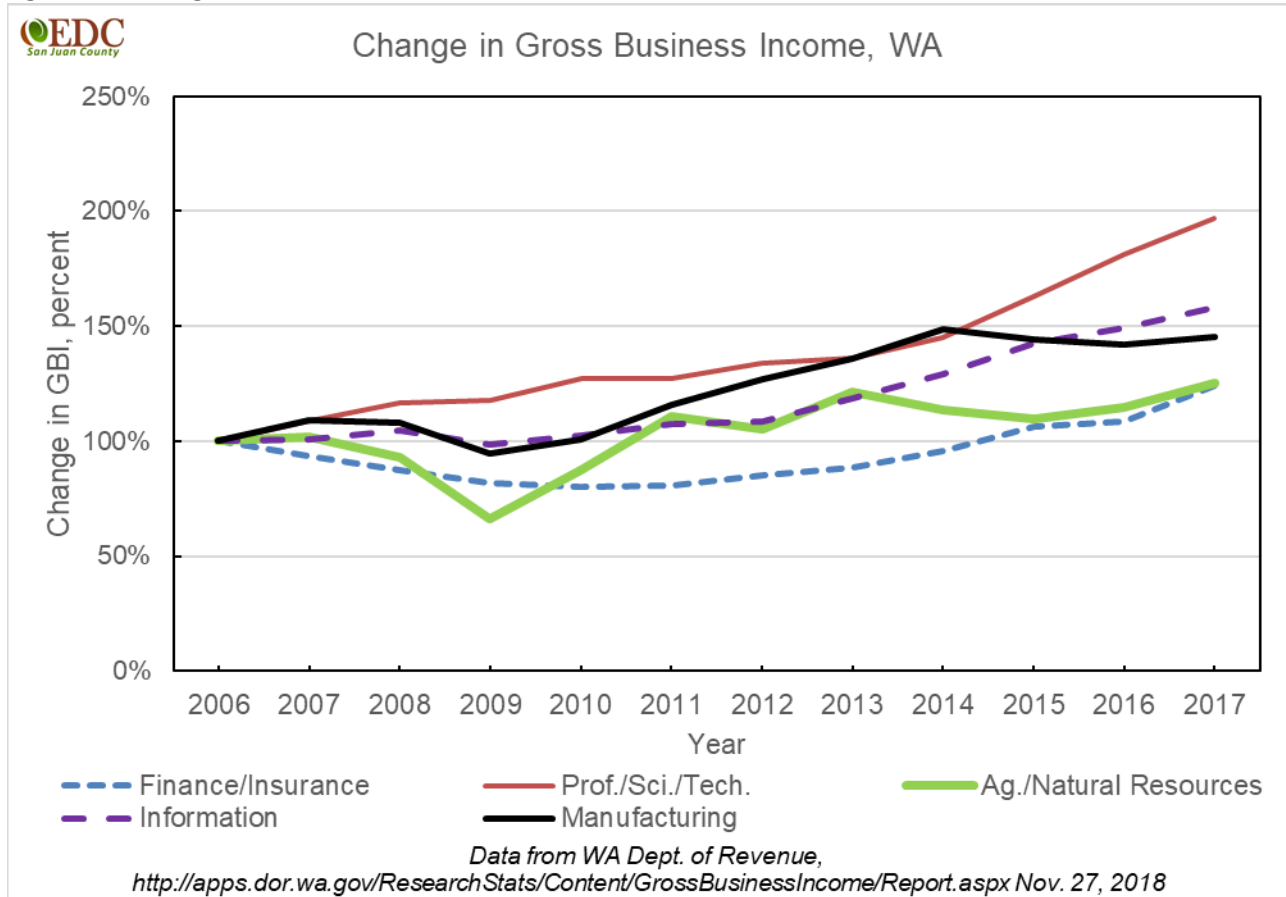
16 In contrast, manufacturing has done surprisingly well on the islands in comparison to the rest of the state.
 17 However, the variation over time is large, so this may be a transient fluctuation.

18 **Figure 10. Change in Gross Business Income 2006 - 2017.**



19

1 **Figure 11. Change in Gross Business Income, WA 2006 - 2017.**



2
3
4

Earnings

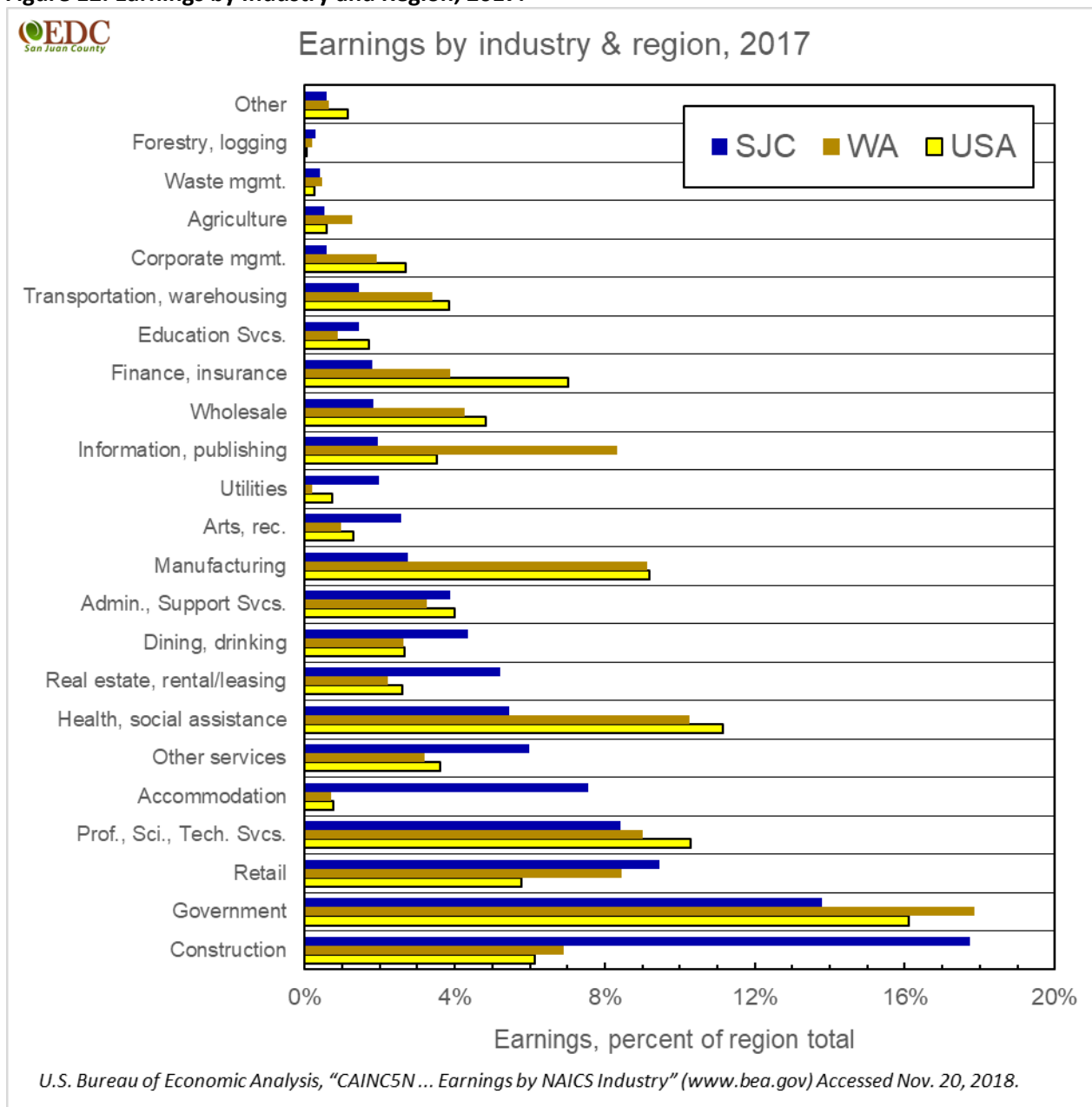
The aggregate of workers’ and proprietors’ earnings for all sectors provides a measure of how much each industry contributes to community vitality because it includes both private and public sector jobs and because it excludes shares of corporate income that do not go directly to people. Bureau of Economic Analysis (BEA) provides earnings data by industry, based on what is reported by businesses to agencies like the IRS. The BEA defines earnings as “the sum of three components of personal income: wages and salaries, supplements to wages and salaries, and proprietors’ income.”

Earnings split by industry and region is shown in Figure 12. Construction is the largest industry in San Juan County, comprising a much larger share (18 percent) of the economy than in Washington State or the United States as a whole (6 – 7 percent). Combined with the real estate and rental sector (5 percent), about 23 percent of the economy is directly or indirectly tied to buying, selling, or developing land. The second largest share in terms of aggregate individuals’ earnings is government at 14 percent, comparable with the rest of the state and country. The tourism industry is comprised of the bulk of the accommodation sector, and large portions of dining/drinking, retail, and arts and recreation sectors, as well as some of the transportation sectors (note that accommodation and food services [dining and drinking establishments] can be distinguished in this data source). Although the contribution of tourism to these sectors cannot be separated individually, we can estimate that between 8 and 25 percent of total earnings depend directly on tourism. Tourism-dependent sectors and land sales/development-dependent sectors are notably larger in San Juan County than in the rest of Washington and the USA.

It is notable that the County’s manufacturing, information/publishing, wholesale, and finance sectors, are much smaller in San Juan County than in Washington State or the USA as a whole. These are all high-wage sectors and could be encouraged in San Juan County. Also notable is the comparative size of accommodations and dining sectors. Data for the US closely parallels that for Washington state, with the exception of the information category,

1 which is likely higher in Washington because of large software publishers like Microsoft and other publishing and
 2 data processing/hosting businesses.

3 **Figure 12. Earnings by Industry and Region, 2017.**



4
 5
 6
 7
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 10
 11
 12
 13

Workforce

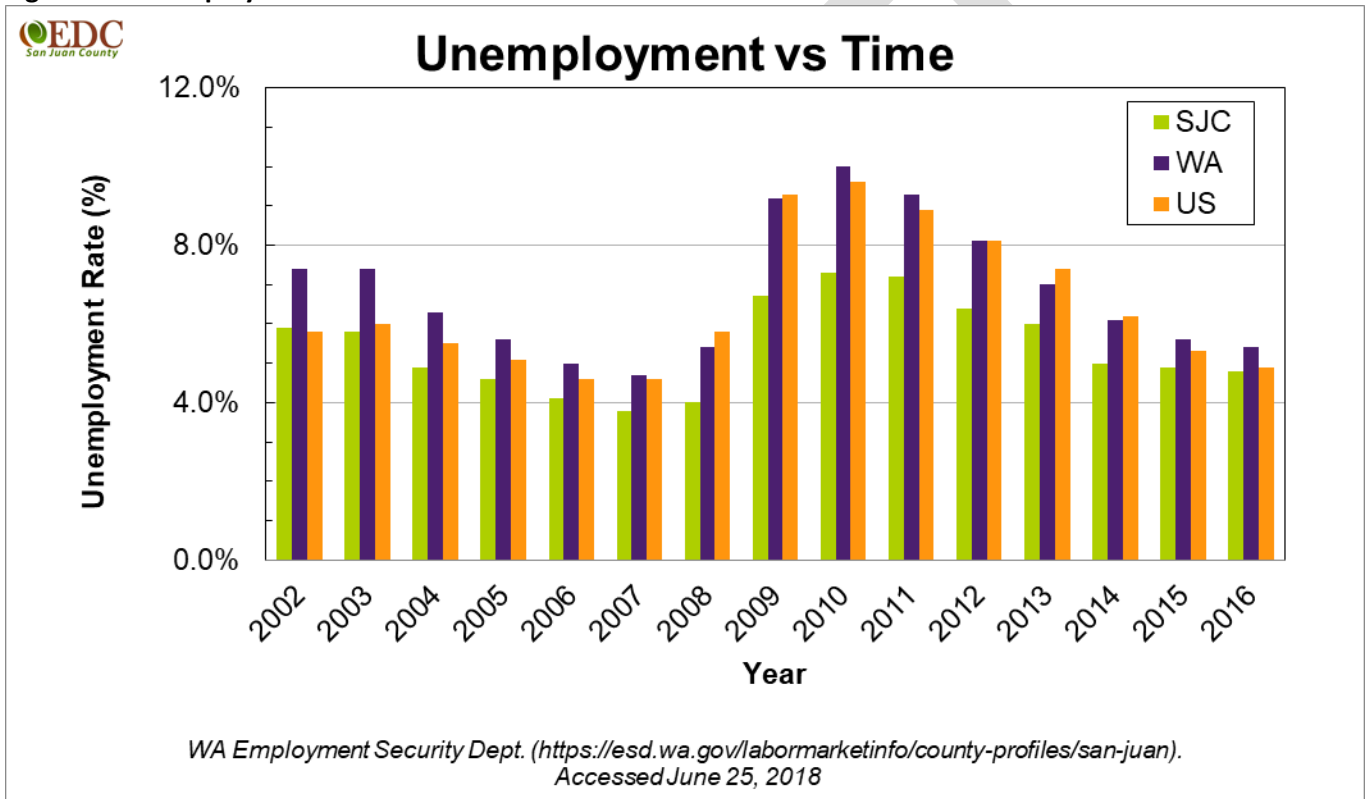
San Juan County’s unemployment rate tends to be annually lower than the national average, but has a regular seasonal fluctuation resulting primarily from the seasonal workforce needs of the tourism and construction industry segments. San Juan County has some “commuter” element to its workforce, primarily 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 about 6 percent of 2016 earnings by residents of comes from out of the County²⁷.

²⁷ WA Employment Security Department, San Juan County Data tables accessed November 2018
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 Economic Development Element

1 Unemployment: The following chart (Figure 13) shows a comparison between San Juan County unemployment rates and the rest of the US. San Juan County tends to have slightly lower unemployment than the rest of the US
 2 as an annual average. Unemployment in San Juan County falls substantially in the summer but increases in the
 3 winter²⁸.
 4

5 The majority of the County’s top sectors are seasonal industries: construction, tourism, and related support
 6 industries. Along with seasonal employment come challenges like an increased need for social services for
 7 unemployed, lower-wage employees during the off-season months, shortened ferry services, and the closure of
 8 retail establishments and other services like bus and transportation services. Finally, some companies (e.g., the
 9 major resorts) import seasonal workers from international sources, such as South America, the Philippines, and
 10 Eastern Europe. Another source of seasonal workers are retired seniors and high school students and returning
 11 college students working during their summer breaks.

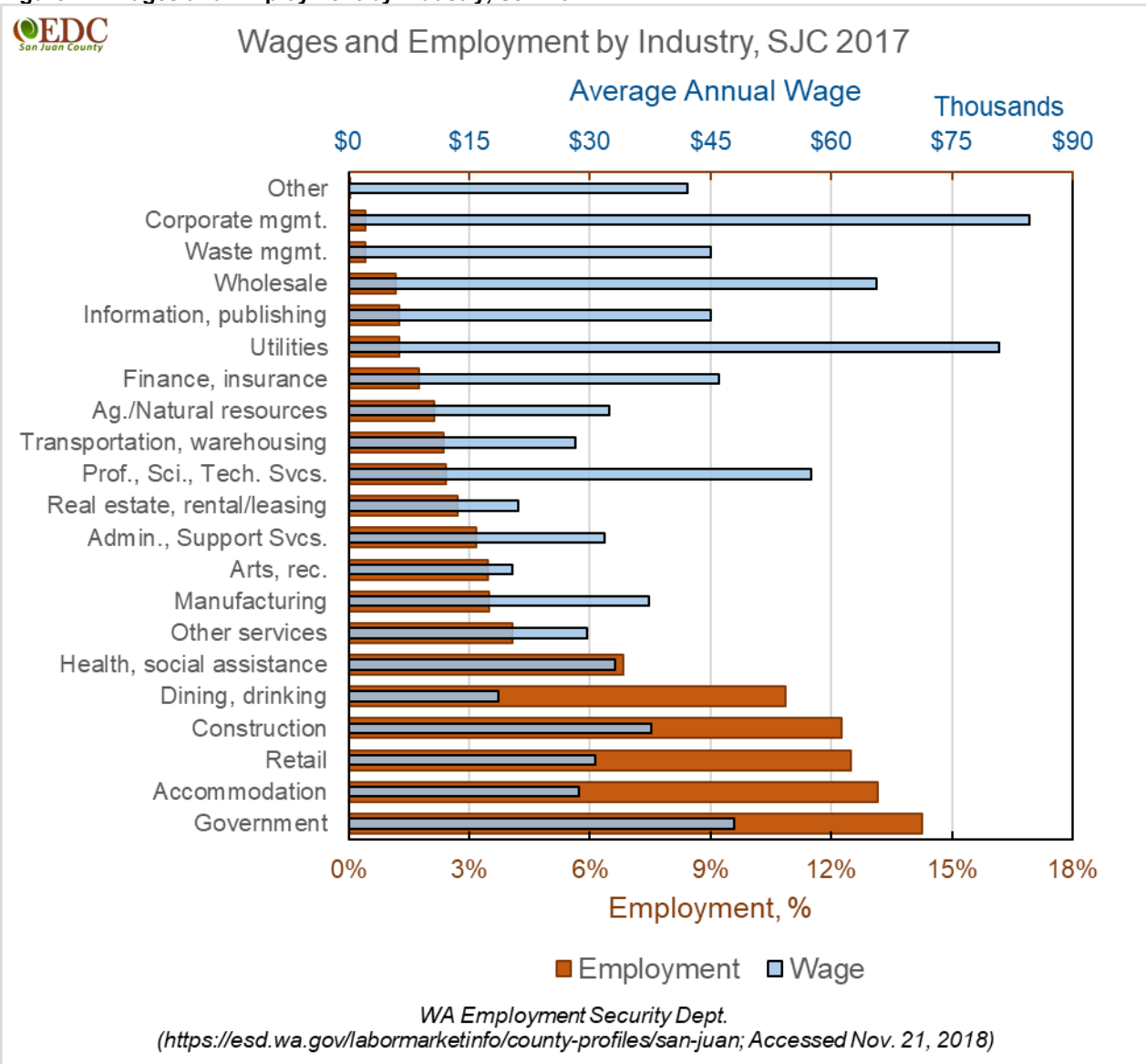
12 **Figure 13. Unemployment vs. Time 2002 - 2016.**



13
 14 The next chart (Figure 14) shows the percentage of workers employed in various industry sectors in San Juan
 15 County, and average annual wages by industry. Data comes from 2017 employer tax reports from the Washington
 16 Employment Security Department. Note that these data are for jobs covered by Washington State Unemployment
 17 Insurance. Exemptions include the self-employed, contractors, real estate agents, and others.

²⁸ Ibid.

1 **Figure 14. Wages and Employment by Industry, SJC 2017.**



2
 3 As mentioned before, annual wage income is distinctly lower in San Juan County than other counties (Figure 154),
 4 particularly urban counties, partly because the region’s major industries tend to provide low-wage jobs (Figure
 5 14).

6 Based on Bureau of Economic Analysis data (Table 2. CA5N Personal Income NAICS: 2007-2016, San Juan County),
 7 8 percent of San Juan County jobs come from the public service sector – County, town and federal government,
 8 port, fire/sheriff department, and school employees. The total number of jobs in San Juan County in 2017 was
 9 11,464, with wage/salary jobs at 6,414 and proprietors at 5,050. These data include both full and part time jobs,
 10 as well as jobs not covered by unemployment insurance (and therefore not counted in the Employment Security
 11 Dept. data of Figure 13).

12 With nearly 5,000 business licenses – approximately 2300 of them actively reporting some income annually²⁹ –
 13 San Juan County has a high rate of entrepreneurship relative to other counties in Washington State. Most
 14 employees in San Juan County are employees of private businesses (48.7 ± 1.8 percent), compared to non-profits

²⁹ Number of business licenses from WA Secretary of State business license search (ccfs.sos.wa.gov; accessed Dec. 12, 2018; number reporting income from WA Dept. of Revenue Gross Business Income data, courtesy of J. Hoke, June, 2018.
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 Economic Development Element

1 (8.9 ± 1.1 percent) or government (14 percent), but almost a third (28 ± 1.7 percent) are self-employed³⁰. The
 2 proportion of self-employed for San Juan County is almost 3 times greater than for the Washington State as a
 3 whole (Figure 165).

4 **Figure 15. Self-Employment by Region.**



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6
7

Resource Lands

8 The Economic Analysis of Resource Lands³¹ examined land use and designation for agriculture, forestry, and
 9 mining. This analysis identified 15,700 acres of agricultural land, 18,900 acres of forest resource land, and 215
 10 acres of mining land. Farm income is often a supplement to other income: the majority of farms showed cash sales
 11 of less than \$5,000 in 2012, and 20 percent had less than \$1,000 (see Economic Analysis of Resource Lands, Exhibit
 12 8). Logging in San Juan County is frequently for salvage operations (e.g. after storms) and mining operations are
 13 small and primarily provide sand and gravel for within-county use.

14 Although the study found that agriculture and forestry represented only a small fraction of employment (<3
 15 percent for agriculture), they support other economic activities, such as tourism. The vast majority of survey
 16 respondents (81 percent of 189) prioritized preserving agricultural lands highly, while few respondents rated
 17 increasing land availability for business (10 percent) and housing (16 percent) as high priorities.

³⁰ These data are from the Census Bureau's 2012 – 2016 American Community Survey tables C2407 & C24070 (accessed Dec. 03, 2018, factfinder.census.gov). Note that they pool self-employed workers who are not in an incorporated business with unpaid family workers (total 17.9 ± 1.4 percent); however, the geographic pattern for people who are self-employed in their own incorporated business (10.5 ± 1.1 percent in SJC) is almost identical.

³¹ Community Attributes Inc. 2017. Economic Analysis of Resource Lands:
 https://www.sanjuanco.com/DocumentCenter/View/14432/2018-1-2_Natural_Resource_Lands_Analysis-?bidId=
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 Economic Development Element

1 Forest lands in particular provide valuable ecosystem services, and are valued by residents for contributing to the
 2 islands character and beauty. The report points out that “retailers, tour operators, lodging and hospitality
 3 establishments are all dependent on the preservation of forest lands for their businesses to thrive,” but that these
 4 non-extractive economic benefits have not been quantified.

5 **10.4.E Community Survey**

6 The Department of Community Development conducted a series of community workshops and an online survey
 7 in the fall of 2018 to obtain feedback on the update to the Comprehensive Plan³². To provide an estimate of the
 8 uncertainty of the results³³, the tables below³⁴ present 90 percent confidence intervals for the responses, in
 9 addition to percentages of responses.

10 *Survey Results:*

11 Several questions related to the role of tourism issues in San Juan County; responses suggest concern regarding
 12 increases in visitation and lodging.

13 Respondents for both the workshops and the online survey overwhelmingly favored reducing or eliminating
 14 funding for advertising and marketing from lodging tax funds and preferred to use some or all of the lodging tax
 15 funds to support improvements in tourism infrastructure (Table 3). Note that for each of the tables in this section,
 16 results are presented as “observed percentage (lower confidence bound – upper confidence bound)”. The
 17 numbers in parentheses next to “workshop” or “online” show the number of statistical individuals (the number
 18 of islands for the workshops or the number of respondents for the online survey; for the question in Table 3 there
 19 was only one response recorded at the Waldron workshop – insufficient to calculate a meaningful percentage –
 20 so that workshop was not included for this question). Results of pooling response options are shown on the right-
 21 hand sides of the tables.
 22

23 **Table 3. How should lodging tax funds be used?**

| How should the county use lodging tax funds? | | | | |
|---|-----------------------------|--------------------|--------------------|--------------------|
| | Individual Response Options | | Pooled Options | |
| | Workshops (4) | Online (170) | Workshops (4) | Online (170) |
| Continue to fund tourism advertising and marketing with lodging tax funds. | 4% (0% - 12%) | 9% (6% - 13%) | 4% (0% - 12%) | 9% (6% - 13%) |
| Reduce lodging tax funding for tourism advertising and use some of the funding to improve tourism related infrastructure. | 22% (17% - 29%) | 43% (37% - 49%) | 83% (67% - 94%) | 85% (81% - 90%) |
| Stop advertising the islands and use all funding for tourist related infrastructure improvements. | 61% (51% - 69%) | 42% (36% - 49%) | | |
| None of the above. | 14% (7% - 24%) | 5% (2% - 8%) | 14% (7% - 24%) | 5% (2% - 8%) |

24
 25 A majority of respondents in both the workshops and online survey support finding more ways to accommodate
 26 some combination of hotels, resorts, and/or campgrounds (Table 4). However, a large majority in the workshops
 27 either responded that no new accommodations were needed or that only additional campgrounds were needed.
 28 Results from the online survey were less clear in this regard.

³² A. Zack (2019). 2018 Community Workshops Report. San Juan County Department of Community Development. (https://www.sanjuanco.com/DocumentCenter/View/18020/2019-01-31_DCD_Zack_Wksp_Rep_PC_02-15-2019?bidId=)

³³ See subsection on “Statistical Considerations” below.

³⁴ Data for Tables 3-8 come from the 2018 Community Workshop Report.

1

Table 4. Should the County find more ways to accommodate hotels, resorts, and/or campgrounds?

| Should the county find more ways to accommodate hotels, resorts, and/or campgrounds? | | | | |
|--|-----------------------------|--------------------|----------------------------------|----------------------------------|
| | Individual Response Options | | Pooled Options | |
| | Workshops (5) | Online (168) | Workshops (5) | Online (168) |
| Additional hotels/resorts and campgrounds are not needed. | 34% (20% - 49%) | 32% (26% - 38%) | 74% (64% - 83%) | 54% (48% - 60%) |
| Only hotels/resorts. | 4% (2% - 10%) | 7% (3% - 10%) | | |
| Only campgrounds. | 40% (25% - 56%) | 22% (17% - 27%) | | |
| Hotels/resorts and campgrounds. | 22% (14% - 33%) | 39% (33% - 45%) | | |
| | | | 26% (17% - 36%) | 46% (40% - 52%) |

2

3 For both the workshops and the online survey, a large majority preferred some form of additional regulation for
4 vacation rentals; although, respondents were split on what form such regulations should take (Table 5).

5

6

Table 5. Vacation Rental Regulation Poll

| Given that vacation rentals provide both positive and negative outcomes, is additional regulation needed? | | | | |
|---|-----------------------------|--------------------|--------------------|--------------------|
| | Individual Response Options | | Pooled Options | |
| | Workshops (5) | Online (167) | Workshops (5) | Online (167) |
| Maintain existing regulations for vacation rentals. | 21% (8% - 37%) | 28% (22% - 34%) | 21% (8% - 37%) | 28% (22% - 34%) |
| Require the approval of a homeowners association if responsible for shared road or water system. | 10% (4% - 19%) | 19% (14% - 24%) | 79% (63% - 92%) | 72% (66% - 78%) |
| Limit the number of vacation rentals by lottery. | 45% (32% - 59%) | 35% (29% - 41%) | | |
| Limit the number of permits allowed per owner. | 24% (16% - 35%) | 17% (13% - 22%) | | |

7

8 In both the workshops and online surveys, over two thirds of respondents preferred maintaining airport runways
9 at their current size despite the increase in the number of flights for this option (Table 6). Note that no responses
10 were recorded from the workshop on Shaw.

11

12

Table 6. Individual Response Options – Airport Runway Infrastructure.

| Given two options facing the county, which of the following do you prefer? | | |
|---|-----------------------------|--------------------|
| | Individual Response Options | |
| | Workshops (4) | Online (166) |
| Growth of airport runways to allow for larger planes, resulting in fewer trips per day made by larger planes. | 12% (3% - 31%) | 30% (24% - 36%) |
| Maintain airport runways to limit the size of planes, resulting in an increase of the number of trips. | 88% (69% - 97%) | 70% (64% - 76%) |

13

1 In both the workshops and online surveys, a clear majority of respondents supported San Juan County’s
 2 participation – either as a lead or in a supporting role – in training entrepreneurs and workers rather than focusing
 3 on industries the County already has (Table 7).
 4

5 **Table 7. County Role in Industry Development.**

| What role should the county take in developing other industries besides tourism? | | | | |
|---|-----------------------------|--------------------|----------------------|--------------------|
| | Individual Response Options | | Pooled Options | |
| | Workshops (5) | Online (161) | Workshops (5) | Online (161) |
| The county should continue to focus on the industries it already has - primarily tourism. | 14% (8% - 24%) | 16% (11% - 20%) | 14% (8% - 24%) | 16% (11% - 20%) |
| The county should have a supporting role for existing agencies and non-profits by creating new programs to train entrepreneurs and workers. | 59% (47% - 70%) | 42% (36% - 49%) | } 86% (76% - 92%) | 84% (80% - 89%) |
| The county should take the lead on growing more varied industries here, by creating new programs to train entrepreneurs and workers. | 27% (18% - 38%) | 42% (36% - 49%) | | |

6
 7 Both visitors and new residents put a strain on water resources. A majority of participants expressed willingness
 8 to participate in a voluntary well monitoring program, although the support for this is not as clear for the online
 9 survey (Table 8).
 10

11 **Table 8. Voluntary Private Well Monitoring.**

| Would you participate in a voluntary private well monitoring program? | | |
|---|-----------------------------|--------------------|
| | Individual Response Options | |
| | Workshops (5) | Online (162) |
| Yes | 74% (69% - 76%) | 57% (51% - 64%) |
| No | 26% (24% - 31%) | 43% (36% - 49%) |

12
 13
 14 **Statistical considerations:**

15 Confidence intervals provide information about uncertainty due to sample size limitations; however, they do not
 16 account for biases. We must expect biases in participation based on which segments of the population read the
 17 media outlets where the workshops and surveys were announced, variation among segments in motivation to
 18 participate, and – most importantly – which segments have time and ability to participate in events such as
 19 workshops or long surveys. Although all of these factors would affect both the workshops and the online surveys,
 20 we can reasonably expect that the participant pools would have differed between the two formats. Therefore,
 21 similarities in the results of the two formats give us confidence that they represent that fraction of the population
 22 motivated to express their opinions (this does not account for all biases, however).

23 A major complication is that the workshops were designed to “accommodate discussion of the question topics”
 24 and “engage participants in conversation”³⁵, therefore participants within an individual workshop were not
 25 statistically independent. However, the workshops were held on 5 islands (Lopez, Orcas, San Juan, Shaw, and

³⁵ A. Zack (2019). 2018 Community Workshops Report. San Juan County Department of Community Development.
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 Economic Development Element

1 Waldron); therefore, the pools of participants for each workshop would have been approximately independent of
2 each other (except for shared presenters).

3 Hence, we can calculate confidence intervals for the percentage of responses by treating each workshop as a
4 single statistical individual. The proportion choosing each response option within each workshop was taken as the
5 data for calculations. Therefore, proportions shown in the tables below are means of the proportions calculated
6 separately for the 5 workshops. These means differ slightly from the proportions one would calculate by blindly
7 pooling all survey responses. Confidence intervals were calculated from the set of proportions calculated
8 separately for the individual workshops³⁶.

9 In contrast, the respondents to the online survey (171 responses) can be treated as statistically independent
10 individuals. Therefore, the proportion choosing each response and the confidence intervals³⁷ were calculated
11 from raw counts of individual responses.

12 The participants in the online survey and workshops were asked 16 multiple-choice questions, responses to 6 of
13 which are summarized here; the rest of the results are available in the original report. Confidence intervals were
14 calculated independently for each response option and each question: no effort was made to adjust the
15 confidence intervals based on the number of questions or the number or response options. For cases where
16 responses to different options were pooled, different results might have been obtained if the question were asked
17 with the options combined rather than separate.

DRAFT

³⁶ The arcsine transformation was used when combining proportions from the workshops to calculate standard errors and confidence bounds, as described in J.H. Zar (1999) *Biostatistical Analysis*. Prentice-Hall, Inc.

³⁷ Calculated as described in W.J. Conover (1999) *Practical Non-parametric Statistics*. John Wiley & Sons