

Economic Development

Issue statement:

Which industries should be protected, enhanced, and/or attracted to provide jobs (especially living wage jobs) and ensure diverse economic opportunities in Anacortes? What are the actions needed to accomplish this?

Background/History:

- The Economics Conditions Report (ECR) states Anacortes has higher jobs per capita than either the county or state averages. Anacortes is an employment center relative to its population.
- In 2012, Manufacturing comprised 22.9% of employment in Anacortes, versus 10.9% for Skagit County and 9.6% for WA State average.
- The ECR identified travel patterns of workers, suggesting many of Anacortes' jobs are filled by workers living elsewhere.
 - US Census LED data finds 66% of Anacortes' jobs are filled by workers living outside Anacortes
 - 2009 AFP report stated 80% of boat builders and 90% of food processors live outside Anacortes
 - Island Hospital reported 50% of employees live outside Anacortes in 2014.
- 36.4% of Anacortes Heads of Households are 65+ yrs. old, up 60% over WA average of 22.8%

Anacortes Employment

NAICS Codes - IndustryTitles	2013 - City of Anacortes						
	# Businesses	% Businesses	Employment	% Employment	Annual Wages	% Annual Wages	Average Wage
32-Manufacturing-Petroleum	6	1%	887	12%	\$ 109,218,796	29%	\$ 123,144
62-Health Care and Social Assistance	68	11%	1219	16%	\$ 50,890,296	14%	\$ 41,759
33-Manufacturing-Ship/Boat Building	18	3%	535	7%	\$ 30,776,372	8%	\$ 57,535
61-Educational Services	8	1%	632	8%	\$ 25,703,685	7%	\$ 40,660
44-45 Retail Trade	81	13%	827	11%	\$ 24,130,687	6%	\$ 29,173
23-Construction	62	10%	410	5%	\$ 19,362,806	5%	\$ 47,274
Excluded:Postal Service, Mgmt Co's., Public Admin		0%	329	4%	\$ 17,877,408	5%	\$ 54,339
52-Finance and Insurance	28	4%	185	2%	\$ 14,737,435	4%	\$ 79,590
54-Professional, Scientific, and Technical Services	49	8%	239	3%	\$ 13,832,818	4%	\$ 57,939
31-Manufacturing-Food Processing	13	2%	479	6%	\$ 12,916,558	3%	\$ 26,942
72-Accommodation and Food Services	54	8%	700	9%	\$ 12,552,382	3%	\$ 17,921
48-Transportation and Warehousing	20	3%	197	3%	\$ 9,227,497	2%	\$ 46,820
81-Other Services (except Public Administration)	124	19%	347	5%	\$ 8,465,293	2%	\$ 24,372
42-Wholesale Trade	23	4%	102	1%	\$ 6,331,224	2%	\$ 62,172
56-Admin. and Support and Waste Services	30	5%	156	2%	\$ 4,599,530	1%	\$ 29,531
11-Agriculture, Forestry, Fishing and Hunting	6	1%	34	0%	\$ 4,500,235	1%	\$ 133,340
71-Arts, Entertainment, and Recreation	15	2%	184	2%	\$ 3,478,849	1%	\$ 18,864
53-Real Estate and Rental and Leasing	26	4%	123	2%	\$ 3,136,405	1%	\$ 25,482
51-Information	6	1%	20	0%	\$ 455,393	0%	\$ 22,865
Grand Total	637	100%	7605	100%	\$ 372,193,669	100%	\$ 47,888

- Manufacturing-Petroleum is Anacortes' most important industry, it has 1% of Anacortes' businesses, comprises 12% of our jobs, but provides 29% of wages.
- Healthcare is Anacortes' largest industry by employment (16%) and second largest contributor of wages (14%).
- Manufacturing-Ship/Boat building, Educational Services and Retail Trade comprise the next 25% of employment and 21% of wages.

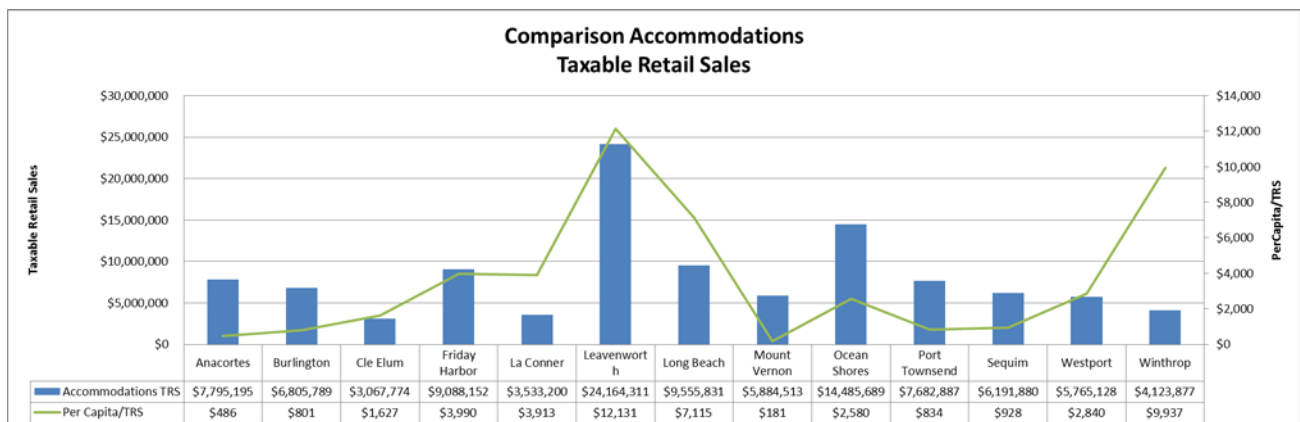
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Taxable Retail Sales

- Top 4 segments represent 76% of Anacortes' Taxable Retail Sales
 - Retail, 39%
 - Construction, 14%
 - Motel & Food Service, 12%
 - Wholesale Trade, 11%
- Elements of Retail
 - Automobile Dealers, 8%
 - Other Motor Vehicle Dealers (incl. boats sales), 7%
 - Other retail, 24%
- Anacortes over-serves in these segments
 - Other Motor Vehicle Dealers (incl. boats sales) serves market of 187,218
 - Merchant Wholesalers, non-durable goods serves market of 66,290
 - Other Services serve market of 33,376
 - Food Service serves market of 24,032
- Anacortes under-serves in these segments
 - Other General Merchandise Stores serve market of 573
 - Department Stores serve market of 824
 - Clothing Stores serve market of 5,285

Visitor Industry

- Three major activity generators that support local visitor industry
 - WA State Ferry
 - 2013-1.9 million passengers, 900,000 vehicles
 - Deception Pass state Park
 - 2+ million annual visitors, Washington's most visited state park.
 - Recreational Boaters
 - 2013- 14,630 Transient Boat Nights at Cap Sante
 - Anacortes hosts largest charter fleet in U.S.
- Economic Conditions Report identified Anacortes Taxable Retail Sales are lower than other cities, on a per capita basis, presenting an opportunity.



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Wages

- Average wage rate in Anacortes was \$46,840 in 2012, which was greater than the Skagit County Average, but less than the State.
- A household income of \$70,272 is needed to purchase* a median priced home in Anacortes.
 - *\$367,250 sale price, 20% down payment, 4.39% 30 yr. mortgage
- \$XX,000 is target household income for Anacortes living

Options

Overall

The Anacortes economy is heavily reliant upon Manufacturing-Petroleum; it provides 12% of our jobs, but more significantly, it provides 29% of our wages. Anacortes needs to protect and support this industry, but should to diversify its economy to reduce reliance on this single industry, composed of just two primary employers.

Presently, most Anacortes jobs are filled by workers who live elsewhere. To realize the benefits associated with employment, emphasis should be placed on job development where wages enable a worker to live in Anacortes.

Anacortes' population is substantially older than average, providing an opportunity for healthcare providers, as well as markets for products and services to support this population.

Anacortes has strong positions in several markets which present opportunities for revenue and employment growth. Included are several educational facilities within the City and nearby on Fidalgo Island that could provide a basis for growth of living-wage jobs and provide opportunities for the youth.

Taxable retail sales comprise approximately 34% of Anacortes' General Fund revenues and several industries provide Anacortes revenue growth opportunities. Anacortes is a center for boat sales, capturing about 10% of Washington State's sales volume in 2013, a strong position which should be leveraged. Anacortes has potential to increase sales tax revenues by capturing taxable retail sales from the approximately four million people who travel through Fidalgo Island annually and by capturing resident's retail sales leakage, estimated at \$XXM annually.

Business Retention

1. Manufacturing - Petroleum
 - a. Protect and support this industry for its importance to Anacortes' economy.
2. Manufacturing – Ship/Boat Building
 - a. Anacortes has developed world-class capabilities in ship building and repair which provide workers above average wages. Measures should be taken to ensure its future in Anacortes.
 - i. Support growth needs
 - ii. Ensure rules & regulations support operations

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3. Two legacy manufacturing industries should be supported, however additional growth should be scrutinized.
 - a. Manufacturing-Boat building, has declined in recent years. With wages lower than ship building, the AFP Report estimated 80% of boat building workers lived outside Anacortes.
 - b. Manufacturing – Food Production, The AFP report estimated 90% of food production workers live outside Anacortes and recent data suggests wages are below average.

Business Expansion

1. Grow Healthcare Segment
 - a. Define hospital district
 - b. Provide facilities which provide continuum of care
 - i. Allow care facilities in R3 & R4 zones
2. Grow Educational Services
 - a. Grow Marine Technical Center
 - b. Leverage WWU – Shannon Point
 - c. Leverage Walla Walla
3. Grow Visitor Segment
 - a. Develop waterfront lodging/conference center
 - b. Grow waterfront dining
 - c. Grow destination retail segments
 - i. “Vintage” or Antique stores
 - ii. Textiles and Quilting
 - iii. Art Galleries
 - d. Develop SR 20 retail options
 - e. Grow eco-tourism
4. Grow Boating Segment
 - a. Expand boat sales opportunities
 - i. Sales outlets on SR 20
 - b. Expand boat service operations
 - i. Install travel lift
 - ii. Grow upland service facilities
 - c. Establish Marine Innovation Partnership Zone
5. Support resident’s needs (e.g. retirees)
 - a. Expand retail to meet need of residents
 - i. See retail analysis
 - b. Provide housing options to meet market needs
 - i. See housing analysis

Business Attraction

1. Develop Alternative Energy Cluster
2. Develop Technology Cluster
3. New business start-ups (art, digital media, ?)
 - a. Encourage development of live-work lofts

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Analysis:

Business Expansion

		Pros	Cons	Comments
1.a	Define Hospital District			
1.b	Grow care facilities			

Conclusion/summary:

Recommendations: