

# CHAPTER 7: ECONOMIC DEVELOPMENT ELEMENT

## FERNDALE COMPREHENSIVE PLAN

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### **PURPOSE**

This element of the Ferndale Comprehensive Plan is intended to provide the community, applicants and decision-makers with a general background and a basic understanding of the local Ferndale economy and the manner in which that economy may evolve through 2036 and beyond. This element shall not stand in place of, but is to be used in support of, reasoned decision-making, programs or strategies that are employed for the purpose of preserving or enhancing Ferndale's economy throughout the twenty-year planning period.

### **ECONOMIC DEVELOPMENT ELEMENT: SUMMARY OF CONCLUSIONS**

- The Ferndale economy includes the “Ferndale Market Area,” consisting of the Ferndale School District boundaries, the Lummi Nation and Cherry Point.
- Ferndale’s existing economy is based primarily on manufacturing within and outside of the City limits, service industries, and construction.
- Retail sales in Ferndale are significantly lower than the average for a community of its size, reflecting Bellingham’s higher-than-average capture of retail sales.
- Ferndale’s location, access to markets and infrastructure, and an educated workforce makes it ideal for new businesses wishing to expand locally or develop locations in Northwest Washington.
- Residential growth in Ferndale will make it increasingly attractive to retail users within the next twenty years – closing the retail sales gap.
- Jobs to population ratios will improve in the next twenty years, decreasing “bedroom community” factors.
- Specific economic development programs intended to achieve the goals of this element are not included in this element.

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Ferndale's Economic Development Element includes that information that is required by the Washington State Growth Management Act. The element briefly describes local economic history followed by an analysis of the existing economy. Future changes are then considered.

Rather than focusing on potential threats or weaknesses, this element also seeks to expand "what if" statements found throughout this comprehensive plan by exploring potential significant changes within or outside the City's control that could impact the local economy. These questions reflect the City's understanding that the majority of decisions that will have an impact on Ferndale's economy may be influenced in some way by City regulations, but will ultimately be made by private interests. The questions are intended to help position the City to take proactive measures (or informed reactive decisions) in periods of transition or turmoil.

The element concludes with goals and policies that are intended to guide future decision-making, with the expectation that individual projects or programs may greatly expand on this very general economic development chapter.

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### EXISTING CONDITIONS:

As shown in Figure X, below, Ferndale's economy has evolved over the last century, and it will continue to change over the next twenty years as the community continues to change.

### FERNDALE'S ECONOMY THROUGH FOUR ERAS



**1874-1960'S - AGRICULTURAL ROOTS:** RELATIVELY SLOW GROWTH AND A SELF-SUSTAINING ECONOMY PROVIDE SUFFICIENT EMPLOYMENT AND COMMERCE FOR A SMALL COMMUNITY.



**1960-1980'S – GROWTH OF INDUSTRY:** THE CONSTRUCTION OF TWO REFINERIES AND AN ALUMINUM PROCESSING FACILITY AT CHERRY POINT FUEL FERNDAL'S GROWTH AND A MORE-DIVERSE ECONOMY; FREEWAY CONSTRUCTION REDUCES COMMUTE TIME TO BELLINGHAM.



**1980'S - PRESENT – BEDROOM COMMUNITY:** WHILE FERNDAL REMAINS A JOB CENTER, LOCAL SHOPPING AND ENTERTAINMENT OPTIONS DECREASE SIGNIFICANTLY AS REGIONAL RETAIL MALLS AND SUPER STORES ARE CONSTRUCTED IN BELLINGHAM.



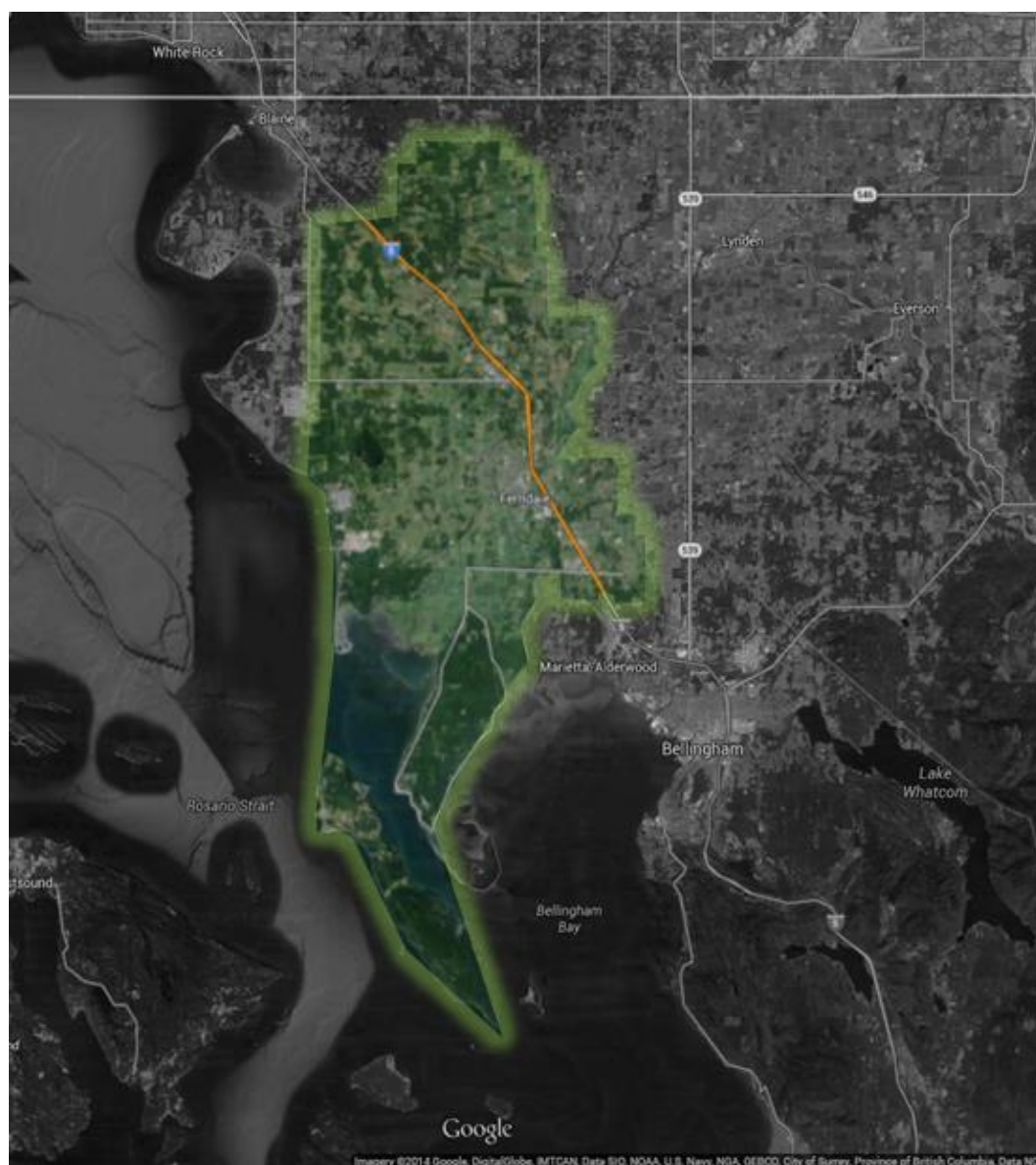
**2016 AND BEYOND – FERNDAL RISING:** RAPID RESIDENTIAL GROWTH DRAWS MAJOR RETAIL AND PROFESSIONAL JOBS TO FERNDAL, DIVERSIFYING AND STRENGTHENING THE ECONOMY. STRONG BUT EVOLVING INDUSTRIAL BASE COMBINED WITH COORDINATED LUMMI NATION AND FERNDAL ECONOMIC DEVELOPMENT EFFORTS SUCCEED IN MAKING THE FERNDAL MARKET AREA THE ECONOMIC HEART OF WHATCOM COUNTY.

## FERNDALE COMPREHENSIVE PLAN

### Summary of Local Economy

Ferndale's economy is closely tied to industries at Cherry Point, while its character remains associated with resource extraction industries (fishing and agriculture). The City's location at the geographic center of Whatcom County's population – and along its major transportation corridors – creates an existing and potential influence area far wider than the municipal city limits. This Ferndale Market area, defined by the Ferndale School District boundaries and shown below in Figure 1, is that area in which Ferndale is, has been and can be the primary population, shopping, entertainment and employment center. The shopping and employment decisions made by residents and workers of this area have the most influence on the City of Ferndale, and in turn the City of Ferndale has the most influence on these residents and workers.

**Figure 1: Ferndale Market Area**

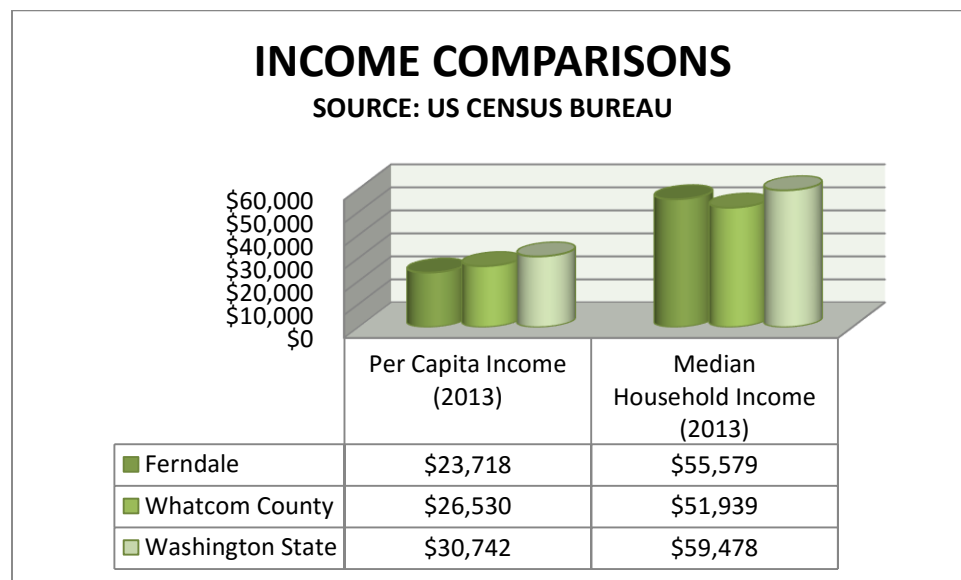


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### Existing Economy – Relevant Indicators

While there are many ways to evaluate the relative strength or weakness of a local economy, this element analyzes average incomes, sales tax base, major industry types and number of businesses.

#### Average Income



Per capita incomes in Ferndale are below those in both Whatcom County and Washington State, while household incomes are above the County (but below the state) average. This is likely due to more dual-income households in Ferndale than in the County as a whole – particularly Bellingham, which has a median household income of \$40,648 and is largely influenced by college-age students and one-person households.

The Cost of Living in Whatcom County is 23.3% higher than the US average, and is higher than the average in Washington State (which is 17.3% higher than the US average). However, the Cost of Living is far less than King County – which is 43.2% higher than the US average (source – Sperling’s Best Places – [www.bestplaces.net](http://www.bestplaces.net), accessed October 19, 2015). This means that Ferndale is generally less-affordable than Washington State as a whole, and is somewhat less-affordable than Whatcom County as well.

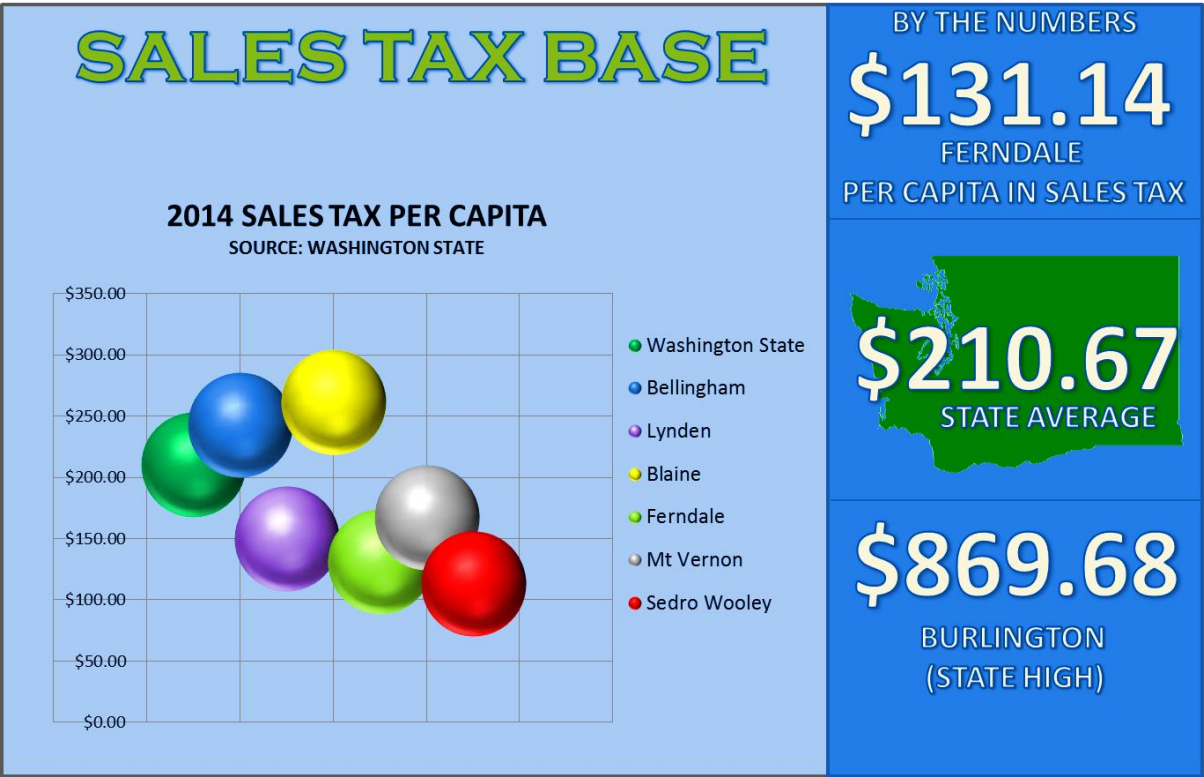
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### Sales Tax Base

Sales tax is utilized by local government for a range of uses, and is one of the few revenue sources that are considered discretionary – meaning that it is not obligated to specific budget items (salaries, streets, parks, etc.). However, sales tax may fluctuate significantly from year to year, which may make it difficult to project future revenues.

While retail sales are most frequently associated with sales tax (and in most jurisdictions are the principle source of sales tax revenues), a wide variety of sectors generate sales taxes (see Figure X, below). As expected, retail sales in Ferndale are responsible for a significant portion of overall sales tax revenue (nearly 35%).



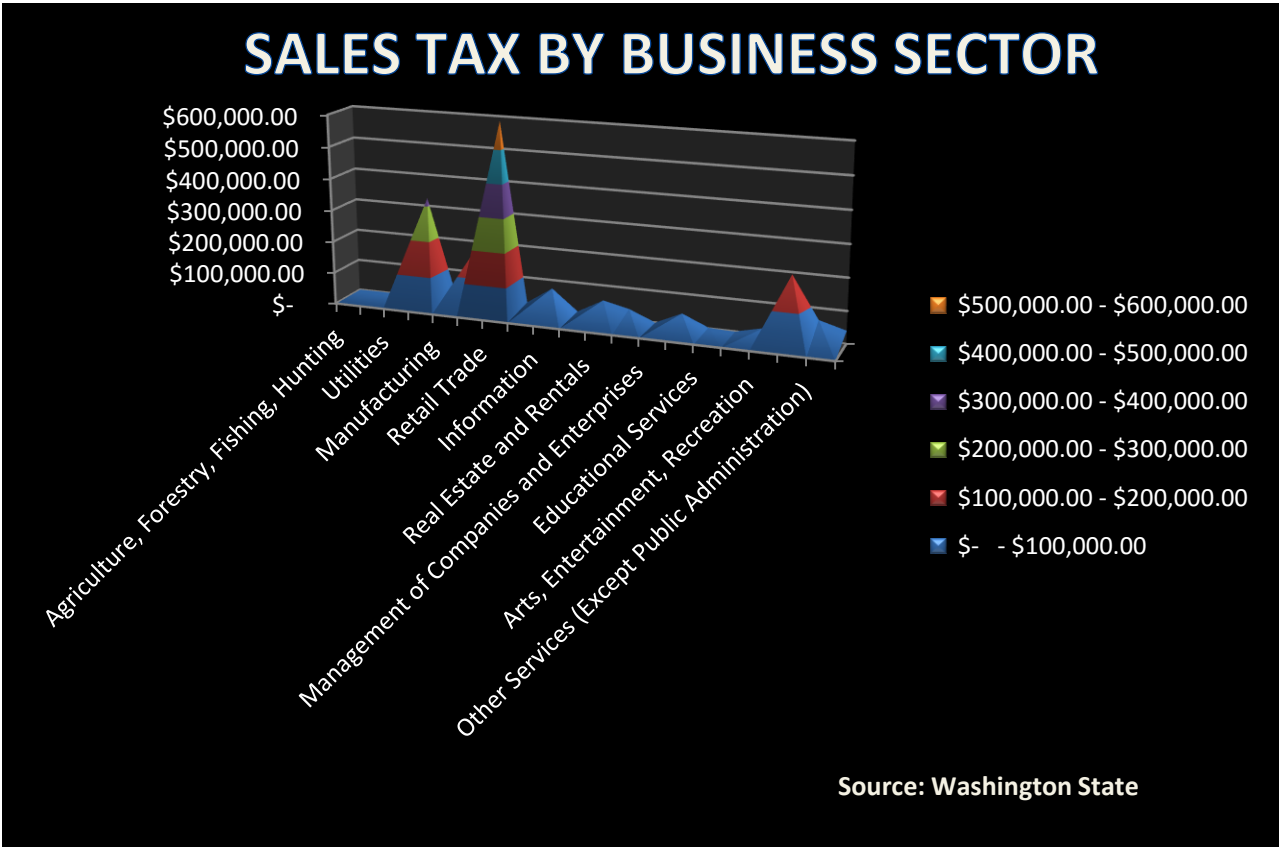
However, the actual retail sales tax - \$585,398 – is relatively low for a city of Ferndale’s size. This suggests that Ferndale has a relatively small number of retail businesses – a fact borne out by a basic inventory of businesses.



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Another important indicator of Ferndale’s sales tax base is the sales tax associated with construction. In 2014 – a relatively slow year in terms of construction in Ferndale – sales tax from construction represented over 19% of all sales tax collected in Ferndale. This reflects the fact that Ferndale is growing quickly. However, the nature of this construction – primarily single family residential development – may strain City resources in the long-term. Single family development typically does not generate sufficient taxes to pay for the corresponding demand in services. In other words, a city that relies on the sales taxes generated by new residential construction will require ever-increasing construction to pay the bills.

Meanwhile, small cities must often reach a “critical mass” of residences (or “rooftops”) to draw retailers that will depend on the larger market for customers and employees. Provided that retail shopping



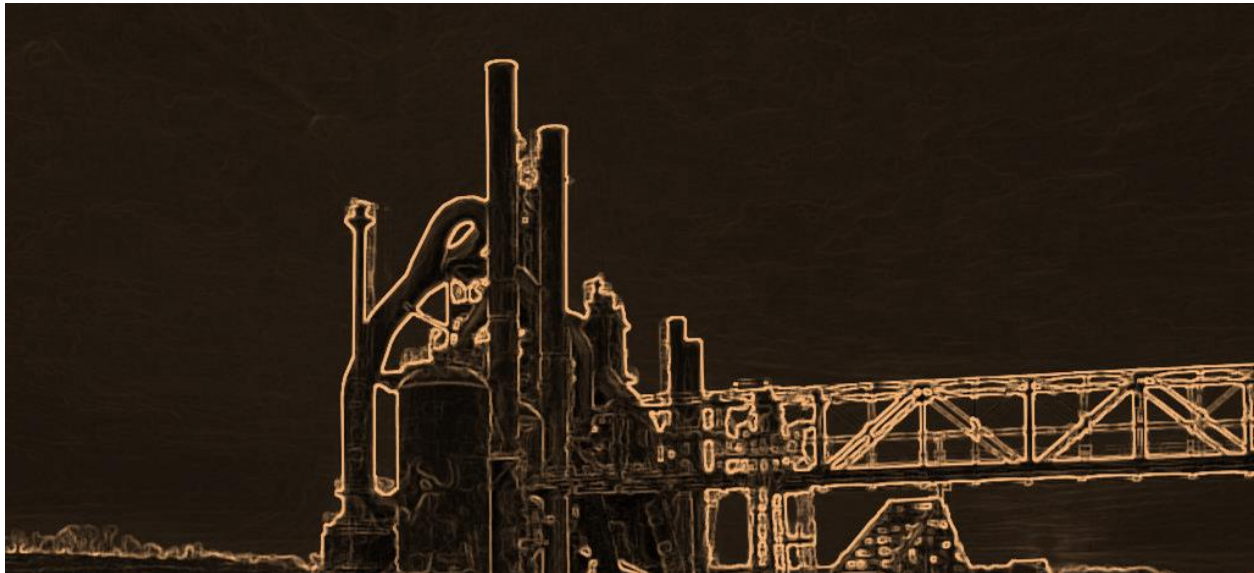
opportunities and family wage jobs follow this residential construction, high construction-related sales tax is a positive indicator. The task for the City is to leverage this residential growth to result in additional growth in retail sales and family-wage jobs.

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The figure below depicts the top ten businesses for sales tax generation in 2015. Sales tax is dynamic and fluctuates from year to year. The City expects to update these figures frequently.







### WHAT IF: LOSS OF MAJOR EMPLOYER

While this element seeks to define ways in which the Ferndale economy could expand and become more sustainable, it must also explore the possible impacts related to the loss of a significant employer (greater than 50 employees).

When a major employer announces they're closing, the community can expect an interim period during which attempts may be made to preserve the business. In some cases, it may also be in the City's best interest to try to influence decision-makers in hopes of keeping the business in the area. In many cases, though, it may not be possible to preserve the business, and the City must then determine the economic impact the closing will have on City revenues, quality of life, home prices, etc. During this period, it may also be beneficial to identify other supporting industries and businesses that may be directly impacted by the closing and work with them to mitigate those impacts.

The City will also act as a liaison between individual workers and any resources available to them, from unemployment benefits to retraining opportunities. The City will work with the Ferndale Chamber of Commerce, the business itself, employee unions, the Port of Bellingham, and other local, State, and Federal agencies to schedule and host events, disseminate information, etc. to help the affected employees land on their feet.

While the closure of any major business is rarely a positive event for a community, changes in business models can be more easily sustained in a diverse economy. Boom and bust cycles in regions or cities where one industry dominates, such as Detroit (automobiles), Northern California (technology), and Dallas (oil), are significantly more pronounced than in regions with more diverse economies such as Los Angeles, New York, or Chicago. That is why Ferndale will continue its efforts to bring new, diverse businesses to the community, ensuring that no one closing or industry downturn will have a catastrophic impact on the local economy.



### WHAT IF: CLIMATE CHANGE REFUGEES

While climate change projections vary, they tend to show that changes in Northwest Washington weather will be less severe than other parts of the world, and other parts of the country. In particular, climate change in California and other southwest states may result in an increase in climate change “refugees” arriving in Northwest Washington.

In some ways, these climate refugees would simply represent an accelerated increase in Ferndale’s growth, resulting in changes to the City’s planning, capital facilities, and funding expectations. This growth would likely accelerate the need for a variety of projects.

However in practical terms this additional growth would be very different, as it would arrive in Ferndale at a time when scarce resources are stretched ever-thinner. As an example, water resources are already in short supply and are split between urban uses, agriculture, tribal uses, and basic natural functions systems. As projected, temperatures would be too high to sustain existing glaciers and mountain snow - creating drought conditions extending for longer periods of time. In this scenario it would be almost certain that the City will need to establish secondary water sources, especially if the existing aquifer is no longer able to provide water sufficient for the population. These sources may not be able to rely on surface water but instead may depend on non-traditional methods such as desalination, aggressive water rationing and water re-use.

Outside of the cities it is probable that the regions agricultural lands will shift in order to partially replace lost agricultural lands in the southwest. This shift would utilize additional water resources - but could also shift market forces in favor of the preservation or expansion of agricultural lands. In some cases, the close proximity of agricultural lands to urban densities would likely create conflicts between dissimilar uses.

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### Major Employers in Ferndale

The vast majority of Ferndale businesses are micro businesses employing twenty people or less. As of 2015, there are over 450 businesses in Ferndale, plus nearly one hundred home-based businesses (home occupations). Within the city limits, there is no one business or industry that is large enough to be considered an overall barometer for the health of the local economy.

However, Ferndale (and the Ferndale market area) is home to several larger employers that are among the 25 largest in Whatcom County:

Employer*	Business Type	Employees (2016)
BP Cherry Point Refinery	Refinery	810
Lummi Indian Business Council	Tribal	693
Alcoa Intalco Works	Aluminum Smelter	583
Lummi Commercial Company	Casino, Retail	749
Ferndale School District	Education (K-12)	534
Northwest Indian College	Higher Education	236

Cascade Dafo	Orthotics Manufacturer	220
Phillips 66	Refinery	450

\*Source: Port of Bellingham (retrieved 10/16/2015)

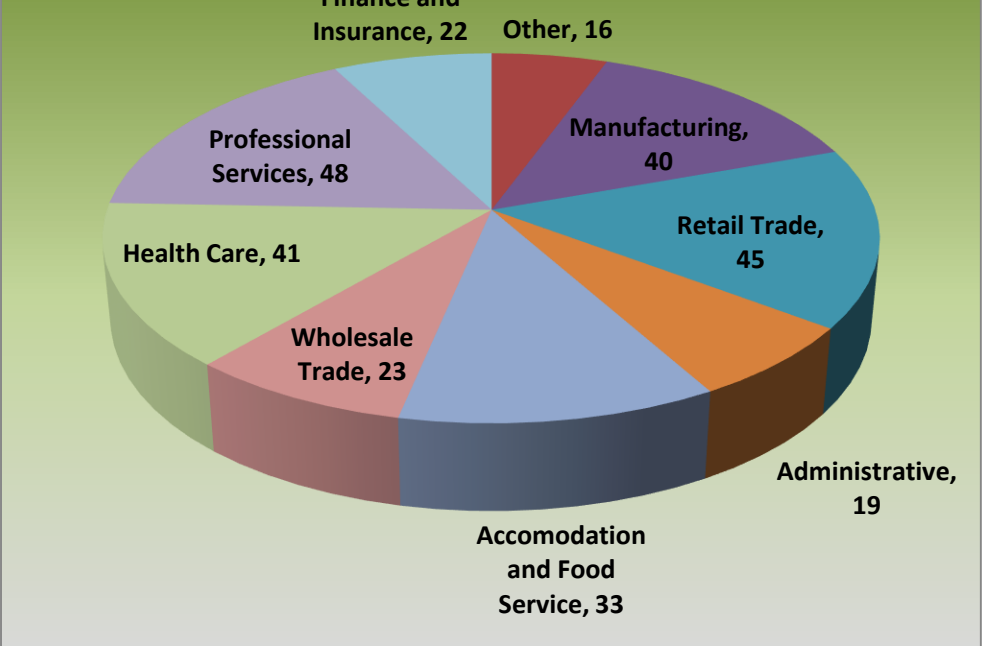
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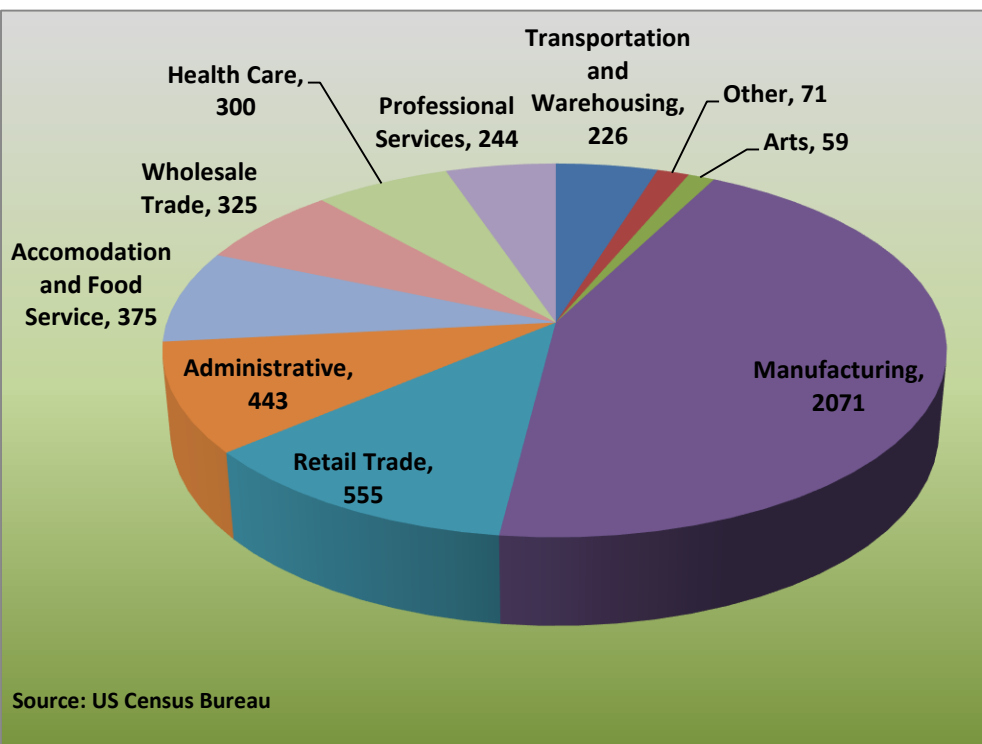
Business Sectors

To the right, Figure X shows the ten highest employers by business type, while Figure Y shows the ten most common business types, all based on US Census data.

TOP FERNDALDE INDUSTRIES: NUMBER OF BUSINESSES (2015)



TOP FERNDALDE INDUSTRIES: EMPLOYEES BY BUSINESS TYPE (2015)



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### STRENGTHS

Ferndale provides an attractive location for businesses of all sizes for a number of reasons.



### WEAKNESSES

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Several factors have limited, and may continue to limit, the growth or diversity of the City's economy.



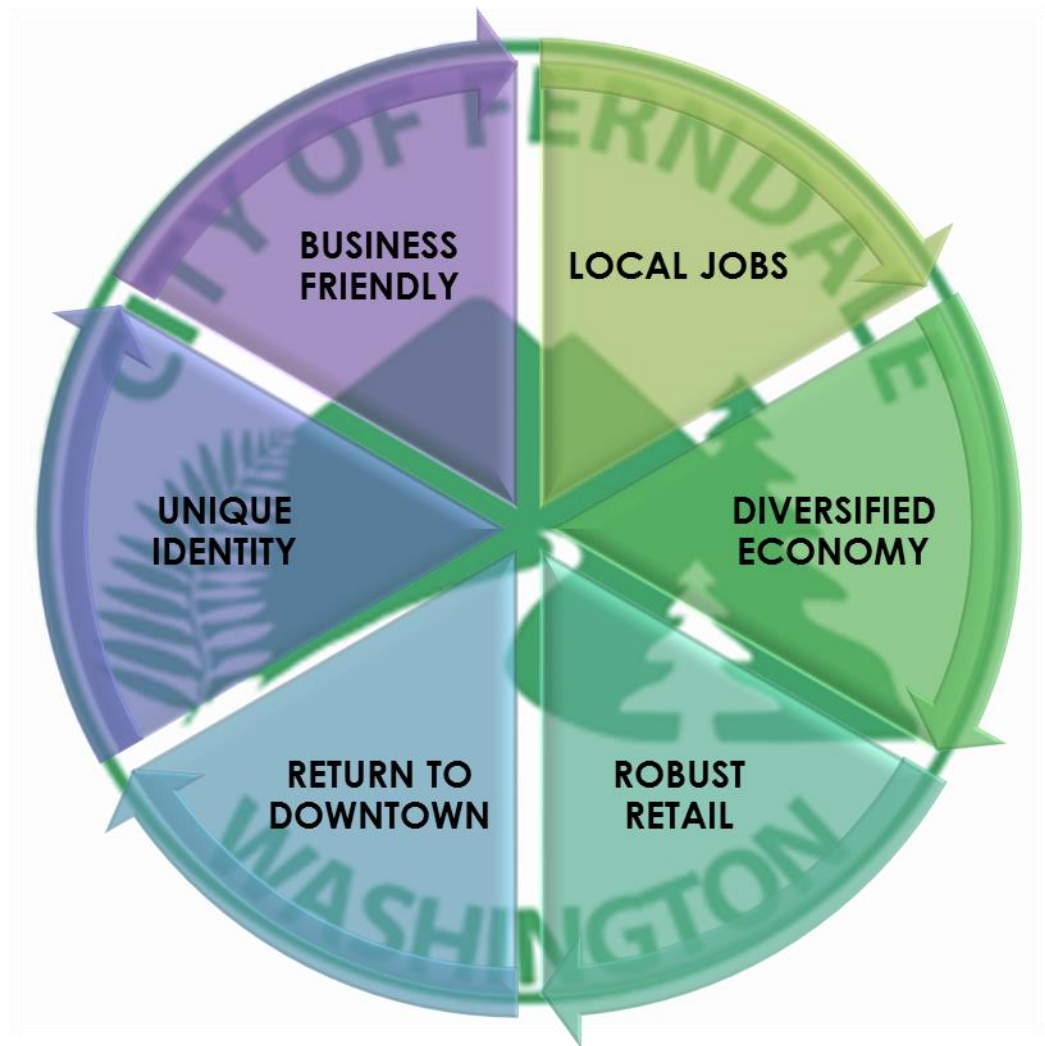
FERNDALE RISING



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While there are many ways to measure improvements or declines in Ferndale's economy – the most basic being the addition or elimination of jobs – this plan anticipates that sustainable economic growth and prosperity will result from the six elements shown in Figure X, below.



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- **A robust retail environment** will provide a range of shopping choices for the local community and visitors to Ferndale. Prior to the end of the planning period, Ferndale expects to fully capture its anticipated retail sales, from the current capture rate of 18%. This increased sales tax capture will better-enable the City to fund municipal improvements and may reduce the City's reliance on the residential community to offset these costs.
- **A Diversified Economy** will allow the community to prosper during challenging economic times and the ebbs and flows of the Cherry Point Industrial area. While the community will not be constrained from exploring new ventures, it will not attempt to re-envision itself as a "themed" community for the primary purpose of attracting tourists and visitors.
- **Local Jobs** are an essential part of retaining a distinctive sense of community. For decades, many of Ferndale's best and brightest citizens have been forced to leave their hometown in order to pursue their dreams – or to simply find living-wage jobs.
- **Business Friendly:** Ferndale prides itself in its streamlined development review process, and its flexible but innovative requirements.
- **Unique Identity:** Despite Ferndale's proximity to Bellingham, the two communities have uniquely different histories, philosophies, and economies. On a local level, this reputation has been hard-earned and is sometimes difficult to maintain. On a regional or national level, Ferndale has struggled with identifying itself separately from Bellingham, which has created both opportunities and challenges.
- **A Return to Downtown** will preserve and enhance the essential character of the City by providing a dense population cluster in close proximity to jobs, retail, entertainment and dining.

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### WHAT IF: LARGE FORMAT RETAIL

*The City's Main Street Master Plan (link, 2012) was developed as a way to forecast environmental and traffic impacts resulting from major retail expansions at Exit 262. The discussion below is intended to address some of the economic impacts that may occur should large-format retail be developed in Ferndale.*

The advent of large-format retailers in the late 1980's, and the expansion of such stores as well as a regional shopping mall into the Bellingham market during the 1990's, transformed Ferndale's retail economy. Many local retailers could not compete with large or grouped stores offering shopping convenience, selection, and lower prices. As a result by 2016 the majority of Ferndale's remaining retailers focused on specialized or niche products, or convenience retail within drug or grocery stores.

As Ferndale's population has increased and changed over time, so has the retail market. Online retailing has grown in popularity while shopping at regional malls has declined. Large format retail has also shifted, as many large retailers have not been able to compete with online sales and others have found that primary markets have become saturated with retail options. This means that by 2016 there were relatively few markets that could be served with new retail without cannibalizing business from nearby stores in the same chain - and there were few chains that remained capable of sustainable expansion.

Northwest Washington remains a tantalizing market for large format retail: it is a fast growing market that is adjacent to one of the most populous and wealthy metropolitan areas in Canada. Ferndale may be especially attractive, as its location along transportation systems and the fast growing number of in-place residents may provide an alternative to shopping in Bellingham, which has become increasingly inconvenient and congested.

Should one or more large format retail businesses arrive in Ferndale, local businesses that sell similar products may be at a competitive disadvantage in terms of price and convenience. However as noted above, the Ferndale retail market has already been impacted by large retail and regional shopping in Bellingham - in fact, Ferndale residents do the majority of their retail shopping in Bellingham. As a result it is unlikely that large format retail will impact local Ferndale retailers as dramatically as did the retail expansions to Bellingham in the late 1980's and 1990's.

More likely, large format retail will bring with it one or more national complimentary retail, food or financial franchises in the area surrounding the larger store. In some cases a second large retailer may locate in the same area in an effort to increase shopping in a localized area and foster productive competition between the two stores.

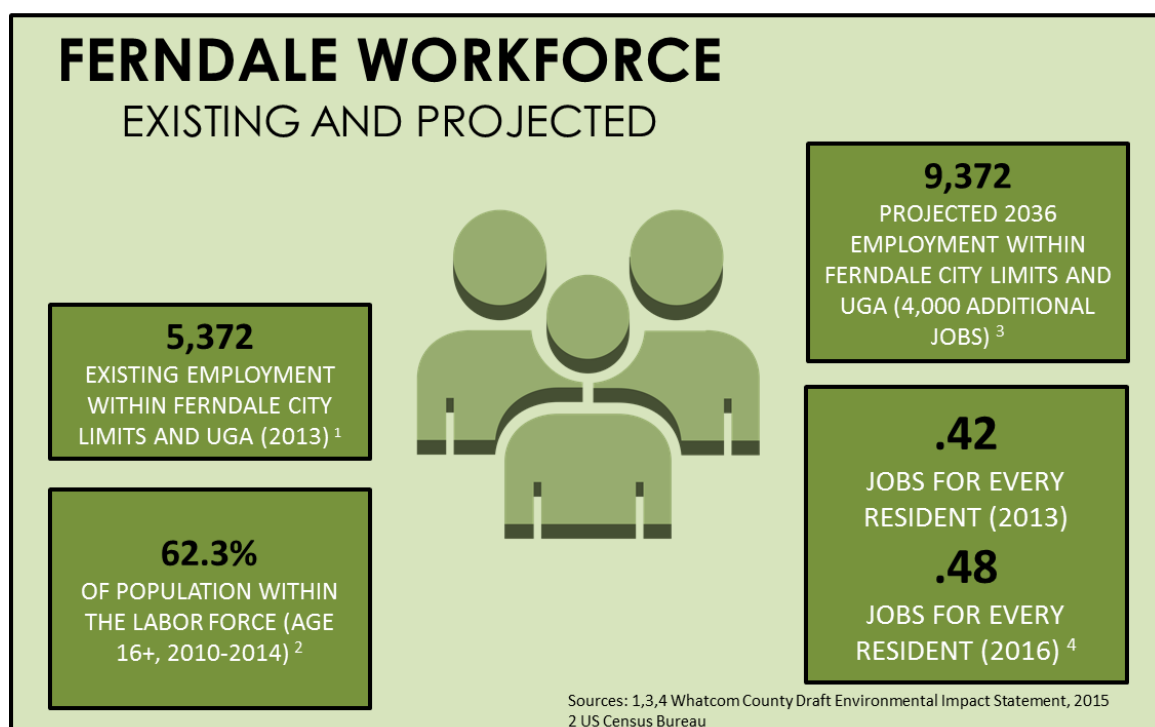
Employment at large format stores varies widely. In general, these businesses employ a significant number of people, often on a part time basis, with starting wages and health care that is not substantially higher than government-mandated minimums - and often below "living wage job" standards. Should a significant number of employees or their families depend on these jobs as their sole income, it is possible that additional pressure on local agency services will be required to fill the gap between income and living needs. However, these industries provide significant opportunities for individuals or families that have other means of support.

### FERNDALE'S FUTURE ECONOMIC DEVELOPMENT PROSPECTS

Based on allocations discussed in the Land Use Element, an additional 4,000 jobs are anticipated within the City of Ferndale by 2036<sup>1</sup>. Additional jobs are forecast at the Cherry Point industrial area, and a similar number of jobs are planned within the Lummi Nation, split between expansions of the Silver Reef Casino, a planned marina project and Gooseberry Point, and various economic development efforts throughout the Lummi Reservation. In total, nearly 5,000 new jobs may be created within the Ferndale Market in the next twenty years.

Ferndale's economic development prospects are somewhat different from those of many jurisdictions within the

greater Puget Sound region which continue to rely heavily on professional services (Finance, Insurance, Real Estate and Other Services) – specifically high tech, for growth. Ferndale's economic growth will likely be split



into four or five sectors: Manufacturing tied to Cherry Point, a mix of manufacturing and service jobs associated with the relocation or new development of business headquarters from Bellingham, Canada, or other locations, Construction jobs linked with general growth in Ferndale, and Retail jobs intended to serve the local and regional population. Ferndale can also expect to receive relatively solid growth in health-related industries, a subset of the Finance, Insurance, Real Estate and Other Services sector. The City does not anticipate significant growth in the Education and Government sector of the economy unless school funding is dramatically increased in order to decrease class sizes.

### OPPORTUNITIES AND PROGRAMS INTENDED TO FOSTER ECONOMIC GROWTH

**Streetscape Beautification:** To a great extent, the City's ability to influence the built environment ends at the edges of the public right of way. Traditionally, the public right of way has been conceptualized as purely a transportation or utility corridor. Yet the public right of way is also perhaps the most visible element of the built environment. A coordinated system of landscaping improvements along the right of way has the ability to unify disparate districts and to create a sense of place which reflects (and can be reflected by) the built environment.

**Economic Elements Addressed:** **Unique Identity, Business Friendly**

**Strengths Addressed:** **Reputation, Available Land**

**Weaknesses Addressed:** **Lack of Identity, Competition**

#### **Efficient Public Improvements Program:**

The City's ability to coordinate infrastructure improvements prior to or concurrent with private development – and to anticipate the needs of private development – has a tremendous impact on the economic growth of the City. As a rule, the greatest risk for new projects

#### **WHAT IF: REGULATION REDUCTION**

Could Ferndale increase growth by reducing fees and regulation?

Over-regulation of business has been blamed for the misfortunes of individual enterprises and entire industries in the United States. This, combined with businesses leaving the United States for other, less-regulated countries has given the impression that the United States has been weakened.

While this plan cannot answer the question, it is worthy of discussion.

The majority of City (and other) regulations are intended to ensure that specific actions do or do not occur. Frequently, these regulations are put in place in reaction to an action – positive or negative – that has occurred in Ferndale or elsewhere.

Too often, these regulations become outdated, are redundant, are poorly constructed, or are misunderstood or misrepresented by their administrators. These regulations should be reduced or eliminated.

City fees are developed in order to pay for the City's cost to conduct business as well as to pay for new development's reasonable share of growth-related expenses. The City cannot profit from the fees it collects.

Still, the City must be a good steward of those revenues – spending money wisely, on projects that are identified in long-range plans and are necessary for the public good, by performing maintenance that will prevent costly replacement and by maintaining employee salaries and benefits that are competitive but not exorbitant.

Ferndale believes that growth will occur in cities that provide clear guidance in regulations, that boast a transparent fee structure and that spend money on wise and planned-out infrastructure choices. Development must trust their host city.

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occurs within the first twenty-four months of occupancy, so the ability of the City to avoid significant infrastructure impacts post-occupancy is of significant benefit.

As part of these efforts, the adoption of policies that would ensure that recently-annexed areas are served by City services within a specific timeframe following annexation will enable these areas to be rapidly developed. Integration between the City's Annexation Blueprint and Capital Improvement Plans, as well as the establishment of Latecomer payback areas or Local Improvement Districts, will aid in these efforts.

Efforts to continue to publicize the purpose, phasing and goals of major capital improvements to offer assurances to business owners and potential developers regarding the City's commitment toward providing a quality infrastructure system are another major component of this section.

**Economic Elements Addressed:** **Business Friendly**

**Strengths Addressed:** **Available Land, Reputation, Proximity to Canada**

**Weaknesses Addressed:** **Lack of Utilities**

**Main Street Master Plan:** The City's Main Street Master Plan/ Planned Action area (adopted by reference to this Comprehensive Plan) has been designed to significantly streamline the permit and review process for new development at Exit 262. The City's ability to attract and retain businesses in this area, combined with Ferndale's long-range transportation plans, will dramatically change Ferndale's economic development outlook.

**Economic Elements Addressed:** **Business Friendly, Robust Retail**

**Strengths Addressed:** **Available Land, Reputation, Proximity to Canada**

**Weaknesses Addressed:** **Lack of Utilities**

**Downtown:** Dense multi-family and mixed use development will result in an in-place market within walking distance of convenience shopping, services, entertainment and dining within the core. This in turn will lure additional residents and visitors to the core area. Development regulations that are unique to Ferndale's downtown core, combined with zoning and fee structures that permit mixed land uses to flourish, are also necessary for a sustainable downtown.

**Economic Elements Addressed:** **Return to Downtown, Unique Identity**

**Strengths Addressed:** **Reputation, Available Land**

**Weaknesses Addressed:** **Lack of Identity, Customers, Competition**



### **Stabilize Code and Fee Changes:**

The City of Ferndale has sought to establish codes and fees that are innovative and flexible – two of the development community’s most-requested elements. However a third request is consistency. Constant changes to the City’s regulations does not promote consistent reviews and may lead to the inefficient processing of applications. The City must reach an equilibrium where codes remain consistent but do not stagnate.

### **Economic Elements Addressed:**

**Business Friendly**

**Strengths Addressed:** Reputation

### **Weaknesses Addressed:**

Competition, Lack of Utilities

**Marketing/Tourism:** For outsiders (and many residents), Ferndale’s identity is closely tied to Bellingham, with mixed results. Programs that highlight the fact that Bellingham does not encapsulate the total Northwest Washington experience for visitors or businesses, and that promote Ferndale as both a destination city on its own right and as an alternative to Bellingham should be considered.

### **Economic Elements Addressed:**

**Unique Identity, Return to Downtown, Robust Retail**

### **WHAT IF: BRITISH COLUMBIA ECONOMIC COLLAPSE**

British Columbia’s lower mainland is one of the most dynamic areas in North America and is projected to grow from approximately 2.3 million to 3.4 million by 2041, a growth rate of nearly 50%. Many forecasts project that recent trends towards higher incomes in the lower mainland will continue, creating a wider and larger customer base just over the Canadian border.

While British Columbia’s potential market - and its impact on Ferndale and Northwest Washington - is significant, it varies significantly. Over 10 million people crossed the Canadian border at Blaine in 1995; 9.7 million crossed in 2014 despite the fact that the Vancouver population had grown by over 50%.

Cross border traffic is heavily influenced by the relative value of US and Canadian currency, wherein a Canadian dollar at or close to par with US currency will result in an increase in Canadian shopping visits (and spending on real estate and other goods) - and a Canadian dollar valued well below will result in a decrease from the average.

A collapse of the British Columbian economy and/or a collapse in the Canadian dollar (to 50% or less value of the US dollar) would likely reduce Canadian visits and spending in Whatcom County. Shopping impacts in Ferndale may be less pronounced than in other cities, as Blaine and Sumas (as border towns) receive substantial cross-border convenience shopping traffic and Bellingham’s status as the retail center of Whatcom County receives the majority of destination shopping trips. Ferndale’s visits are consist primarily of day trips and gas or food purchases.

Of possibly greater long-term significance, the collapse of the Canadian economy would have an effect on Canadian land holdings and businesses in Ferndale. In most cases these land holdings exist due to the strength of the Canadian business or the wealth of the property owner - and do not and cannot depend on the value of the United States holding to sustain itself alone. In these situations it is likely that properties will be placed on the market and that businesses will either be sold, reduce in scope or shut down due to lack of capital and/or a lack of cross-border business.

As of the 2016 Comprehensive Plan update, there is no indication that Canadian owned businesses or land represent or depend on Canadian business to the extent that a collapse of the British Columbian economy would trigger a collapse of the Ferndale economy. However, a Canadian collapse may have a dramatic impact on other Whatcom County jurisdictions which may in turn impact Ferndale’s economy as well.

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**Strengths Addressed:** Access to Transportation, Proximity to Canada, Location

**Weaknesses Addressed:** Location, Lack of identity, Competition, Customers

**Innovation:** As a small city subject to many of the growth pressures and market forces that affect larger cities, Ferndale is uniquely suited to react to changing conditions rapidly, without the burdens of a larger bureaucracy. This may allow the City to consider unique zoning, design standards, transportation solutions and other strategies without substantial backlash. The City's use of the LEAN model encourages these approaches.

**Economic Elements Addressed:** Diversified Economy, Business Friendly

**Strengths Addressed:** Reputation, Available Land

**Weaknesses Addressed:** Lack of Utilities, Competition

**Acceptable Risk:** Ferndale is not a rich city, and the City has a fiduciary responsibility to protect the public's investment. However, the City also has the choice to determine whether certain risks are acceptable in order to improve the quality of life and economic development within the City. Within this context, risk may take many forms, from testing untried methods, as noted in the innovation section above, to investing public funds in infrastructure, to participating in long range plans such as the City's Main Street Master Plan or building open public facilities such as the Ferndale Library and parks.

**Economic Elements Addressed:** Diversified Economy, Business Friendly

**Strengths Addressed:** Reputation, Available Land

**Weaknesses Addressed:** Lack of Utilities, Competition

**Additional Living Wage Jobs:** Economic Development in Ferndale must be measured not only by the quantity of jobs, but their quality as well. Jobs that provide living wages sufficient to ensure that individuals and families have the ability to have choices in housing, food, recreational activities, education and disposable income are an integral part of creating a more sustainable economy and overall community. Where practical, the City will identify programs and policies intended to attract, promote, and retain living wage jobs to Ferndale across all industrial sectors. The City will also consider opportunities to recognize businesses or business activities that take action to reduce living costs for their employees or tenants.

**Economic Elements Addressed:** Local Jobs, Diversified Economy

**Strengths Addressed:** Reputation, Available Land, Proximity to Canada, Lummi Nation

**Weaknesses Addressed:** Competition, Location, Customers

## FERNDALE COMPREHENSIVE PLAN

### Targeted Business Outreach:

**Targeted Business Outreach:** In addition to attracting living wage jobs, the City expects to adopt programs and practices that will identify businesses or business sectors that are growing and that may complement existing businesses or sectors within the Ferndale Market Area. Once these business sectors are identified, the City expects to aggressively pursue these opportunities, and will consider the range of incentive options that may be available for such recruitment.

**Economic Elements Addressed:** Diversified Economy, Business Friendly, Return to Downtown

**Strengths Addressed:** Location, Available Land, Access to Transportation, Reputation, Proximity to Canada, Lummi Nation

**Weaknesses Addressed:** Location, Lack of Identity, Competition

### IMPLEMENTATION

This document represents the City's first Economic Development Element – and its first economic development strategy. Much of this document is intentionally general in nature and anticipates that economic development programs will be considered based on the text of this document and the goals and policies listed below. With this document, the City has established a framework for economic development without being so precise as to limit constant innovation. For example, this document generally does not seek to establish goals such as adding a specific number of new jobs or targeting specific industries – as such growth goals should be established based on subsequent analysis.

The City expects to evaluate its progress towards the Vision and Desired Goals at least once every three years in order to measure its performance and to identify specific programs or areas of focus. This evaluation may include both short-term and long-term strategies and programs. In turn, these short and long-term strategies and programs will be communicated to the City's stakeholders and partners for further implementation.

If necessary, the City may create an Implementation Plan as a supplement to this chapter, and may also establish an Economic Development Commission that will recommend economic development programs and initiatives to the City Council. The Implementation Plan may describe specific strategies and programs in more detail, and may also include project leads, resource requirements, and other partnership opportunities. This Implementation Plan is expected to be a living public document that is not formally adopted by the City Council, though it may be used in support of budget items.

## FERNDALE COMPREHENSIVE PLAN

### GOALS AND POLICIES

**I. RETURN TO DOWNTOWN:** Preserve the unique character and historical significance of Downtown Ferndale by promoting an economically healthy downtown that is attractive and offers a variety of retail, residential, office, service, cultural, civic and recreational opportunities.

#### **Return to Downtown Policies:**

- i: Establish Downtown infrastructure based upon the unique needs of niche and small retail, restaurants, entertainment, office space, and multifamily development.
- ii: Seek to coordinate Downtown improvement strategies advocated by private business with City functions and programs.
- iii: Promote public and private improvements and maintenance to the physical environment within downtown that are attractive to customers and visitors.
- iv: Seek to establish unique zoning and land use types within Downtown Ferndale, in particular, encourage additional residential development within the Downtown core in order to create a vibrant center on days, evenings, and weekends.
- v: Seek to utilize the Downtown core as the center for cultural and civic events.

**II. UNIQUE IDENTITY:** Accept Ferndale's accessory role to Bellingham in some areas, but boldly establish Ferndale as a unique and competitive community.

#### **Unique Identity Policies:**

- i: Recognize that the arts, recreation and tourism are vital components of Northwest Washington and create/market opportunities for residents and visitors to participate in recreation opportunities during each season.
- ii: Encourage high-quality urban design in new public and private development projects through the adoption and application of design standards.

## FERNDALE COMPREHENSIVE PLAN

**III. BUSINESS FRIENDLY:** Ferndale's economy depends on the development, retention, expansion, and recruitment of private business. Establish Ferndale as the first choice for new businesses hoping to locate in Northwest Washington.

**Business Friendly Policies:**

**i:** Build and maintain Ferndale's positive and competitive business-friendly climate that will retain, grow and attract high-quality businesses.

**ii:** Consider programs that reduce or eliminate fees and costs associated with façade improvements, sidewalk beautification and efforts which add vibrancy to public and private spaces within the Downtown core.

**iii:** Support startup efforts to make it easier for businesses to get started in Ferndale by supporting access to forms of financial assistance to encourage entrepreneurship, innovation and business growth.

**iv:** Develop incentives for business to locate and stay in Council-designated target areas. Encourage Council-designated target industries to locate, stay and expand within the City, particularly in target areas.

**v:** Work with the Washington State Legislature to approve regulations that will give small cities the same access to incentive programs as larger cities for the purpose of encouraging new development and retaining existing businesses and developments.

**vi:** Insure citizen involvement when making decisions to target certain areas or industries, or when considering incentives for such areas or industries.

**vii:** Encourage community leaders and private initiatives intended to support and enhance the City.

**viii:** Establish measures and methods for gathering performance data and periodically review data to assess progress towards Ferndale's economic development goals.

**ix:** The City will aggressively pursue inbound recruitment of new industrial users through a robust online presence, collaboration with the Port of Bellingham and other economic development agencies, and periodic recruitment on a regional or national level.

## FERNDALE COMPREHENSIVE PLAN

**IV. ENVIRONMENT:** The growth of Ferndale's economy shall at all times anticipate and mitigate environmental concerns.

**Environment Policies:**

- i: Consider the recruitment of clean energy or environmental companies to Ferndale.
- ii: Establish public sector recycling programs.
- iii: Promote flexibility in building and site design that will benefit the environment.

**V. LOCAL JOBS:** Benefit the community and economy by reducing the loss of qualified employees, businesses and entrepreneurs to other areas by creating employment opportunities which allow Ferndale residents to live and work in Ferndale and the Ferndale market area.

**Local Jobs Policies:**

- i: Develop or support programs that seek to provide an increased supply of workforce housing.
- ii: Develop or support programs that identify business requirements and expectations, and strive to meet those needs.
- iii: Facilitate and manage a mix of land uses in the appropriate locations which contribute to a balanced economic base and improve the balance between jobs and workers residing in Ferndale.
- iv: Implement long-term programs that will provide new and existing employers with demographic information necessary to remain sustainable and to grow.
- v: Continually measure jobs to population ratios throughout the planning period.

**VI. DIVERSIFIED ECONOMY:** The City seeks to create a local economy that does not depend on a small number of primary industries.

**Diversified Economy Policies:**

- i: Support the efforts of business and educational institutions to train workers to meet the current and future needs of local businesses.
- ii: Adopt development regulations that are capable of reflecting changing business needs, types of business, and business locations.
- iii: Promote awareness of and niche markets for emerging local craft industries.



## FERNDALE COMPREHENSIVE PLAN

**iv:** Support international trade by assisting Canadian businesses seeking a US based presence and Ferndale seeking access to the Canadian market.

**VII. ROBUST RETAIL:** The City recognizes that robust retail development may occur with or without “large” retail development and would strive to achieve the Washington State average for retail sales tax capture by 2026.

**i:** Retail development policies shall be established within the Ferndale Municipal Code and Development Standards.

**ii:** The City shall be flexible in enforcing design guidelines and standards for retail and other commercial development – and shall expect the same flexibility from potential applicants.

**iii.:** The City shall continue to explore mechanisms through which the City’s character will be preserved or enhanced as retail opportunities increase.