

**COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY
FOR
PACIFIC COUNTY**

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SUMMARY

In 2008 Pacific County moved forward on several major projects throughout the County. South County economic development consisted of a new South Pacific County facility which will house South County government offices in one facility. Other South County investments were the Ocean Beach School District's early Childhood Education Center, the completion of the Ilwaco Fire Station Reconstruction and the Ilwaco Community Building. North Pacific County accomplishments include the new Willapa Valley High School facility, Willapa Harbor Community Building upgrades, and the new potable water storage tanks for the City of South Bend. All four ports located in Pacific County continue to take a strong lead in economic development by continued investment in their infrastructure for existing businesses to succeed and for the attraction of new business opportunities. A strong partnership continues with Grays Harbor College as the PCEDC and Grays Harbor College develop business course offerings to meet the needs of Pacific County businesses. Faced with the reduction in industrially zoned land, PCEDC in 2007 contracted with a consultant to complete an Industrial Lands Needs Analysis. Upon the completion of that Analysis the PCEDC moved discussions forward to explore economic opportunities for the County. To meet residential and business needs, the Public Utilities District continues to expand fiber into the County connecting many businesses with high-speed access and to explore alternative green energy; wind and tidal to meet the needs of the future. Pacific County has key competitive assets for future growth; competitive land cost, reasonable property taxes, proximity to urban amenities, education and training resources, four dedicated to industrial growth and is a gateway to parks and recreation. New private and public investments into the cities and county exceeded \$15 Million.

Pacific County Communities

The largest communities in Pacific County are located in north county just 3 miles apart. Starting in 2008 both Raymond and South Bend experienced a slow down in residential, commercial and industrial growth. The Ilwaco-Chinook area is located at the mouth of the Columbia. With the recent status change to Fort Columbia and Fort Canby's to the Lewis & Clark National Park, Ilwaco-Chinook anticipated growth for tourism activities. With the current economy Ilwaco-Chinook also has faced a slow down in residential homes, and small business growth. Chinook is an unincorporated community and located nine miles to the east of Ilwaco. In 1997, the county added Long Beach and adjoining Ocean Park as a growth center. Like the Ilwaco-Chinook area (located two miles to the south), Long Beach and the surrounding unincorporated area, includes a significant portion of the county's population, and its inclusion as a growth center is to promote tourism potentials. The County experienced a small growth in the number of building permits being issued, 465 in 2008. At the start of 2009 we saw a significant decrease in building permits and Public Utility hook-ups in both North and South County. This appears to be a trend for the next few years until the economy starts to rebound.

As of the 2008 Office of Financial Management projections, Pacific County had 21,800 residents. According to Washington State's Office of Financial Management, Pacific County experienced a population increase by 12.6% over the decade, growing from 1990 to 1997, and then decreased at an average annual rate of 0.4% from 1997 to 2000. Between the years 2000-2008, Pacific County experienced a slight increase of 0.4%. Pacific County has key competitive assets for future growth; competitive land cost, reasonable property taxes, proximity to urban amenities, education and training resources, four dedicated to industrial growth and is a gateway to parks and recreation. Because of these assets Pacific County continues to see growth in new housing developments in the North and South County, and anticipates a slight population growth in the future. These developments continue to be second higher-end homes marketed to people from other areas in Washington State or out-of-state. Affordable housing continues to be a growing concern for those who already live and work here.

Through about the mid-1980s, Pacific County experienced the region's highest rates of unemployment. Since 1986 (about the time of the end of construction at the Satsop Power facility), however, the highest unemployment rates in the region have been experienced in Grays Harbor County, although the unemployment rate in that county have been trending downward toward the rates of the other counties. In 2008, Pacific County started to experience a rise in unemployment, starting the year at 7.6% and ending the year with 9.9%. The highest they have experienced for many years. However, the unemployment rate remains below those of the surrounding counties.

Pacific County's Largest Employers

Pacific County:

Employer	Category	Employees
Pacific County	Public Admin	200
Weyerhaeuser Company	Manufacturing	193
Ocean Beach Hospital	Healthcare	156
Coast Seafoods Company	Manufacturing	140
Ocean Beach School District #101	Education	135
Gray & Osborne, Inc.	Construction	135
Naselle Youth Camp	Public Admin.	120
Willapa Harbor Hospital	Healthcare	112
Jessie's Ilwaco Fish Co. Inc.	Manufacturing	105
South Bend School Dist.	Education	101
Shoalwater Bay Casino	Retail	93
Raymond School Dist. #116	Education	89
Dungeness Development Assoc., Inc.	Manufacturing	80
Shoalwater Bay Tribe	Public Admin	75
Willapa Valley School	Education	60
Nisbet Oyster Co., Inc.	Manufacturing	60
Naselle-Grays River School Dist.	Education	59
P.U.D. No. 2	Technology	53
Dennis Company	Retail	52
Jolly Rogers	Manufacturing	50
Ekone Oyster Co.	Manufacturing	48
Okies Sentry	Retail	48
Nelson Crab, Inc	Manufacturing	43
Jack's Country Store	Retail	41
Bell Buoy Crab Company, Inc.	Manufacturing	40
City of Raymond	Public Admin	35
Chautauqua Lodge	Retail	35

About the Pacific County EDC

The Pacific County Economic Development Council (PCEDC) continues to be integrally involved in the economic and community development in the county and the region. Specifically, with activities focused on business retention and expansion, continued industry cluster development, partnering with congressional delegation and local, state, and federal agencies to develop and implement projects to achieve community and economic development in Pacific County. The PCEDC Board includes Pacific County's four incorporated cities, four ports, Public Utilities District No. 2, Pacific Transit System, Pacific County Commissioner, Grays Harbor College, Washington State University Cooperative Extension, and representation from 14 businesses from a variety of industries.

Pacific County's Progress

Each year the county's economic development effort receives assistance from a number of federal and state sources and local membership support. Through these funding efforts Pacific County has been able to move forward in a number of important areas such as:

- The identification of six major clusters was complete in 2003 and they were: Forest Resources, Agriculture, Retail (Hospitality)/Tourism, Marine Aquaculture/Fishing, Technology and Healthcare/Retirement Services. The goal is to develop industry strategic plans for each cluster with regards to value-added projects.
- The creation of several new tourism and youth mentoring projects as a result of a well-attended Leadership Conference (October 2003).
- The development and production of the "Pacific County – A Place to Grow" CD used in recruitment and marketing efforts was completed in 2004.
- The successful development of a business-to-business program, Pacific Employer Resource Contact (PERC) provided aid for expansion and retention of existing businesses through the program's business human resource services. In 2004, PERC's data base consisted of 293 employers who had utilized PERC's services and successful placement of 235 job seekers with employers. This program ended in June 2006. To ensure continued services to local businesses, PCEDC partners with the local WorkSource office for delivery of these services.
- The continuation and expansion of a state-funded Business Retention and Expansion (BRE) program, the PCEDC has conducted over 310 surveys of Pacific County businesses between 2005 and 2008. This program is aimed at addressing the needs of businesses. Through these conversations, course offerings have been developed, and general questions have been answered through the "*You Spoke and We Heard*" BRE Summary.
- In 2005, PCEDC established a listserv which strengthened the PCEDC's communication with its membership, providing valuable information on a monthly basis.
- The formation of the Lodging and Restaurant Association (LARA) occurred in 2003. Through a survey of this industry cluster, it was determined that a lack of qualified job seekers existed. A collaborative partnership was formed between Grays Harbor College, Pacific County EDC and LARA to discuss and develop an educational curriculum to assist in providing qualified, valuable job seekers to this industry. Grays Harbor College worked towards a "Hospitality/Tourism Boot Camp" short certification course to be in place by June 2006.
- Continued discussion with the businesses of Pacific County reveal education opportunities are of the utmost importance. In partnership with Grays Harbor College, four business courses were developed for offering in 2007.
- In 2007 Pacific County EDC contracted with a consultant to update the Industrial Lands Analysis of 1996 to assess current infrastructure and determine needs for the future. This analysis was completed in 2008 and has led to discussions for the acquisition of additional industrial land.
- As a priority, the Pacific County EDC continued to work with the four ports of Pacific County addressing their dredging issues. With the support of Senator Murray and Congressman Baird the Port of Chinook was able to secure \$1.5 Million for dredging efforts in 2008. Dredging continues to be a priority of all four ports as we move forward for the retention of existing businesses and recruitment of new.

In addition to the above, the following specific Pacific County projects from the 2008 Project List have shown significant progress, or have been completed:

- City of Raymond—Pacific Wholesale Site Cleanup (completed)
- Pacific County—Lebam Water System (completed)
- City of Ilwaco/Port of Ilwaco—First and Howerton Roadway Utility Improvement (completed)
- City of Ilwaco—Ilwaco Streetscape Improvements to Downtown and Port Area (completed)
- Ilwaco Heritage Museum—IHM Millennium Project (completed)
- City of Raymond/Willapa Bay Organization—Willapa Historic Carriage Museum (completed)
- Long Beach Peninsula Visitors Bureau Building Project (completed)
- Lewis & Clark Bicentennial Event Planning (completed)
- Port of Peninsula – Nahcotta Mooring Basin Dredging Project (completed)
- PC EDC – Olympic Coastal E-Development Initiative (completed)
- City of Raymond/Pacific County—North County Swimming Pool (completed)
- City of Ilwaco – Grays Harbor College Education Center (completed)
- Port of Ilwaco – Inner Harbor Dredging (completed)
- PUD – Lebam Water System 3rd Well and Pipe Project (completed)
- Port of Peninsula – Service Pier Replacement and Expansion (completed)
- City of Ilwaco – Ilwaco Community Building Renovation (completed)
- Port of Peninsula – Phase I Beach to Bay Trail (completed)
- Pacific County EDC – Industrial Facilities Update (completed)
- City of Ilwaco – Fire Station Reconstruction and Emergency Operation Center Development (Completed)
- Port of Ilwaco—Marina Reconstruction (underway)
- Port of Ilwaco—Boatyard improvements (underway)
- Port of Chinook – Chinook School Community Project (underway)
- City of South Bend – Central Ave. Water Line (underway)

Economic Environment

Infrastructure

Pacific County is served by two designated Highways of Statewide Significance, U.S. Highway 101 and State Route 4. Secondary highways include State Routes 6, 100, 103, 105 and 401. The state highway system provides connection to both the I-5 corridor to the east, and north-south connections to Grays Harbor County and the Astoria/Oregon coast areas. Pacific County's county roads and city streets play an important role in the county's circulation of the tourism and natural resource extraction sectors.

Pacific County has continued to concentrate its efforts on insuring its roads and bridges remain in good condition. Maintenance efforts on its roads and bridges are often in partnership with the Washington State Department of Transportation (WSDOT), as it completes its projects in the county. Recent improvements include the 60th Street project, Butte Creek, I Street, Smith Creek, Sandridge Road, the chip sealing of State Route 6, and bridge safety enhancements. 2007 saw the completion of upgrades of ADA accessible restroom facilities at Chinook Park and the Port of Chinook. As in the past winter's inclement weather continues to take its toll on Pacific County's highways. U. S. Highway 101 and Highway 6 received severe damage in several areas which impaired traffic flow into and out of Pacific County. Both Highways continue to need major repairs as the Highways shift with ground movement. Currently, efforts are underway to identify the long term needs in repairing and ensuring the safety of Highway 101.

A key state project was underway for the realignment of US 101 in the Station Camp vicinity, south of Chinook. However, upon excavation in 2005, bones were discovered and identified as Native American origin. This project is on hold until further notice. In 2008 discussion took place to address the safety issues between Chinook and the Astoria-Megler Bridge. Successful projects in the past include the signalization of the Astoria-Megler Bridge on the Washington side, and the construction of a groin at Washaway Beach, which halted erosion threatening SR 105 and surrounding areas. In 2005, U.S. Highway 101 just south of South Bend was raised approximately 3 feet for 1-1/4 miles in preparation for the dike breach, a mitigation project for the Washaway Beach groin project.

The City of Long Beach and the City of Ilwaco have joined together for the development of the Discovery Trail along the Pacific Ocean into the City of Ilwaco. This trail utilized by pedestrians and bicyclists provides a spectacular view of the ocean from the trail covered by Captain William Clark and members of the expedition during their 18 days in Pacific County, November 1805.

Segments of the trail linking Fort Canby to Ilwaco are in the design phase. Ultimately the trail is projected to be 30 miles long, covering southern Pacific County from Knappton Cove to Long Beach. To date the dedicated trail has been paved from the north end of Long Beach to South 30th St. in Seaview with a small piece from Beard's Hollow overlook parking lot to the Beard's Hollow rock, with plan to complete the trail project by 2010.

In North Pacific County, a paved trail links Raymond to South Bend and discussion is underway to extend the trail to Menlo, east of Raymond. Ultimately, the Willapa Hills Rails to Trails project will convert the abandoned rail line from Chehalis to Raymond, for a total of 56 miles. Through the efforts of the Pacific Council of Government, discussion regarding the replacement of two bridges on SR 6 at Pluvius and Rock Creek continue to be high priorities, as they solve safety and capacity deficiencies in the vicinity of the trail.

Pacific Transit System continues to provide coverage for the County with fixed route and dial-a-ride service and connecting service with Aberdeen and Astoria. The cutbacks from Initiative 695 resulted in a 55% loss of operating revenues. Since this cutback, Transit has successfully rebuilt 97% of their service provided prior to the year 2000, through competitive grants. Over the last 14 years, Transit replaced 16 buses and vans in their fleet through successful grant awards.

Through the Pacific Council of Governments and consultation by the Southwest Washington Regional Transportation Planning Organization, Pacific County continues its long-range and short-term transportation planning efforts.

The cities of Raymond and South Bend have joined together to plan a regional waste water treatment plant. This project is currently in the design phase. If successful, this plant will increase the infrastructure capacity for both cities to accommodate today's and futures growth needs. The estimated cost for this regional treatment plant is \$20 - \$30 Million.

Public Utility District No. 2 of Pacific County continues to expand its fiber optic cable facilities throughout Pacific County. The District utilizes this infrastructure for its own communications system and offers up excess capacity as a wholesale product to retail service providers. These retail service providers have residential and business customers transferring data, using the internet, and voice over this fiber optic system.

Public Utility District No. 2 of Pacific County has signed a twenty year power sales contract with the Bonneville Power Administration for Tier 1 power needs. Tier 1 power comes from a distribution of the Federal Columbia River Power System to public utilities in the Pacific Northwest. Remaining loads and any growth above this distribution will be served with Tier 2 or non-federal sources. The District is exploring non-federal resources to serve these loads above Tier 1, specifically the following renewable energy options within the County:

- a) Energy Northwest, along with four of its members including P.U.D. No. 2 of Pacific County, is exploring the development of the Radar Ridge Wind Project near Naselle, Washington. The Project is permitted for up to 82 MW and is currently in the permitting phase. The decision to move ahead with construction will take place before the end of 2009.
- b) P.U.D. No. 1 of Grays Harbor County and the District, with assistance from Golder Associates, are partnering on the development of a pilot tidal project in either Grays Harbor Bay, Willapa Bay, or the mouth of the Columbia River. There is tremendous tidal potential within these estuaries and the parties are studying the viability of this more predictable resource.

Depending on the outcome of these two Projects, P.U.D. No. 2 of Pacific County may be exploring other resources to meet its future loads.

December of 2007 Pacific County was faced with a major storm event when winds blew in excess of 150 mph. The destruction left in its' path was over \$5.7 million in timber loss, structural loss, inventory loss, tourism loss and oyster bed disruption. The economic impacts will be felt for years to come. Still faced with the recovery of blow down, in January 2008, Pacific County was faced with a major snow event which started in December 2008 and lasted approximately two weeks. With the extreme weather temperatures and the volume of snow, commercial traffic was slowed in and out of the County and shellfish farmers experienced a significant loss in their clam beds.

Changes in Economic Environment

Pacific County is situated along the Pacific coast of western Washington, including Willapa Bay and south to the mouth of the Columbia River. It is bordered to the north by Grays Harbor County, the south by the Columbia River and State of Oregon, to the east Lewis and Wahkiakum Counties, and to the west the Pacific Ocean. With 975 square miles Pacific County ranks 30th in size among Washington counties.

Pacific County located within the Willapa Basin is dominated by a range of hills with elevations up to 2,600 feet. The Willapa Bay estuary occupies the western portion of the basin. Willapa Bay is surrounded by marshes, grasslands and dense forest.

The Long Beach Peninsula, which is a narrow appendage of lands approximately three miles wide and twenty miles long, separates the Pacific Oceans and the Willapa Bay. The southern most part of the county along the Columbia River is coastal lowland with extensive wetlands.

Political Geography: Area residents prefer a more "localized" style of government as demonstrated by six separate school districts, four public port districts, one public utility district serving north and South County and provides electric and some water services, the North Beach Water District provides water services to the north Long Beach Peninsula, and four incorporated communities. Pacific County is also home to the Shoalwater Indian Reservation, the Willapa Bay National Wildlife Refuge, the Lewis and Clark National Historical Park – Fort Columbia, Cape Disappointment, Loomis Lake, Pacific Pines, and Leadbetter Point State Parks.

Land Usage/Zoning: Land use planning and zoning have slowly evolved in the county since the adoption of the Growth Management Act in 1990. The Pacific County Growth Management Comprehensive Plan was adopted on October 13, 1998 and has been periodically updated with minor amendments. Pacific County has adopted the full suite of development regulations, is in compliance with the Growth Management Act, and is not required to update its plan and/or development regulations again until 2010.

The Pacific County Shoreline Master Program regulates land usage along all county shorelines, which are subject to state law requirements. Shoreline development represents the bulk of all development in the county. The county has also adopted land use controls for subdivisions,

floodplain construction, wastewater disposal and economic development.

Oysterville, Washington, on the north end of the Long Beach Peninsula is within a Historic District Overlay Zone. The overlay zone recognizes the historic architectural significance of the Oysterville's many pre-1900 homes and buildings. The Oysterville Design Review Board reviews all building plans for conformity with established design criteria for the area. It is the only such zone in the entire county.

Pacific County has joined with Grays Harbor, Cowlitz, Wahkiakum, and Lewis Counties in the Southwest Regional Transportation Planning Organization (SWRTPO).

Historic Sites: Pacific County's sites on the National Register of Historic Places include the Pacific County Courthouse, Oysterville Historic District, Cape Disappointment lighthouse, Chinook Point, Ft. Columbia State Park, the Colbert House, Fort Canby Historic District, North Head lighthouse, the Shelburne Inn, Columbia River Quarantine Station, Klipsan Beach Life Saving Station, Raymond Public Library, Raymond Theatre, Russell House, Tokeland Hotel, and the US Post Office, Raymond. Additional sites on the Washington State Register of Historic Places include S.S. Matthew's Whalebone House, the Martin Archaeological Site, and the grave site of Willie Keil, Menlo, Raymond Public Library, South Bend Carnegie Public Library and the St. Lawrence Catholic Church, South Bend. The Columbia-Pacific Heritage Museum is also an officially recognized site on the Lewis and Clark Bicentennial Trail.

Superfund/Hazardous Materials Sites: Pacific County has no federally designated superfund sites. However, Pacific County does have five sites identified by EPA on the Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) and 39 sites on the Resource Conservation and Recovery Information System (RCRIS). Assessment and clean up of several of these sites is currently underway via public-private partnerships.

Prime or Unique Farmland: Pacific County has approximately 750 acres in cranberry production. Cranberries are grown in two areas of the county—Grayland and Long Beach. The Grayland area has approximately 550 acres in cranberries and Long Beach has over 200 acres. The federal Natural Resources Conservation Service has designated the cranberry bogs as unique farmland. Cranberry bogs are the only farmlands in the county to have this unique classification. Presently, 85% of land base in Pacific County is designated forestry. The Pacific County Comprehensive Plan designated cranberry bogs and shellfish beds as the only Agricultural Lands of Long Term Commercial Significance in Pacific County.

The Soil Survey of Pacific County identifies 23 soil types which are classified as prime farmland. This accounts for a total of 81,923 acres, or approximately 14% of the entire county. The county has not yet experienced major conversions of prime farmland to other land uses. The areas that would most likely be susceptible to conversion are those that are higher in elevation and free of wetland constraints.

Conservation Areas: The Willapa National Wildlife Refuge is located in Pacific County. Due to its topography and high annual level of rainfall, Pacific County has extensive floodplain and wetland areas. Approximately 35% of the county jurisdiction is in floodplain and/or wetlands. These areas primarily involve Willapa Bay and its associated tributaries.

Pacific County and all of the incorporated communities participate in the Federal Emergency Management Agency (FEMA) flood insurance program. The federal program requires all local agencies to adopt specific floodplain construction requirements.

The county as a whole has had a history of wetland removal for dredge spoil disposal, pasture, game management and urban and industrial development. A 1977 study of Willapa Bay reported over 50% of the total wetland inventory had been removed. The County had a history in the 1800s and early 1900s of wetland removal. The majority of wetland loss was due to diking for agricultural purposes and for siting of towns (much of Raymond and South Bend were under water at extreme high tide and/or during storm events, and were therefore considered wetland). A good portion of the 50% loss of wetlands cited in the study consists of the developed portions

of Raymond and South Bend. Once the highway went in, the state considered everything on the upland side of Highway 101 to be a lost wetland and added it to the loss percentage. Almost all of the diking was done between 1890 and 1930. Individual site development along the bay hasn't filled much since then. In fact, there has been a net increase in tidal wetlands over the last five years. The wildlife refuge has removed tide gates and breached dikes. In mitigation for the Highway 105 groin project, the Fish and Wildlife Service has been in the process of revitalization of the lost tidelands outside South Bend. This project is near completion, with the limited breaching of the dike allowing waters to fill the redeveloped wetland areas. There are other large tidal wetland restoration projects currently in the conceptual stage. The result is hundreds of acres of revitalized tidal wetlands. Since about 2000, Pacific County and private landowners have placed an emphasis on stream and wetland restoration in Willapa Basin as part of the local strategy to restore salmon species. Many miles of stream beds and riparian areas have been protected or restored.

The Critical Areas Ordinance ended unregulated wetland and buffer filling activities in Pacific County (unless the mitigation sequence is followed and impacts to wetlands and/or buffers are mitigated) for all tidal and upland/freshwater wetlands in 1997. Pacific County, unlike Grays Harbor, is subject to the Growth Management Act. As a result, the county has significantly down-zoned the unincorporated area (rural lot sizes range from 5 to 40 acres in size). Development pressure recently has been concentrated in the municipalities and on pre-existing lots. Much of the pressure and competition (as measured by price and development volume) is occurring in upland and incorporated areas not associated with wetlands (too difficult to permit). The rules are working as intended – to force development into existing developed areas. There is some minor illegal wetland filling, but the Army Corps of Engineers and County regulations are such that the amount is a minor percentage of the historic level, and violations of local and state regulations trigger enforcement actions.

Pacific County is an active participant in the federal, state-administered Coastal Zone Management (CZM) Program. The federal CZM program is administered at the local level by the Shoreline Master Programs, with the state Department of Ecology acting as the overseer.

The local Shoreline Master Program has been adopted and approved as a part of the statewide master program, which is in conformance with federal CZM consistency requirements. The County does not receive any administrative CZM funding from the Department of Ecology to operate programs, however, it has received a number of project specific grants (e.g., funds to support Spartina identification and education for property owners and for Spartina bio-control research). Planning funds are generated locally.

Current Economic Profiles

Forestry Products

Pacific County's economy is still identified as "natural resource based." There are twelve industrial timber companies that own and harvest timber in Pacific County. Of those, only two processor add value to the wood before it is sold or exported out of the area—Weyerhaeuser and the Seaport Lumber Company. These two companies together have employed and/or subcontracted jobs to over 500 residents annually since 1993, providing an average annual wage of \$46,881. As of 2006, there were 19 businesses registered in the lumber and wood products industry. The average annual wage is \$44,694. The majority of these businesses are located in the north portion of the county. These numbers do not include those businesses and self-employed people who are manufacturing wood products that do not show up on the employment tracking system or whose income is below business tax reporting requirements. December 2007 brought winds in excess of 150 mph to Pacific County; and the forest industry received significant damage. With over 85% of the Pacific County's land in timber, forty-five small tree farmers alone reported over 17 million board feet of timber on the ground. This does not take in to consideration the losses Weyerhaeuser faces. The next 18 months is critical to this industry, with debris clean-up and reforestation. Salvage of much of this timber will be difficult, and with an extremely poor timber market, reduced collections of timber harvest tax, our local economy will

be faced with major impacts.

In 2008 along with the blowdown recovery efforts, a national decline in the housing industry started to take place. Weyerhaeuser, a major employer in Pacific County, started to feel the market pressure resulting in major layoffs. Between Weyerhaeuser and Seaport Lumber Company Pacific County has seen a loss of over 200 employees.

In 2003, Forest resources were identified as one of the six major industry clusters in Pacific County. Asset mapping and industry discussions have begun in order to develop strategies to support valued-added businesses in forest resources.

Fisheries Resources Cluster

Shellfish Cluster

In the late 1970s, many factors affected the Pacific County fishing industry: the Boldt Decision; below-normal salmon runs; fuel shortages; rising gas prices; reduced commercial seasons; reduction of recreational limits; and El Niño. Ilwaco's fleet of recreational salmon charters peaked in 1978 with 130 charters, and dropped to only 40 charters by 1985. The resulting job loss totaled 159. Chartering has remained at approximately this level throughout the 1990s. Today, Pacific County is home to 9 charter businesses.

Primary productivity in the Pacific Ocean is influenced by the position of the Aleutian Low pressure system, which determines weather conditions across the northeastern Pacific from Alaska to California, including ocean upwelling rates and, in a broad sense, local weather conditions. Researchers have seen a twenty-year long pattern (21 to 24 years for most cycles) in this system; the cycle is called the Pacific Decadal Oscillation. When the Aleutian Low is near the Pacific Northwest, productive ocean conditions are found off of the coasts of British Columbia, Washington and Oregon, with good phytoplankton production, strong upwelling and favorable conditions for salmonids, bottom fish and shellfish. Local weather was wetter and cooler. Since roughly the year 2000, this has been the local pattern. From the late 1970s to about 2000, however, the Aleutian Low was closer to Alaska and provided favorable ocean conditions in northern BC and Alaska, with record salmon harvests, and highly productive conditions for fish and shellfish there. During the same period, ocean conditions here were generally poor, and local weather was warmer and drier. Prior cycles alternated throughout the twentieth century. This oscillation of good or poor ocean conditions in Pacific County and the Pacific Northwest, along with the weather, is opposite that in Alaska. This pattern has been going on for thousands of years.

In fourteen to sixteen years, the Aleutian Low is expected to shift back to the north, with warmer, drier weather here, and wetter weather in Alaska. With this shift, primary productivity and a variety of fish and shellfish harvests are likely to decline in Washington and Oregon. Note that upwelling areas are uniquely vulnerable to climate change: if global warming increases significantly, it is very likely that the upwelling sites around the world will slow down and stop. If this happens, local productivity will decline severely regardless of the position of the Aleutian Low.

Razor clam harvests over the past several years have been strong, due in large part to improved ocean conditions. Razor clam harvests are interrupted by harmful algal blooms (naturally-produced biotoxin events), which prompt closures due to high levels of domoic acid or other natural biotoxins, particularly in the fall. The Washington Department of Fish and Wildlife has scheduled short harvest openings throughout the year to provide more recreational opportunities, and reduce the odds that any one harvest period will be closed during a given season due to biotoxins.

These toxins are produced by a variety of phytoplankton, and are usually not harmful to fish, marine mammals or birds. However, some toxins at high concentrations can cause widespread kills of marine animals and birds. These conditions are probably more likely during warmer, drier

periods.

Willapa Bay continues to produce half the oysters in Washington despite challenges in the control of *Spartina*, increasing burrowing shrimp populations, and soft market conditions for shucked oysters. A bay-wide trial of a new herbicide in 2004 was very effective, and preliminary findings (late winter 2005) indicate that control and eradication may be possible, barring legal challenges to its use. Non-chemical control methods for burrowing shrimp remain problematic.

With the devastation to the oyster beds in the Gulf Coast by Hurricane Katrina, the production of oyster in the Willapa Bay region have increased approximately 30% and the industry expects to enjoy this increase for several years to come. However, in December 2007 Pacific County was faced with a major storm event of their own. This event proved to disturb the oyster beds of Willapa Bay resulting in loss of oyster product.

As the major shellfish production and processing center on the Washington coast, Pacific County's economy includes a substantial marine resources component. The commercial fishing industry, based primarily in Ilwaco and Chinook, includes over 200 vessels and nearly 1,300 fishermen, with annual landings exceeding 21 million pounds of fish and shellfish with an ex-vessel value of nearly \$15 million. Dungeness crab, Pacific pink shrimp, albacore tuna, and bottom fish production are the major components of the commercial fishery, generating over \$25 million in personal income, and over a thousand jobs to the county's economy. Many fishermen also participate in the distant water fisheries in Alaska, adding an additional \$21 million in county personal income contributions.

Pacific County is home to the largest shellfish culture industry on the West Coast, with nearly 50 million pounds of oysters and clams produced each year. These have a wholesale value exceeding \$10 million this is a very low average—some years it is over \$20 million). The industry generates over \$12 million in personal income, and provides nearly 600 jobs to the local economy. In 2008, a major cold front remained for approximately two weeks causing a significant loss to the emerging clam production in Pacific County.

Finfish culture has been established in Pacific County since 1886. The oldest remaining private hatchery in the state is located in Chinook, and the first Washington State Fish Hatchery is located at Forks Creek. Private sector fish farming is currently contrary to Washington State agency policy. Cooperative finfish enhancement projects between the Washington Department of Fisheries and local groups, however, are supported by the state. These operations release smelts of several species to grow to maturity in the ocean, rather than the highly controversial 'net pen to pan' form of fish farming. Willapa Bay, the Columbia River, and associated wetlands and tributaries support this productive fish base prior to smolting.

Fishing (which includes shellfish) is an important sub-sector of the income base in Pacific County, as well as the seafood supply in the state of Washington. Half of the state's oysters, 25% of the state's crabs, 99% of the sturgeon catch, and over 10% of the salmon catch are landed in this region. The ecosystem support comes via productive natural habitats, which include spawning, juvenile and adult habitats from small streams in the hills down to the estuaries and continental shelf of the Pacific Ocean. Freshwater and estuarine areas are impacted at several levels by other land use practices, including commercial timberland management and the spread of urban areas into natural landscapes.

Fish and shellfish processing and retail sales of seafood are a key production and income source. Eight seafood processing plants and fifteen seafood retailers provide seafood products to area distributors and consumers.

Sport fishing is one of the major reasons visitors come to this area. The summer salmon season on the Columbia River is very popular. Fishers either bring their own boats or go out on charter boats from local ports. The charter boat industry in Ilwaco includes over thirty vessels, offering sports fishing, local history and whale watching trips. Willapa Bay also hosts sport salmon and

sturgeon fishing, and several tributary rivers are considered choice steelhead streams. Pacific County proudly positions itself as “nature’s best effort,” and rightfully claims a unique combination of natural resources and an appealing geography with which to attract and develop its communities and businesses. Visitors come to this coastal area to enjoy local parks and natural areas, including county, state and national parks along the ocean, rivers and beaches. Parks and conserved areas make up less than five percent of the land base of Pacific County, but contribute disproportionately to the attractiveness of the region. These sites are attractive to birders, hikers, fishers, hunters and campers. While firm visitation numbers are difficult to find, it is generally estimated that daily spending per visitor is \$50-\$200 (this is a national estimate). Visitation to Pacific County is over 1 million visitor-days per year. Cape Disappointment by itself saw in 2008 89,286 day-visits and over 92,230 overnight visits. It is likely that an increase in parks and conserved areas for recreation would increase visitations, prolong by days the duration of each visit, and proportionately increase local spending by visitors.

Agricultural Resources

At one time, farming made up a large proportion of Pacific County’s economic activity, but the last 25 years have shown steady declines in income. While the area has diverse cultivated crops and ranches, the vast majority of activity is in the cranberry industry.

More than 2/3 of the county’s \$14 million farm gate sales are from cranberry harvest:

- 69% sales from cranberry production
- 14% dairy/cattle
- 6% specialty crops
- 5% mushrooms
- 5% other

Nearly 40,000 acres make up the area’s 250 farms, a number that has been relatively stable in the last few years.

The county’s current agriculture economy is dependent upon broader economic trends and global influences on key markets:

- Global consolidation of competitors and customers means that there are fewer and larger customers placing greater demands upon grower prices and services
- Agricultural land is often well-suited for urban uses, and therefore may compete with those uses. Competition is most apparent on the fringes of the floodplain, and represents the most serious potential threat to continued agricultural production.
- Suitable land for agricultural expansion is limited, while there is a perception that transportation and logistical services are quite distant from product demand centers.
- Growing conditions are ideal for cranberries, with plentiful water and an infrastructure to support it.
- These same growing conditions tend to not be well suited for other types of crops and plants.
- Ocean Spray is the largest cranberry marketing entity in the U.S., with operations in Pacific County. Cranberry farming represents a stabilized crop in Pacific County’s agricultural industry with approximately 1,700 acres currently being farmed.
- Dairy and cattle operations are a significant part of county activity. In the past ten years changing markets, the cyclical nature of beef prices worldwide, an oversupply of milk, waste management restrictions, and rising property prices have forced some families out of the farming business.
- In addition to traditional ranching of beef cattle, Pacific County is now home to two bison ranches, one emu farm, two goat farms, and one pig farm.

Pacific County's agricultural base boasts some important strength:

- **Infrastructure:** Because of the long heritage of cranberry production here, there are a number of resources available. Kim Patten, PhD is a long-time WSU extension researcher working in the area and developing new ways to grown and market cranberries. There is a cranberry "working museum" in the area, providing agri-tourism opportunities. The largest U.S. processors continue to work with county producers, given their scale and supply.
- **Government Support:** With help from Senator Baird, an Appropriation of \$1 million for shellfish and small fruit research, based at the Astoria extension office of the USDA was received.
- **Growing Conditions:** The area can support, according to Dr. Patten, forest crops such as dock, salal, and wild huckleberries among others. Nursery trees such as red cedar also do well in the County.

In the past few years, Pacific County has experienced a growth in value-added agri-businesses including 11 produce farms: cranberries blueberries, raspberries, vegetables, herbs, lavender plants, bushes and trees.

In an effort to promote the strengths of this industry Pacific County Economic Development Council produced the "Incredible Delectables" brochure for distribution to market the value-added agri-businesses and agri-tourism opportunities that exist in Pacific County.

Figure 28. Pacific County Agricultural Trends

Agricultural Indicator	2002	Percent 1997	Change
Total number of farms	341	253	+34.8%
Total acres in farms	51,824	40,228	+28.8%
Average farm size (acres)	152	159	-4.4%
Full time farms	190	150	+26.7%
<i>Estimated Average Market Value:</i>			
Land and buildings (per farm)	\$347,338	\$367,825	-5.6%
Land and buildings (per acre)	\$2,076	\$2,369	-12.4%
Machinery and equipment (per farm)	\$102,766	\$34,562	+197.3 %
<i>Market Value of Agricultural Sales:</i>			
All agricultural products	\$30,667,000	\$16,964,000	+80.8%
Average per farm	\$89,932	\$67,052	+34.1%

Source: USDA, National Agricultural Statistics Service, 1997 and 2002 Censuses of Agriculture

Manufacturing

Beyond the forest products industry, covered above, one natural resource related manufacturing industry, food products manufacturing, will be discussed. Additionally, we will touch on the High-Tech/Light Manufacturing, Tourism, and Health Care/Retirement clusters.

Food Processing Cluster

Of the four counties, the food processing industry is most significant to Pacific County, where it accounted for an average of 45% of the manufacturing activity throughout the 1990s and into the 21st century.

Pacific County has businesses throughout the county that process shellfish and oysters:

- Ekone Oysters—canned and smoked oysters and smoked fish
- Goosepoint Oysters—canned and “shooters” and their new product line, “Steamers in 5”
- Bell Buoy in Chinook—crab
- Jessie’s Ilwaco Fish—whiting, crab, sardines, and the processing of pet food
- Taylor Industries—shellfish
- Dungeness Development—crab and albacore tuna
- Nelson Crab—shrimp and crab
- Coast Oyster – oysters
- South Bend Packers – tuna and crab
- Oysterville Seafarms – oysters, crannies, and other local products

Changes continue to occur in the food processing industry in Pacific County, which is highly dependent upon favorable harvesting seasons and market prices each year for cranberries, fish, and shellfish.

In 2005, the Pacific Shellfish By-products Consortium’s main focus was to address the disposal of shellfish waste produced by Pacific County processors. Many options were explored, including a pilot composite project, production of organic fertilizer and land application of the by-products. The pilot composite project ran into some problems and ceased to continue. Micro Marine changed its name to Pacific Gro and has improved its method in the production of organic fertilizer. With its increasing successful distribution, Pacific Gro has produced over 5 million tons of their products.

The Pacific County Economic Development Council partnered with the Pacific County Department of Community Development and wrote the first land application of shellfish by-products for a South County processor and that was preceded by writing two more land applications for North County processors. Due to the success of the first year land application, they have since been renewed for a two-year period. Successful partnerships between landowners, processors, private and public agencies provided a solution for the benefit of the industry.

In 2006, the Port of Willapa Harbor brought together their tenants in an effort to discuss workforce issues. Today the group has expanded to the PCEDC, Grays Harbor College, local high schools and other manufactures for the development of the *Willapa Manufacturing Technology Center (WMTC)*. The mission of the WMTC is to promote successful manufacturing businesses in the Willapa region. In 2008, the Port of Willapa Harbor, their tenants and other partners started Work on the Willapa (WOW) strengthening the relationship between manufacturing and high schools with the promotion of the internship program.

In 2007, the Pacific County EDC developed a partnership with the Puget Sound Manufacturers Alliance. In 2008 the Alliance was re-energized and expanded, becoming the Northwest Manufacturers' Alliance. The Pacific County EDC participates as a lead in providing expanded opportunities for the manufacturers of Pacific County. The Alliance today consist of five counties; Lewis, Grays Harbor, Mason and Pacific.

High Technology & Light Industry Cluster

With the necessary infrastructure in place, Pacific County has begun to see interest from small light industries relocating to port properties. In 2005, the first light manufacturing of aerospace components moved to the Port of Willapa Harbor providing high tech machining and fabrication employment opportunities. An existing company of over 25 years has recently expanded into the bio-medical field, and provides the R&D department of their Redmond based company. Even though employment numbers remains steady, this company has brought an increased awareness of business opportunities that exist in Pacific County.

With the introduction of these high-tech and light manufacturing businesses Pacific County is optimistic about their future and growth of this cluster. The future is bright with high growth potential and expectations for demand of highly skilled labor, which has not been present in the past.

Tourism Cluster

With its strategic location, bordered on the southwest by the Columbia River and the west by the Pacific Ocean, Pacific County offers breathtaking views from its lighthouses of the Columbia River and the Pacific Ocean, recreational opportunities, fishing, hunting, birding, clamming and a variety of outdoor experiences. The significance of tourism to Pacific County cannot be understated. For over a century, visitors have gathered on the beaches, forest, and waters in the area. The business of tourism spans over 100 lodging establishments and RV camps and over 80 restaurants. Additionally, the county supports a remarkable number of seasonal or vacation homes; nearly one-third of housing units in Long Beach alone are classified as non-permanent residences. The county is among only a handful in the state where nearly 20% of all employment is directly tied to tourism-driven businesses.

Pacific County's natural beauty on the edge of the Pacific Ocean, with Willapa Bay—noted as the most pristine estuary in North America—and the Columbia River within its boundaries makes it a prime vacation area and tourist location. The area boasts the end of the journey by the Lewis & Clark Corps of Discovery as they reached their destination, the Pacific Ocean. Pacific County's museums and interpretive centers include the Ilwaco Heritage Museum, Willapa Seaport Museum, the Pacific County Historic Society, the Northwest Carriage Museum, the World Kite Museum and Hall of Fame, the Cranberry Museum Fort Columbia, Lewis & Clark Interpretive Center, Shellfish Interpretive Center and the Willapa Bay Wildlife Refuge Interpretive Center.

As a mecca for tourists, Pacific County has six tourist information centers and an award-winning tourist information website. The South County is dense with restaurants (several of which have received national attention) and lodging accommodations.

As a gross revenue engine, tourism delivers over \$90 million annually to local businesses, by any measure a huge contribution of the county's total output of goods and services. Business earnings from tourism approach \$25 million annually. There are over 2,000 jobs related to or dependent on this industry. The tourism cluster is viewed as highly significant to the economy of Pacific County and, through the efforts of Long Beach Visitor Bureau, City of Long Beach, Ilwaco Merchants and various other organizations, a strong effort to promote South County through many marketing efforts is occurring, using radio and television ads, bus placards, and brochures to expand and capture the interest of the tourist market.

2008 saw the completion of the World Mark Timeshare lodging units in Long Beach, Washington. With this completion, the City of Long Beach has been able to track a bed increase of 28% which can be contributed directly to World Mark. This development has brought increased patrons too many of the restaurants and has spurred new activities such as cooking classes and other industry growth.

Health Care/Retirement Cluster

The hospitals, clinics, and private practices in both North County and South County provide patients with direct and in-direct access to medical health professionals (doctors, registered nurses, and/or nurse practitioners). All facilities take patients with private insurance. With the population in Pacific County has a median age of 45.8 years old and the health care industry is an extremely important part of the social and economic picture. An estimated 650 direct jobs depend on health care while another 271 jobs exist in support of this cluster.

Pacific County's two hospitals made significant improvements or expansion of their health care facilities in recent years. Ocean Beach Hospital expansion project increased the hospital by 18,000 square feet; this includes two more trauma rooms, two smaller exam rooms, three new private areas for admitting and registration, a state of the art lab, and a larger cardiac rehab center. The Willapa Harbor Hospital expansion project included a major face lift to the exterior and interior building; addition of a waiting/meeting room. Willapa Harbor Hospital has received approximately \$60,000 for a Computerized Radiography, which translates the x-ray image to digital to allow its transmittal to Seattle for reading. Willapa Harbor Hospital continues to explore the possibility of Tele dermatology, and looking at a model for Telecardiology.

With increasing difficulty in finding physicians to come to rural America, both hospitals, Ocean Beach Hospital and Willapa Harbor Hospital are equipped to provide telemedicine which connects rural western Washington with providers in Longview, Vancouver, Portland and Seattle. This is a very important linkage for our rural facilities.

In 2005, the Shoalwater Tribe received a grant dedicated to building a new Wellness Center on their reservation located in Tokeland. This center provides assistance to tribal members and Pacific County residents.

The new facility includes; a pharmacy, behavioral health services, 7 examination/procedure rooms and 4 dentist stations. The center currently employees over 6 and provides services to many in Pacific County and Grays Harbor County.

Pacific County's Prioritized Project List

The following figure identifies the Pacific County prioritized project listing. The project listing serves both as the County's recognized Prioritization List and the CEDS project list. The CEDS project list includes a number of types of projects including:

- Development for a four county region education opportunities for value added agriculture businesses.
- Provided support for the construction of the new Grays Harbor College Education Center located at the Port of Ilwaco.
- Municipal and rural infrastructure development such as water and sewer upgrades.
- Port development such as dredging, storm water improvements and manufacturing facility.
- Community based development projects such as: The Chinook School, Timberland Library Elevator, and Ilwaco Community Center Upgrades.
- Tourism based development projects such as: Long Beach Peninsula Visitor Bureau

building, Discovery Trail, Beach to Bay Trail, street and lighting improvements.

Figure 34. Pacific County Economic Development Project Listing

Current Ranking	Project Title	Required Amount
1	City of Raymond and City of South Bend - North Pacific County Wastewater Treatment Project	\$30,000,000
2	City of Long Beach - Water Production Plant (Infra-structure Improvement)	\$1,000,000
3	City of Long Beach - Long Beach North Water Line Loop	\$100,000
4	City of Raymond - Sewer System Infrastructure Improvement	\$1,000,000
5	Port of Ilwaco - Marina Reconstruction	\$1,225,000
6	City of Raymond - Water Treatment Plant Improvements	\$170,000
7	Pacific County EDC - Pre-Development Process for Industrial Land Identification	\$40,000
8	City of Ilwaco - Fire Station Reconstruction and Emergency Operation Center Development	\$750,000
9	Pacific County - PACE / Senior Services Center (North County)	\$1,225,000
10	City of Raymond - Water System Infrastructure Improvements	\$456,280
11	Port of Peninsula - Service Pier Replacement and Expansion	\$250,000
12	Port of Chinook - Chinook School Community Project	\$1,600,000
13	Port of Ilwaco - Boatyard Improvements	\$150,000
14	City of Raymond - Storm Drainage Comprehensive Plan	\$150,000
15	Ilwaco Heritage Foundation - Archive / Library Relocation	\$123,898
16	City of Long Beach - Ocean Dune Open Space Park	\$200,000
17	Port of Peninsula - Beach to Bay Trail	\$232,000
18	City of Raymond - Swimming Pool	\$780,000
19	Long Beach Visitor Bureau - Overall Strategy Inventory Plan for Nature Base Tourism for Pacific County	\$9,000
20	Port of Peninsula - Rail Car Rescue	\$300,000
21	City of South Bend - Central Ave. Water Line	\$25,000
22	Port of Willapa Harbor - Duroboat Manufacturing Facility	\$375,000
23	Pacific County EDC - Economic Opportunity Study for Pacific County	\$15,000

Source: PCOG, WA-CERT List 04/09