

# **Economic Development Overview of San Juan County**

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## **Introduction**

The purpose of this white paper is to summarize and reference diverse reports and studies concerned with economic development, growth and planning issues in San Juan County, WA. The paper does not interpret or analyze findings of past studies but summarizes them chronologically to help orient the reader in time when these studies were originally conducted. A chronological summary was chosen as the format after discussions with local government staff who had been in public service for some time and who suggested that often the "past is prologue." Cited reports are referenced both in footnotes, and in a full bibliography that lists citations under the categories of Economics/Demographics; Tourism; Land Use/Growth; Infrastructure. Most of the reports, studies and plans cited are on file at the San Juan Island Library reference section.

Examining some earlier studies, going back as far as the early 1960s, may help place in context current economic development policy discussions in San Juan County that are seeking to be consistent with the emerging Comprehensive Growth Plan. This approach may also shed some light on how and if earlier studies continue to be relevant, and help identify research gaps.

The report concludes with some general observations on research gaps may now lie, and possible ways to address them during the coming years. Finally, a full bibliography is appended, citing the studies summarized, as well as additional resources that the reader may find relevant.

### **1960 – 1970**

A 1964 study by the San Juan County Economic Development Committee explored a number of ways to enhance the islands' economy, including an effort to attract more retirees, promote tourism activities, and explore expansion opportunities in the existing timber, fishing, shipyard and food processing industries. The Committee was not hopeful for the future of large-scale agriculture but somewhat more encouraging of the development of specialty fields of agriculture.

Noting that "San Juan County residents would not care to attract heavy industry...for it would destroy so many values they hold in high esteem," the Committee felt that small manufacturing endeavors (electronics, chemicals, or pharmaceuticals) would be compatible with the islands. The committee was especially encouraging of "some industry involving research or scientific study."

Noting that "living conditions here are conducive to imaginative thinking," the report advocates "placing small research labs, plants or offices in the islands."<sup>1</sup>

## 1970 – 1980

A doctoral thesis by Evan Denney in 1970 studied the increasing trend of subdividing rural land for the creation of seasonal homes and rural retreats for urban dwellers and the resultant impacts on rural environments. Specifically, the author noted that pollution and the degradation of the islands' rural character were of concern to 41% of County residents. By limiting further sub-division, the author posited that environmental effects would be minimized and the long-term economy – one highly dependent on recreational and retiree spending – would be supported.<sup>2</sup>

A 1971 doctoral thesis by Donald John Cocheba explored the conversion of land within San Juan County from rural to residential and its impact on County wide employment. Specifically, the thesis stated that land development can "contribute to the diminution of under and unemployment."<sup>3</sup>

A Washington Agricultural Experiment Station Case Study done in 1973 looked at the "unregulated land market" in San Juan County and its impact on the County's socioeconomic structure. The study noted the shift from an economy based on agriculture, forestry and fishing to one based on the residential and recreational uses of resources. The "major decline" in the agricultural industry was attributed to relatively "few local consumers" and competition from other sources (the County population at the time of the study was 3,452). In conclusion, the authors noted that the conversion of land from rural to residential use did positively impact economic development but not until a decade had passed. Further, the change did not alleviate the County's seasonal flux in employment.<sup>4</sup>

A 1975 study of the economy and population in San Juan County revealed the following: population of the County was older, more highly educated, with smaller families and a lower income level than that of the state as a whole. The lower overall income level was attributed to a high number of retirees, whose income was derived from property and/or transfer payments rather than earnings. The study noted three major County industries – construction, retail sales and

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<sup>1</sup> *Submittal of Overall Economic Development Program (OEDP) by Redevelopment Organization*, San Juan County Economic Development Committee, March 18, 1964.

<sup>2</sup> *Urban Impacts on Rural Environments: A Case Study of San Juan County, Washington*, Evan Denney, 1971.

<sup>3</sup> *The Land Market and the Economic Development Process in San Juan County* Donald John Cocheba, Washington State University, 1971.

<sup>4</sup> *The Land Market and Economic Development: A Case Study of San Juan County, Washington; Washington Agricultural Experiment Station Bulletin 773*, Donald J. Cocheba, Ralph A. Loomis, Eldon E. Weeks, 1973.

services, indicating that sources outside of the County provide the majority of income for residents. The study's author projected that this trend would continue, with business activity increasing at a rate of 10% per year and population growth in full time, seasonal and tourist populations growing at a "very rapid rate" until at least 1980.<sup>5</sup>

In 1975, the Washington State Highway Commission undertook a study of the ferry system serving San Juan County, reviewing landings and terminals on Lopez, San Juan, Orcas and Shaw Islands, as well as other concerns raised by community advisors. Of specific concern to island residents were the inadequacies of the winter ferry schedule; the need for reduced fares for regular ferry users and the need for a reservation system for islanders.<sup>6</sup>

A 1976 paper by T. Shawn Parsons looked at the unique quality of the islands' population and economy – one "based on the attractiveness of the unique geographic area" and posited that, if that "attractiveness" were degraded, "activity in the construction industry will decline and retail trade and services will at least level off and may decline."<sup>7</sup>

## **1980 – 1990**

A 1987 paper by Arthur J. Boyd foresaw continued population growth for the County, resulting in: an increase in property taxes; additional automobile traffic and accidents; a higher frequency of ferry overloads and an increase in fares; expanded but increasingly expensive medical services; a decline in public access to beaches; a continuing trend toward an older population.<sup>8</sup>

The Madrona Group conducted a study in 1987 for the San Juan County Planning Department. The following key points were revealed:

- The County population is highly educated.
- While population growth was stable for much of the century, it nearly doubled in the years from 1970 to 1980.
- Population was above average (compared to the state as a whole) in the age group 60 and over.
- 1979 statistics showed that 56% of County families had incomes under \$20,000 (compared to 44% statewide), while 9% of County families had incomes over \$50,000 (compared to 6% statewide).

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<sup>5</sup> *A Demographic & Economic Study of the San Juan Islands*, Bernard H. Frerichs, August, 1975.

<sup>6</sup> *San Juan Islands Ferry Study*, Washington State Highway Commission – Department of Highways, Division of Toll Facilities, 1975.

<sup>7</sup> *San Juan Islands, A Paradise Doomed? A Geographic & Economic Study in San Juan*, T. Shawn Parsons, 1976.

<sup>8</sup> *San Juan County in the Year 2020: What Will Be the QUALITY OF LIFE 33 years into the Future?*, Arthur J. Boyd, 1987.

- The poverty rate for the County was above the state average, while usage of public assistance was below the state average. The poor were primarily working poor – 77.5% of County families with poverty level incomes had a working householder.
- The County ranked lowest in the state in average net earnings per worker.
- Employment statistics show the County significantly higher than statewide averages in construction and services, and significantly lower in manufacturing and wholesale trade.
- In 1980, the County ranked highest in the state in self-employed workers.
- Self-employed workers in the County earned less than their counterparts statewide.
- The County had, by far, the highest number of registered businesses per capita in the state.
- Average per capita personal income was above both state and national averages, with much of that income coming from dividends, interest and rent.
- The economy of San Juan County is "highly seasonal" and trends indicated an increasing economic dependence on summer business.<sup>9</sup>

A 1989 study for the Board of County Commissioners by Tonkin/Koch, Architects looked at the feasibility of restoration of the County courthouse to meet growing needs. The architects concluded that restoration and reuse of the existing structure was feasible, cost effective and was recommended.<sup>10</sup>

In 1987, The Citizen's Advisory Committee Report endorsed the concept for inter-island passenger-only vessel service within San Juan County. The Committee noted that passenger service would address the needs of residents for enhanced inter-island transportation, while minimizing the negative impacts of large vehicle vessels and automobile traffic. Possible disadvantages – duplication of existing (ferry) service, cost of building docks and parking facilities and the potential for increasing tourism activity were also noted.<sup>11</sup>

A 1990 Madrona Group study, conducted for the San Juan Islands Economic Development Council, assembled data from a wide variety of public sources. Findings showed that the County population has remained stable for much of the 20<sup>th</sup> century, with a doubling of population in 1970-1980. Nearly all of the population increase was due to in-migration, primarily in the 35-50 and 65 and above age groups. The County ranked second in the state in the percentage of residents 65 years of age and older.

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<sup>9</sup> *San Juan County: An Economic and Demographic Study*, Prepared by The Madrona Group for the San Juan County Planning Department, under a contract with the San Juan Islands Economic Development Council, 1987.

<sup>10</sup> *1989 San Juan County Courthouse Study*, Tonkin/Koch/Architects, 1989.

<sup>11</sup> *A Recommended Long-range Transportation Plan for the San Juan Islands*, Citizens Advisory Transportation Committee, May, 1987.

The average per capita income was above both national and state averages, with a much higher percentage of personal income derived from dividend, interest and rent than statewide. Income and poverty figures showed a sharp division between rich and poor, with a marked lack of middle class families. The County's poor are primarily working poor, with nearly 20% more of poverty level households having a working householder than the state average. This reflects the County's ranking as lowest in the state in net earnings per worker. County employment is significantly higher in construction and services than the statewide average. There is also a very high rate of self-employment and the highest percentage of registered businesses per capita in the state.

The study concluded that the County economy is driven primarily by tourism, growth and retirement, making it vulnerable to regional, national and international social and economic trends. Gasoline prices, interest rates, economic opportunities, travel trends, urban flight and economic decentralization all impact the County's economy.<sup>12</sup>

A 1990 study, conducted by The Madrona Group for the Friends of the San Juans and the San Juan Islands Economic Development council, showed the physical environment (air, water, land) and socio/cultural environment (pace of life, friendliness, freedom from crime and violence) to be the factors of greatest importance and satisfaction to island residents while growth and development were of greatest concern. A majority of survey respondents were negative about the tourism industry. Respondents also cited low wages, high cost of living and difficulty locating affordable housing to purchase. More than 3/4 of respondents named improvements to the ferry system as a "high" or "medium" priority goal.<sup>13</sup>

A 1990 profile of the labor market and economic characteristics of San Juan County prepared by the Labor Market and Economic Analysis Branch of the Washington State Employment Security Department showed the decline of some industries (logging, large scale farming), the stability of others (produce farming, limestone mining, seafood processing, shipbuilding) and the emergence of others (tourism-related activities, retirement services-notably health care, and a "modest" computer and electronic industry).

The report points out that the county was beginning to feel the effects of a tightening labor market, noting that "Should labor availability become a pressing issue, the county may want to consider the ways to introduce vocational and technical programs into the county – programs that are designed to enhance the educational and job skills of participants." The report shows that between 1970

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<sup>12</sup> <sup>12</sup> *San Juan County: An Economic and Demographic Study*, Prepared by The Madrona Group—James R. Fox, Ph.D. and Christopher H. Hodgkin for The San Juan Islands Economic Development Council, September 1990.

<sup>13</sup> *San Juan Islands Community Opinion Survey*, Prepared by The Madrona Group—James R. Fox, Ph.D. and Christopher H. Hodgkin for the Friends of the San Juans and the San Juan Islands Economic Development Council, 1990.

and 1989 the county population grew at a rate four times faster than the state as a whole. During the 1970s the population doubled, and the County saw growth rates ranging from 5-12 percent per year. Growth slowed during the 1980s to between 2 and 5 percent annually. During the 1980s the age group between 25-44 years grew by 45 percent, the older population of 65 and older grew by 46 percent and age groups younger than 25 declined by 9 percent. Meanwhile the county labor force grew by 254 percent from 1,490 in 1970 to 5,270 by 1988. During this time unemployment rates generally remained low compared to state and national averages, with a recession high of 9 percent in 1982 down to 4.4 percent by 1988. The report notes that unemployment figures may be deceptive by not accounting for multiple employment among county residents, noting that "The combination of low-paying jobs and rising costs has apparently compelled many residents to work two or more jobs. Jobless rates, in turn, are driven down as those number of employed persons (reflecting those counted twice or more) rises while labor force (where residents are counted only once) remains unchanged."

The report notes that "Diversifying San Juan County's economy has become the focus of local economic development efforts to reduce reliance on seasonal trade and service industries (related to tourism and recreation) by seeking firms involved in *environmentally-clean* forms of light manufacturing."

Overall, the study portrays a "county searching for the illusive balance between growth and economic development on one hand and quality of life on the other" and notes the "challenges for government, business, labor and civic leaders will be that of creating jobs while maintaining the high quality of life enjoyed in San Juan County."<sup>14</sup>

A 1990 chartbook produced for the Washington State Institute for Public Policy shows population growth in the County growing at 21-30% in the years 1980 to 1989. Per capita income doubled from 1977-1987, while wages remained at the lowest end of the statewide scale and, in fact, registered decrease from the 10.5 percentile to the 15.5 percentile in the years 1977-1988.<sup>15</sup>

In 1990, The Madrona Group conducted a survey of San Juan County residents for The Friends of the San Juans, under a contract with the San Juan Islands Economic Development Council. The study's findings included the following:

- The physical environment and socio/cultural environment were of greatest importance to respondents.
- Respondents were concerned about growth and 77% felt there should be limits to growth within the county.
- Preservation of open space was a top priority.

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<sup>14</sup> *San Juan County Profile*, Washington State Employment Security Department, 1990.

<sup>15</sup> *Growth in Washington: A Chartbook*, Prepared by Gary Pivo and Russell Lidman for the Washington Institute for Public Policy, January 1990.

- "Respondents wanted to see traditional industries (farming and commercial salmon fishing) and cottage industries encouraged, but felt that local government should not be responsible for attracting businesses to the island or for assisting businesses."
- Approximately one-third of the work force was dissatisfied with their jobs, generally because of low pay.
- 76% of respondents felt that improvements to the ferry system should be a high or medium priority goal for the county, with preferential loading for residents, on-time service and non-expiring commuter books being those changes most frequently cited.
- Of those respondents indicating difficulties with housing, 47% said they could not find affordable housing to purchase.<sup>16</sup>

## 1990 – 1995

A 1993 study and plan by The Madrona Group, undertaken for the San Juan County Board of Commissioners, recognized the importance of maintaining a "sustainable tourism industry which benefits all residents...which is an appropriate scale, pays its own costs, enhances or at least preserves environmental values, provides jobs, business opportunities or other benefits for residents, does not degrade the overall quality of life, and is otherwise compatible with resident's goals and desires." The plan recognized the need for integrated planning of the tourism industry and an involvement of the residents of the islands so that the physical environment and island lifestyle could be preserved for both residents and tourists.<sup>17</sup>

During the fall of 1993 Skagit Valley College hosted a series of lectures and speaker panels on growth management and economic development issues, which were videotaped. The tapes are available at the San Juan Island Library and can be checked out. In one presentation, the Friday Harbor Town Administrator provides an economic history of the islands dating back to the turn of the century, referring to minutes of business association meetings showing that shoulder season "excursion" development, with water and rising land costs were addressed as far back as the 1920s and 1930s.<sup>18</sup> The Friday Harbor Chamber of Commerce President presents a case for the economic value and contribution of the tourism industry in the islands.<sup>19</sup> A local community organizer presents data describing the overall costs of tourism compared to benefits.<sup>20</sup> A

<sup>16</sup> *San Juan Islands Community Opinion Survey*, Prepared by The Madrona Group for The Friends of the San Juans and the San Juan Island Economic Development Council, March, 1990.

<sup>17</sup> *San Juan County Tourism Plan*, Prepared by The Madrona Group—James R. Fox, Ph.D. and Christopher H. Hodgkin for the San Juan County Board of Commissioners, December 1993.

<sup>18</sup> *Tourism: Does it Make \$ense?* King Fitch, Town Administrator, Friday Harbor, Skagit Valley College Lectures, Fall 1993-Tourism, videotape.

<sup>19</sup> *Tourism is not a 4-Letter Word*, Vonda Sheiman, President, San Juan Chamber of Commerce, Skagit Valley College Lectures, Fall 1993-Tourism, videotape.

<sup>20</sup> *Tourism and Responsibility*, South Burn, Community Activist, Skagit Valley College Lectures, Fall 1993-Tourism, videotape.

panel discusses the costs, benefits and current technology available for “reverse osmosis”; a process converting sea water into fresh water, making a case for a Friday Harbor water plant that would provide an additional 100,000 gallons per day for a capital outlay of approximately one million dollars.<sup>21</sup> The Madrona Group (authors of a number of studies cited in this paper in the late ‘80s and early ‘90s) describe preliminary findings of their study dealing with planning issues and tourism.<sup>22</sup> Incumbent and candidate county commissioners address a variety of local issues ranging from property taxes to planning.<sup>23</sup> A “blue ribbon” panel of local experts address similar issues as those directed to the commissioner incumbents and candidates.<sup>24</sup> The Friday Harbor Port Director presents on a range of issues concerning the diversification of the local economy.<sup>25</sup>

## 1996 – 2000

A door-to-door income survey of 384 households, conducted by the Town of Friday Harbor in early 1996, revealed that 64.4% of Friday Harbor households, and 63.4% of residents fell within the "low income" range.<sup>26</sup> According the 1999 Friday Harbor Comprehensive Plan: “In 1990 the median annual household income for San Juan County was \$31,278.” In 1995, in the Town of Friday Harbor, the median income was \$26,202.”<sup>27</sup> The income survey further showed that 41% of low-income households had one occupant, whereas 29% had two. In contrast, in households above low-incomes, 21% had one occupant while 51% had two. The Housing Element of the County’s Comprehensive Plan found that county-wide, nearly 90% of low income households paid more than 30% of their income on housing, compared to 20% of moderate income households with 10% to none at the upper income levels.<sup>28</sup>

The annual almanac of the Islands, published by the Journal of the San Juan Islands, revealed in 1998 that the County ranked second statewide overall in per capita income (with the bulk of that coming from dividends, interest and rent) but twelfth overall in average earnings per worker. The County also had more than

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<sup>21</sup> "Water in Friday Harbor," April 4, 1995, videotape.

<sup>22</sup> *A Community Approach to Tourism Planning*, Jim Fox, Public Policy Consultant, The Madrona Group, Skagit Valley College Lectures, Fall 1993-Tourism, videotape.

<sup>23</sup> *The Issues*, Tom Cowan, John Evans, Tom Starr, County Commissioners. Skagit Valley College Lectures, Fall 1993-Tourism, videotape.

<sup>24</sup> *Island Issues: "Effective Government" "Economic Development" "Growth Management Act,"* 1993, videotape.

<sup>25</sup> *Beyond Tourism*, Steve Simpson, Director, Port of Friday Harbor, Skagit Valley College Lectures, Fall 1993-Tourism, videotape.

<sup>26</sup> *Town of Friday Harbor Income Survey*, Prepared by Nancy Larsen and Steven Dubail for the Town of Friday Harbor, Office of the Town Clerk, for the State of Washington Department of Community Trade & Economic Development-Community Development Block Grant Program, February 1996.

<sup>27</sup> *Town of Friday Harbor Comprehensive Plan* . 1999. Retrieved from the World Wide Web, December 8, 2000: <http://www.fridayharbor.org/CompPlan99.htm>.

<sup>28</sup> *San Juan County Comprehensive Plan Housing Data*. October, 2000

twice as many registered businesses per 1,000 residents as the statewide average.<sup>29</sup>

In late 1998, the Board of County Commissioners approved an initial version of the San Juan County Comprehensive Plan. Since 1998, the County has refined the draft Plan based on findings from the Growth Management Hearings Board (GMHB) requiring that issues such as affordable housing be more effectively addressed. A subsequent version of the Plan was submitted to the GMHB in October, 2000 with the result of the Hearings Board asking the County to further refine issues concerning guesthouses and certain rural zoning designations.<sup>30</sup>

A Washington State University study, reflecting costs for the third quarter of 1999, revealed that San Juan County had the highest median price for a home (at \$241,000.00).<sup>31</sup>

A child care needs assessment study, conducted on San Juan Island in 1999, revealed that more than one-fifth of all survey respondents had "serious difficulty" finding child care that met their needs. Inadequate after-hour and weekend care, as well as inadequate infant care was frequently cited. Child care costs were also listed as a difficulty by nearly one-half of all respondents. San Juan households pay 24% of their income in child care, as opposed to the statewide average of 18.6%.<sup>32</sup>

A 1999 report from the State of Washington, Office of Financial Management, showed the largest percentage of total wages paid in the County went to employees in the services sector (22.7% of total) and the government sector (24.66%). Retail trade (15.53%) and construction (14.44%) were the only other sectors in double digits.<sup>33</sup>

A San Juan County Profile published in September 1999 by the Washington State Employment Security Department shows that growth in all types of income (wage and salary, proprietor and investment) has surpassed state growth averages. However, the report concludes that: "The thorn on the rose is the annual average wage. In 1997, it was \$19,548 and ranked thirty-fifth among Washington's 39 counties. The statewide average was \$30,755." The report shows that the county has much of its employment base in the tourism-related services and trade sectors. Because these sectors have many workers (combined they account for over half of nonfarm employment) and the pay is low relative to other sectors, the average wage for the county is quite low, noting that "There is a jarring disparity between the workers in these sectors who rely upon

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<sup>29</sup> *The Book of the San Juan Islands*, The Journal of the San Juan Islands, 1998.

<sup>30</sup> Revised Comprehensive Plan. Retrieved November 20, 2000, from the World Wide Web. [http://www.co.san-juan.wa.us/gmhb/index5e.html#Revised\\_Comp\\_Plan](http://www.co.san-juan.wa.us/gmhb/index5e.html#Revised_Comp_Plan)

<sup>31</sup> *Housing Affordability Index*, Washington State University, 1999.

<sup>32</sup> *Child Care Needs on San Juan Island: Survey Summary and Recommendations*, The San Juan Island Family Resource Center, June 1999.

<sup>33</sup> *Databook*, State of Washington, Office of Financial Management, 1999.

wages for their income and those (usually retirees) who receive a high level of investment income. Investment income constitutes 49 percent of the county's total personal income, the highest percentage in the state."<sup>34</sup>

The report goes on to point out that the low average wage is due to a high level of employment in eating and drinking places and in hotels. Almost one-fourth of covered employment is in tourist-driven industries, the highest rate of all counties in the state. The report notes that "Not only are the wages relatively low, there are high levels of part-time and seasonal employment. In fact, in these two industries the number of jobs will almost triple from January to August: in 1997, employment went from 600 to 1,600 over those months."

The 1999 *Book of the San Juan Islands*, published annually by The Journal of the San Juan Islands, showed San Juan County to be second overall statewide in per capita income and 38<sup>th</sup> in the state for average wage per job. The County was first in the state for income derived from dividends, interest and rent and first in the state for number of registered businesses per 1,000 population.<sup>35</sup>

San Juan County implemented an information technology plan in August of 1999, with the goal of planning for mid-1999 through mid-2004 in order to make the County's "internal operations more efficient" while also improving "public access to County information" and building "the necessary structures to sustain an IT infrastructure capable of serving the County's needs." The resultant framework aimed to: improve the County's internal operation through upgraded IT infrastructure; better utilization of software and organization of the Geographic Information System program; enhanced web site services and information and, establishment of an internal Intranet.<sup>36</sup>

A report in May of 2000 by the San Juan County Planning Department staff examined the socioeconomic impacts of potential downzoning on the current population of the San Juan Islands. The staff reviewed recent growth and change in Nantucket, Massachusetts and Aspen, Colorado. From those two areas, a pattern emerged wherein the wealthy purchasers of homes changed the character of the communities. Land values increased so that wage earners had declining choices of residence and increased property taxes – unless offset by tax inflation relief – forced fixed-income owners to sell property. A large percentage of rural and low-density land thereby turned over to wealthy individuals. In those areas studied, local government staff, business owners and local interest groups now cite affordable housing as an area of prime concern.

The Planning Staff's conclusion is that there is little that can be done to prevent the islands from duplicating these trends inasmuch as there is little that can be

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<sup>34</sup> *San Juan County Profile*. Gary Bodeutsch, et al. Labor Market and Economic Analysis Branch, Washington State Employment Security. September, 1999.

<sup>35</sup> *The Book of the San Juan Islands*, The Journal of the San Juan Islands, 1999.

<sup>36</sup> *Information Technology Strategic Plan*, San Juan County, August 1999,

done to prevent the wealthy from buying privately owned rural lands. Additionally, the staff found that problems of affordable housing in the County will become much worse; downzoning would accelerate the growth of property values in rural lands, thereby potentially slowing population growth somewhat but not impacting the rate at which land is consumed for residential use; affordable housing in the private market can only be provided if sufficient land is available in urban areas; and, by limiting urban growth to tightly-constrained areas developed at urban densities, many aspects of the island's rural character can be retained. The study cites as an example of this type of development the European village model, in which "densely developed villages are surrounded by rural farmland and forest."<sup>37</sup>

In August of 2000, a report was prepared by the San Juan County Planning Department in response to the Western Washington Growth Management Hearings Board's partial remand or invalidation of certain sections of the County's Comprehensive Plan. Key findings of the report included a recommendation that Eastsound and Lopez Village be planned for as Urban Growth Areas. The report estimated that 414 units (approximately 900 residents) will need to be established in the Friday Harbor Urban Growth Area over the next 20 years, 258 units (approximately 620 residents) established in the Eastsound Urban Growth Area and 125 units (272 residents) into the Lopez Village Urban Growth Area.<sup>38 39</sup>

A September 14, 2000 memorandum to the Board of County Commissioners from the San Juan County Planning Department corrected errors in earlier memos regarding the distribution of existing parcels by density designation and added further information on the number of rural and resource parcels by proposed density category.<sup>40</sup>

Element 7 ("Capital Facilities") of the County's Comprehensive Plan, published in October, 2000 developed a framework to establish and maintain appropriate levels of service (LOS) for certain public facilities in the County. The LOS framework, described in this document lack data, but set the stage for public facilities cited in the document to submit such data in the future. Such an LOS database implemented for County-based as well as other taxing districts (community water facilities and sewage treatment facilities, etc.) could provide a "statistical snapshot" of infrastructure capacity and load demands, and create a

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<sup>37</sup> Staff Report—"Study of Socioeconomic Impacts of Growth Pressure in Selected Seasonal/Resort Communities," San Juan County Planning Department, May 25, 2000.

<sup>38</sup> Analysis of Proposed Urban Growth Areas (UGAs), Activity Centers, and Residential Activity Centers, San Juan County Planning Department, August 9, 2000.

<sup>39</sup> Appendices for Analysis of Proposed Urban Growth Areas (UGAs), Activity Centers, and Residential Activity Centers, San Juan County Planning Department, August 2000.

<sup>40</sup> Transmittal of Revised Countywide Buildout Estimates and Distribution of Rural and Resource Land Parcels by Density Designation and Average Parcel Size, Laura Arnold, Patrick Mann and Richard Rutz, September 14, 2000.

decision-making tool with which to better identify priorities and direct scarce resources.<sup>41</sup>

## Conclusion

The purpose of this white paper has been to provide an economic overview of San Juan County, based on a chronologically organized summary of reports and studies relating to this subject, with full citations for further reading. Many of the materials cited in this white paper are available at the San Juan Island Library.

This white paper has outlined a socioeconomic history of the San Juan islands as seen through the lens of various analyst reports or agency plans over the past forty years commissioned by the State of Washington, San Juan County, Town of Friday Harbor, the former San Juan County Economic Development Council, other public agencies, private not for profit organizations, local newspapers and private individuals. There is diversity of purpose, budget, direction and agency in these plans, reports, studies and videotapes and as such provide a wide range of opinion, finding and data for the reader to consider. It is possible that some key reports have been inadvertently overlooked in this review. As well, there is no reference to private studies that may be industry specific and relevant to the subject, but not possible to locate or include due to a proprietary nature. This white paper makes no attempt to offer an opinion of any particular study or to infer conclusions other than to summarize some of the key findings made. Some studies were ultimately adopted by client agencies, while others were not.

However, one general observation can be made. A number of the studies, reports and public presentations described that were conducted between the late 1980's to the mid 1990's helped to set the stage for the context and content of the San Juan County Comprehensive Plan.<sup>42</sup> This includes its vision statement, which can serve as a one possible guide to developing and adopting economic development policies and priorities:

We support a pattern of economic growth and development which serves the needs of our community, and which recognizes the rural, residential, quiet, agricultural, marine and isolated nature of the islands. Our economy comprises a wide spectrum of stable, year-round activities that provide employment for islanders. We support and encourage traditional industries including forestry, farming, aquaculture, construction, fishing and tourism without jeopardizing the resources on which they depend. We have home occupations and cottage industries which are compatible with surrounding neighborhoods. We encourage new ideas and new technology for improving the quality and profitability of our

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<sup>41</sup> *Comprehensive Plan Element 7: Capital Facilities*, Board of County Commissioners, San Juan County, October 2000.

<sup>42</sup> *San Juan County Comprehensive Plan*, Board of County Commissioners, San Juan County, December 20, 1998.

goods and services. Value-added activities are encouraged. Environmental conservation and sustainable development are balanced.

While the final San Juan County Comprehensive Plan has not been fully adopted as of this writing, the vision statement of this plan appears to hold up to the test of time. It has not been amended since it was originally published in 1998. This vision statement can serve as qualitative benchmark to both appraise the findings of these studies and to help guide direction for further research which can assist decision-makers in developing policy.

For example, the vision statement calls for home occupations and cottage industries. However, no study has been done to accurately segment these sectors and describe their highly unique characteristics, needs and trends. This could be important; given the high number of small businesses and proprietors in San Juan County that in aggregate have both substantial economic impact and reflect unique island culture. A better understanding of the type and nature of these businesses could help identify ways to better target business retention, expansion and recruitment activities undertaken by economic development groups.

The vision statement encourages “new ideas and new technology for improving the quality and profitability of our goods and services.” Nearly forty years ago, in the 1964 study first cited in this white paper conducted by the San Juan County Economic Development Committee, a foreshadowing of this vision can be found, with an accompanying economic development strategy. The report states that: “For a problem or a plant, a laboratory or an idea factory, there is no place better than the San Juan Islands.” The report calls for small research labs, plants, offices and venues for study groups in the electronics or pharmaceuticals industries noting that “Living conditions here are conducive to imaginative thinking.”<sup>43</sup> This old report asks a key question that could inform current San Juan County discussion on the future direction of economic development policy consistent with the Comprehensive Plan:

Is it not unreasonable to consider that if you have a method that must be improved, a product that must be built, a problem that needs to be solved or an idea that must be born, to provide your thinkers with one of the most pleasant places in the U.S.A. to accomplish these needs?

Moreover, twenty five years later in 1990, the San Juan County Profile cited a desire to diversify the economy by encouraging firms involved in environmentally benign types of light industry and noted indications of a “modest” computer and electronic industry. Now, in the age of the Internet and the New Economy, such

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<sup>43</sup> *Submittal of Overall Economic Development Program (OEDP) by Redevelopment Organization, San Juan County Economic Development Committee, March 18, 1964.*

long-standing vision and strategy might suggest directions San Juan County economic development policy could take in the work of business retention, expansion and in some cases, recruitment.

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