

Washington State’s North Olympic Peninsula’s economy and residents have suffered from depressed wages and lack of opportunity in the decades-long aftermath of the forest product industry’s decline. As evidenced by the North Olympic Peninsula’s elevated prime-age employment gap (PAEG), there is an acute need to connect individuals with career pathways that will boost their quality of life and the larger economy – particularly in underserved regions like the rural West and East Ends. The North Olympic Peninsula Recompete Coalition (NOPRC) and its partners share a vision of revitalizing the natural resources industry and expanding on the successful marine trades to drive business growth and transition people to the labor force. Organizations spanning private businesses to Tribal nations and local governments are committed to starting the region’s more prosperous next chapter by supporting individuals in our PAEG through the transition to Good Jobs.^{1 2} The result of this collaborative, cross-region, cross-sector effort will not only reduce today’s PAEG, but also help our legacy industries evolve and stay resilient for future generations of Clallam and Jefferson County residents. The Plan that follows explains how we intend to accomplish this using 1) targeted economic development to create new Good Jobs accessible to people in the PAEG, 2) social support services to help motivate, support while completing workforce training and transitioning to gainful long-term employment, and 3) designing and implementing in-demand workforce training programs.

The North Olympic Peninsula Recompete Coalition (NOPRC) will build on a strong history of collaborative problem-solving to address the PAEG in rural Jefferson and Clallam Counties in Washington. NOPRC is led by a Regional Recompete Task Force made up of Clallam County, Jefferson County, the Jamestown S’Klallam Tribe, the Makah Tribe, the regional Economic Development District, the Economic Development Councils from both counties, and Peninsula College (PC). Clallam County, the lead applicant for NOPRC, has administered over \$42.8 million federal dollars over the last 3 years and averages 80 active grants per year.

The North Olympic Peninsula, comprised of Clallam and Jefferson Counties, is an isolated rural region with a 2020 population of 110,000 across 4,700 square miles of rugged, mountainous terrain. The region is home to six federally recognized Tribes: the Jamestown S’Klallam, Lower Elwha Klallam, Makah, Quileute, Hoh, and Quinault. The area’s local governments, Tribes, economic development agencies, ports, cities, social service agencies, community organizations, and businesses have a long history of partnership. This now includes the nascent Natural Resources Innovations Center (NRIC) funded through Washington State’s Department of Commerce’s Innovation Cluster Accelerator Program and the EDA. NRIC will guide and support innovative uses of natural resources to foster investments that create new value-added products to support employment at prosperity wages while providing environmental benefits.

Historically, the North Olympic Peninsula’s miles of forests and coastline fostered Good Jobs and a solid economic foundation in the forest products, maritime, and fishing industries. However, the region has experienced persistent economic distress as communities experienced a drastic reduction in the number of natural resources firms and jobs (Table 1). The Great

¹ <https://www.dol.gov/general/good-jobs/principles>

² The targeted wage rate for a Good Job is \$26/hour. For support analysis, see <https://www.clallam.org/5-year-plan>

Decline highlights two drivers of persistent poverty in Clallam and Jefferson Counties. The first is the loss of jobs in the forest products industry at wages that equaled or exceeded the state’s average in 1990 and provided positive wage premiums locally. In Clallam County, employment fell from 2,067, or 12% of the labor force in 1990, to 902, or 4% of the labor force in 2022. In Jefferson County, employment fell from 589, or 10% of the labor force in 1990, to 296 or 3% of the labor force in 2022. This Great Decline put downward pressure on overall wages in both counties – the loss of high wage job demand reduced the overall demand for labor. Furthermore, both counties increasingly depended on part-time and seasonal employment to fill the job losses which depressed the overall average wage. Thus, while in 1990 average wages in Clallam County were 81% of the statewide average, in 2022 they were 60%. For Jefferson County, they fell from 74% to 63% of the statewide average.

	Sector	1990				2022 (Preliminary)			
		Firms	Jobs	Wage	WP	Firms	Jobs	Wage	WP
Clallam	Logging	99	752	\$24,282	\$5,827	34	438	\$72,072	\$22,037
	Sawmills	45	605	\$21,984	\$3,529	8	264	\$82,624	\$32,589
	Papermills	3	710	\$40,416	\$21,961	1	200	\$84,205	\$34,170
Jefferson	Logging	14	73	\$21,738	\$4,933	< 3	*	*	*
	Sawmills	5	16	\$23,795	\$6,990	3	18	\$33,455	-\$19,357
	Papermills	1	500	\$40,000	\$23,195	1	278	\$84,331	\$31,519

Table 1: The Great Decline. Wage Premium (WP) is sector wage minus county mean. Quarterly Census of Employment and Wages, 1990 and 2022.

These economic factors have contributed to a high caseload for the Department of Social and Health Services (DSHS), which provides the Basic Food and Temporary Assistance for Needy Families (TANF) programs. Basic Food participation in our region exceeds the average state participation rate of 12.2%. Approximate Households by Census Tracts and Caseloads for local DSHS offices are shown in Table 2.

Regional Office	Households	Basic Food	% Basic Food	TANF	% TANF
Port Angeles & Sequim	30,600	5,500	18%	200	0.6%
Forks & West End	3,000	1,000	33%	113	3.7%
East Jefferson & Port Townsend	15,400	2,200	14%	89	0.5%

Table 2: Regional participation in assistance programs

In addition to industry loss and increasing reliance on low-wage part-time and seasonal jobs, our region’s economic development is challenged by geography and topography. On the West End, the city of Forks is 56 miles (1 hour and 12 minutes) from Port Angeles along a hazardous 2-lane highway. Similarly, on the East End, Brinnon is 38 miles (53 minutes) from Port Townsend over the Mt. Walker pass. The entire region acts as a single labor market, with workers traveling between towns and across county lines for employment. However, commuting for employment across the North Olympic Peninsula’s terrain is a time-consuming

and increasingly financially costly endeavor; the geography increases transportation costs for workers and businesses, and complicates childcare arrangements.

Geographic isolation also adversely impacts businesses. Coordinating their supply chain and delivering goods to market is an added cost, as is the creation of additional manufacturing and industrial infrastructure in remote locations. These added costs are a significant impediment to providing Good Jobs to individuals in the PAEG, as the investment necessary for new and existing businesses to grow becomes cost prohibitive. The second barrier is Washington State's Growth Management Act (GMA) regulations for land use and infrastructure development. Changing those regulations is a costly, time-intensive activity that requires significant time from county staff beyond their regular duties.

Together, economic factors, geography, and lack of existing infrastructure are major barriers that have led our region to face a higher PAEG relative to the US. The weighted average prime-age participation rate (PAPR) for Clallam and Jefferson Counties is 71%, compared to a 78% average for the US. The result is an excess of 2,700 people in our PAEG relative to the national average prime-age participation rate (PAPR).

Despite these challenges, Clallam and Jefferson Counties are home to many assets that could be leveraged for economic growth and reducing our PAEG. Serving the entire region, including the more rural West End of both counties, is Peninsula College (PC), a public institution providing a variety of technical education and certificate programs. PC is keenly aware of the need to reduce our regional PAEG and has started a Natural Resources AA and Certificate program in Fall of 2023 that responds directly to the requests of industry, government, and Tribal employers in the West End. Another example of Peninsula College's industry-driven training programs is their partnership with boat and ship manufacturers in Clallam County to develop marine trades education. PC's approach to workforce education includes Employer Advisory Committees, comprised of local employers who provide input on curriculum, necessary knowledge and skills, and internship opportunities. PC currently has 16 such committees across industries, including construction technology, welding, automotive technology, and natural resources.

The North Olympic Peninsula Resource Conservation & Development Council (NODC), the region's federally designated Economic Development District, also serves both counties. Its membership includes all local governments of the region in addition to both Ports, both Public Utility Districts, Peninsula College, Tribes and numerous other agencies, community organizations, and businesses. NODC produced the 2021-2025 Comprehensive Economic Development Strategy (CEDS) for the region and has led collaborative regional planning for climate change adaptation, natural disaster resilience, broadband expansion, and energy resilience. This Recompete Plan is in alignment with the CEDS. The region is also served by both the Clallam and Jefferson Economic Development Councils that collaborate across county lines and specialize in business development and other workforce-related services.

A significant regional asset is the two counties' history of adapting to changing circumstances by identifying and investing in resources unique to our region. While natural resource industries declined, Clallam and Jefferson Counties capitalized on our miles of coastline by fostering the growth and diversification of the marine trades industry. This has led to 6 major marine employers in Clallam County, and over 100 small marine employers in Jefferson County. These businesses span both large-scale commercial production in Clallam

County to small-scale specialized wooden boat production in Jefferson County. Both the Ports of Port Angeles and Port Townsend play major roles in the industry by providing facilities and development services; in addition, the Port of Port Angeles is pursuing Foreign Trade Zone (FTZ) designation, which would provide further benefits to businesses. The Port has also received EDA funds to build a new Marine Trades Center located on a reclaimed brownfield site. The industry is also supported by the Northwest School of Wooden Boatbuilding in Jefferson County, as well as collaborations between local marine trades employers. All told, the industry's success reflects effective public-private partnerships, innovative workforce training, two public Ports' dedication to economic development, and the region's ability to pivot in the face of hardship. In addition, our region has seen growth in the composites industry as local non-profits and businesses have pioneered methods to recycle discarded materials from western Washington's aerospace industry. Those recycled materials are used to manufacture sporting goods and, in process, affordable housing.

Our region's adaptability has been fostered by additional assets including highly productive scientifically managed forests, the Olympic Natural Resources Center (an extension service of the University of Washington), and talented and successful entrepreneurs. Additionally, the region benefits from the collaborative approach that NOPRC and its partners are taking to reinvigorate the North Olympic Peninsula's economy. Examples include Tribal partnerships with non-profits to investigate value-added opportunities for timber harvested from Tribal lands, and philanthropic partnerships with non-profits to fund business development planning.

While these small and generative steps are important, they are not enough to fully address the area's high PAEG and successfully transition people back into the workforce at rates of \$26/hour or higher. Clallam and Jefferson Counties have historically lacked resources to address the region's PAEG from an inclusive, systemic perspective. Phase II Recompete funds will provide Clallam and Jefferson Counties with the resources to act on job creation, social support, and workforce training strategies in tandem to ensure jobs are available and individuals in the PAEG are supported at each step of training, looking for work, and transitioning to gainful long-term employment.

To address our region's PAEG, NOPRC is targeting job growth in sectors where an estimated 70% of employees earn \$26/hour or more: forest products, marine trades, manufacturing, and construction. We have developed a synergistic set of projects that together create low-barrier jobs in these industries; provide person-centric social services to PAEG workers through a navigator program; and offer short-term, low-barrier training opportunities developed collaboratively between educational providers and local businesses. Together, these projects have great potential to address the range of causes of our high PAEG and move people into Good Jobs that will remain relevant and resilient in years ahead.

Project 1. NOPRC seeks funding for a collaborative manufacturing effort between the non-profit **Composite Recycling Technology Center (CRTC) and the Makah Tribe**, located in the far northwestern tip of the rural West End. CRTC, which recycles and invents new products from carbon fiber materials, has partnered with the Makah Tribe to manufacture Advanced Cross-Laminated Timber (ACLT) panels by combining Makah grown, harvested, and milled timber with carbon fiber supports. ACLT is light, durable, weather-resistant, and climate-resilient due to thermal processing. Recompete funds would purchase a new thermal processing unit for CRTC, which would increase ACLT production capacity and create new forestry jobs on Makah lands.

With a new thermal processing unit, CRTC plans to double its manufacturing labor force (+50 jobs at over \$26/hour) in Clallam County. Individuals in the PAEG will be specifically targeted for these jobs through a cooperative workforce training program between CRTC and Peninsula College.

Project 2. NOPRC seeks funding for the **Natural Resources Innovations Center (NRIC)**. Our region is known as one of the best timber growing regions in the world. NRIC will leverage this asset to create new jobs while improving environmental sustainability. NRIC will support industry innovations and facilitate workforce training support for new and emerging businesses. Innovation services include applied research and development, assessment of new technologies, business feasibility analysis, and business extension services that disseminate information and connect employers to technologies, production methods, new partners, and new markets. Grant funds will be used to provide targeted services to high-wage industries in both counties. An example is conducting studies to determine geographic feasibility for spud barging (see Project 3), which could significantly reduce transportation costs and increase market access for the Peninsula while reducing carbon emissions. Job creation projects, such as the Jamestown S'Klallam Tribe's planned biochar production facility, would benefit from such logistics innovations. As a result of NRIC's services, businesses are expected to create upwards of 275 jobs on private timberlands, in logging, sawmilling, and other manufacturing activities across western Clallam and Jefferson Counties. It is anticipated that many of these employers will provide the necessary workforce training and actively recruit individuals in the PAEG from the West End. In addition, Peninsula College will work cooperatively with employers to provide workforce training as needed. Additional training for knowledge, skills and abilities can be provided by the Olympic Natural Resources Center (ONRC) and faculty from the University of Washington.

Project 3. NOPRC seeks funding for the Port of Port Angeles to acquire a combination of barging equipment: a spud barge, an inland waterway barge, and an ocean-going barge that can overcome transportation barriers by connecting remote highways with water access. Waterborne transportation of goods is the missing link to promoting prosperity across the Peninsula, including the impoverished West End. The first, a "spud barge," is a mobile port facility with a water-based work surface, crane, and loading ramp. The spud barge is cargo-agnostic: a crane can lift containerized products, timber, dimensional lumber, amended soil, bulk refuse and more, and provide mobile port services at various coastal sites around the Peninsula. Goods can then be shipped out, and needed materials for manufacturing can be shipped in, using this low-cost transport method. A second inland waterway barge will enable lower cost transportation of materials or finished goods from the Peninsula to inland Puget Sound sites. Lastly, an ocean-going barge will allow long-distance, low-cost water transport of materials and finished goods to remote markets whose high prices will increase local business margins and investment to create Good Jobs.

By reducing total transportation costs, barging as a transportation innovation will drive profitable business investment in the West End. Private timberland owners have stated that high transport costs are a major barrier to achieving consistent harvest levels on an annual basis. Stable annual harvests create the investment certainty necessary to reopen closed sawmills and open new production facilities. These changes in economic feasibility in the West End will create significantly more jobs (see Projects 1 and 2). Currently, long transit distances

and road closures on Highway 101 impose significant transport costs to West End businesses to access distant markets, which prohibits economic benefits described above. Water transport is a critical element of NOPRC's strategy that creates synergy between multiple projects in our Recompete Plan.

Barging can also play a critical economic development role in the Central and Eastern Regions of the Peninsula. At present, the WA Dept. of Transportation is constructing at least 4 roundabouts on Highways 101 and 104 that will delay traffic and further raise highway-based transportation costs. Increased transport costs will further decrease operational margins, making some business lines unprofitable for local companies – companies that are committed to opening their labor force to close the PAEG through cooperative relationships with NOPRC – and jeopardizing their profitability. Spud barging and inland waterway barging will enable an alternative option for cross-Peninsula transport by moving commodities in bulk across our marine highway and reducing road transport costs, truck miles on highways, greenhouse gas emissions, deterioration of road infrastructure, and truck related accidents. The spud barge will also create an additional layer of resiliency in the event our ports and other docking facilities such as Port Townsend Paper, or local highways become inoperable due to natural disasters or other events.

Project 4. NOPRC seeks funding to expand the **Port of Port Townsend's** Boat Haven Boat Yard ("the Yard"), which will result in an estimated 71 or more jobs in the maritime industry. The current Yard is central to eastern Jefferson County's marine trades industry, and houses nearly 100 businesses and employs more than 400 people; however, there is not enough space for new businesses or for existing businesses to expand. Grant funds will be used to develop a 2-acre parcel adjacent to the Yard which will accommodate existing and future demands for marine trades workspace. Committed business partners include current Yard tenants ACI Boats, Inc., Port Townsend Shipwrights, Inc., Haven Boat Works, LLC, and the Shop Cooperative.

Project 5. NOPRC seeks funding to extend water, sewer, and stormwater infrastructure into Glen Cove in order to multiply the development potential of existing businesses and create space that is primed for future business development. This is one of the few industrial /manufacturing zones in rural Jefferson County. This builds on other federal and state investments made in the sanitary sewer lift station nearby. An initial informal survey of existing business owners has documented that there are currently 146 light industrial jobs paying \$26/hour or more in the industrial zone of Glen Cove. There is potential for an additional 126 Good Jobs that could be added with the proposed infrastructure investment by the EDA. The initial informal survey will be formalized using the ED 900, which will be widely distributed to obtain a representative sample in Phase I to demonstrate the number of Good Jobs created for each dollar invested. As one example obtained from the initial survey, Atlas Technologies has for many years manufactured ultra-high-pressure vacuums. They have experienced exponential sales growth in the last three years and would like to add at least 75 light manufacturing jobs. Atlas is cognizant of challenges that the PAEG represents and is planning to provide innovative apprenticeship programs and tuition reimbursement to support these persons' successful transition to the workforce. However, their ability to grow in their existing facility is limited to 55% of land area due to needs for storm water retention and decentralized wastewater treatment. Our region risks losing these growing businesses to urban locations if we fail to make the necessary investments to retain them.

Project 6. NOPRC seeks funding to build on and coordinate across social services navigator programs that provide person-centered support during a PAEG member's transition to the labor force. Navigators will serve as a single point of contact and connect PAEG members with services, ranging from childcare and transportation to food assistance and job training. Navigators will be Clallam County employees who are embedded locally with DSHS, YMCAs, Tribes, Faith Based Organizations, Peninsula College, and Worksource. Consolidating access to services can reduce the transactional costs currently required for people to move through support systems and increase the likelihood of gainful employment. This project will expand on nascent navigation programs offered by DSHS, YMCA, and Peninsula College. NOPRC will use Strategy Development Grant (SDG) funds to convene local providers, including food banks, transit agencies, childcare groups, Peninsula College, and more to develop an inventory of social services. The inventory will make clear what agency provides what service(s) to particular demographics based on location and life-circumstances and allow navigators to match individuals in the PAEG to services unique to their demography and needs.

Data from Clallam and Jefferson Counties indicates an acute shortage of childcare availability. This lack of affordable childcare is a major barrier to women in the PAEG entering the workforce. Women in our area with children under the age of 6 have only a 56% workforce participation rate partially due to this barrier, significantly lower than the national average of 73%. To further reduce barriers to employment, NOPRC will work with YMCA and other regional childcare providers to expand available childcare capacity through subsidies and incentives to expand their programs, especially for young children, toddlers, and infants, to support PAEG members. They will also work with these parents to get enrolled in available state and federal programs they may qualify for to reduce their costs while transitioning through the program and into the workforce.

Project 7. NOPRC seeks funds to develop a comprehensive workforce strategy to meet the needs of Marine Trades, Natural Resources, and other high-paying sectors in Clallam/Jefferson counties with high vacancy rates. For Marine Trades, we propose to fund on-shore Marine Technology programs at Peninsula College (PC) and the NW School of Wooden Boat Building. Together, these programs offer a variety of formats from one-week intensives, 3, 9 and 12-month certificates, and an AA degree. All programs are developed with local employers to ensure the curriculum prepares students for in-demand Good Jobs. We propose to develop an off-shore Marine Tech program at PC to train people in the PAEG for careers as boat captains and pilots to meet the needs of employers. Job wages in these sectors range from \$52,000 to more than \$80,000 annually.

NOPRC seeks funds to expand PC's Natural Resources program to focus on NRIC and the Building Innovation Center. Coursework includes supply chain, building science, carpentry, and accounting. PC already has many of these courses and will design new curriculum and short-terms certificates as needed to meet employer demand. The coalition also seeks funds for a Wastewater Operator program at the request of Tribes, Cities, and private water systems to train a workforce to ensure water potability and develop innovative conservation practices. Clallam and Jefferson Counties are a hot spot for such jobs, which pay wages above \$60,000. Lastly, we seek funds to respond to the existing high-vacancy field of dental hygiene and remain flexible in adapting to emerging needs. Local dentists urged PC to develop a dental hygienist program due to the shortage of providers in Clallam/Jefferson. PC already has curriculum but

needs to retrofit and equip training spaces (i.e., dry, wet, sim lab). NOPRC requests funds for a PC Dean of Workforce Education who can respond to emerging needs of employers and innovation centers throughout RECOMPETE.

A chronic, societal equity challenge is the exclusion of lower-capacity communities from accessing federal and state support. While helpful programs are offered, capacity demands often put them out of reach, from grant application, management and match requirements to the planning and implementation that accompanies them, we see a widening gap between those communities who can participate in the 21st century economy and those who cannot.

Conclusion

NOPRC's Recompete three-part strategy, from 1) job creation in natural resource and marine trades industries to 2) coordinated, targeted support to help overcome barriers to employment, and 3) responsive workforce training to develop skills needed to get and keep available jobs, has been designed to provide opportunities particularly in underserved communities. However, those marginalized communities' direct, ongoing participation is critical to identifying and pursuing local opportunities to successfully transition individuals in the PAEG to Good Jobs.

This proposal describes our Phase 1 activities that are critical for preparation of Phase 2. During the interim, we will conduct a process with the systematic inclusion of our most distressed areas – area Tribes, Forks, Quilcene and Brinnon – some of whose limited capacity has excluded them from offering Recompete-ready proposals to date.

Accordingly, the project list and budget numbers in our Recompete Plan will likely change as we refine existing proposals, consider and braid alternative funding sources, and work to address persistent poverty in our most underserved communities with effective projects and services.

In addition, the Coalition has sought financial backing from the First Fed Foundation, the philanthropic arm of First Federal Bank, headquartered in the North Olympic Peninsula. First Federal Bank plays a key role in the local economy by serving on the board of the Natural Resources Innovations Center (NRIC) and providing capital for natural resources firms to expand operations and explore new business lines. The First Fed Foundation's funding would provide the means for NRIC to gather key stakeholders from Clallam and Jefferson Counties to prioritize natural resources development opportunities and form a cohesive strategy for Recompete Implementation funding. This money will dovetail with Recompete Strategy Development Grant funding to help the NOPRC better understand individuals in the PAEG and our local businesses that need to expand their labor forces.

The RPC will support the NOPRC in managing an open, inclusive process to develop a Phase 2 Recompete application that supports specific job creation projects in light manufacturing, marine, natural resource and other high-wage sectors, creates an engine for ongoing natural resource innovation and job creation, builds on and leverages networks of person-centered navigators to connect prime-age residents to childcare, transportation, life skills, and other services that empower them to gain and maintain employment, and provides targeted, industry-driven workforce development to provide needed skills for good jobs in the area.