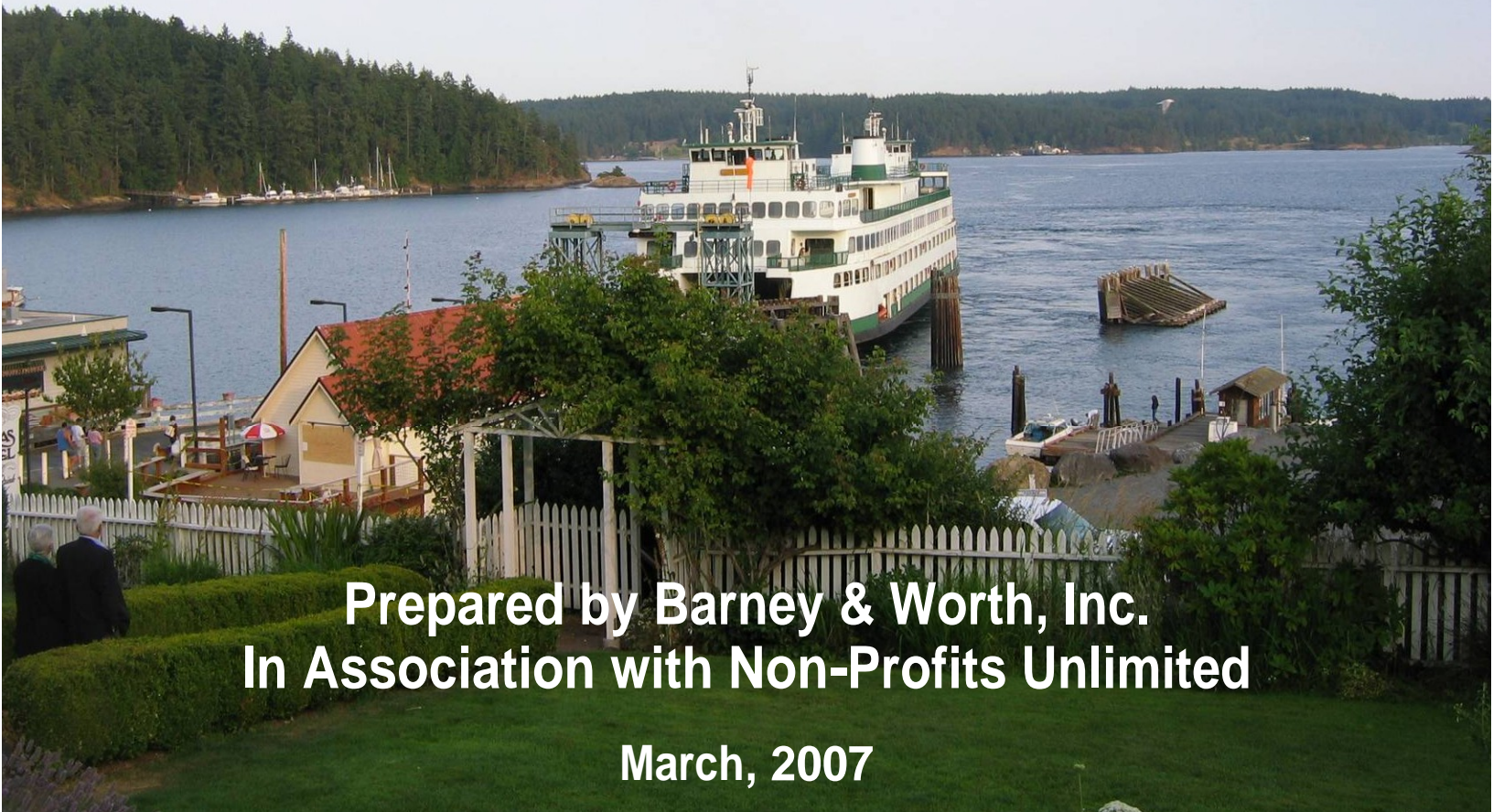


San Juan County Comprehensive Plan Economic Development Element



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In Association with Non-Profits Unlimited

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Table of Contents

I. Introduction	1
Purpose of Economic Development Element	1
Relationship to Other Comprehensive Plan Elements	1
Organization of Document	2
II. Economic Profile.....	3
Historical Context	3
Current Situation	5
Selected Data Indicators.....	6
Population	7
Income.....	8
Building Permit Activity	8
US Census 2000 Highlights.....	9
LifeMode Groupings	10
San Juan County Revenue and Expenditures	12
Retail Sales Demand, Supply and Leakage.....	13
Sources of Income	13
Covered Employment.....	15
Labor Force Participation.....	16
Travel and Tourism	17
Transportation	18
Agriculture.....	21
Marine Industry	24
Entities and Organizations.....	28
III. Key Strengths and Challenges	29
Introduction	29
Key Strengths	30
Key Challenges.....	31
IV. Economic Development Vision, Strategies and Actions	33
Economic Development Vision	33
Economic Development Framework.....	33
Strategies and Actions	34
Proposed Action Plan Development and Implementation Structure.....	43

I. Introduction

Purpose of Economic Development Element

The Washington Growth Management Act (GMA) requires Washington counties and municipalities to maintain a Comprehensive Plan to help plan for and manage growth now and in the future. While not a required component of the comprehensive plan, the Economic Development Element has become an important planning tool supported and promoted by the State of Washington. In point of fact, the State of Washington funded development of both the San Juan County and Town of Friday Harbor Economic Development Elements through a Community, Trade and Economic Development (CTED) planning grant.

The statewide goal for economic development is as follows:

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

Economic development itself has been described in many ways, but is essentially the process and associated initiatives undertaken to ensure financial security for all people living in a specific geography.

Sound economic development seeks to create sustainable wealth by creating jobs that match the workforce or conversely, providing workforce training that qualify locals to fulfill available jobs. Long-term economic development efforts seek to add value to existing industries before creating new ones. Short-term efforts seek to protect existing employers from or help them mitigate detrimental trends or conditions. Proactive economic development seeks out business development opportunities based on an area’s competitive advantages, market characteristics and community values – because those are the foundations of long-range success. Smart economic development recognizes that prosperity both depends on, and drives quality of life; that successful economic development requires a successful social framework.

Relationship to Other Comprehensive Plan Elements

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

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

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

Organization of Document

This report is presented as an economic development plan. It includes the various components required and desired for an official “economic development element” of the Comprehensive Plan, but also lays out a number of specific recommendations for future action. Report contents are outlined below. Combined, the bold items constitute the official “Element.”

- **Purpose of Economic Development**
- **Relationship of the Economic Development Element to Other Comp. Plan Elements**
- **Economic Profile**
 - Historical Economic Context
 - Current Situation
 - Demographic, Business, Revenue and other Economic Data Sets
- **Key Assets and Challenges**
 - Summary of Public Input
- **Vision, Strategies and Actions (Narrative)**
- Proposed Action Plan Development and Implementation Structure

The document, in its entirety, should serve as an updatable information resource not just for municipal entities, but for the many non-profit and other community organizations working to maintain a high level of socio-economic vitality within the islands. Copies of this document should be made available at County and Town offices, as well as the various island libraries.



II. Economic Profile

Historical Context

The following section offers an historic economic context for San Juan County.

Economic History of San Juan County

The San Juan Islands were seasonally occupied by Coastal Salish people from approximately 5000 years ago. Small groups left their winter mainland villages and migrated here to harvest salmon and shellfish and plants. They managed native grasslands and oak woodlands through the use of fire, often setting prairies afire before leaving for their winter quarters. The population of native peoples of the San Juan islands declined by over 80 percent within 100 years of the arrival of Europeans, due to the introduction of disease and by the removal of all land rights under the Elliott Point Treaty in 1855.

Permanent settlement in the islands generally began in 1850, when the Hudson's Bay Company established a saltery on the southern tip of San Juan Island. Bellevue Farm was established in 1853 as an agricultural station with over 4000 head of livestock tended mostly by Hawaiian Islanders. The San Juan Islands were claimed both by the United States and Great Britain and military forces from both countries jointly occupied the islands until 1872. Within 20 years settlers had spread to Lopez, Shaw, Orcas, Waldron, Decatur, and Blakely islands, raising sheep, cattle, and poultry on small subsistence farms.

Fishing continued to be a major activity in the Islands, with small sailing vessels fishing the waters with ever-developing technology from early hand-seines and reef-nets to power seiners, fish traps and fish wheels. Early salmon salteries and later canneries were established at Friday Harbor on San Juan, at Deer Harbor on Orcas, and at Richardson on Lopez. The strategic location of the Islands relative to Canada also proved attractive to smugglers transporting illegal laborers, drugs, wool, liquor, and other commodities. Up to the 1940s, agriculture was a staple industry on the islands. Before the irrigation of eastern Washington the San Juans were the number one apple producing region in the state; plums, cherries and peas were also major crops. Many farms reverted to second growth forest after the Great Depression and the Second World War. Some still continue, mainly as pastureland which contributes to the overall ecosystem diversity and sense of open space.

Extensive logging at the beginning of the 20th century removed all old growth and valuable timber on most of the Islands. Establishment of the local lime industry also consumed huge amounts of wood to run the lime kilns, as well as young trees to make barrels for the lime. The lime company started in at Roche Harbor continued to operate until 1956. Quarrying activities for sandstone were extensive on Waldron, Sucia, and Stuart islands, and aggregate extraction continued on San Juan until 2001.

The Black Ball Line replaced passenger steamers of the "Mosquito Fleet" with car ferries in 1930's and the ferry system continued in private hands until 1951 when the terminals and boats were acquired by the State of Washington. The Port of Friday Harbor was established in 1950, developing a marina for the fishing fleet and visitors, and purchasing adjacent shoreline properties including a fuel pier, restaurant, passenger ferry landing and a commercial building. The Port acquired a privately developed airport in 1979 and completely rebuilt the facility to open with a new terminal and runway in 1986. The Port of Orcas was established in 1959 with the acquisition of a rough private airport at "Clam Flats". The other inhabited islands have un-staffed airports which are served by regularly scheduled and charter flights. Major recreational marinas, complete with fuel, repair facilities and permanent moorage are located on Orcas, Lopez and San Juan Island.

By the 1960's the San Juans had been discovered by outsiders and the economy began to be driven by construction of new residences, particularly summer homes, and commercial properties. Trade and services,

especially for seasonal visitors developed to the extent that the Islands host the highest number of businesses per capita of any county in the state. Electrical power supplied by Bonneville Power Authority is distributed along with broadband internet via submarine cable by locally-owned Orcas Power and Light Cooperative. Infrastructure for water, wastewater and stormwater is managed by San Juan County, the Town of Friday Harbor, private developers or nonprofit entities. Unemployment is relatively low and personal income ranks close to the highest in the state.

Regardless of whether or not business owners have a personal interest in environmental protection, many of their livelihoods depend on the health of the area's ecosystems. In particular, commercial and tribal fisheries, shellfish growers, agriculture, forestry, recreation and tourism-related industries, and real estate development benefit from, and even rely upon, the high quality natural environment to succeed. The area supports a vast number of forage fish, salmon, marine birds, and marine mammals, including porpoise and several species of whales. Some 90 or so Orca whales frequent the archipelago most of the year, attracting viewers from around the world; the Strait of Juan de Fuca is also an important migratory corridor for birds.

Marine biology, resorts, and nature camps have historically contributed to the economy, attracting students, vacationers, and campers from around the world. The University of Washington Friday Harbor Laboratories was established in 1904 and seasonally hosts over 450 researchers and students. Nature education continues as a major attraction, both directed at youth through visits to the Whale Museum and the Labs, and to adults through Elderhostel and a myriad of environmental education programs on land and on the water. The development of major resorts at Roche Harbor and Rosario continues a century-old tradition of accommodation and hospitality and supports significant numbers of seasonal and year-round workers.



As of 2005, San Juan County was home to 15,500 residents, with 2,150 residing in Friday Harbor, the only incorporated town. Roughly 5,341 wage earners worked for 985 employers earning \$135.2 M in 2004. One in five county residents is over the age of sixty-five and the median age is 49.2. Six percent of county residents receive medical assistance, but the county is lowest in the state for assistance overall.

Current Situation

Overview

A few key findings taken from the data presented throughout this section, include:

- Income – in San Juan County *median household* income is below the state, but *average per capita* income is above.
- Population Trends and Forecast – with the intermediate-range forecast, OFM expects growth to continue at about the pace of 2000 – 2005 (of 1.9% per year).
- Tapestry Segments (socio-economic characterizations, or labels, used to distinguish individuals and families living in one place vs. others) – #1 county wide are rural resort dwellers (accounting for over half the population). #1 for San Juan Island are the silver and gold group, i.e. wealthiest seniors.
- Retail Sales and Leakage – strong leakage equal to 60% of locally generated spending potential. The figure would be higher if not offset in part by visitor purchases; lowest leakage is in food stores and restaurants.
- Building Permits – appear to have slowed dramatically since 1999.
- Sources of Personal Income – investment income is #1 at 46% of the total; wage and salary is only 27% (lowest in any county for which we have compiled data).
- Tourism Expenditures – show steady gain from 1991 to present.
- Ferry Traffic – down across the board from 2002 – 2005.
- Covered Employment – accommodation/food services, government, construction and retail account for almost two-thirds (65%) of all jobs. Average pay in all the top sectors (except government) is quite low. Wages increased by only 3% between 2002-2004, well below inflation.

San Juan County differs significantly from the rest of the state in many respects. Demographically speaking, the islands amount to one large resort. By and large, the resort dwellers (including retired seniors) do not depend on the economy of the islands for their sustenance. Those who work for a living do so in low wage occupations with no readily apparent wage premium for working in what is clearly a high cost county.

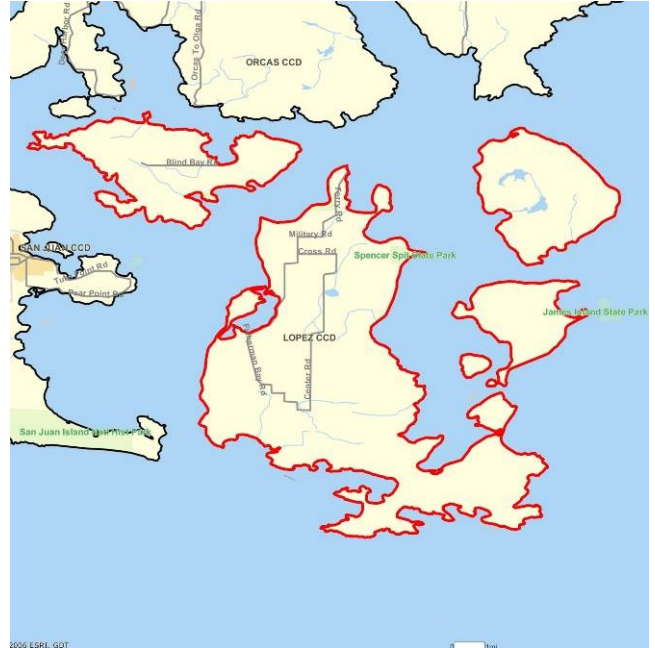
Selected Data Indicators

This section offers an overview of socio-economic conditions and trends in San Juan County and the Town of Friday Harbor. Demographic information is presented by island “cluster” because both primary data sources, the US Census and ESRI Business Information Solutions, present population and income data for San Juan County by “county subdivision.” In other words, people living *nearby*, but not necessarily *on* San Juan Island, for example, are assigned to the San Juan Island Subdivision. The same principle applies for Orcas and Lopez Islands. In this way, the entire population of the San Juan Islands is assigned to one of the three county subdivisions shown below:

San Juan Island Subdivision



Lopez Island Subdivision



Orcas Island Subdivision



Population

As shown below, county-wide population is expected to grow by about 1,200 between 2005 and 2010, with half of this growth occurring on San Juan island outside of Friday Harbor, and the rest equally distributed between Orcas, Lopez and Friday Harbor proper. Household size is projected to remain in the 2.1 to 2.2 range.

Population by Jurisdiction (2000-2010)

	Population			Households (HH)		
	2000	2005	2010	2000	2005	2010
San Juan Island*	6,894	7,701	8,381	3,059	3,443	3,770
Orcas Island*	4,593	4,855	5,163	2,170	2,341	2,516
Lopez Island*	2,590	2,857	3,097	1,237	1,392	1,526
Friday Harbor	1,989	2,213	2,398	896	1,003	1,096
San Juan County	14,077	15,413	16,641	6,466	7,176	7,812
State of Washington	5,894,121	6,319,255	6,756,845	2,271,398	2,436,150	2,608,833

Source: ESRI Business Information Solutions

Looking further out, county-wide population is forecast to reach somewhere between 18,788 (low) and 26,686 (high) by the year 2025. Of course, at times, the summer population, based on ferry counts and OFM estimates may be as much as double the winter time population when counting visitors and part-time residents.

San Juan County Population Trends & Forecast (2000-2025)

Census Estimate Population Forecast

Year	Low	Intermediate	High	Year	Low	Intermediate	High
2000	14,077	14,077	14,077	2017	17,364	19,842	22,553
2005	15,500	15,500	15,500	2018	17,564	20,190	23,069
2010	15,801	17,316	18,987	2019	17,761	20,535	23,589
2011	16,026	17,667	19,472	2020	17,954	20,877	24,113
2012	16,269	18,040	19,988	2021	18,118	21,210	24,607
2013	16,511	18,416	20,512	2022	18,283	21,542	25,111
2014	16,751	18,792	21,042	2023	18,450	21,873	25,625
2015	16,988	19,168	21,578	2024	18,618	22,203	26,150
2016	17,161	19,493	22,043	2025	18,788	22,534	26,686

Source: Washington Office of Financial Management

Looking at population change figures supplied by OFM, it is clear that growth in San Juan County is fueled by in migration, and would be decreasing if counting only natural increase (births minus deaths).

Components of Population Change: 2000 - 2005

Estimated Births	477
Estimated Deaths	607
Natural Increase	-130
Net Migration	1,553
Total Change	1,423

Source: Office of Financial Management

Income

In the table below, median household and per capita incomes are projected to grow faster than the overall state average between 2005 and 2010. However, household incomes will be merely closing the gap between a higher state average, while island per capita incomes will widen their lead, with the greatest growth in income expected to occur on Orcas.

Income by Jurisdiction (2000-2010)

	Median HH Income			Per Capita Income		
	2000	2005	2010	2000	2005	2010
San Juan Island*	\$45,000	\$50,261	\$57,371	\$30,824	\$36,366	\$48,401
Orcas Island*	\$43,771	\$48,706	\$55,897	\$32,531	\$40,875	\$54,823
Lopez Island*	\$38,755	\$43,826	\$49,362	\$26,596	\$31,054	\$39,198
Friday Harbor	\$35,160	\$40,000	\$46,570	\$19,792	\$31,070	\$42,351
San Juan County	\$43,440	\$48,732	\$55,558	\$30,603	\$36,802	\$48,680
State of Washington	\$45,770	\$51,537	\$58,309	\$22,973	\$26,412	\$31,511

Source: ESRI Business Information Solutions

*Note: San Juan, Orcas & Lopez Islands data is an aggregation labeled San Juan, Orcas & Lopez County Subdivisions which include surrounding islands in each delineated area.

Building Permit Activity

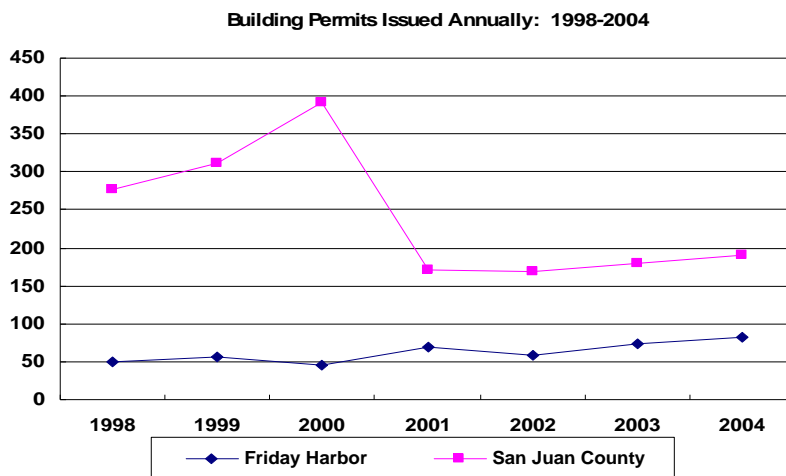
A review of building permit activity, county-wide, during the ten-year period from 1994 through 2004 suggests building activity has actually slowed in recent years, and particularly since 2001. Fewer than half the single-family permits were issued in the four-year period from 2001-2004 (682) as were issued between the previous four-year period between 1997-2000 (1,479).

San Juan County Residential Building Permits 1994-2004 (Units)

Permits	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Single-family	201	261	332	425	275	311	368	171	161	178	172
Multi-family	0	26	52	18	2	0	24	0	7	2	18
Total	201	287	384	443	277	311	392	171	168	180	190

Source: Washington Center for Real Estate Research, WSU.

As the county seat and primary “activity center,” Friday Harbor might be expected to issue a high percentage of county-wide permits. This was not the case in the late 1990’s through 2000, but has become the case since.



US Census 2000 Highlights

A review of US Census 2000 reveals some distinct discrepancies between San Juan County and the rest of Washington State in selected demographic and economic conditions. For example, San Juan County:

- Grew 40.3% from 1990-2000, while the state as a whole grew 21.1%.
- Has a population that is 16.8% under age 18 and 20.4% over 65, compared to the state average of 24% and 11.3% respectively.
- Is very educated, with 94.4% of residents age 25+ owning a high school degree and 40.2% with a bachelors degree or higher, compared to the state average of 87.1% and 11.3% respectively.
- Has a higher rate of home ownership than the state as a whole (73.5% to 64.6%), but much fewer multi-unit structures (7.5% of all housing stock in multi-unit structures, versus 25.6% for the state).
- Is beyond the reach of most median income earners, with a median house price of more than \$290,000 as of 2000. Home prices have escalated faster than income in the ensuing years.
- Has a nonfarm employment growth rate of 0.5% compared to 1.1% for the state, and only about 80% of the state average for retail sales per capita.

US Census QuickFacts 2000 – San Juan County

People QuickFacts

	San Juan County	Washington
Population, 2005 estimate	15,274	6,287,759
Population, percent change, April 1, 2000 to July 1, 2005	8.5%	6.7%
Population, 2000	14,077	5,894,121
Population, percent change, 1990 to 2000	40.3%	21.1%
Persons under 5 years old, percent, 2004	3.2%	6.2%
Persons under 18 years old, percent, 2004	16.8%	24.0%
Persons 65 years old and over, percent, 2004	20.4%	11.3%
Female persons, percent, 2004	51.0%	50.1%
Living in same house in 1995 and 2000, pct age 5+, 2000	50.1%	48.6%
High school graduates, percent of persons age 25+, 2000	94.4%	87.1%
Bachelor's degree or higher, pct of persons age 25+, 2000	40.2%	27.7%
Persons with a disability, age 5+, 2000	2,306	981,007
Mean travel time to work (minutes), workers age 16+, 2000	15.8	25.5
Housing units, 2004	10,695	2,606,623
Homeownership rate, 2000	73.5%	64.6%
Housing units in multi-unit structures, percent, 2000	7.5%	25.6%
Median value of owner-occupied housing units, 2000	\$291,800	\$168,300
Households, 2000	6,466	2,271,398
Persons per household, 2000	2.16	2.53
Per capita money income, 1999	\$30,603	\$22,973
Median household income, 2003	\$43,950	\$48,185
Persons below poverty, percent, 2003	8.5%	11.0%

Business QuickFacts

	San Juan County	Washington
Private nonfarm establishments, 2003	932	167,272
Private nonfarm employment, 2003	3,790	2,293,222
Private nonfarm employment, percent change 2000-2003	0.5%	1.1%
Nonemployer establishments, 2003	2,290	353,240
Manufacturers shipments, 2002 (\$1000)	NA	79,313,884
Retail sales, 2002 (\$1000)	122,673	65,262,333
Retail sales per capita, 2002	\$8,391	\$10,757

Source: US Census Bureau State & County QuickFacts

LifeMode Groupings

ESRI Business Information Systems classifies all households across the U.S. based on 66 LifeMode groupings. These groupings are generated from a proprietary database system that combines demographic information with observed consumer spending and preference information. While not all aspects of each group description apply to all particular households in that grouping, the information is helpful for generally understanding local consumer patterns. Indeed, **many businesses use this or similar data analysis to make their business siting or expansion decisions.** This is important because whether or not one agrees with the information or characterizations presented, these are the numbers and descriptions potential investors see when doing research from afar.

The table below shows the major LifeMode categories for each of the island subsets, followed by descriptions of each of the predominant LifeModes. In short the most common modes include:

- Rural Resort Dweller – the most common mode county-wide, predominant on Orcas.
- Aspiring Young Families – appear in small numbers county-wide, prevalent in Friday Harbor.
- In-Style – Smaller numbers, with highest percentage on San Juan Island.
- Silver and Gold – Highest percentage on San Juan Island, but also common county-wide.

ESRI Population Tapestry Segments by Jurisdiction

Tapestry Segment	Percent
<i>San Juan Island</i>	
Silver and Gold	46.6%
Rural Resort Dwellers	27.6%
In Style	12.9%
Aspiring Young Families	12.8%
Total	99.9%
<i>Orcas Island</i>	
Rural Resort Dwellers	79.6%
Silver and Gold	20.4%
Total	100.0%
<i>Lopez Island</i>	
Rural Resort Dwellers	55.8%
Silver and Gold	44.2%
Total	100.0%
<i>Friday Harbor</i>	
Aspiring Young Families	36.8%
In Style	36.8%
Silver and Gold	26.4%
Total	100.0%
<i>San Juan County</i>	
Rural Resort Dwellers	50.1%
Silver and Gold	37.6%
In Style	6.2%
Aspiring Young Families	6.2%
Total	100.1%

Source: ESRI Business Information Solutions

Abbreviated descriptions of these LifeModes, as defined by ESRI, follow:

Silver and Gold

Silver and Gold residents are the second oldest of the Community Tapestry segments and the wealthiest seniors, with a median age of 58.5 years; most are retired from professional occupations. Their affluence has allowed them to move to sunnier climates. More than 60 percent of the households are in the South (mainly in Florida); 25 percent reside in the West, primarily in California and Arizona. Neighborhoods are exclusive, with a median home value of \$326,600 and a high proportion of seasonal housing.

Rural Resort Dwellers

Favoring milder climates and pastoral settings, Rural Resort Dwellers residents live in rural, non-farm areas. These small, growing communities mainly consist of single-family and mobile homes, with a significant inventory of seasonal housing. This somewhat older market has a median age of 46.0 years. Most households consist of married couples with no children living at home or singles who live alone. A higher-than-average proportion of residents are self employed and work from home. The median household income is \$45,600.



Aspiring Young Families

Aspiring Young Families neighborhoods are located in large, growing metropolitan areas in the South and West, with the highest concentrations in California, Florida, and Texas. Mainly composed of young, married-couple families or single parents with children, the median age for this segment is 30.4 years. Half of the households are owner-occupied, single-family dwellings or town homes, and half are occupied by renters, many living in newer, multiunit buildings.

In Style

In Style residents live in affluent neighborhoods of metropolitan areas. More suburban than urban, they nevertheless embrace an urban lifestyle. Town home ownership is more than double that of the national level; however, more than half of the households live in traditional single-family homes. Labor force participation is high, and professional couples predominate. The median household income is \$67,800. Nearly one-third of these households include children. The median age is 39.3 years. In Style residents are computer savvy; they use the Internet daily to research information, track investments, or shop. They own a diverse investment portfolio, contribute to retirement savings plans, and hold long-term care and life insurance policies.

San Juan County Revenue and Expenditures

The State of Washington distributes a range of revenues to Washington Counties. The table below shows sources for San Juan County. Overall, revenue growth has been steady but moderate. Hotel/motel tax revenues have shown the strongest growth since 2002.

State Collected Revenues Distributed to San Juan County (\$)

State Fiscal Year	2002	2003	2004	2005
Criminal Justice	\$810,235.50	\$728,784.56	\$753,320.78	\$820,662.08
Forest Excise and Reclassified	11,565.89	7,767.48	5,621.37	9,913.03
Hotel/Motel Tax	337,098.99	424,719.62	664,452.56	711,207.15
Liquor Excise Tax	14,046.36	14,656.22	16,853.34	18,351.13
Liquor Profits	28,914.36	31,550.66	37,096.69	43,406.55
Local Sales & Use Tax/Interest	2,578,560.79	2,694,727.21	2,836,720.15	3,054,254.80
Miscellaneous	147,318.93	150,446.39	157,399.24	176,490.68
Motor Vehicle Fund	3,598,081.06	3,180,129.17	3,827,649.50	3,876,813.41
Total Revenue Distributed	\$7,525,821.88	\$7,232,781.31	\$8,299,113.63	\$8,711,098.83

Source: State Treasurer Note: These are monies collected by the State Treasurer and distributed to county, not city governments. Miscellaneous includes camper/travel trailer excise tax, local leasehold excise tax, boating safety/education, prosecuting attorneys' salaries, centennial documents, autopsy reimbursement, deferred property assessments, FHWA pass through reimbursements, state DOT grants and local real estate excise tax.

Another revenue collected at the county level is the real estate excise tax. In San Juan County, this revenue has experienced exceptional growth over the past several years.

San Juan County Real Estate Excise Tax Collections - 1% of Sales

State Fiscal Year	Tax Collections
2002	\$2,238,926.30
2003	\$2,990,447.03
2004	\$3,000,956.32
2005	\$4,644,967.39

A summary of San Juan County revenue and expenditures from 2004 indicates a healthy balance.

San Juan County Revenues and Expenditures - Calendar Year 2004

Revenues (\$)		Expenditures (\$)	
Property Taxes	\$5,675,090	General Government Services	\$5,587,121
Retail Sales & Use	4,282,180	Security of Persons & Property	3,326,619
All Other Taxes	4,705,662	Physical Environment	2,179,584
Licenses & Permits	826,634	Transportation	5,218,251
Intergovernmental Revenues	7,006,780	Economic Development	2,031,728
Charges for Services	3,780,198	Mental & Physical Health	2,284,529
Fines & Forfeits	160,852	Culture & Recreation	1,210,109
Miscellaneous Revenue	1,595,568	Debt Service	1,511,795
Other Financing Resources	5,415,336	Capital Outlays	5,235,967
Total Revenues	\$33,448,300	Total Expenditures	\$28,585,703

Source: State Auditor. Note: These are revenues and expenditures for county governments and do not include incorporated city/town revenues and expenditures. Reasons why total revenues and total expenditures do not match include (1) the listings do not take into account the fund balances, and (2) counties account for certain transactions such as bond issues by recording the "net" effect rather than each piece of the transaction.

Retail Sales Demand, Supply and Leakage

In 2005, Food and Beverage-related stores, services and places generated over half of all island retail sales. These same industry categories experience the lowest sales leakage percentages among major categories examined. Sales leakage is simply an estimate of the difference between known sales (supply) and anticipated demand based on a variety of factors including income and amount of money generally spent on a specific category.

Due to the island geography, some sales leakage information may be more telling than others. To take an obvious example, sales leakage for “motor vehicles and parts dealers” would be more useful to someone interested in vending the “parts” than the “vehicles” themselves. Similarly, while sales leakage appears to be high in “gasoline” and “electronics” categories, that does not necessarily mean someone should rush in and start-up a business in either one. With regard to “gasoline,” many islanders may prefer to buy gas off-island due to lower costs. With “electronics,” national trends show more and more people buying these products on-line and having them shipped from centralized distribution centers.

On the other hand, sales leakage information can suggest direct or even indirect opportunities. For example, two out of three islanders are getting their “general merchandise” items off island. What are the most common general merchandise items, and how can an entrepreneur convince his or her island mate to buy them locally? The table below provides a summary of demand, supply and leakage across a number of major industry categories in San Juan County for 2005.

San Juan County Retail Sales & Leakage(2005)

NAICS	Retail Categories	Demand (Retail Potential)	Supply (Retail Sales)	Leakage (Demand-Supply)	Leakage %
441	Motor Vehicle & Parts Dealers	\$65,623,345	\$7,790,193	\$57,833,152	88%
442	Furniture & Home Furnishings Stores	\$4,773,798	\$1,986,897	\$2,786,901	58%
443	Electronics & Appliance Stores	\$6,531,240	\$2,204,819	\$4,326,421	66%
444	Bldg Materials, Garden & Supply Stores	\$12,682,864	\$5,288,663	\$7,394,201	58%
445	Food & Beverage Stores	\$57,434,170	\$33,475,547	\$23,958,623	42%
446	Health & Personal Care Stores	\$10,070,583	\$5,763,953	\$4,306,630	43%
447	Gasoline Stations	\$20,127,250	\$6,430,379	\$13,696,871	68%
448	Clothing and Clothing Accessories Stores	\$12,318,092	\$6,266,858	\$6,051,234	49%
451	Sporting Goods, Hobby, Book, & Music Stores	\$3,933,746	\$1,930,823	\$2,002,923	51%
452	General Merchandise Stores	\$407,324	\$151,446	\$255,878	63%
453	Miscellaneous Store Retailers	\$13,423,834	\$6,643,925	\$6,779,909	51%
454	Non-store Retailers	\$5,227,879	\$1,813,155	\$3,414,724	65%
722	Food Services & Drinking Places	\$34,301,008	\$19,269,055	\$15,031,953	44%
44-45, 72	Total Retail Trade and Food & Drink	\$246,855,133	\$99,015,713	\$147,839,420	60%

Source: ESRI Business Information Solutions

Sources of Income

The table on the following page provides a comprehensive overview of sources of income for both San Juan County and Washington State as a whole. Among the various data points, none stands out more than the percentage of personal income attributed to investment income in San Juan County. Essentially half (46% in 2004) of all personal income in San Juan County is investment income, compared to less than 20% for the state as a whole. Equally striking, wage and salary/supplement to wage and salary income accounts for a mere 33% of all personal income in San Juan County, compared to 61% for the state overall. These disproportionate percentages of personal income have varied little over the past decade.

Sources of Personal Income for San Juan County and Washington State

Income Type (%)	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>San Juan County</i>											
Wage & salary income	23%	24%	23%	23%	24%	25%	25%	26%	26%	27%	27%
Supplements to wages & salaries	6%	6%	5%	5%	5%	5%	5%	5%	6%	6%	6%
Proprietors income	11%	11%	10%	11%	10%	11%	10%	10%	9%	9%	9%
Investment income	50%	48%	50%	50%	51%	48%	49%	47%	48%	46%	46%
Transfer payments	10%	11%	11%	11%	10%	10%	10%	11%	12%	12%	12%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Per Capita Personal Income	\$30,000	\$29,259	\$30,907	\$33,319	\$35,738	\$36,977	\$37,620	\$38,267	\$38,377	\$38,663	\$40,457
<i>State of Washington</i>											
Wage & salary income	48%	49%	49%	50%	51%	53%	52%	51%	50%	50%	49%
Supplements to wages & salaries	12%	12%	11%	11%	11%	11%	11%	11%	11%	12%	12%
Proprietors income	8%	7%	7%	7%	7%	7%	7%	7%	8%	8%	8%
Investment income	19%	19%	19%	19%	19%	18%	18%	18%	17%	16%	18%
Transfer payments	13%	13%	13%	13%	12%	12%	12%	13%	13%	14%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Per Capita Personal Income	\$20,848	\$21,559	\$22,548	\$23,716	\$24,923	\$25,697	\$27,241	\$27,813	\$28,719	\$29,464	\$35,041
Income Type (Amt.)	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>San Juan County</i>											
Wage and salary disbursements	82,151	87,185	88,295	94,757	108,672	123,732	131,036	138,131	139,604	147,797	158,069
Supplements to wages and salaries	19,932	20,415	19,726	19,919	22,699	25,114	27,060	27,910	30,008	33,287	37,087
Proprietors' income 6/	37,570	37,571	37,690	47,673	47,971	56,479	52,683	53,658	47,091	49,500	55,579
plus: Dividends, interest, and rent 5/	176,574	173,255	194,471	214,441	242,913	246,682	258,375	261,065	268,794	264,411	279,108
plus: Personal current transfer receipts	36,826	40,512	43,428	45,141	47,542	51,086	55,843	62,504	67,124	70,380	74,398
equals: Net earnings by place of residence	140,125	146,264	149,150	166,995	184,176	211,104	218,446	226,327	224,966	238,580	259,099
Earnings by place of work	139,653	145,171	145,711	162,349	179,342	205,325	210,779	219,699	216,703	230,584	250,735
Ratio net:gross	100%	101%	102%	103%	103%	103%	104%	103%	104%	103%	103%
Adjust wage & salary	82,429	87,841	90,379	97,469	111,601	127,215	135,802	142,298	144,927	152,922	163,342
Adjust supplements	19,999	20,569	20,192	20,489	23,311	25,821	28,044	28,752	31,152	34,441	38,324
Adjust proprietors income	37,697	37,854	38,580	49,037	49,264	58,069	54,599	55,277	48,887	51,217	57,433
Personal income	353,525	360,031	387,049	426,577	474,631	508,872	532,664	549,896	560,884	573,371	612,605
Check	353,525	360,031	387,049	426,577	474,631	508,872	532,664	549,896	560,884	573,371	612,605
<i>State of Washington</i>											
Wage and salary disbursements	67,532,042	71,564,141	77,209,913	85,195,433	94,196,078	103,759,686	110,001,468	110,615,625	111,356,693	114,149,779	119,202,055
Supplements to wages and salaries	16,771,553	17,296,930	17,776,527	18,479,715	20,136,180	21,271,699	22,875,079	23,244,938	25,400,395	27,209,212	29,753,877
Proprietors' income	11,197,527	10,896,196	11,724,943	11,387,994	12,377,318	13,144,005	14,149,382	16,162,619	16,990,659	17,933,810	18,390,739
plus: Dividends, interest, and rent 5/	22,888,415	24,488,403	26,840,568	28,874,670	31,527,857	31,362,522	34,520,824	33,905,539	34,081,336	33,452,302	39,034,939
plus: Personal current transfer receipts	16,329,279	17,464,288	18,359,410	19,050,367	19,759,830	20,965,595	22,313,636	25,078,195	26,595,380	27,843,684	28,509,156
Net earnings by place of residence 1/	84,076,162	87,891,907	94,450,515	102,193,489	112,473,859	123,163,207	131,018,944	134,514,570	137,694,541	142,593,695	149,959,102
Earnings by place of work (\$000)	95,501,122	99,757,267	106,711,383	115,063,142	126,709,576	138,175,390	147,025,929	150,023,182	153,747,747	159,292,801	167,346,671
Ratio net:gross	88%	88%	89%	89%	89%	89%	89%	90%	90%	90%	90%
Adjust wage & salary	59,453,070	63,052,137	68,338,689	75,666,442	83,613,226	92,486,626	98,025,405	99,180,760	99,729,648	102,183,141	106,816,783
Adjust supplements	14,765,144	15,239,593	15,734,049	16,412,784	17,873,897	18,960,617	20,384,627	20,841,998	22,748,273	24,356,795	26,662,405
Adjust proprietors income	9,857,948	9,600,177	10,377,777	10,114,263	10,986,736	11,715,963	12,608,913	14,491,812	15,216,620	16,053,759	16,479,914
Personal income	123,293,856	129,844,598	139,650,493	150,118,526	163,761,546	175,491,324	187,853,404	193,498,304	198,371,257	203,889,681	217,503,197
Check	123,293,856	129,844,598	139,650,493	150,118,526	163,761,546	175,491,324	187,853,404	193,498,304	198,371,257	203,889,681	217,503,197

Source: *Regional Accounts Data*, U.S. Department of Commerce, Bureau of Economic Analysis.

Covered Employment

More than 65% of San Juan County's 5,300 jobs (reported covered employment) in 2004 were housed in the Accommodation and Food Services, Government, Construction and Retail Trade sectors. Each of these sectors showed modest growth in both employment and wages between 2002 and 2004. The highest average wages in San Juan County appear to be in Utilities, Finance and Insurance and Management. Manufacturing, Information, Educational Services, Administrative and Waste Services, and State Government show strong growth in employment and total wages.

San Juan County Covered Employment Classified By Industry (2002-2004)

NAICS Code	Industry	2002				2004				Avg. Annual % Chg 2002-2004			
		Average Firms	Avg. Emp.	Total Wages	Avg. Wages	Average Firms	Avg. Emp.	Total Wages	Avg. Wages	Average Firms	Avg. Emp.	Total Wages	Avg. Wages
11	Agriculture, forestry, fishing and hunting	24	68	\$2,126,976	\$31,279	18	55	\$1,527,245	\$27,768	-13%	-10%	-15%	-6%
21	Mining	*	*	*	*	*	*	*	*	*	*	*	*
22	Utilities	*	*	*	*	7	70	\$3,507,565	\$50,108	*	*	*	*
23	Construction	223	700	\$20,070,129	\$28,672	207	717	\$21,361,325	\$29,793	-4%	1%	3%	2%
31-33	Manufacturing	40	196	\$6,243,080	\$31,852	43	260	\$8,681,052	\$33,389	4%	15%	18%	2%
42	Wholesale trade	18	56	\$1,456,957	\$26,017	18	59	\$1,791,253	\$30,360	0%	3%	11%	8%
44-45	Retail trade	96	636	\$13,393,815	\$21,059	95	678	\$15,501,530	\$22,864	-1%	3%	8%	4%
48-49	Transportation and warehousing	18	85	\$1,509,870	\$17,763	18	87	\$1,701,100	\$19,553	0%	1%	6%	5%
51	Information	10	43	\$1,402,298	\$32,612	10	79	\$2,393,421	\$30,296	0%	36%	31%	-4%
52	Finance and insurance	14	91	\$3,634,784	\$39,943	15	93	\$3,974,814	\$42,740	4%	1%	5%	3%
53	Real estate and rental and leasing	*	*	*	*	45	133	\$2,984,021	\$22,436	*	*	*	*
54	Professional and technical services	53	124	\$4,108,650	\$33,134	58	140	\$4,429,716	\$31,641	5%	6%	4%	-2%
55	Management of companies and enterprises	4	24	\$1,315,613	\$54,817	*	*	*	*	*	*	*	*
56	Administrative and waste services	53	132	\$2,409,048	\$18,250	51	161	\$3,160,278	\$19,629	-2%	10%	15%	4%
61	Educational services	10	31	\$736,966	\$23,773	11	43	\$993,465	\$23,104	5%	18%	16%	-1%
62	Health care and social assistance	47	227	\$4,661,065	\$20,533	47	243	\$5,635,227	\$23,190	0%	3%	10%	6%
71	Arts, entertainment, and recreation	26	152	\$2,163,615	\$14,234	27	173	\$2,639,216	\$15,256	2%	7%	10%	4%
72	Accommodation and food services	105	1,048	\$16,201,918	\$15,460	105	1,109	\$17,852,874	\$16,098	0%	3%	5%	2%
81	Other services, except public administration	88	205	\$3,878,322	\$18,919	86	216	\$5,215,667	\$24,147	-1%	3%	16%	13%
	GOVERNMENT	45	919	\$28,580,103	\$31,099	39	967	\$30,752,320	\$31,802	-7%	3%	4%	1%
	Federal Government	7	66	\$2,251,047	\$34,107	4	63	\$2,505,768	\$39,774	-24%	-2%	6%	8%
	State Government	15	101	\$2,409,800	\$23,859	11	130	\$3,003,452	\$23,103	-14%	13%	12%	-2%
	Local Government	23	753	\$23,919,256	\$31,765	24	774	\$25,243,100	\$32,614	2%	1%	3%	1%
	NOT ELSEWHERE CLASSIFIED	55	218	\$6,092,233	\$27,946	4	26	\$1,169,394	\$44,977	-73%	-65%	-56%	27%
	TOTAL	928	4,956	\$119,985,442	\$24,210	901	5,309	\$135,271,483	\$25,480	-1%	4%	6%	3%

* Employment and wages not shown to avoid disclosure of data for individual employer. Source: Washington State Employment Security Department.

Labor Force Participation

The following two tables, drawn from the 2000 US Census, provide an overview of San Juan county labor force characteristics and highlight a few stark contrasts with the overall Washington State labor force. Compared to the state, San Juan County experiences: Lower labor force participation overall; A higher proportion of part time workers (working less than 35 hours per week); and, of those working part time, a higher proportion working less than 52 weeks per year.

Labor Force Participation by Full & Part-time Status (1999)

	San Juan County	Washington
Population 16+ Years	11,611	4,553,591
Worked in 1999	7,753	3,282,000
% of Population Worked in 1999	67%	72%
Full-time (Worked 35+ hours/week)	5,312	2,528,816
% of Employed Population Working Full-time	69%	77%
Part-time (Worked 1-34 hours/week)	2,441	753,184
% of Employed Population Working Part-time	31%	23%

Usual Hours Worked Per Week for the Population Age 16 and Over (1999)

	San Juan County	Washington	San Juan County	% of Total Washington
Worked in 1999:	7,753	3,282,000	100%	100%
Usually worked 35 or more hours per week:	5,312	2,528,816	69%	77%
50 to 52 weeks	3,549	1,794,122	46%	55%
48 and 49 weeks	366	138,461	5%	4%
40 to 47 weeks	467	194,021	6%	6%
27 to 39 weeks	366	151,709	5%	5%
14 to 26 weeks	329	139,391	4%	4%
1 to 13 weeks	235	111,112	3%	3%
Usually worked 1 to 34 hours per week:	2,441	753,184	31%	23%
50 to 52 weeks	824	271,418	11%	8%
48 and 49 weeks	127	37,738	2%	1%
40 to 47 weeks	376	96,806	5%	3%
27 to 39 weeks	319	98,863	4%	3%
14 to 26 weeks	448	124,830	6%	4%
1 to 13 weeks	347	123,529	4%	4%
Usually worked 15 to 34 hours per week:	2,007	603,460	26%	18%
50 to 52 weeks	728	232,378	9%	7%
48 and 49 weeks	115	31,783	1%	1%
40 to 47 weeks	308	80,671	4%	2%
27 to 39 weeks	286	79,894	4%	2%
14 to 26 weeks	359	94,182	5%	3%
1 to 13 weeks	211	84,552	3%	3%
Usually worked 1 to 14 hours per week:	434	149,724	6%	5%
50 to 52 weeks	96	39,040	1%	1%
48 and 49 weeks	12	5,955	0%	0%
40 to 47 weeks	68	16,135	1%	0%
27 to 39 weeks	33	18,969	0%	1%
14 to 26 weeks	89	30,648	1%	1%
1 to 13 weeks	136	38,977	2%	1%
Did not work in 1999	3,858	1,271,591	50%	39%

U.S. Census Bureau: Census 2000

Travel and Tourism

The visitor industry is one of, if not the, economic anchors of San Juan County. Tourism generates about 20% of all county employment and tax receipts. While more vital to some islands, and portions of islands, than others, it nonetheless generates revenue that offsets the costs of providing services county-wide and provides income for residents from all parts.

Data presented by Dean Runyan and Associates in a report prepared for Washington State Community Trade and Economic Development, of Washington's 39 counties, San Juan County:

- Ranks 2nd in the state in terms of the percentage of overall employment earnings that are travel-generated (15.7% of county-wide earnings are travel-generated).
- Ranks 3rd in the state for the percentage of total employment that is travel-generated (17.7% of county-wide employment is travel-generated).
- Ranks 3rd in the state when evaluating the percentage of total tax collections relative to visitor-generated collections (28.1% of tax collections in San Juan County are visitor-generated when including lodging and sales, or 23.6 if including lodging alone).

Other travel impacts include:

- Travelers spent about \$118.8 million in San Juan County, in 2005 alone.
- Overall travel-related earnings (net income) in 2005 was more than \$40 million.
- More than 1,800 jobs were supported by travel spending.
- Over \$8.3 million in tax receipts were generated in 2005.
- At 6%, San Juan County has the second fastest travel spending growth rate in the state from 1999 through 2005. The statewide annual change average is 4.5%.
- Travel spending in the County increased from \$52 million in 1991 to nearly \$119 million in 2005.
- Between 1997-2005, distributions of state-shared hotel motel taxes remained stagnant in Friday Harbor (\$118,000), but grew considerably county-wide (from \$201,000 to \$351,000).

The table below provides data on overall visitor spending and additional detail on spending by type of accommodation, commodity purchased, earnings, employment and tax receipts. Notable findings include:

- A significant growth in vacation home lodging-related spending, compared to growth in other accommodations.
- A stagnant or slightly declining trend in visitor-related retail spending.
- An overall decline in employment, with retail, arts, entertainment and culture suffering the brunt of job elimination.
- Strong growth in earnings, particularly in the food and accommodations sectors.



San Juan County Travel Impacts, 1991-2005

	1991	2000	2001	2002	2003	2004	2005
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	52.3	105.5	113.8	110.5	106.0	116.0	118.7
Other Travel*	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Total Direct Spending	52.4	105.6	113.9	110.6	106.2	116.1	118.8
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	32.9	68.7	71.1	72.1	67.7	75.4	76.7
Private Campground	1.6	2.7	5.4	2.4	2.5	2.6	2.7
Public Campground	1.8	2.7	3.0	2.9	2.9	3.0	3.2
Private Home	2.2	3.6	3.8	3.9	4.1	4.3	4.5
Vacation Home	2.6	6.5	7.2	7.3	7.5	7.9	8.2
Day Travel	11.2	21.2	23.4	21.9	21.3	22.9	23.4
Spending at Destination	52.3	105.5	113.8	110.5	106.0	116.0	118.7
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	11.8	26.4	28.6	28.2	26.6	29.6	30.4
Food & Beverage Services	15.7	32.1	34.6	34.4	33.0	36.4	37.3
Food Stores	3.0	6.4	7.5	6.9	6.8	7.4	7.5
Ground Tran. & Motor Fuel	2.3	3.8	3.8	3.5	4.3	5.1	6.2
Arts, Entertainment & Recreation	9.7	18.5	19.7	19.1	18.2	19.6	19.5
Retail Sales	9.8	18.2	19.6	18.3	17.1	17.9	17.8
Spending at Destination	53.3	105.5	113.8	110.5	106.0	116.0	118.7
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodations & Food Service	10.2	22.2	24.2	24.5	23.7	25.4	26.1
Arts, Entertainment & Recreation	4.7	9.7	10.3	9.5	9.2	9.7	9.9
Retail**	1.9	3.9	4.3	4.2	4.1	4.3	4.3
Auto Rental & Ground Tran.	a	a	a	a	a	a	a
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Direct Earnings	16.9	35.9	38.9	38.2	37.0	39.5	40.4
Industry Employment Generated by Travel Spending (Jobs)							
Accommodations & Food Service	800	1,110	1,190	1,170	1,050	1,130	1,120
Arts, Entertainment & Recreation	250	710	570	600	580	570	550
Retail**	150	210	210	190	180	180	170
Auto Rental & Ground Tran.	b	b	b	b	b	b	b
Other Travel*	10	10	b	b	b	b	b
Total Direct Employment	1,210	2,040	1,970	1,970	1,820	1,890	1,840
Tax Receipts Generated by Travel Spending (\$Million)							
Local Tax Receipts	0.6	1.5	1.6	1.7	1.6	2.1	2.1
State Tax Receipts	2.8	5.6	6	5.8	5.6	6.1	6.2
Total Direct Tax Receipts	3.5	7.1	7.6	7.5	7.2	8.2	8.3

Details may not add to totals due to rounding. *Other Travel includes resident air travel and travel agencies. Less than \$50,000 in earnings denoted by 'a'. Less than 5 employees denoted by 'b'.

Source: Dean Runyan and Associates, 2005.

Transportation

Transportation is addressed in a separate element of the Comprehensive Plan. However, due to the particular importance of transportation to San Juan Island economic vitality, it is worth addressing here as well. Some of the following narrative is excerpted from the San Juan County Hazard Mitigation Plan, per permission of Brendan Cowan, Director, San Juan County-Town of Friday Harbor Department of Emergency Management.

San Juan County is unique in that it is the only Washington county entirely surrounded by water and without a bridge connecting it to the mainland. San Juan, Orcas, Lopez, and Shaw Islands are all served by the Washington State Ferry System, which is the primary transportation link between the San Juan Islands and mainland U.S. and Canada. Ferry service from Friday Harbor to Anacortes is approximately

90 minutes, nonstop, with six to seven different departure times possible, depending on the day of the week. Over the next 25 years, the Washington State Ferry System anticipates a 75% increase in ridership and a 45% increase in vehicle traffic for the San Juans-Anacortes route.

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

Between 2002 and 2005, Washington State Ferries data indicates vehicle and passenger fare declines across the board, regardless of travel type or destination. It is not clear whether the declines stimulated or resulted from route reductions (frequency and destination), fare increases, both or neither. Noteworthy, however, is that neither travel spending nor revenue appear to have been impacted, suggesting one or a combination of the following:



1. Fewer visitors are spending more.
2. Fewer permanent residents live on the islands year-round (no overall population decline).
3. Island residents are making fewer trips to the mainland, for a variety of reasons.

San Juan Ferry Traffic Counts - Vehicle & Passenger Fares (2002 & 2005)

Route	Vehicle	Passenger	Total Riders	Vehicle	Passenger	Foot Passenger
Anacortes-Lopez						
2002	146,736	152,844	299,580	109,304		43,540
2005	146,910	145,236	292,146	105,316		39,920
% Chg	0.12%	-4.98%	-2.48%	-3.65%		-8.31%
Anacortes-Shaw						
2002	16,086	18,304	34,390	12,086		6,218
2005	13,828	14,552	28,380	10,846		3,706
% Chg	-14.04%	-20.50%	-17.48%	-10.26%		-40.40%
Anacortes-Orcas						
2002	288,558	319,974	608,532	250,840		69,134
2005	276,274	300,922	577,196	238,362		62,560
% Chg	-4.26%	-5.95%	-5.15%	-4.97%		-9.51%
Anacortes-Friday Harbor						
2002	319,118	458,832	777,950	268,522		190,310
2005	309,576	433,612	743,188	260,596		173,016
% Chg	-2.99%	-5.50%	-4.47%	-2.95%		-9.09%
Inter Island						
2002	105,268	0	105,268	0		0
2005	97,274	0	97,274	0		0
% Chg	-7.59%	0.00%	-7.59%	0.00%		0.00%
Total						
2002	875,766	949,954	1,825,720	640,752		309,202
2005	843,862	894,322	1,738,184	615,120		279,202
% Chg	-3.64%	-5.86%	-4.79%	-4.00%		-9.70%

Source: Washington State Ferries.

Public and private facilities for air travel are available throughout the county. The three biggest islands (San Juan, Orcas and Lopez) each have public airports administered by port authorities. All the islands have private runways (typically grass strips) maintained for the take-off and landing of small planes. Several commercial airlines serve the islands with regularly scheduled flights to and from Anacortes, Bellingham, and Seattle. While the statistics on plane ownership are difficult to ascertain, it is safe to say that San Juan County has a high percentage of resident pilots and plane owners.

Besides the Washington State Ferry docks on San Juan, Orcas, Lopez, and Shaw, San Juan County has numerous public and private marinas, haul-out facilities, and community and private docks. Boat ownership is practically a given in this environment, from kayaks and live-aboards to working vessels and elite cabin cruisers. Live-aboards are permitted in most of the marinas, along with permanent and transient moorage. The Port of Friday Harbor is the largest marina in the San Juan Islands with 464 moorages.

Agriculture

Agriculture is a critical part of the San Juan County economy. While agriculture does not generate as much direct revenue as some other types of economic activity, it plays a large part in the overall quality of life people who live and visit the islands enjoy. For example, agricultural use prevents land from being developed and thereby maintains many of the signature open spaces on the islands. Island-based ag production also ensure a local supply of healthy, safe food products. Local products fuel the Friday Harbor farmers market, a top destination for residents and visitors alike. The rise of farm tours is also helping to expand visitor industry offerings. Agricultural operations such as Pelindaba – with its country farm and town retail – are helping to link rural and urban, and developing new “island-scale” product markets along the way.

In addition to crop production, the San Juans have become for quality livestock production. Indeed, San Juan County is to the first USDA-approved mobile processing unit on the west (est. 2002). The mobile unit has helped many livestock producers to overcome regulatory barriers that would have impacted the economic viability of their businesses. As a many have been able to expand their product line and sales, providing a top quality product to island residents. This type innovation and value added effort offers a model for future endeavors, and hope for increased agricultural viability in the



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Additional information regarding the present state of agriculture in San Juan County follows.

Census of Agriculture

The 2002 Census of Agriculture (most recent available) for San Juan County provides insight into the current status of agriculture on the islands, as well as a direct comparison with the state of agriculture during the last census (1997). In some cases, it is also possible to look back nearly 50 years to the 1954 Census of Agriculture to see large-scale shifts in island agriculture. A few facts and figures are highlighted below:

- In 1954, there were approximately 45,463 acres of land in farms. By 1997, the number of acres had shrunk to 18,843 and in 2002, 17,145 acres.
- In 1954, average farm size was around 154 acres. By 1997, average farm size was 81 acres, and in 2002, 76 acres.
- There were an estimated 295 farms in 1954, 232 in 1997 and 225 in 2002.
- Of the 225 farms identified as operating in San Juan County, 115 farm heads report farming as their primary occupation, and 110 say they rely on another occupation for their primary income.
- Of those same 225 farms, only 7 reported farm sales of \$50,000 or more in 2002.
- The average net income per farm in San Juan County: \$-10,240.
- On the bright side, total market value of ag production in San Juan County in 2002 was approximately \$3.1 million, up 10% from a value of \$2.8 million in 1997. Crop production accounted for approximately 37% of sales value in 2002, and livestock sales for about 43%.

Farm Surveys

For a “look under the hood,” it is helpful to review comments supplied by farmers and consumers themselves. A series of surveys conducted or facilitated by WSU Extension provides further insight into the state of agriculture in San Juan County and future priorities and opportunities. Each is summarized below.

Local Foods Consumer Survey (2000)

According to a Consumer Food Survey conducted by Washington State Extension in 2000, Island residents already try to buy locally, but are interested in increasing the percentage of local purchases. Key findings include:

- Approximately 65% of survey respondents said that less than a quarter of their food purchased were locally produced.
- Three of four respondents say they shop at farmers market; one of five buys direct from farms.
- Fruits and vegetables are the most commonly purchased local foods, with the highest number of respondents reporting weekly purchases of those items.
- Interestingly, over 50% of respondents say they buy local food products if they know the producer’s “production techniques are ethical/sustainable.”
- The most important step to get people to make more frequent local purchases, according to the greatest number of respondents: sell food products where they already shop.
- The best way to promote availability of local foods: newspaper and word of mouth.



San Juan Farmers Market (2004)

Findings from a Rapid Market Assessment (farmers market survey) conducted in summer 2004 suggest at least moderate, if not greater, demand for a permanent San Juan Island/Friday Harbor Farmers Market. Among the most interesting findings:

- Over 800 visitors attended the market between 10 AM and 1 PM on a Saturday in June, resulting in one-day vendor sales of more than \$8,000; about half of these visitors did their shopping in the first hour suggesting supplies of at least some goods are limited.
- 60% of customers were San Juan Islands residents (predominantly from San Juan Island), and about 40% visitors, primarily from Puget Sound area.
- Over 90% of survey respondents expressed moderate or strong (two-thirds) support for a covered market, much higher than in other jurisdictions.

Food Producer Survey (2006)

A Food Producer Survey conducted by Washington State Extension in 2006, on behalf of the San Juan County Agricultural Resource Committee (ARC), reveals general characteristics, key issues and priorities for some of the 200 or so individuals known to be involved in local agriculture:

- “Farms” range in size from a quarter acre to more than 700 acres, with a median size of approximately 46 acres and a mode of 20 acres.

- Only one in five individuals report supporting themselves (and family) exclusively through their farm operations, and 46% say their farm operation is not economically viable.
- Farm labor is identified as a major problem due to scarcity and cost. The 10\$/hr going rate is nowhere near the labor rate anywhere else in the state let alone other locations.
- However, labor is ranked only fifth in a list of farming barriers, preceded by: regulatory issues; access to resources; access to water; and information on farm support and grants.
- The top three priorities for respondents: Preservation of agricultural lands; increased levels of technical support and training; and elimination of regulatory barriers.



Marine Industry

It is extremely difficult to assess the scope and depth of marine industry trades for San Juan County and Friday Harbor. While some efforts are underway to better understand and quantify the value of marine-related industries to the San Juan and surrounding regional economy, little data is currently available. A few reports and information sources do shed at least a little light on what marine industry activities are occurring here. Each is described below.

Employment Security Labor Market and Economic Analysis

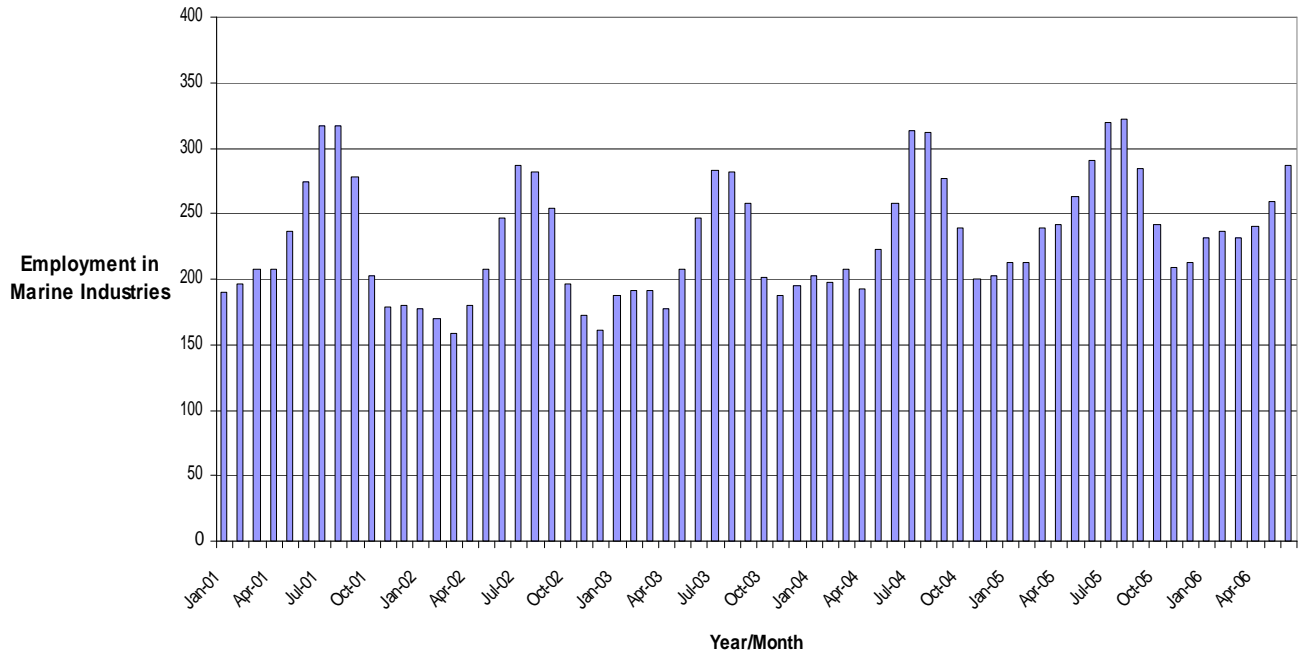
Working with staff at the Washington State Department of Employment Security, the consultant team was able to identify a known range of marine-related “industry codes” to be operating in Friday Harbor/San Juan County. Together, there are between 39 to 47 known marine-related firms operating in San Juan County at any given time. Industry types include:

NAICS Code	Industry Title
▪ 11251	Animal Aquaculture
▪ 11411	Fishing
▪ 31491	Textile Bags and Canvas Mills (Sails)
▪ 33331	Commercial and Service Industry Machinery Manufacturing
▪ 42446	Fish and Seafood Wholesalers
▪ 44122	Motorcycle, Boat and Other Motor Vehicle Dealers
▪ 48721	Scenic and Sightseeing Transportation, Water
▪ 48833	Navigational Services to Shipping
▪ 61162	Sports and Recreation Instruction (Boat Charters)
▪ 71219	Nature Parks and Other Similar Institutions
▪ 71393	Marinas
▪ 71399	All Other Amusement and Recreation Industries (sea tours)
▪ 81149	Other Personal Goods and Household Repairs and Maintenance (marine engine repairs)
▪ 81331	Social Advocacy Organizations (animal rights organizations)

As shown in the tables below, collectively, these marine industries have employed between 250 and 325 individuals, depending on the time of year, from 2001 through 2006. They have also generated approximately \$1.5 to over \$3 million in wages per quarter. It appears both marine related employment and wages are trending upward.

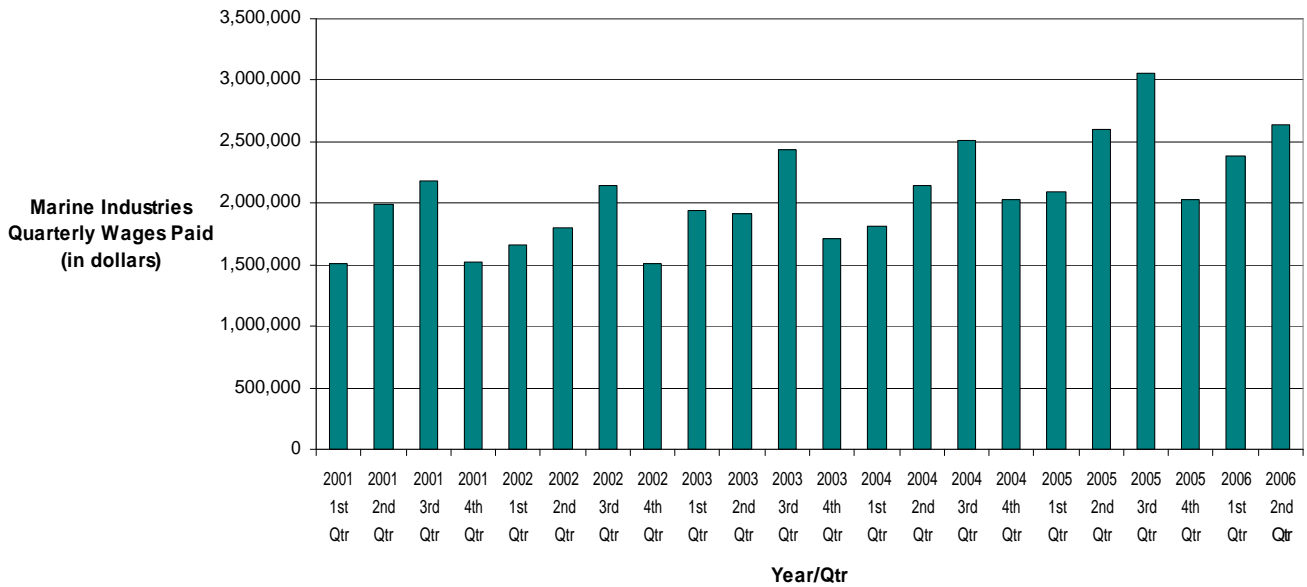
Due to privacy issues, it is not possible to say exactly how many firms are operating under any given category. In many instances, the limited number of firms operating in a specific NAICS code make it impossible to reveal any financial information for that particular code without revealing it for a specific firm. However, it is safe to say there is considerably more service-related marine employment than production- or product-based marine employment.

**San Juan County Marine Industries Employment
January 2001 through June 2006**



Source: Labor Market & Economic Analysis Branch of Employment Security.

**San Juan Marine Industries Quarterly Wages
1st Qtr 2001 through 2nd Qtr 2006**



Source: Labor Market & Economic Analysis Branch of Employment Security.

NOAA Friday Harbor Community Profile

Another source of information on marine-related industry comes from an October, 2005 Friday Harbor Community Profile document assembled by the National Oceanic and Atmospheric Administration (NOAA). According to statistics collected by NOAA (primarily from the Washington Department of Revenue), Friday Harbor residents are involved with both West Coast and Pacific Northwest Fisheries.

Involvement in West Coast Fisheries

Commercial Fishing

- Of the 36 unique vessels that delivered non-confidential landings to Friday Harbor in 2000, 18 were commercial vessels, 16 were tribal commercial vessels, and two were for personal use. Recorded data indicates landings in the community were in West Coast fisheries including crab, salmon, shrimp and other species.
 - Friday Harbor residents owned 37 vessels in 2000. In that year, community members owned 13 vessels that participated in the Federally Managed Groundfish fishery. According to recorded data, the number of vessels owned by Friday Harbor residents participating in each fishery was: crab (4), groundfish (4), salmon (12), other species (19).
 - No Friday Harbor residents owned Federally Managed Groundfish fishery permits during the course of 2000.
 - According to data, 52 state permits were registered to Friday Harbor residents in 2000.
 - There were no seafood processors operating Friday Harbor in 2000.

Sportfishing

- In 2000 there were at least 5 salmonid charter fishing operators in Friday Harbor.
- As of May 2005, 3 licensed agents sold fishing permits in Friday Harbor.
- In 2003 there were 6,014 sportfishing license transactions valuing \$77,915 in Friday Harbor.
- In Area 7 (San Juan Islands), the 2000 sport salmon catch, based on catch record cards, was 7,178, including: 4,495 Chinook, 2,644 coho, 21 chum, and 18 sockeye.
- In 2000 there were approximately 30,627 marine angler trips in the sport salmon fishery. In the same year a total of 5,897 bottomfish were caught by boat anglers in Area 7.
- The recreational harvest of clams and oysters for the same area in 2000 was estimated to be 115,273 and 0 respectively; harvest occurred over an estimated 19,752 user trips.

Involvement in North Pacific Fisheries

Commercial Fishing

- In 2000, Friday Harbor residents owned 25 vessels that were involved in North Pacific fisheries. In the same year community members landed fish in the following North Pacific fisheries: crab, Bering Sea and Aleutian Islands (BSAI) groundfish, other finfish, Gulf of Alaska (GOA) groundfish, halibut, herring, salmon and shellfish.

- In 2000, 31 Friday Harbor residents served as crewmembers in North Pacific fisheries. In the same year, 24 community residents held registered state permits and 13 held registered federal permits.
- A total of 39 state and federal permits were registered to individuals in Friday Harbor in 2000. In the same year, residents of Friday Harbor held 3 groundfish License Limitation Program permits.
- In 2000 Friday Harbor residents held 2 BSAI groundfish, 2 halibut, 6 herring, 18 salmon, and 6 shellfish Commercial Fisheries Entry Commission permits.
- The halibut and sablefish individual fishing quota shares for people residing in the community were 703,178 and 2,968,988, respectively.

Sportfishing

- A total of 78 Alaska sportfishing licenses were sold to Friday Harbor community members in 2000. That year no local sportfishing businesses participated in Alaskan fisheries.

San Juan County Marine Enterprise Cluster: Historical Legacies, New Opportunities

This report, assembled in 2005 by local professionals under the auspices of the San Juan County Economic Development Council (EDC), was intended to:

- Describe marine enterprise in San Juan County using primary and secondary sources
- Contribute to the on-going process of County long range economic development planning
- Suggest a range of strategies, policy options, cooperative ventures and services that leadership might consider in crafting a Cluster Activation Plan to grow the marine enterprise cluster



Among the more salient findings and recommendations included in the document:

- There may be opportunity for an expanded marine science/research and education base in the San Juan Islands, though the educational component appears more plausible in the near future (with a focus on curriculum development).
- While additional study regarding cost feasibility would be required, a marine trade-related business incubator could be established to help jump start businesses in that cluster.
- With some effort, marine trades – and in particular marine carpentry – could take hold in San Juan County. Several examples of successful “wood boat building schools” are provided.

Entities and Organizations

The following presents an overview of major economic development organizations in San Juan County.

Orcas Island Chamber of Commerce
Lopez Island Chamber of Commerce
San Juan Island Chamber of Commerce
San Juan Island Chamber of Commerce

San Juan County Economic Development Council (SJCEDC)

The Economic Development Council seeks to diversify and strengthen the economy of San Juan County and to promote and preserve the overall quality of life of islanders. SJCEDC has sponsored business roundtables on economic development, telecommunications, marine enterprise and agriculture in the islands. Other activities include hosting Leadership San Juan Islands, offering a public website with business-related links, and co-sponsoring conferences and events that enhance economic development.

San Juan Islands Visitor's Bureau

The 304 member Visitor's Bureau is located in Friday Harbor, and using lodging tax money serves both the Town and the entire County. The Visitor's Bureau promotes the Islands as a year-round destination and works with member businesses to refine their product and marketing. The Visitor's Bureau provided leadership in submitting an application for a Scenic Byways destination for the San Juan Islands' ferry route. It has also led the discussions on the possible impact of the 2010 Olympics on the area.

Orcas Power and Light Cooperative

Provides electricity to 20 islands in San Juan County; fiber optic to all ferry terminals, San Juan and Orcas.

Community Land Trust Alliance of the San Juan Islands

Includes Lopez Community Land Trust, OPAL, San Juan Community Home Trust, and Waldron Community Land Trust. Involved in affordable housing, alternative energy, farm to school food production and more.

Career Center - Northwest Workforce Development Council

Recruits and prepares labor force that meets the needs of local businesses.

Island Grown Farmer's Cooperative

Hosts the mobile processing unit that serves the County.

Orcas Research Group (ORG)

Supports and encourages creation of new businesses and expansion of existing business on Orcas Island.

Port of Friday Harbor

Overnight and long-term moorage, ferry terminal facilities, and marine business space. Airport provides commuter service to the mainland and island airports, hangars, tie downs and land lease space.

Port of Orcas

Airport provides commuter service to mainland and island airports, hangars, tie downs and lease space.

Skagit Valley College

The SVC San Juan Center offers academic, technical and life long learning classes including the largest Elderhostel program in Washington State.

WSU San Juan County Cooperative Extension

Promotes agriculture through sponsorship of 4-H, publication of island maps for local farms and their products, Master Gardener program, and by supporting Farmers Markets.

III. Key Strengths and Challenges

Introduction

The following description of economic strengths and weaknesses is derived, in part, from a review of available data, but more importantly and to a larger degree, from contacts made with over 100 community stakeholders. Organizations, businesses, elected officials, community groups and other community opinion leaders contributed their thoughts and ideas related to past, current and future economic development efforts in the Town of Friday Harbor and San Juan County in general. The items listed below reflect topics most often discussed by those individuals.

The following is a partial list of individuals who offered advice, opinions or data in support of this effort. We apologize in advance for anyone whose name may have been omitted.

Economic Development Element Citizen Contributor List

- | | | |
|-----------------------|--------------------|-----------------------|
| ■ Annie Albritton | ■ Ralph Hahn | ■ Ann Palmer |
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| ■ Michael Bertrand | ■ Ron Henrickson | ■ Wendy Picinich |
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| ■ Dan George | ■ Jim Nelson | ■ Rip VanCamp |
| ■ Todd Goldsmith | ■ Mary O'Bryant | ■ Bea VonTobel |
| ■ Bruce Gregory | ■ Marilyn O'Connor | ■ Ron Zee |

Key Strengths

Without a doubt, the primary strength of San Juan County and the Town of Friday Harbor is the fact that **people want to be here**. Whether fourth-generation resident or first-time visitor, the Islands have a way of capturing the imagination and inspiring people to somehow, some way, stay a little longer. In spite of, and probably because there are limited employment opportunities, a strong and long-standing culture of **entrepreneurship** has evolved in the islands. Many of those who contributed their observations and suggestions during development of this plan report holding multiple jobs, some just to make ends meet, others to supplement income during the “off-season.” To be sure, island **residents are quite resourceful** in finding ways “to make a buck.”

In recent years, as infrastructure has improved, San Juan County and, in particular Friday Harbor, has become a comfortable place for many non resource-dependent businesses to set up shop. Industry classification data shows **growth in information services, finance and insurance, professional and technical services, educational services and health care and social services**. A few of the characteristics of these businesses that have contributed to recent success: they have few employees, require little space, operate year-round, have little environmental impact and, in large part, do not have insurmountable cost-of-business incongruities when compare to off-island competitors.

Moderate growth has also occurred in construction, retail trade, arts and entertainment and accommodations, and food services, although growth is primarily in number of employees rather than employers. Like the small businesses identified above, these industry classifications show continued prospects for employee and wage growth.

Manufacturing and utilities industries have also grown. However, continued growth prospects are less certain here given multiple challenges such as cost of land, lack of space, shipping expenses, and labor cost disadvantages compared to off-island competitors, to name a few.

Of course, **real estate continues to flourish and along the way has generated a considerable amount of tax revenue for both the County and Town**. The volume of sales may slow in the near future, though prices likely will not. The real estate boom has also spawned sub-industry success for the service trades, specialty contractors and other who serve to build, remodel, stock or otherwise service a growing number of estates. However, it is not clear what percentage of these beneficiaries are locally-bases vs. off-island contractors that commute to the job site. Retail leakage figures and anecdotal observations suggest there is potential for a larger on-island share of this booming business.

Government employment has grown, adding 48 employees when combining local, state and federal hires from 2002-2004. On average, government wages are among the most solid on the islands.

The **most recent agriculture census for San Juan County indicates a “farm gate” of approximately \$3 million**, though this number may be even higher since it is notoriously difficult to account for all farm-related transactions. This is nearly a three-fold increase from just five years ago. The average size of farms is decreasing, but number of farms on the rise. San Juan County has the second highest percentage of land designated agriculture in the State.

Agriculture, while not a major economic driver on the island or many locations at all west of the Cascades, is still a primary industry and shows signs of renewed life. More importantly, agriculture provides a critical link to the islands’ social and cultural heritage, and helps ensure quality of life – if nothing else by way of preserving open space – remains high. The Northwest Agriculture Center, based in Burlington but serving a five-county area including San Juan County, is actively working to identify new opportunities for agricultural expansion, such as the potential for artisan cheese production. **Agricultural innovation has become a higher priority at the state level and funding for further study and development should be allocated accordingly.**

Consumers region-wide are becoming more aware of the value of, and increasingly demanding access to organic and locally-grown products. San Juan County farmers are well-positioned to take advantage of this trend. Local activity centers also stand to benefit from further development of farmers markets which draw from both the “captive” island market and, at times, from a bustling tourist market.

Tourism remains strong, with **San Juan County and its seat, Friday Harbor, continuing to rank in the top 3 counties statewide for many indicators of visitor spending.** In 2005 alone, visitors are estimated to have spent over \$118 million in San Juan County, supporting over 1,800 jobs and generating more than \$8.3 million in tax receipts county-wide.

Key Challenges

Recruiting major employment entities, outside of those providing government- or resort-related activities, will likely remain a challenge for Friday Harbor and San Juan County due to inherent location, transportation and other general cost-of-business disadvantages when compared to the mainland. Designated (zoned) “**activity centers**” are few and limited in size, rendering even in-fill somewhat **challenging.** Large-scale employment (single or several-employer operations on condensed land) can only occur in a few select locations.

Fortunately, or unfortunately, **an increasingly smaller proportion of island residents depend on island-based wages for their income.** Logically speaking, not many jobs will be needed to meet employment demand. However, employment related revenue is an essential ingredient to funding infrastructure and services. Trends suggest this gap is going to widen without proactive changes.

Small businesses also face a host of challenges including **limited access to financial and technical resources.** There is very limited institutionalized support for new or growing businesses. Funding is available through local banks, but is limited or not available for “riskier” ventures.

No business incubator is in place to help developing businesses offset costs and grown into success, and there are **very limited opportunities for technical training of any type** on-island. Most small business training requires a trip to the mainland.

The future economy of Friday Harbor and the San Juan Islands in general will rely heavily on the small business entrepreneur and sole-proprietor. Some reports indicate increased competition within selected business categories (e.g. restaurants) is bringing overall category performance (revenue) down. Others say there are many “fledgling” businesses that could grow, prosper and take on employees with a little help. **In the end, island employment and income is heavily dependent on a diverse range of niche service and product providers. Currently, there is an insufficient range of support and planning resources dedicated to fostering a small business development scenario.**

For agriculture, several challenges must be addressed to move toward greater economic viability. First, there are **no permanent, covered, multi-purpose farmers market locations** to move year-round products. Second, there is **no formal educational mechanism in place to emphasize the importance of local food production and purchase.** The islands are extremely vulnerable to food security issues, given their dependence on the ferry system, remote location and relatively rural population. The shortage of locally-grown production and storage capacity could become problematic after just a few days of being cut-off from the mainland during an emergency. Finally, there is a **lack of institutional support for ag-related issues,** including marketing coordination, “barrier-busting” related to permitting and regulatory complexities, and training for both expanded/diversified crop production and product promotion.

The value of tourism, the single-most important economic engine on ferry-served islands, is still under debate. **Community conversation must turn from “do we want tourism” to “how can we make tourism an even more valuable component of our economy.”** This is true for two reasons in particular. First, quality of life without tourism will be worse than with. Visitor spending supports a vast number of jobs for “regular people” and contributes significantly to municipal revenues. Tourism drives and enables diversification of business types, attracts new investors and residents and creates the need for ferry transport and other essential services enjoyed by visitors and residents alike. Second, visitors are going to come whether people want them to or not. Discussions surrounding ecologically-friendly tourism, circulation management and other visitor-generated challenges are healthy and essential. However, hoping “they’ll just go away” is not a practical solution.

Labor force, particularly in terms of quantity, is a major challenge for all industries. Even food and accommodation-based businesses have recently reported difficulty finding labor to provide core services. They attribute the challenge primarily to increasing housing costs.

Fewer average wage families are able to afford living on the islands. Some affordable housing efforts have been very successful, but overall, they are not keeping pace with the challenge.

The future of the Friday Harbor/San Juan County economy looks like it will be evermore dependent on powerful communications networks. **To compete with or in the mainland economy, businesses must be able to communicate in real time.** Continued investment in broadband or wireless communications is a must. Some reports indicate recent OPALCO efforts to do just that have been met with resistance.

The regulatory environment offers an on-going challenge, with some people calling for more stringent regulations and others calling for less interference and red tape. At a minimum, local jurisdictions will need to review and refine the permitting process and potentially create “development models” that facilitate and incentivize desired development types.

Some observers say local schools are struggling to maintain pupils, suggesting that young families just can’t afford to come or stay on the islands. If this is the case, and data suggest it may well be, then the problem will only become exacerbated until housing costs become more commensurate with household income.

Getting to and from the mainland and between one island and another remains a challenge. Increased ferry fares and reduced trip volume/frequency makes travel to and from the mainland even more difficult. Public transportation on-island is limited or non-existent.

IV. Economic Development Vision, Strategies and Actions

Economic Development Vision

Strategic economic development provides a crucial mechanism for maintaining and enhancing community vitality and prosperity for the long-term. Initiatives to strengthen transportation and communications networks benefit both business *and* resident populations. Efforts to secure more family-wage employment are not just about creating “jobs” but also about creating a rich social network of healthy families and active community members. Increasing business sales generates more tax revenue, which in turn reduces the amount residents must pay to maintain high-quality public services. By re-investing in our mainstay industries, we are not merely helping a select few to remain prosperous, but indeed protecting our landscape and preserving our cultural heritage. By recruiting and facilitating development of new target businesses, we shape our own growth and foster prosperity that fits with community goals and prosperity. By working to close the gap between housing and wages, we help to ensure those that live here can stay, and those that we need to fill positions in our schools, health care facilities and other essential trades can afford to come and/or stay.

Economic Development Framework

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

1. The majority of island residents do not want growth for the sake of growth, but rather as a controlled means for maintaining economic vitality and a high quality of life. Sub-assumptions:
 - Emphasis should be placed on strengthening existing business before bringing in new ones
 - Land development is a low priority vehicle for achieving prosperity
 - Physical growth should be directed to identified commercial areas / urban villages, and even then, only if consistent with existing community character
 - While some residents don’t want or need growth of any kind, many others believe it has become increasingly difficult to succeed in running a business based on a range of issues including housing affordability and the wages required to support employees
2. The purpose of an economic development element is to guide municipal policy, decision-making and investment. Therefore, proposed strategies should be designed with San Juan County and the Town of Friday Harbor as the principal audience. Implementation, however, will require participation by many entities and private sector partners beyond the two jurisdictions.
3. San Juan County is not comparable to many locations in many ways. Island economies that have been presented as “comparables” have not been viewed favorably (e.g. Martha’s Vineyard), and in some cases are suggested as “case examples” of “what could happen if we don’t take action.” Therefore, proposed economic development strategies must, A) be based on island realities; and B) be designed holistically, with an eye toward keeping a scale economy (as opposed to allowing the islands to convert directly to highest-end housing which offers the highest market return at present, but does not bode well for middle-class affordability).
4. Resources are far too limited to “try everything all at once;” strategies should be developed for the most promising and San Juan Islands-appropriate economic emphasis areas. Moreover, some industries will continue to thrive on their own for the foreseeable future, and won’t require as much proactive support (e.g. real estate, construction, etc.).

Strategies and Actions

With the above economic development framework in mind, 11 specific strategies and 51 specific actions have been proposed for a set of five *economic emphasis areas*, including:

- **Small Business**, with an emphasis on information- and technology-based operations
- **Tourism**, focusing on shoulder seasons and non-invasive, niche market development
- **Agriculture**, focusing on preservation and growth through value-added capacity and marketing
- **Marine Industry**, building on cluster concepts now supported or under exploration at state level
- **General Infrastructure**, a traditional municipal responsibility that facilitates economic prosperity

Proposed strategies and supporting action concepts for each emphasis area follow.

Emphasis Area 1: Small Business Support

Small business is the mainstay of the island economy. Most residents are employed by small businesses or are themselves sole-proprietors. There's good reason for this, as large tracts of developable land are a rarity, and perhaps more importantly, very few large employers find operating in the islands economically viable when compared to mainland opportunities. On the islands, home prices are considerably higher as are wage demands. Transportation costs are unpalatable. Labor is difficult to come by.

On the positive side, there will forever be a stream of dreamers looking for ways to make a living here. There's also what's called varyingly the "innovation," "entrepreneur," and "creative" economy foundation. Many island residents have invented their craft, business or venture from the ground up. Still others are accustomed to "working this job, then that, or this one and that one" from season to season and year to year. The small business emphasis area is geared toward creating more and better opportunities for the existing and emerging small-scale entrepreneur.

S1: Invest in a comprehensive business support network to facilitate and breed success.

Action Concepts

- **Institutionalize the Economic Development Council** with vested partnership from Town of Friday Harbor, San Juan County, utility providers and other community organizations including powerful non-profit community. Narrowly define the EDC scope and hire a staff team that fits that description. At a minimum, the EDC should:
 - Produce and maintain annually a community and economic conditions profile, with specific content to be determined through targeted outreach with likely users
 - Offer guidance and resources related to macro- and micro-financing, technical training (e.g. starting a business, marketing, internet presence, customer service, etc.)
 - Establish a revolving loan fund to support new and emerging small businesses that would have difficulty securing financing through traditional banking institutions
 - Provide timely information regarding grant opportunities, industry and cluster-specific data and/or opportunities and other business-related news
 - Serve as a business advocate at the municipal and state level
 - Conduct outreach and deliver important programs and information to ferry-served islands
 - Serve as a connection point for various business interests by hosting topical forums
 - Recommend and execute updates to this / other economic development plans and programs

- Develop a physical and electronic **Business Resource Center (BRC)** in Friday Harbor. The BRC should be housed in a permanent physical location in the county seat, and provide direct, full-time services to business constituents throughout the county. The BRC could house both the San Juan Chamber and EDC, or the EDC alone, but should be staffed collaboratively. It is possible that Skagit Valley College and/or San Juan Island Library could serve as a major partner in this effort as well. At a minimum, the BRC should offer:
 - In-person assistance related to the EDC responsibilities describe above
 - Office space for SCORE, ACE and other business counseling service providers
 - An information library, both print and on-line
 - An expanded web library selection, offering web links to news and information beyond what is available locally, and bringing a “world” of information to San Juan County businesses’ fingertips
 - Conference room, internet search and teleconference services for small and home-based businesses based on a nominal fee for use payment structure (or membership)
 - Color copier, printer, fax and other business-equipment services using the same fee for use structure or membership
 - Periodic training classes, perhaps through a partnership with Skagit Valley College, to eliminate the need for business owners and staff to travel to Anacortes, Bellingham or further to improve their capacity

S2: Foster desired economic development through targeted business cultivation.

Action Concepts

- Erect a **Business Incubator** on Port-owned land. The Incubator should be built for new, emerging or other appropriate small businesses that manifest strong potential for growth if primary capital costs can be defrayed for a specified period of time. Incubator tenants should benefit from subsidized space, shared administrative/secretarial services, cooperative marketing (where feasible), reduced utility fees and other price breaks based on a shared-cost model. Specific industry tenant types, size of facility and tenant cost will need to be established through further study. However, priority should be given to prospective tenants in the information technology /communication, high-end manufacturing (perhaps air logistics-related to access FAA dollars and secure land use approval on Port property) and/or research industries given their potential for providing future employment compatible with the local work force, higher than average wages and (generally) environmentally-friendly nature.
- Create and fund an **“Incubator to Hatching” Program** to facilitate the transition of incubator businesses into permanent locations. The hatching program’s core mission is to ensure businesses can remain in the island when they “graduate” from the incubator, while also continually freeing-up new space at the incubator for the next generation of island businesses. Core “hatching” functions should include:
 - Developing and maintaining a current list of available commercial land and buildings
 - Proactively identifying priority sites to accommodate transitioning businesses and working with the appropriate jurisdictional authority to “pre-permit” those parcels (see site readiness team under “General Infrastructure” emphasis area.
 - Identifying, in conjunction with EDC and Business Resource Center, funding and other resources (e.g. CEO Mentors, Marketing Specialists, others) needed to help transitioning business take root

Emphasis Area 2: Tourism Sector

While feelings may be mixed about the overall idea of tourism, the fact remains that the visitor industry is one of if not *the* primary economic driver of San Juan County as a whole. Visitors spend well over \$100 million in the county annually, and that money is said to circulate through the local economies 4 or more times. It also helps to reduce locals' share of taxes to provide public services. While the natural charm of the region is perhaps its best promoter, data shows that tourism expenditures do drop off without adequate promotion. The San Juan Islands Visitors Bureau, whose mission is to represent San Juan, Orcas and Lopez Islands, along with the various Chambers of Commerce have made great gains promoting the region, improving visitor understanding and behavior related to interactions with the local environment, and growing the spring and fall visitor market. Additional efforts are underway to market niche opportunities (e.g. destination weddings) and build the shoulder seasons. Still, considerable opportunity remains for both.

S3: Increase the role tourism plays in building a stronger year-round economy.

Action Concepts

- Pursue development of a **conference center with performance and display space** that can serve as an anchor for fall, spring and winter visitor recruitment and also provide a special location for large-scale local events. Consider partnering with Friday Harbor Labs or Rosario Resort or, at a minimum, creating and promoting a multi-purpose community center at Friday Harbor high school.
- Conduct further study to identify, brand and market **winter-based tourism themes** such as “romance packages,” “spa-massage specials” and “Taste of the Islands” (focused primarily on winter season fine dining / arts tours).
- Invite writers who have visited the San Juans to help **identify new themes and packages** through a virtual brainstorming process. People who include the San Juans in articles such as “1,000 Places to See Before You Die,” “Top 10 Romantic Places” and others must have some helpful advice. Consider a targeted marketing initiative to attract women to the “cozy, culture-filled, safe” islands.
- Build the winter and shoulder season visitor markets by creating **season specific packages** targeted at the growing eco- and geo-tourism markets from California, Portland and Puget Sound.
- Place a premium on **partnerships with “people-transporters”** whether ferry, air or private transportation providers. Work with these entities to develop cooperative marketing ads and include their services as an essential component of off-season packages.
- Develop **separate seasonal San Juan brands** that emphasize appropriate highlights from each.
- Consider adding a **destination event** in June or early September to help stretch the primary visitor season, without getting to far away from it.

S4: Support growth in scope and volume of visitor spending through niche market development.

Action Concepts

- Support continued growth in **cultural-heritage tourism** by building on the successful Elderhostel model developed by Skagit Valley College, and offering similar and expanded services to a larger market. Numerous historic structures and features exist in Friday Harbor and throughout the islands, but are largely uncategorized. A minimal effort would be needed to develop an official inventory of historic places and buildings. An expanded effort could promote use of the historic use tax credit to facilitate preservation and marketing of additional historic structures.



- Establish formal collaboration between the Visitors Bureau, Chambers, Agricultural Resource Committee and individual agricultural operators to define, brand and market **agri-tourism** (e.g. lavender farm, “dude ranch,” sheep farms, oyster growers, etc.). Agri-tourism could be expanded to include “culinary tourism” where visitors get a “taste of the San Juans” during off-season or other “experiential tourism” opportunities that teach people how certain home-grown products are created, grown or processed before eventually ending up at market, on the table or otherwise available for use, consumption or appreciation.
- Investigate and support best opportunities for additional **tourism “product” development** that contribute to both revenue generation and job creation. Examples include an Artisans’ Village that offers interactive experiences such as wooden boat building, high-end art and art education.
- Support creation of a federal **Scenic Byway Designation** for San Juan County, to attract a broader cross-section of the visitor market and expand visitor destinations within the islands..

Emphasis Area 3: Agriculture Sector

Agriculture may not be as “heavy” an economic driver as other industries on the islands, but it nonetheless one of the most important. Beyond the obvious cultural and traditional aspects, agricultural viability promises to by proxy achieve two primary community goals: First, it prevents land from being developed for “higher” but not necessarily “better” uses. Second, it ensures a fresh, healthy local supply of food – which is a valuable community asset in and of itself, but absolutely critical in times of emergency (i.e. islands are cut off from mainland due to some kind of natural or man-made catastrophe). Farmers markets are also extremely popular on the islands, for residents and visitors alike, and are completely dependent on local supply. Agriculture also offers growth potential through value added capacity enhancements. One relatively recent example of this is the mobile food processing unit which helped livestock producers overcome certification and inspection challenges and offer a higher end product to their customers. Farm data also reveals that agricultural activities provide “second incomes” for hundreds of island residents – and given the escalating cost of housing, the second income may become more a rule than an exception.

S5: Expand and strengthen farm infrastructure support.

Action Concepts

- Hire a full-time “**Farmbudsman**” to be housed at the WSU Extension office, Conservation District or San Juan County Planning department to facilitate farm support related to:
 - Navigating regulatory issues (e.g. mixed product inspection and permitting; farm building, produce stand and other edifice permit requests, etc.)
 - Major issues including land, water and labor/farmworker housing supply
 - Labor and farmworker housing concerns
 - Many of the subsequent actions proposed for the agriculture sector in this document
- Develop appropriate and **consistent measures for evaluating the value of agriculture** to the island economy and agricultural land status (rate of disappearing farmland) to be better aware of trends and better able to respond in time.
- Enhance **technical support**, specifically as relates to integrated pest management and other cultural practices by supplementing assistance currently provided through WSU Extension.
- Facilitate the **transition onto and off of farmland** to prevent development of agricultural lands, limit financial impacts to retiring farmers and reduce barriers for entering farmers. Key initiatives to consider include:
 - Maintaining a database of farmland, including status (occupied, vacant, for sale/lease, etc.)



- Maintaining a database of farmers seeking farmland, including detailed characteristics of each farmer (e.g. experience, type of crop(s) to be grown, amount of land needed, desired location, interest in buying or leasing, price range sought, etc.)
- Working with existing land banks, preservation trust, conservation groups and others to establish a plan for securing farmland and re-letting for farm use at viable farm rates.
- Establishing a viable transfer or purchase of development rights (TDR/PDR) program that limits the development of farmland in exchange for higher density development in designated activity centers. Consider linking to affordable housing effort.
- Develop a **cooperative processing, storage and shipping center** in Friday Harbor, or at least one of these capacities initially, and the other later. A central storage (frozen) and distribution center will enable local farmers to offer products in the winter, enhanced food security, improve off-island export opportunities and provide a greater year-round base of offerings for farmers market. Preliminary indications suggest this can be done in one building on a half-acre parcel. If successful in Friday Harbor, smaller satellite facilities could be develop on other interested islands.
- Simplify and normalize **inter-island food transport**. Perhaps as an advocacy charge for the Farmbudsman, or as an assignment for the ARC, investigate the possibility of establishing regular food transport routes and times, and lobby Washington Ferries to reduce fees for inter- and off-island transport. Ensure transportation route included non ferry-served islands such as Waldron, and others that have significant agricultural production.

S6: Facilitate farm sales both at home and off-island.

Action Concepts

- Purchase and support a new home for a **year-round covered farmers market** on San Juan Island. Consider a public-private partnership model to offset initial capital costs for vendors and recoup municipal investment by ensuring a desired “net present value” threshold is met.
- Develop a **“Farm to Cafeteria” program** that increases the percentage of local food delivered directly to local institutions (e.g. schools, large employers, etc.) and restaurants. Consider establishing a multi-certified commercial kitchen for each interested island if more feasible than direct-delivery to individual restaurants.
- Strengthen **“right to farm” laws** and other public education efforts that explain the true value of local agriculture, help to preserve support for local farming and increase the overall drive to “shop local.” Also stress the importance of “food security” given the geographic location of the islands. This effort should be coordinated with the initiative to build a cold storage facility.
- Help promote participation in **Community Supported Agriculture (CSA) programs** on all islands.
- Produce one comprehensive, high-quality, semi-annual **“farm product guide”** for distribution on all islands. One publication (as opposed to three) will facilitate development, caliber and effectiveness. Highlight farms offering agri-tourism opportunities.
- Develop a **market brand for San Juan County agricultural products** and aggressively market sales on- and off-island, with an emphasis on organic and high-end items (e.g. “salmon-friendly product”). Sub-brands could also be included for individual islands (e.g. “Orcas Organics”).

S7: Continue to diversify and seek value-added opportunities for core agricultural products.

Action Concepts

- Support and supplement WSU Extension efforts focused on **diversified product lines and expanded winter-time market products**.

- Working with the San Juan Islands Visitor Bureau, continue to **develop and market agri-tourism offerings** on multiple islands and link to comprehensive visitor itineraries and packages.
- Coordinate with regional partners to bring the **highest-caliber farmer training** to the islands. Farm management, marketing, and value-added opportunities should be high on the list. The Northwest Business Ag Center, Skagit County, CTED and others offer programs and funding that could help seed future innovations.
- Facilitate the **transition to organic farming** for interested operators through a coordinated evaluation and certification program. Coordinate this action with the San Juan ag product branding effort.
- Investigate the feasibility of establishing a “**mobile poultry processing unit**” based on the successful livestock processing unit model. An existing example can be evaluated in Stevens County. The mobile processor would allow for processing in excess of 1,000 birds, some of which (e.g. pasteurized broilers) can sell for as much as \$4 per pound.

Emphasis Area 4: Marine Resource Sector

Marine resource-related employment and revenue have long been a core piece of island social and economic fabric. Yet, little data is available to quantify just how important these marine related jobs and entities are. We know Friday Harbor Labs employ hundreds of individuals, that they and others they invite in for conferences or special research assignments contribute to the local economy. We know that numerous small firms create marine-related products, that yacht sells generate enormous tax revenue. But we don't know which specific marine industries are thriving, hurting or otherwise offer opportunity of expansion. Traditional marine harvest is not likely viable, but are new sustainable, niche products – such as kelp, an option? Additional research in this and other marine-related industry opportunities will be required to determine overall viability and best prospects. To that end, the following strategies and actions lay out a course for moving in that direction.

S8: Participate in regional initiatives to develop a marine industry cluster that affords direct opportunities for Friday Harbor and San Juan County.

- Collaborate with regional partners and consultants involved in the **Northwest Washington Marine Industry Cluster Analysis** and subsequent implementation initiatives. San Juan County is one of several jurisdictions who may benefit from a regional marine cluster strategy, assuming it can serve as one of the geographic “cogs.” Prospects for San Juan County and Friday Harbor might include:
 - Enhanced role as regional marine education and research seat
 - Possible workforce development satellite if programming established through Skagit Valley College in Friday Harbor
 - Specialty marine vessel/instrument producer (e.g. targeted business development/recruitment at proposed incubator; wood ship building; etc.)
- Continue efforts to establish a vibrant marine economy in San Juan County by **promoting top opportunities at the State Legislature**, State Department of Community, Trade and Economic Development and among the various educational institutions already working in the area.
- Establish a comprehensive **inventory of known marine-related businesses and associated productivity and performance measures** to identify opportunities and areas for additional support. Begin with the already-identified list of marine industry types (per state revenue records), including:

- Fishing
- Textile Bags and Canvas Mills (Sails)
- Commercial and Service Industry Machinery Manufacturing
- Fish and Seafood Wholesalers
- Motorcycle, Boat and Other Motor Vehicle Dealers
- Scenic and Sightseeing Transportation, Water
- Navigational Services to Shipping
- Sports and Recreation Instruction (Boat Charters)
- Nature Parks and Other Similar Institutions
- Marinas
- All Other Amusement and Recreation Industries (sea tours)
- Other Personal Goods and Household Repairs and Maintenance (marine engine repairs)
- Social Advocacy Organizations (animal rights organizations)
- Animal Aquaculture

Emphasis Area 5: General Infrastructure

Local government has a traditional role supplying, overseeing or facilitating the provision of essential public services and ensuring a sound infrastructure. In good measure, these topics are covered in greater detail in the capital facilities, housing and other elements of the comprehensive plan. However, there are a few “key” infrastructure-related considerations worth stressing in the economic development element.

S9: Provide an adequate and appropriately-zoned supply of business development sites.

Action Concepts

- Create a **site readiness team** comprised of representatives from permitting authorities as well as general business, real estate, planning and engineering sectors, responsible for proactively identifying mid- and large-scale business development sites and “pre-permitting” them for desired future uses. To the extent feasible, prioritize sites located in existing Activity Centers.
- Conduct a planning and design charrette to identify potential future development alternatives at the **old cannery site** on San Juan Island. Consider first any possibility of establishing a marine research center with complementary surrounding uses. Consider incorporating site into Friday Harbor UGA to address utility issues (e.g. potable water limited if outside UGA).
- As part of, or following early site readiness efforts, organize a **permit process review team** or teams assigned to examine permitting processes for both San Juan County and Town of Friday Harbor. The team will be responsible for identifying streamlining opportunities, cost-saving measures and steps that can be taken to incentivize, or at least not deter, desired development.

S10: Continue to improve capacity, efficiency and service levels of physical infrastructure components.

Action Concepts

- Make increased **broadband access** a priority investment. Increase capacity, speed and consistency of service to ensure island-based businesses can continue to compete with the mainland in real time. As a minimum threshold, ensure sufficient bandwidth and capacity are in place to support video-conferencing at resorts and other key locales such as the Business Resource Center, and to provide reliable service in and around all ferry terminals and activity centers (villages).

- Establish a blue ribbon panel of community leaders and technical experts to identify and secure sites for seven relay towers to ensure **comprehensive, high-quality cell coverage** in the islands. Utilize research already developed by OPALCO as a starting point.
- Establish a separate blue ribbon panel assigned to **review and assess all sources of island water** and match those supplies with appropriate use destinations, regardless of location.
- Maintain a strong local presence and **advocacy with Washington State Ferry system** to prevent costs from escalating, routes from disappearing, and added fees from making some business economically non-viable (e.g. transport of ag goods off or between islands; pricing visits to the islands out of average visitor spending thresholds; etc.).
- Complete efforts to reduce “dwell time” in Friday Harbor by making key circulation improvements. **Ensure reductions lead to increased ferry trip frequency and/or destination options** within San Juan County. In conjunction with this effort, also consider:
 - Establishing and updating a ferry-related data almanac to track impacts to the local economy in comparison to ferry rates. This can periodically be used to argue for or against proposed changes to ferry operations and/or fares.
 - Developing a park-n-ride at the Friday Harbor airport that can serve both ferry and air travelers, especially during peak visitor season. Facility could be served by shuttle and provide additional tourist attractions such as a permanent year-round farmers market, hot air balloon rides, or other ideas deemed feasible.
 - Exploring the feasibility of establishing mixed sized ferry boat service to maintain trip frequency but limit costs during non-peak seasons.
- Determine **feasibility of adding bike lanes** to key roadways county-wide. Consider using a tiered structure where priority transportation routes are updated first, so that performance can be measured before adding bike lanes to second tier roadways. Consider value proposition from both a tourism revenue-generating and alternative transportation perspective.
- Continue to evaluate **public transit opportunities**, including formation of a transit district, with input from public and private sector providers and prospective users. At a minimum, establish regular transportation service to and from ferry terminals to correspond to ferry schedule, and a regular airport shuttle. Consider using “mobile billboard advertising” to offset costs or generate revenue in support of operations. Expansion of the “rideshare” program may be another option worth pursuing.
- Move toward greater **sustainability** by exploring potential of producing bio-fuel (diesel), and/or taking advantage of other emerging technologies such as desalinization. At a minimum, determine the feasibility of converting county and town public works fleets to energy efficient vehicles.

S11: Capitalize on the rich variety of social-service organizations in San Juan County to help ensure prosperity through non-traditional channels.

Action Concepts

- Convene an annual meeting of willing non-profit and other community service organizations, perhaps co-sponsored by the EDC and Community Foundation, to identify priority **socio-economic investments** for the upcoming year. By ensuring affordable housing, financial and public health safety nets, community amenities such as parks and other public attractions, San Juan County can continue to offer a singularly wonderful setting for “doing business.” Create new or set aside existing monies to fund initiatives identified as priorities at the annual conference.
- Establish island-specific (at least for Orcas, Lopez and San Juan) **“Housing and Labor” Task Forces** to identify concrete measures for bringing some semblance of parity between local housing prices and the average wage. This effort should build on and incorporate the successful efforts of

existing affordable housing groups, but take a wider view of the issue by emphasizing the linkage between housing affordability and the community's ability to retain teachers, health care providers and average-wage labor in general. Consider developing "profiles" of the type of person who will soon no longer be able to afford to live in the county, including how they contribute to the social fabric.

- As a primary goal and offshoot of the above action, identify measures for **increasing housing density in defined activity centers** to accommodate future population growth and mediate housing costs. In addition, ascertain the need to or benefit of creating temporary housing for the increasing numbers of workers flying into the County for short-term employment.
- Host a "wine and dine" event, inviting University of Washington and Skagit Valley College officials to meet with local community leaders and discuss opportunities for collaboration and future development opportunities. Emphasize opportunities to **improve the overall education framework and offerings** available in the islands, and seek to link those offerings to targeted business development (e.g. ranging from marine research to small business development to "destination education.")
- Convene a **Health Care Providers Summit** to identify key trends, pressing needs and appropriate courses of action to meet demands in health and hospice care, emergency and out-patient services and long-term housing and special need facilities for the aging population. Include existing and prospective providers, investors, developers and local officials to ensure a collaborative, efficient framework for action.

Proposed Action Plan Development and Implementation Structure

Action Plan Matrix

In the coming months, it is recommended that the San Juan County Commission and Town of Friday Harbor Council hold separate, then joint work sessions to identify priority actions from within (or by building upon) the range of initiatives proposed here. Once priorities are identified that fit within the goals of each entities' comprehensive plan, additional meetings should be scheduled to recruit implementation partners and ensure the community is working toward the same goals collectively and efficiently. Ideally, all actions will be incorporated into an action plan (example provided below) that facilitates identification of implementation partners, timeline, anticipated resource needs and identification of key milestones or other measures of progress as appropriate.

Using the Emphasis Area "Small and Emerging Business Support" as an example, and assuming certain priorities from among the range of actions proposed therein, the following action matrix "snapshot" sample shows how priority initiatives might be incorporate into a larger action plan.

Emphasis Area: Small and Emerging Business Support							
Strategy 2: Foster desired economic development through targeted business development.						Implementation to Begin:	
#	Action Description	Partners (*Lead)	Resources	Milestones/Measures	Yrs 1-2	Yrs 3-5	Yrs 6+
2.1	Create a business incubator on Port of Friday Harbor-owned land.	Port of Friday Harbor*, Town of Friday Harbor, San Juan County, San Juan County Economic Development Council, Washington CTED, Skagit Valley College.	\$2 million acquisition and construction; initial start-up costs. Tenant fees to offset operational costs and portion of capital repayment.	Operational plan in place; capital campaign success; tenants signed; businesses started; revenue stability.	↓		
2.2	Establish an incubation to hatching program to facilitate transition of mature businesses from incubator to location in San Juan County.	San Juan County EDC*, Ports, San Juan County, Skagit Valley College, Washington CTED, peer incubator systems.	\$100k annually for creation/maintenance of lands database, CEO assistance, other technical training.	Businesses trained, improved (revenue) and placed by year.		↓	
2.3	Proactively permit and prepare development sites for use by targeted/recruited businesses or incubator "graduates."	San Juan County EDC*, Ports, San Juan County, other regulatory agencies.	Staff time; various engineering and planning fees; potential remediation costs; permit fees.	Parcels prepared; business sited.			↓

Implementation Structure

As described earlier in this report, it is not realistic to expect the County or Town to implement the range of economic development strategies proposed here alone. Indeed, implementation should and must be a community-wide effort, with various organizations expanding or refocusing their roles to provide necessary support. Assuming this multi-partner approach will be embraced, their should also be a multi-partner oversight body put into place to track progress, troubleshoot issues, report progress to the community and generally facilitate implementation of priority initiatives.

The oversight body should consist of representatives of organizations who step up to assume some part of implementation responsibility. This group would meet quarterly in the course of general implementation monitoring and troubleshooting activities, and provide annual updates to the community regarding implementation status and highlights. This could be done through a stand-alone event or communication, or as part of a formal presentation to elected officials.