Skagit County Comprehensive Economic Development Strategy

Data Supplement

2013

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INTRODUCTION

SKAGIT COUNTY COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY OVERVIEW

The Skagit County Comprehensive Economic Development Strategy (CEDS) was last updated in 2003 and approved by the Skagit Council of Governments. The CEDS followed several Overall Economic Development Plans (OEDPs) which were developed from 1994 – 2000. Both the CEDS and OEDPs were documents designed to provide for county economic growth and development while meeting requirements of the U.S. Economic Development Administration (EDA) and Washington State Growth Management Act (GMA).

The CEDS is composed of the following sections:

- **Executive Summary**

  A summary of each section of the CEDS; and

- **Background & Analysis**

  A regional review of the economy including data from a wide variety of sources as well as a SWOT (strengths, weaknesses, opportunities and threats) analysis for Skagit County; and

- **Economic Development Goals & Objectives**

  8 goals, 42 objectives and 30 policies for economic development as well as 8 priority statements; and

- **Development Strategy**

  A multi-year course of action including over 200 projects submitted by local jurisdictions; and

- **Evaluation & Documentation**

  Including 8 benchmarks and 19 indicators intended to track success of CEDS implementation as well as documentation of the CEDS development process, past economic development efforts, the relationship with the GMA and composition of the CEDS committee.

Prior to this supplement, the CEDS has not been updated since its approval in 2003. Much of the CEDS includes content from the earlier OEDPs.

CEDS SUPPLEMENT OVERVIEW

This supplement to the CEDS is focused on updating much of the data used in the 2003 version. These data update many tables and figures from the Background & Analysis section of the CEDS.

DATA NOTES

All data used in this supplement is current as of August 22, 2013. The most accurate data publicly available is used in this supplement, though some data is not disclosed by the U.S. Bureau of Labor Statistics and Washington State Employment Security Department. As some data is unavailable, some job sector and wage data was omitted from this supplement. This typically occurs when there are a limited number of employers in a sector and disclosure would provide confidential information about a single employer.

Though some government employment data is available, it is not included in this supplement as location quotient data was not available for these jobs. The focus of employment in this supplement is on the private sector only.

Where American Community Survey data is used, five-year estimates are included as they generally have more reliable data than one-year or three-year estimates. Even with the five-year estimates, some data should be considered unreliable, and table notes indicate these data.

The Industry Top Tens section includes the highest performing subsectors for industries within the county. The U.S. Bureau of Labor Statistics reports data for over 90 subsectors. Only 10 subsectors are selected for each category to highlight the greatest job concentrations, growth in job concentrations and annual average employment growth from 2001 – 2012.

ACRONYMS

CEDS – Skagit County Comprehensive Economic Development Strategy

GMA – Washington State Growth Management Act

HH - Household

LQ – Location Quotient

NAICS – North American Industrial Classification System

OEDP – Skagit County Overall Economic Development Plan

SWOT – Strengths, weaknesses, opportunities and threats

TABLE 1. SKAGIT COUNTY POPULATION TRENDS (1980 – 2010)

Jurisdiction	1980	1990	2000	2010	Average Annual Growth Rate		
					1980-1990	1990-2000	2000-2010
Anacortes	9,013	11,451	14,557	15,778	2.42%	2.43%	0.81%
Burlington	3,894	4,349	6,757	8,388	1.11%	4.50%	2.19%
Concrete	592	735	790	705	2.19%	0.72%	-1.13%
Hamilton	283	228	309	301	-2.14%	3.09%	-0.26%
La Conner	660	686	761	891	0.39%	1.04%	1.59%
Lyman	285	275	409	438	-0.36%	4.05%	0.69%
Mount Vernon	13,009	17,647	26,232	31,743	3.10%	4.04%	1.93%
Sedro-Woolley	6,110	6,333	8,658	10,540	0.36%	3.18%	1.99%
Unincorporated Area	30,292	37,841	44,506	48,117	2.25%	1.64%	0.78%
Skagit County	64,138	79,545	102,979	116,901	2.20%	2.60%	1.28%
State of Washington	4,132,156	4,866,663	5,894,121	6,724,540	1.60%	1.90%	1.33%

Sources: Skagit County OEDP 2000; U.S. Census Bureau.

POPULATION GROWTH CONTINUES BUT SLOWS

Skagit County population growth rates mirrored those of Washington State from 2000 – 2010. This had not been the case in the two previous decades when Skagit County outpaced the state average. The unincorporated area of the county saw a marked decrease in population growth over the last decade relative to the two prior decades. Mount Vernon has experienced the highest population increase of cities and towns of the county, growing from 13,009 in 1980 to 31,743 in 2010 (+18,734). The slightest increase in population growth occurred in Hamilton where population grew from 283 in 1980 to 301 in 2010 (+18).

TABLE 2. HOUSEHOLD INCOME AND HOUSEHOLDS BELOW POVERTY LEVEL (1990 – 2011)

Jurisdiction	Median Household Income					% HHs Below Poverty Level				
	1990	2000	2007 - 2011	1990-2000 Increase	2000 - 2011* Increase	1990	2000	2007-2011	1990-2000 Change	2000 - 2011* Change
Anacortes	$28,919	$41,930	$57,901	45%	38%	11.60%	7.80%	8.85%	-33%	13.46%
Burlington	$22,437	$37,848	$47,521	69%	26%	12.80%	12.20%	14.01%	-4%	14.84%
Concrete	$23,529	$29,375	$37,794	25%	29%	13.40%	14.20%	21.20%	6%	49.30%
Hamilton	$19,844	$31,500	$43,036	59%	37%	16.10%	24.10%	10.92%	50%	-54.69%
La Conner	$25,054	$42,344	$38,984	69%	-8%	6.40%	8.80%	16.08%	37%	82.73%
Lyman	$23,125	$34,318	$34,688	48%	1%	13.60%	13.40%	15.70%	-1%	17.16%
Mount Vernon	$27,022	$37,999	$48,429	41%	27%	13.20%	13.20%	12.32%	0%	-6.67%
Sedro-Woolley	$23,606	$37,914	$52,228	61%	38%	13.70%	11.90%	11.24%	-13%	-5.55%
Skagit County	$28,389	$42,381	$55,555	49%	31%	11.50%	9.50%	10.26%	-17%	8.00%
Washington State	$31,183	$45,776	$58,890	47%	29%	10.90%	9.80%	11.45%	-10%	16.84%

Source: U.S. Census Bureau. Note: Values in red had coefficients of variation over 15% and should be considered unreliable.

INCOMES AND POVERTY RATES ARE UP

Household incomes rates grew across the county at nearly 50% from 1990 – 2000 but then slowed to 31% from 2000 –2011. With the exception of Concrete, cities and towns throughout the county experienced slower growth rates in the 2000 –2011 timeframe from the 1990 – 2000 timeframe.

Poverty rates, which had decreased in the county and state from 1990 – 2000, rose in both from 2000 – 2011. Poverty rates from 2007 – 2011, averaged year-to-year through the American Community Survey, varied widely from 8.85% in Anacortes to 21.20% in Concrete. Notably, the county experienced greater poverty rate reductions compared to the state from 1990 to 2000 and although poverty rates went up in the county from 2000 – 2011, the rate of acceleration was less than half that of the state (8.00% vs. 16.84%, respectively).

TABLE 3. COMPARATIVE LABOR FORCE AND UNEMPLOYMENT DATA (1990 – 2013)

Geography	Labor Force		Labor Force		Unemployment Rate		
	January 2003	Annual Change from 1990	July 2013*	Annual Change from 2003	1990	2003	July 2013*
Skagit County	53,560	2.9%	55,660	0.4%	6.7%	7.8%	8.4%
Northern Puget Sound	487,460	2.6%	553,630	1.4%	4.4%	7.2%	6.2%
Puget Sound/I-5 Corridor	1,974,660	2.0%	2,200,260	1.1%	3.9%	6.7%	6.0%
State of Washington	3,116,200	1.9%	3,520,080	1.3%	4.9%	7.4%	6.8%

Source: Washington State Employment Security Department. Notes: The Northern Puget Sound consists of Skagit, Snohomish and Whatcom Counties; the entire Puget Sound/I-5 Corridor also includes King, Pierce and Thurston Counties. *July 2013 preliminary estimate, not seasonally adjusted

LABOR FORCE PARTICIPATION IS DOWN AND UNEMPLOYMENT IS UP

The labor force participation growth rate for the county had outpaced the state and Northern Puget Sound from 1990-2003. That trend has substantially reversed. From 2003 – 2013, the labor force participation rates grew very slowly in the county, with an addition of 2,100 workers. The comparable geographies presented in the 2003 CEDS experienced growth rates in the labor force of nearly or over three times the average in the county.

In 1990, 2003 and 2013 the county unemployment rate was higher than in comparable geographies presented in the 2003 CEDS. The range in unemployment rates was relatively closely grouped in 2003, with all rates of the geographies within about 1 % of each other. That range grew to over 2% in 2013 showing a greater disparity in unemployment in these areas.

Skagit County experienced an average unemployment rate of 9.2% over the past 24 months (August 2011 – July 2013) which surpassed the U.S. unemployment rate average of 8.1% over the same timeframe. All unemployment rates used are not seasonally adjusted. By exceeding 1% of the national average unemployment rate over the past 24 months for which data is available, the county meets the economic distress criteria established by the U.S. Economic Development Administration (*Code of Federal Regulations*, title 13, sec. 301.3)[1].

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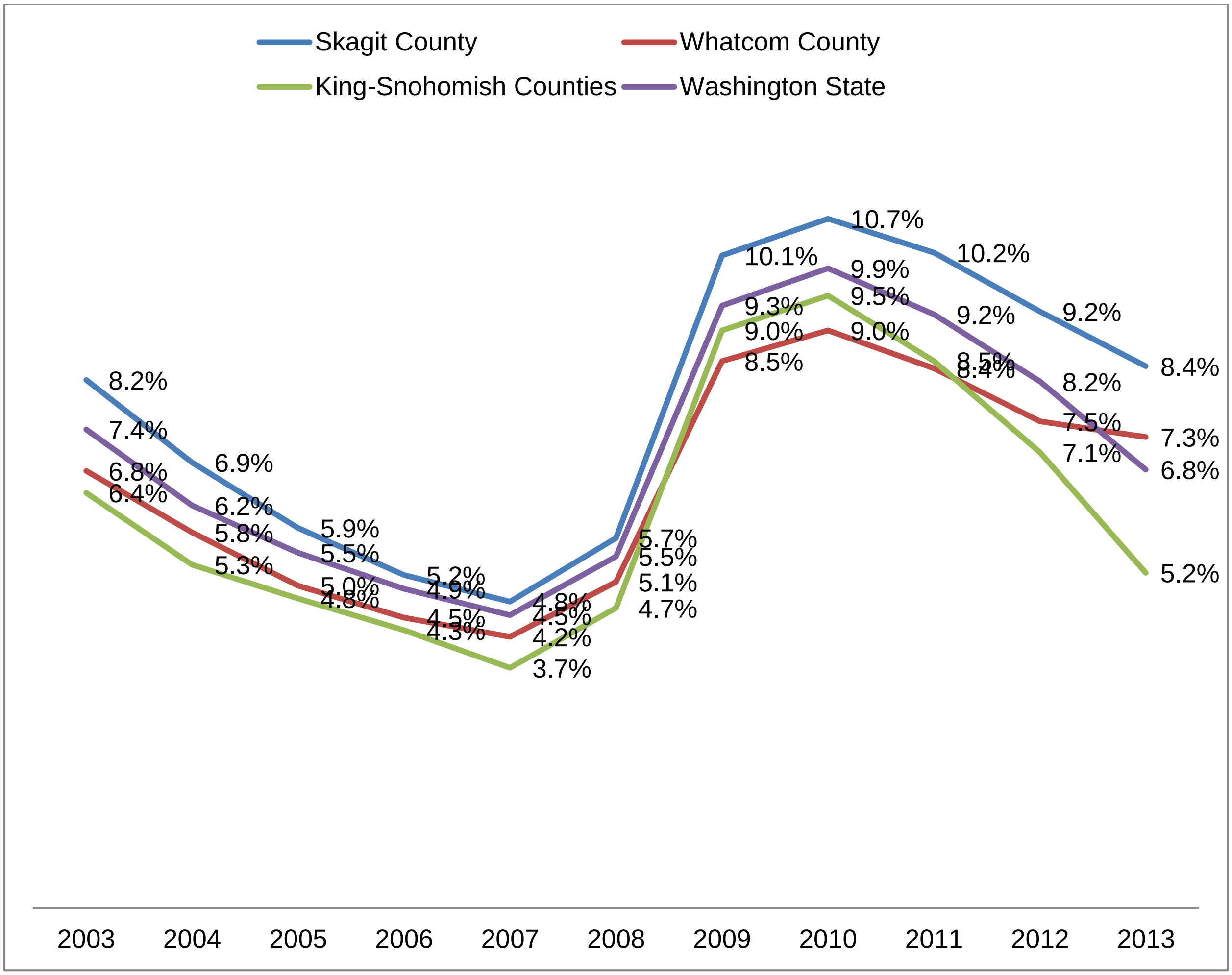
[1] Meeting these criteria qualifies the Skagit Council of Governments to apply for investment assistance through the Economic Development Administration as an eligible applicant and also qualifies Skagit County to be included in a regional Economic Development District (EDD). Designation as an EDD also requires an EDA-approved CEDS as a prerequisite and would require formation of a district on a scale larger than Skagit County (e.g. Skagit County and Island County), among other requirements. Eight of Washington State's 39 counties are not included in EDDs including Skagit, Island, Whatcom and San Juan counties.

FIGURE 1. HISTORICAL UNEMPLOYMENT RATE COMPARISONS (2003 – 2013)



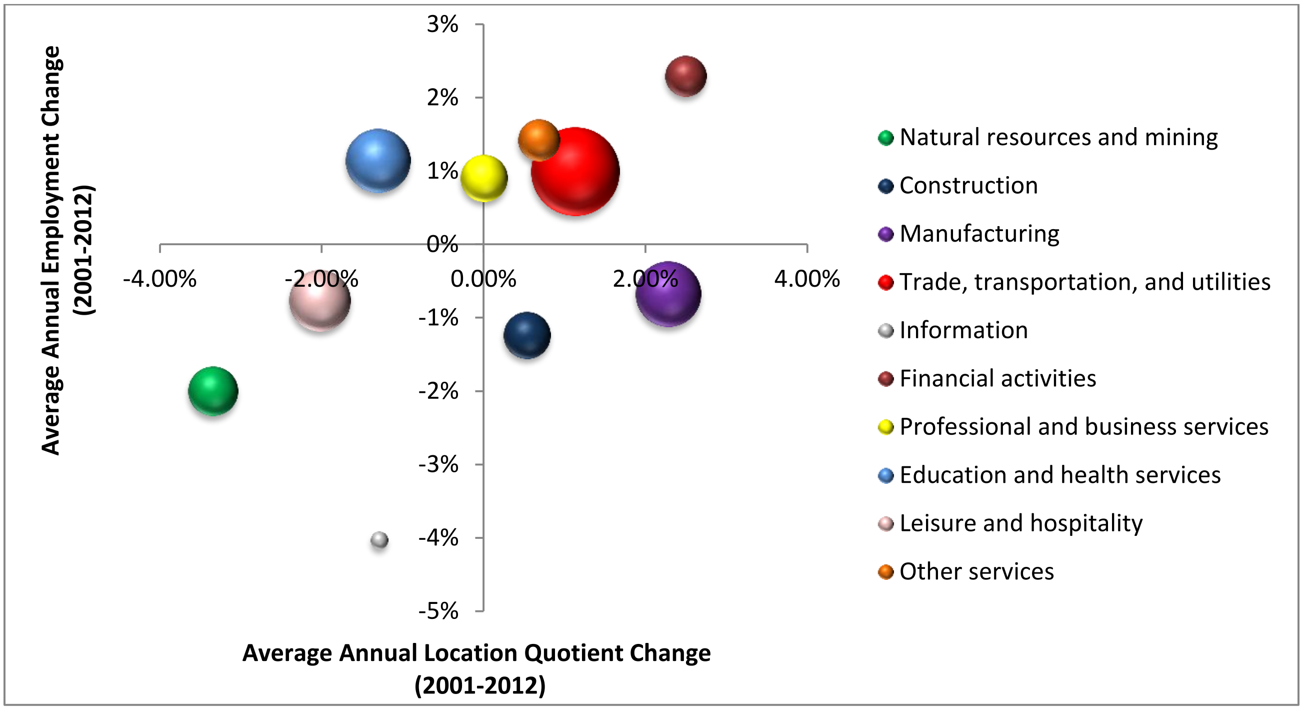
Source: Washington State Employment Security Department. Note: 2013 rates are July preliminary estimates, not seasonally adjusted.

UNEMPLOYMENT IN SKAGIT COUNTY IS HISTORICALLY HIGHER

The 2003 CEDS included historical unemployment rates for the state and the county going back to 1990. Every year the county experienced higher unemployment rates with some years having rates of over 3% higher than the state average. Unemployment rates for the county continue to be above the state average, as well as averages for Whatcom County and King-Snohomish counties. While the unemployment rate has been coming down in the county over the past few years, the rate of decline has been much slower than in comparable geographies.

INDUSTRY SUPERSECTOR EMPLOYMENT CONCENTRATION

FIGURE 2. AVERAGE ANNUAL CHANGES IN INDUSTRY SUPERSECTOR LOCATION QUOTIENT AND EMPLOYMENT (2001 – 2012)



Source: U.S. Bureau of Labor Statistics.

GROWTH AND DECLINE IN SUPERSECTORS

When plotted on a chart, the ten industry supersectors show quite a bit of variation from 2001-2012. The x-axis of the chart shows the change in location quotient, or job concentration, over this period. The y-axis shows the annual average change in actual employees for the supersector. Plotting in the upper-right quadrant indicates growth in both factors. Conversely, plotting in the lower-left quadrant means a reduction in both factors. The size of the bubble indicates the number of private sector jobs in that subsector relative to the entire county economy in 2012. For example, trade, transportation and utilities had the highest number of jobs in 2012 at 8,991 while information had the lowest at 327.

Trade, transportation and utilities, financial activities, and other services grew in both their concentration of jobs and average annual employment. Manufacturing and construction experienced stronger concentrations of jobs in these supersectors relative to the U.S., but declines in average annual employment. The concentration of professional and business services jobs remained unchanged, even with growth in average annual employment. While education and health services saw average annual employment growth; the concentration of these jobs went down compared to the U.S. average. Information, natural resources and mining, and leisure and hospitality all experienced declines in both job concentration and average annual employment.

TABLE 4. EMPLOYMENT STATISTICS FOR INDUSTRY SECTORS (2001 – 2012)

Sector	Location Quotient (2012)	Average Annual LQ Change (2001-2012)	Average Annual Emp. Change (2001-2012)	Tot Emp. (2012)	Average Annual Wage (2012)
Agriculture, forestry, fishing and hunting	7.42	-2.1%	-2.0%	2,801	$ 31,344
Mining, quarrying, and oil and gas extraction	0.11	-5.3%	-1.4%	29	*
Utilities	1.05	1.7%	0.9%	183	*
Construction	1.41	0.5%	-1.2%	2,497	$ 58,911
Manufacturing	1.32	2.3%	-0.7%	4,975	$ 58,589
Wholesale trade	0.66	1.8%	1.8%	1,182	$ 49,093
Retail trade	1.38	1.0%	0.8%	6,518	$ 27,893
Professional and technical services	0.5	-0.2%	1.0%	1,251	$ 50,265
Management of companies and enterprises	0.27	0.3%	1.5%	170	$ 72,031
Administrative and waste services	0.43	0.4%	0.7%	1,076	$ 30,819
Educational services	0.41	0.0%	2.9%	335	$ 30,707
Health care and social assistance	0.83	-1.3%	1.0%	4,409	$ 32,012
Transportation and warehousing	0.84	1.2%	1.2%	1,108	$ 40,739
Information	0.39	-1.3%	-4.0%	327	$ 38,758
Finance and insurance	0.85	4.4%	4.2%	1,492	$ 49,715
Real estate and rental and leasing	0.68	-1.9%	-2.3%	421	$ 24,539
Arts, entertainment, and recreation	0.98	-1.5%	-0.6%	613	$ 17,871
Accommodation and food services	0.99	-2.2%	-0.8%	3,698	$ 16,664
Other services, except public administration	1.39	0.7%	1.4%	2,006	$ 26,917

Sources: U.S. Bureau of Labor Statistics, Washington State Employment Security Department. Note: * not disclosed.

Nationwide Growth Trends

Jobs in health care and social assistance as well as educational services have increased at an annual average rate over the study period, however the concentrations of jobs have remained static or gone down. This circumstance is a reflection of an increase in jobs in these sectors at the national level. These sectors experienced growth in the county, but growth has been experienced across the U.S., on average.

Agriculture and Forestry Decline

Agriculture, forestry, fishing and hunting has by far the highest sector location quotient in the county at 7.42. The 2003 CEDS points to the importance of agricultural- and forestry-resources since the time of settlers' arrival in what is now Skagit County in the 1800s. The industries within this sector unquestionably continue to be extremely important and historically have been the foundation of the county's economy. This sector, however, has seen reductions to both annual average employment and location quotient of 2% or greater from 2001 – 2012.

Retail Grows

The retail trade sector was the largest employer in 2001 and that trend continued in 2012. However, retail trade employment has not returned to the peak level of 7,504 employees experienced in 2006 – prior to the Great Recession. Retail trade experienced gains in both average annual employment and location quotient from 2001 to 2012. Average annual wages in retail trade are over $11,000 below the county average of $39,328.

Manufacturing Jobs Concentration

Manufacturing jobs losses were much less pronounced in the county compared to the U.S. This results in a growth in average annual job concentration of 2.3% from 2001 – 2012. The machinery manufacturing subsector actually experienced growth in both job concentration and annual employment in this timeframe. Average annual wages in manufacturing are the second highest in the county at $58,589. And the relative size of this sector is much larger than the highest paying sector: management of companies and enterprises.

Finance and Wholesale Trade Grow

The 2003 CEDS anticipated growth in both wholesale trade and finance/insurance/real estate due to urbanization along the Interstate 5 corridor and a lag in growth in these two sectors compared to other Northern Puget Sound counties. Growth in both wholesale trade and finance and insurance has occurred from 2001-2012, as concentrations of jobs have increased along with average annual employment growth. Both of these sectors have wages roughly $10,000 above the average annual wage.

TABLE 5. INDUSTRY SUBSECTOR TOP TEN IN LOCATION QUOTIENT (2012)

Subsector	2012 Location Quotient
Crop production	11.9
Fishing, hunting and trapping	11.5
Forestry and logging	8.1
Animal production and aquaculture	4.5
Wood product manufacturing	4.1
Beverage and tobacco product manufacturing	3.0
Private households	2.9
Machinery manufacturing	2.5
Textile product mills	2.4
Scenic and sightseeing transportation	2.4

Source: U.S. Bureau of Labor Statistics. Note: Three-digit North American Industrial Classification System (NAICS) codes used for subsectors with U.S. as base area.

STRONG JOB CONCENTRATIONS CONTINUE IN AGRICULTURE, FORESTRY AND MANUFACTURING

Location quotient (LQ) is the relative concentration of jobs in the county for an industry compared to the U.S. average for that industry. For example, the county has 11.9 times the U.S. average of jobs in crop production. Examining location quotients is a standard method to ascertain variations in industry employment concentrations across the country.

Skagit County continues to have high concentrations of natural resource-based jobs. Some subsectors of manufacturing also have high job concentrations including wood product manufacturing, beverage and tobacco product manufacturing, machinery manufacturing and textile product mills.

TABLE 6. INDUSTRY SUBSECTOR TOP TEN FOR ANNUAL AVERAGE EMPLOYMENT GROWTH (2001 – 2012)

Subsector	Annual Average Percentage Growth (2001-2012)
Museums, historical sites, zoos, and parks	11.3%
Electronic markets and agents and brokers	10.1%
Electronics and appliance stores	9.2%
Insurance carriers and related activities	6.1%
Machinery manufacturing	5.6%
Nonstore retailers	5.2%
Couriers and messengers	4.4%
General merchandise stores	4.4%
Plastics and rubber products manufacturing	4.2%
Private households	3.8%

Source: U.S. Bureau of Labor Statistics. Note: Three-digit NAICS codes used for subsectors with U.S. as base area.

EMERGING RETAIL AND FINANCE

Job growth in some retail subsectors such as nonstore retailing, electronic and appliance stores, and general merchandise stores has exceeded 4% annually on average.

Two financial subsectors – electronic markets and agents and brokers as well as insurance carriers and related activities – have average annual growth rates near the top of the list.

Two manufacturing subsectors made the top ten of average employment growth: machinery manufacturing; and plastics and rubber products manufacturing.

While the museums, historical sites, zoos, and parks subsector had the highest annual average employment growth increase; the overall number of jobs in this subsector (65 in 2012) makes it one of the smallest.

TABLE 7. INDUSTRY SUBSECTOR TOP TEN IN LOCATION QUOTIENT GROWTH (2001 – 2012)

Subsector	Location Quotient Growth (2001-2012)
Machinery manufacturing	1.4
Textile product mills	1.36
Electronics and appliance stores	1.28
Wood product manufacturing	1.26
Museums, historical sites, zoos, and parks	0.95
Couriers and messengers	0.77
Insurance carriers and related activities	0.55
General merchandise stores	0.49
Electronic markets and agents and brokers	0.33
Miscellaneous store retailers	0.3

Source: U.S. Bureau of Labor Statistics.

Increasing Job Concentrations in Manufacturing, Retail and Finance

While manufacturing jobs decreased across the U.S. from 2001-2012, the reduction was much less pronounced in the county. Machinery manufacturing showed strong gains in both job concentration and annual average employment growth. Other manufacturing subsectors such as textile product mills and wood product manufacturing also showed job concentration growth, more than doubling job concentrations compared to the U.S. average.

In the retail sector, electronics and appliance stores, general merchandise stores, and miscellaneous store retailers made the top ten in employment concentration growth.

The finance sector had two subsectors in the top ten in employment concentration growth: insurance carriers and related activities; and electronic markets agents and brokers. Both of these subsectors also showed strong annual average employment growth rates.

TABLE 8. INDUSTRY SUBSECTOR TOP TEN IN EMPLOYMENT (2012)

Subsector	Employment (2012)	Average Wage (2012)
Food services and drinking places	3,198	$16,449
Crop production	2,048	$28,734
Ambulatory health care services	1,937	$39,618
General merchandise stores	1,546	$25,878
Specialty trade contractors	1,514	$56,411
Nursing and residential care facilities	1,339	$27,001
Professional and technical services	1,251	$50,265
Food and beverage stores	1,141	$24,546
Food manufacturing	1,075	$31,683
Motor vehicle and parts dealers	1,027	$42,456

Sources: U.S. Bureau of Labor Statistics, Washington State Employment Security Department. Note: Three-digit NAICS codes used for subsectors with U.S. as base area.

HIGHEST EMPLOYMENT IN HEALTH CARE, RETAIL AND FOOD SERVICES SUBSECTORS

Food services and drinking places had the highest subsector employment in 2012 with 3,198 employees. This subsector composes over 85% of the jobs in this sector (3,198/3,698).

Two health care subsectors made the top ten in employment: ambulatory health care; and nursing and residential care facilities. These two subsectors compose nearly 75% of the jobs in this sector (3,276/4,409).

Three retail subsectors made the top ten in employment: general merchandise stores; food and beverage stores; and motor vehicle and parts dealers. Together, these three subsectors have over 55% of the jobs in this sector (3,714/6,518).

The annual average wage for the county was $39,328 in 2012. Four of the top ten employment subsectors had higher than the average wage (ambulatory health care services, specialty trade contractors, professional and technical services, and motor vehicle and parts dealers) with the other six falling below the average.