
The Economic Development Element of the Comprehensive Plan looks at what types of businesses are in Blaine, where they are located, and the employees at those businesses. The element also looks at the infrastructure that is needed to support existing and predicted business activities in Blaine.

During settlement in the early-20th century, Blaine's economy was based primarily on the fishing, timber, and rail industries with some border related activities. Milling no longer plays a part in Blaine's economy and fishing related industries have decreased but still exist. However, the most significant shift in Blaine's economy is the number of businesses related to tourism, border trade and retail.

Due to the proximity of the border, many warehousing, trade, and manufacturing industries have located within Blaine. The influx of workers in Blaine has resulted in an increase in services to better serve the growing population and families moving to the community; specifically in the public sector.

In 2015 a direct mail survey was sent out to Blaine businesses. 156 employers responded, indicating employment of 1,889 persons. The majority of the businesses were related to border activities, the public sector, or accommodation and food services.

Of those employees, border related businesses employed approximately 569 persons (30%), the public sector employed 704 persons (37%), and accommodation and food services employed 271 persons (14%).

The single largest employment sector within Blaine is the public sector. This includes federal, city, and school district employees. Accommodation and food services is also a significant source of employment. This is in part due to the creation of the Resort Semiahmoo. In 2016 the resort employed 215 persons.

A large part of Blaine's economy is based on Canadian relations, whether it is related to business, property investment or retail sales and tourism activities. This is in part due to the Vancouver metro area's population of approximately 2.8 million persons. However, the continually changing American and Canadian policies regarding imports, exports, and duties creates excessive risk in solely focusing on international business relations.

The City is therefore looking to promote diversification of business activities. A land use capacity analysis conducted by Whatcom County reported, based off land available, that Blaine is capable of accommodating 2,687 new jobs.

Blaine is well prepared to support future growth based on existing public facilities. The City is accessible by I-5, and has a well-developed road network system within industrially zoned areas, which allow for shipping, warehousing and manufacturing industries.

In addition, the City of Blaine is an electrical utility provider, and has created a robust and reliable system at a moderate cost compared to other providers. Lastly, the new water reclamation facility has excess capacity for growth and is capable of transforming reclaimed water into usable product for many industrial businesses.

ACRONYMS USED IN THIS CHAPTER

FTZ Foreign Trade Zone

CHAPTER 3 – ECONOMIC DEVELOPMENT

The Blaine Economic Development Element includes information on current business activity and employment in Blaine. It also evaluates land and infrastructure needs to support existing and future business development. The plan includes goals and policies regarding the desired future economy, and actions which can be taken to retain or encourage this type of economic development.

HISTORY

Since the turn of the century, the economy of Blaine has been closely related to its location on the waterfront, rail line and Canadian border. Timber processing and shipment, fishing and fish processing were the mainstays of the economy in the early 1900s. Timber declined in the 1920s and 1930s, and the last lumber mill in Blaine closed in 1933. Fishing, fish processing and shellfish harvest remain an important but less significant segment of the economy today. Tourism and border-related retail sales and services began to contribute to the Blaine economy in the 1920s and have grown to become significant industries. Together they grew to become the largest municipal tax revenue generator of the 1980s and 1990s. Food manufacturing and manufacturing in general have grown in the past two decades to be substantial employers. Homeland Security jobs have also increased in the last two decades. In 2016, the combination of federal government employment, city government employment and the Blaine School District employment makes the public sector the largest single employment group in the city.

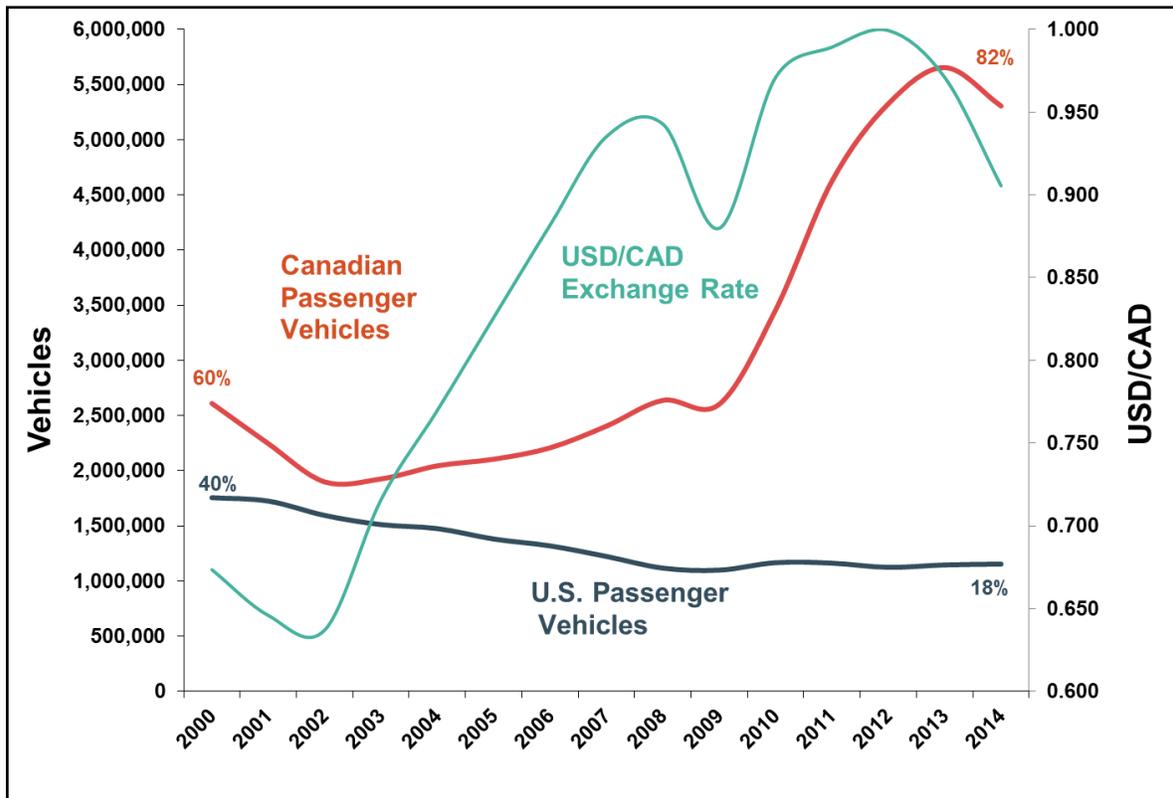
EXISTING ECONOMY – STRENGTHS AND WEAKNESSES

The development of The Resort Semiahmoo has had a substantial impact on the Blaine economy. In 2016, the Resort Semiahmoo (Inn and Golf Course) had 215 employees, including service, clerical and management positions. Tourism remains a major contributor to the city economy in the early part of the 21st Century, despite a brief closure of the resort in 2012. Major reinvestment in the Resort and a reopening in 2014 has revitalized the resort industry in Blaine.

Much of the activity in Blaine's economy is related to the city's close proximity to the U.S.-Canada border and the numerous factors affecting cross-border traffic and cross-border trade. A recent trend has been the expansion of mail handling and personal shipping and receiving businesses. These businesses are associated with the significant growth in internet and mail order retail. Washington's sales tax restructuring has combined with the growth in mail handling facilities to create a substantial tax benefit to the city. Fuel is another substantial tax generator. Blaine has more gas stations than typical for a city of 5,000 people, primarily due to Canadians crossing the border to take advantage of less expensive American gasoline. Certain consumer goods, notably dairy products, are also less expensive in the U.S. and contribute to cross-border shopping trips.

Businesses which derive the majority of their income from Canadian cross-border shoppers tend to fluctuate with the exchange rate between the American and Canadian dollar and may be impacted by nuances of tax structure and other American and Canadian policies regarding imports, exports and duties, making it difficult to accurately project growth and municipal revenues related to cross-border shopping. In 2016, at the time of drafting this plan, the Canadian dollar purchased approximately 77 cents U.S. causing a notable decline in economic activity tied to cross border purchasing.

Figure 3.1 Value of Canadian Dollar and Cross-Border Traffic



Source: Whatcom Council of Governments, IMTC

Figure 3.2 Sale Tax Revenue

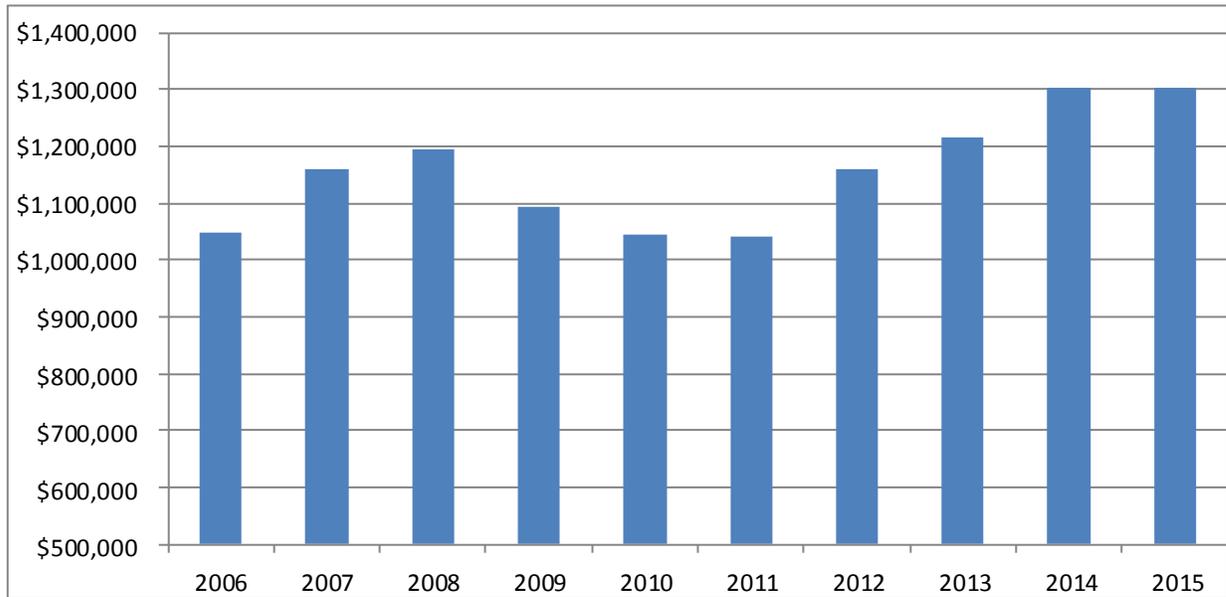
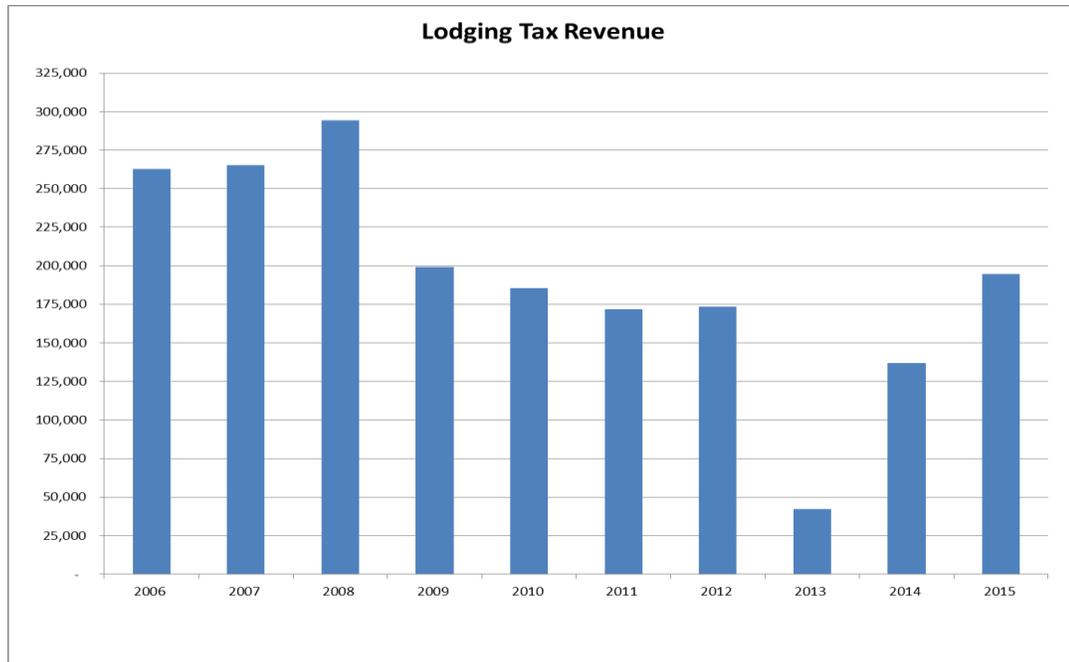


Figure 3.3 Lodging Tax Revenue



Blaine's location on the Canadian border makes it immediately adjacent to one of Canada's fastest growing metropolitan areas. Blaine is 32 miles from downtown Vancouver and much closer to the suburban cities of Surrey, White Rock and Richmond. The Vancouver metro area, with a population of 2.8

million¹ provides a much larger market and potential volume of retail sales than one would expect for a city the size of Blaine.

Although capitalizing on border-related market factors benefits the community, Blaine continues to be at risk of significant fluctuations in employment and tax-based revenue.

These fluctuations result from the unique circumstances impacting border communities. Too strong of a focus on international trade can create excessive risk and volatility in the city's economy. A priority for the city should be diversification of the employment and tax base, with a focus on development of businesses that are not heavily impacted by cross-border trade and U.S./Canada currency values.

Blaine has a variety of other strengths besides proximity to Canada that support economic development. The City has an abundant supply of high quality potable water. The City has adequate capacity in our water reclamation facility to support growth. The water reclamation facility creates reclaimed water as a byproduct suitable for many industrial uses. The City is the electrical utility provider and has been able to develop a robust and reliable system with a relatively moderate cost structure below that of surrounding areas. Our access to Interstate 5 and a well-developed road network in our industrial area supports growth of shipping, warehousing and manufacturing uses.

Foreign Trade Zone

In conjunction with the Port of Bellingham, locations within the City are eligible for designation as Foreign Trade Zones (FTZs). FTZs are areas within the United States that are under the supervision of U.S. Customs and Border Protection. For customs purposes FTZs are treated as though they are located outside of the United States. An FTZ can provide companies delayed or reduced duty payments on foreign merchandise as well as other savings. Many firms use FTZs to postpone, and in the case of re-exporting, eliminate the application of U.S. Customs laws that impose duties, taxes, bonds, quotas and other requirements.²

Employment Statistics

An employment survey conducted by the City of Blaine in August 1993 identified 309 businesses located within the City Limits with Blaine business licenses. These businesses employed 2,897 people.

In 2015, a similar survey was conducted. Three hundred ninety-four surveys were distributed to business and government employers. One hundred fifty-six responses to the survey were received by the City. A copy of the survey is included at the end of this chapter.

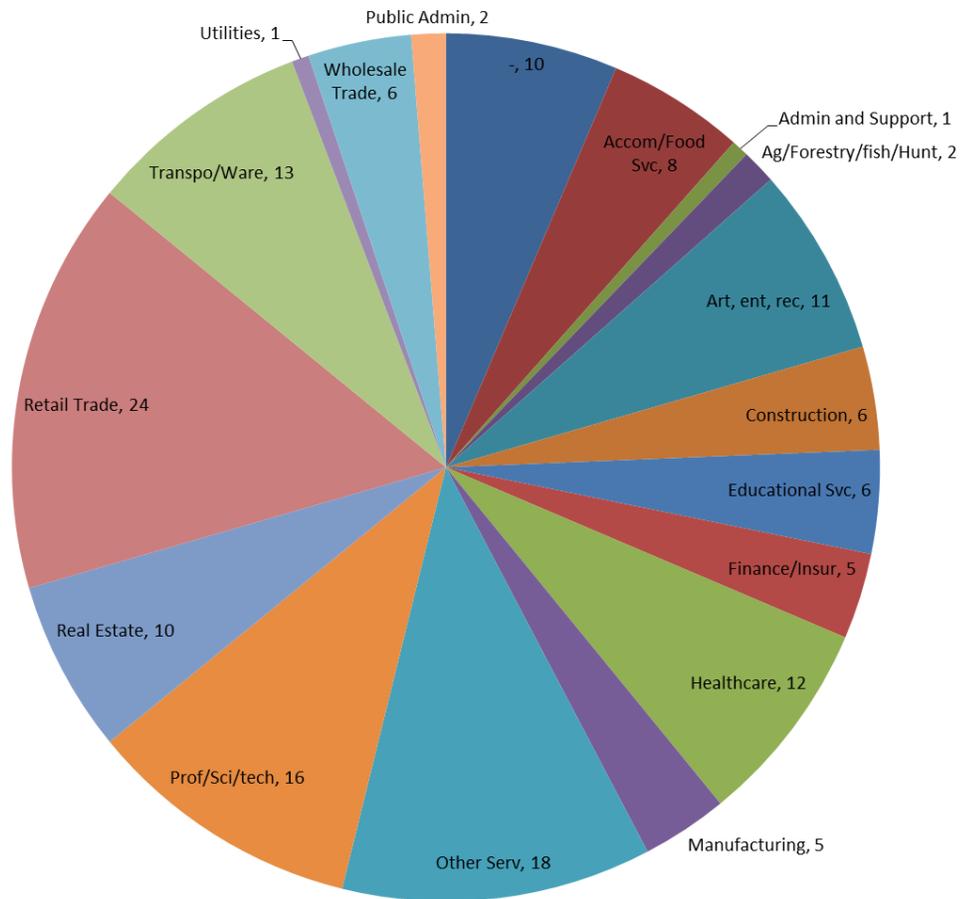
Figure 3.4 shows businesses by sector, based on the 156 survey responses.

¹ statcan.gc.ca, 2013

² <http://www.portofbellingham.com/159/Foreign-Trade-Zones>

Figure 3.4 – Employers by Sector (# of Businesses)

Note: Ten employers were undeclared and are represented on chart as “-”

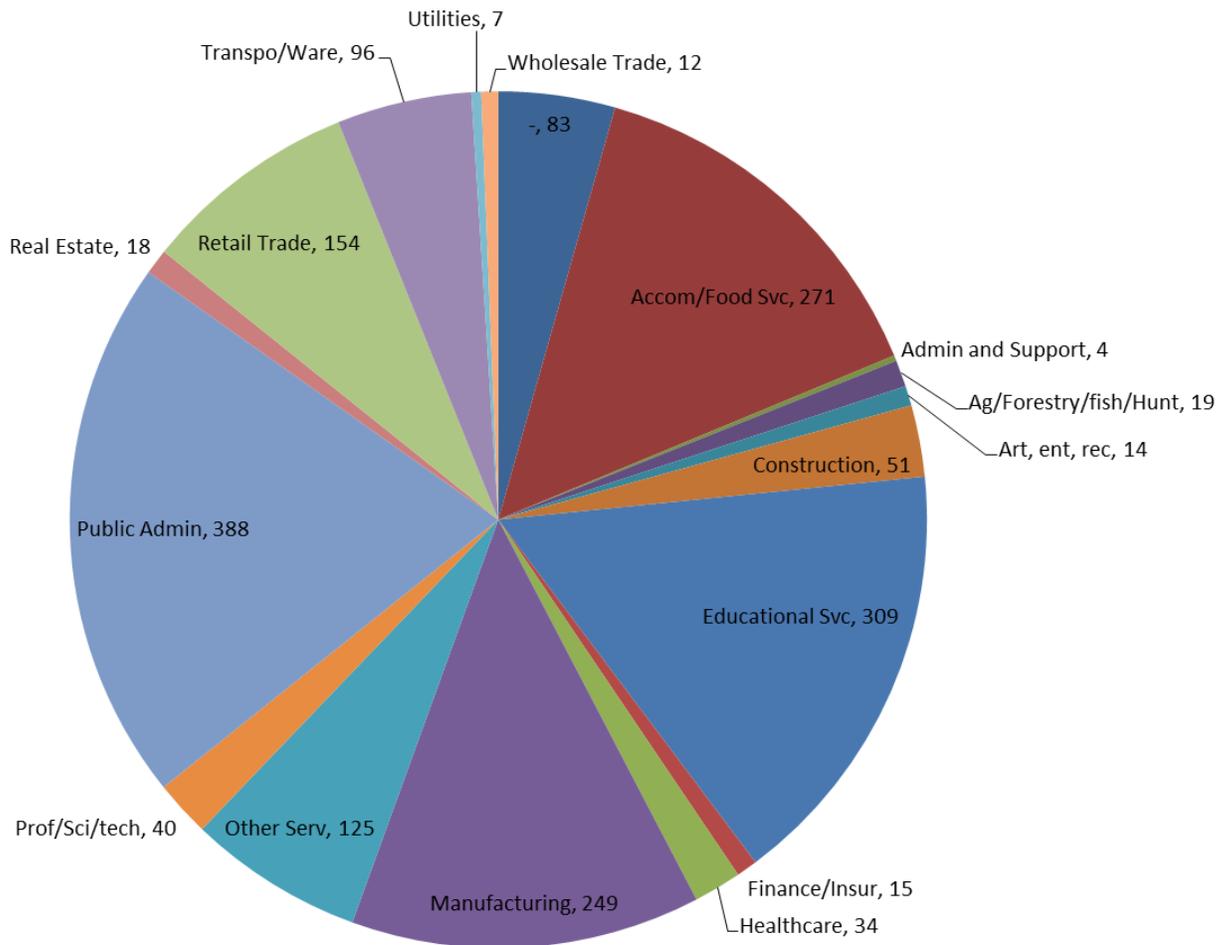


Source: City of Blaine direct mail survey

Figure 3.5 shows employment by sector, based on the 156 survey responses. The difference between the figures is related to the few large employers in certain categories. Of note is the significant portion of employees in education and public administration resulting from the large employment in the school district and federal agencies, as well as the City. Accommodations and food services are highly visible employers. Their contribution to the total is significant, but could be smaller than some people would expect.

FIGURE 3.5 – Employment by Sector (# of Employees)

Note: 83 employees were undeclared and are represented on chart as “-”



Source: City of Blaine direct mail survey

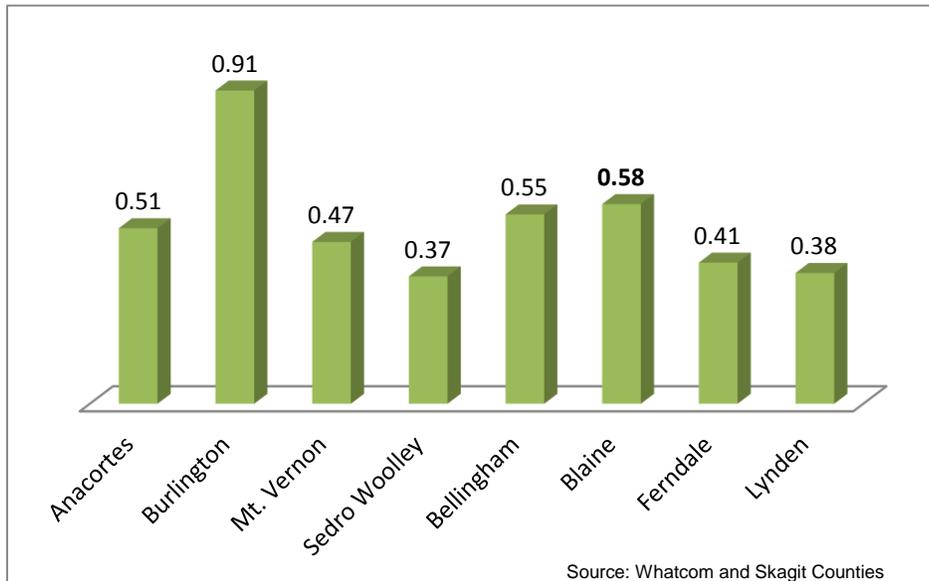
Wages and Income Levels of Blaine Residents

Jobs related to border security and other government functions tend to be higher than average wages. On the contrary, jobs in retail, service and tourism businesses typically have lower wages. These factors have a moderating impact

on average household wages. In the 2013,³ the median household income for Blaine residents was \$53,699, which is higher than the County median of \$51,939. Both the County and City are below the State median of \$59,478.

Of course, not all Blaine-based jobs support Blaine households because people commute in and out of the City for work. The data supports the likelihood that there is a net in migration to jobs in Blaine for residents from other areas of the County. As shown in Figure 3.6, Blaine has slightly more than one job for every two people, which is more or less on par with Bellingham and more than the average for selected regional cities.

FIGURE 3.6 – EMPLOYMENT TO POPULATION COMPARISON



COMMERCIAL LAND SUPPLY⁴

Commercial and manufacturing uses are allowed in a number of zoning categories within the City of Blaine and unincorporated UGA. There are a total of 415.6 acres zoned for commercial or manufacturing uses, including 275.1 acres zoned primarily for Manufacturing, and 140.5 acres in other commercial, retail or office zones.

Of the 415.6 acres approximately 106 total acres are vacant, partially utilized or underutilized properties. A land capacity analysis⁵ was conducted to determine job holding capacity. Deductions are made in the Land Capacity Analysis for critical areas, roads and infrastructure, resulting in a lower total land supply.

Analysis indicates that the City has land capacity to create 2,687 new jobs on the available land, inclusive of vacant, underutilized and partially utilized parcels.

³ Factfinder.census.gov, Community Facts, Selected Economic Characteristics, 2009-2013.

⁴ Souce: Land Capacity Analysis

⁵ All cities in the county and the county used a common Land Capacity Analysis methodology to analyze housing and employment capacity during the 2016 plan update process.

The City’s allocation for employment growth through the Whatcom County Comprehensive Plan allocation process is for 1,333 new jobs in the 20-year planning period (2016-2036). The City and UGA has an excess capacity for 1,354 jobs. This is in effect a buffer of additional land that helps ensure availability of land for job growth.

SERVICES & INFRASTRUCTURE TO SUPPORT ECONOMIC DEVELOPMENT

Adequate transportation facilities, utilities, and public services, including police and fire protection, are required to support economic development activities. If development is retail or tourism related, necessary public services include programs to make the City attractive and to provide for restroom and litter facilities, parking, recreational opportunities, and signs directing visitors to business areas and facilities. Public services needed to support manufacturing and warehousing development include all-weather roads with sufficient width and pavement strength to support heavy truck traffic, easy access to Interstate 5 and State Route 543, adequate water and sewer capacity, and the extension of service lines to Manufacturing zoned areas, three-phase electrical lines, natural gas and fiber optic cable. Rail access would also be desirable for some uses. Goals and policies relating to the provision of these services and facilities are included in the Goals and Policies section of this plan.

ECONOMIC DEVELOPMENT GOALS, POLICIES AND ACTIONS

GOAL 1: To encourage the development or expansion of businesses which will provide expanded employment opportunities for City residents; diversify the City economy; and generate a strong tax base to fund City services.

POLICIES

- 1.1 The City maintains an adequate supply of Commercial and Manufacturing zoned land in areas which can be efficiently served by transportation, utilities and public services. At least 20-percent of the City urban growth area’s total land area should be zoned for commercial and/or manufacturing use.
- 1.2 The City cooperates with business and property owners to develop or improve public facilities in commercial areas including roads, sidewalks, street lights, public parking areas, landscaping and sanitation facilities, with funding from traffic impact fees, general facility fees, developer contributions and available grant programs.
- 1.3 The City supports affordable development costs by avoiding or reducing unnecessary permit requirements, costs and delays.

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- 1.4 The City cooperates with the Chamber of Commerce and the Blaine Visitor Information Center to maintain an adequate volunteer staff to encourage and assist businesses in expanding or relocating within the City.
- 1.5 The City and Chamber of Commerce coordinate to increase public awareness of the goods and services available in Blaine and work with local business owners to create a business environment which attracts tourists, shoppers and new businesses.
- 1.6 The City encourages the development and expansion of retail, service, tourism and manufacturing businesses by directing economic development efforts toward four primary industry niches:
- Tourism and entertainment including tourist retail - The City's downtown and Semiahmoo Spit commercial areas are prime locations for tourism and destination retail.
 - Food/consumables manufacturing - The existing cluster of food production industries can serve as a catalyst for new producers and processors and capitalizes on the City's affordable electric and water service.
 - Shipping/break bulk/warehousing – The City's concentration of these industries and the freight transit through the port-of-entry make this a natural fit for the City.
 - Professional services/Medical services – Growth of professional employment is considered key in developing a living-wage employment sector, and medical services are considered critical to a "complete community" that adequately serves citizens.
- Therefore, the City supports recruitment effort in these areas.
- 1.8 The City recognizes that an ever changing world creates economic opportunities that cannot be anticipated in plans and zoning code, and supports new and innovative uses when appropriately located and designed.
- 1.9 The City recognizes that its tax base is dependent upon a few significant employers and should diversify so that revenues are less volatile.

ACTIONS

- A. The City should encourage all efforts to improve the appearance of commercial areas by maintaining and upgrading buildings, signs, window displays, parking areas and landscaping.
- B. City staff should evaluate how permit processes could be streamlined, or where fees and utility connection charges could be reduced without conflict with other adopted community goals.

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- C. City staff should maintain clear, easily-understood information on permits, development requirements and approval processes for business development.
 - D. City staff should work with the Chamber of Commerce and the Visitor Information Center to develop a “Welcome to Blaine” packet for prospective businesses and interested persons looking to relocate to Blaine.
 - E. The City should work with the Port of Bellingham, Small Business Development Center, Blaine Chamber of Commerce and other business support organizations to attract, grow and retain business in the four primary industry niches.
 - F. The City should work with local property owners and the Port of Bellingham to encourage all available properties are listed on the Port’s “Prospector” website.

GOAL 2: To encourage the development and expansion of pedestrian-oriented retail shops, offices, services and tourism businesses in the Central Business zoning districts.

POLICIES

- 2.1 The City of Blaine actively supports implementation of the goals and actions recommended in the Wharf District Master Plan.
- 2.2 The City maintains current design standards for the downtown area that encourage development of a traditional urban streetscape.
- 2.3 The City continuously works to improve traffic and parking, street trees, murals, and directional signs in the downtown core.
- 2.4 The City supports creative and innovative downtown land uses which will support a vibrant activity level. This may include “pop up” uses and transitional uses that do not require significant investment to utilize a property.
- 2.5 The City interprets the Central Business District code liberally in regard to uses such that it encourages new businesses and expansion of existing businesses when not detrimental to the vitality of the urban, pedestrian-oriented streetscape.

ACTIONS

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- A. The City should fund a downtown street furniture replacement program for benches and trash receptacles.
 - B. The City should pursue funding for replacement of downtown street trees and repair of downtown sidewalks.
 - C. The City should work to ensure that, while making sidewalks and plazas available for commercial uses, the public space continues to include areas for unencumbered passage of pedestrians.
 - D. The City should work with downtown property owners and the Burlington Northern Sante Fe Railroad to develop a public parking area along the railroad between F and H Streets.
 - E. The City should encourage and support the development of programs to attract local residents and tourists, including sporting events/races, historical tours, decorative wall murals, festivals, a farmer's market and other promotional activities or events.
 - F. The City should explore development of a commercial incubator for downtown businesses and/or work with local property owners to create a graduated rent program to encourage start-up businesses.
 - G. The City should coordinate with local arts groups, the Chamber of Commerce, and local property owners to decorate and otherwise enliven vacant storefronts.
 - H. The City should encourage “placemaking” principles by facilitating new and maintaining existing events that take place on the street right-of-way and include ways to make the street more attractive to increase these types of uses.

GOAL 3: To encourage the development of automobile-oriented retail and service businesses malls and office parks in the Highway Commercial and Gateway zoning districts.

POLICY

- 3.1 Shopping centers and business parks with adequate access, parking and attractive landscaping are encouraged to develop in the vicinity of the Interstate-5 interchanges and in commercial districts outside the downtown core.

ACTIONS

- A. The City should actively market the former municipal airport property and pursue development that will create family-wage jobs.
- B. The City should actively recruit development with a focus on the four niche markets noted in this chapter.
- C. The City should work with the State to develop a 4-way freeway interchange at Exit 274.
- D. The City should ensure that land use regulations require attractive buildings, appropriate landscaping, and adequate parking while not excessively burdening the property owners.
- E. The City should take whatever steps necessary to remove derelict buildings along primary commercial corridors.

GOAL 4: To encourage the development of clean manufacturing facilities and business parks in the Manufacturing and Gateway zoning districts.**POLICIES**

- 4.1 The City maintains an adequate supply of fully serviced manufacturing land to support the development of manufacturing businesses and business parks.
- 4.2 The City supports land owners, realtors, and regional economic development organizations in their efforts to provide information about manufacturing and commercial opportunities in Blaine.
- 4.3 The City supports developing the infrastructure necessary to support the development and expansion of manufacturing facilities and business parks and will act as a partner to seek funds and develop infrastructure improvement programs.

ACTIONS

- A. The City should market and encourage the development of vacant property zoned for manufacturing use.
- B. The City should pursue the development of a four-way freeway interchange at Exit 274.

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- C. The City should participate in regional economic development promotion activities sponsored by the Port of Bellingham, as an Associate Development Organization, and other regional organizations.
 - D. The City should actively market the benefits Foreign Trade Zone and promote development in the City of Blaine through outreach and coordination with the Washington State Department of Commerce and the British Columbia Chamber of Commerce as well as other similar organizations.

GOAL 5: To encourage the development of industries that will utilize reclaimed water provided by the City’s Lighthouse Point Water Reclamation Facility.

POLICY

- 5.1 The City encourages coordination with the Port of Bellingham and other nearby property owners to attract year-round customers for the reclaimed water resource.

ACTION

- A The City should maintain its permit to produce reclaimed water and plan for future year-round production

GOAL 6: To develop retail uses, restaurants, and hotels in the downtown core, along the SR-543 corridor, and at Interstate-5 interchanges.

POLICIES

- 6.1 The City supports land owners, realtors, and regional economic development organizations in their efforts to provide information about tourism and commercial opportunities in Blaine.
- 6.2 The City supports reduced fees and incentives for development in the downtown core that do not undermine the City’s financial capacity to provide services to the citizens, business and land owners.

ACTIONS

- A The City will work to maintain an adequate supply of fully serviced commercial land to support the development of retail and service businesses in target locations.

- B. The City will explore and work to develop incentives for these target industries that do not undermine the City’s financial capacity to provide services to the citizens, business and land owners.