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News from the Area:

5-Questions with: Jim Huffman, Port of Douglas County Commissioner, District 1

1. As a commissioner of the Port of Douglas, one of your main duties is to set strategic goals of the Port for 2018 and beyond. Can you briefly tell us what they are?

It is easy for public agencies to fall into a trap of becoming too self-serving. To avoid the prospect of doing so, the Port of Douglas puts the success of our constituents and clients at the forefront of our planning efforts and strategies. Port Districts in the State of Washington are enablers of private sector economic development using a broad array of recruiting, financing and planning tools.

In 2018 we are continuing to pursue advancements in the technology sector which benefit from strengths we have with low-cost, reliable power supplies and a very fast fiber optic internet backbone with significant bandwidth capabilities. The demand for data storage and processing power continues to grow at a very fast pace and forms the core for long-term stable employment in Central Washington communities.

We continue to advance the development of Wenatchi Landing at the east end of Odabashin Bridge where there are a multitude of private and public agency property owners, but none owned by the Port of Douglas. We have and continue to serve as the catalyst and coordinator of both private and public development and will continue as the champion for appropriate grants and loans for public infrastructure. The coordinated planning has led to significant capital cost reductions for public projects needed to serve the area.

The Port has initiated efforts to assist the town of Rock Island in cleaning up and utilizing a smelter site that has not been used for several years. The community is now engaged in planning efforts initiated by the Port to determine what future uses of the site best serve their needs. The plan will ultimately determine the scope and magnitude of efforts required to rehabilitate the smelter site.

2. How will you measure success of the Port's efforts to achieve these goals?

We have already experienced significant increases in assessed values, tax contributions and employment in the technology sector in Douglas County. One data center has already demonstrated its role in providing these benefits in providing stability to the county tax base through the recent recession. We will continue to monitor these contributions associated with both existing and new businesses and look for other prospects to broaden the tax base and employment opportunities.

The work at Wenatchi Landing and the town of Rock Island will also be judged by similar criteria as well as the satisfaction of our constituents that we are meeting our goals and their needs.

3. Will Chelan-Douglas Trends help the Port with this assessment? Are there other uses that Port has found with the Trends?

The Trends data is spot on in monitoring how our efforts serve to help the local economy and our quality of life. The breadth of data is key to measuring the factors mentioned above.

A trend that our Port has observed for some time typical of rural counties in Washington is lack of employment in the manufacturing sector. While we have a strong agricultural base, advancements in bringing employment in this sector would add to the diversity and stability of our economy. Since we lack freeway access, heavy manufacturing and industry is not a likely candidate for recruitment. The technology sectors discussed above that take advantage of our strengths may fill the identified economic needs.

The Trends have played an important role in both identifying our needs but also where we can focus to help fulfill those needs.

4. You are a native of the area and spent years in an executive role at the Chelan County PUD. Much has undoubtedly changed since you started your career. What long-term changes in life in the two-county area do you find reflected in the Trends?

Certainly, there have been significant shifts in the demographics. We are a more diverse community in both ethnicity and age than in the past.

We have a large and growing number of older residents. Without other data provided by the Trends, a demographer might conclude that the disproportion of the elderly means we are a stagnating or shrinking population. Not true. We have a robust health care system and a desirable place for retirees.

Our educational system has made significant progress in the investments in young people and the quality of education delivered. Our local school districts recognize and promote the importance of STEM curriculum.

We are now beginning to see more employment opportunities for young adults who prefer to stay here for the longer term.

Outdoor recreation has become a more significant attraction to Central Washington. I believe this trend has accelerated by having a more mobile population. Adding to this trend has been the development of a viticulture industry and Ag-tourism.

5. You have worked in a public setting for decades, both at the PUD and the Port. Over time, have you noticed an increased use of data among your fellow residents in making decisions?

My early exposure to data utilization and processing was first a slide rule, then a mechanical calculator, then a Lotus 1-2-3 spreadsheet. Then we had the hand-held calculator thanks to the space program. Most of these “data crunchers” have now been replaced by the smartphone. Advancements have been both dramatic and exciting to witness. Now we can take advantage of data being processed by others through more advanced techniques and utilization of the internet.

Quality data is certainly key to making better and more informed decisions. Our ability to gather, analyze and utilize data in the decision-making process is improving with each generation. Unfortunately, there has been a flood of misleading and erroneous information easily disseminated

across the internet. The need for critical thinking and appropriate vetting has never been more important. I am pleased that we have Chelan-Douglas Trends to provide quality data that is both reliable and verifiable.

I prefer data in a more visual format (graphs and graphics), which Trends provides in addition to the raw spreadsheet data. Of course, judgement in using the data is still paramount. I am hopeful that there is a role for some of us “old guy” young thinkers in providing that judgement.

Indicators in the News

Yakima Valley Trends, EWU’s 10th Indicators Project, Launched



On Monday, November 13, 2017, Eastern Washington University’s Institute for Public Policy and Economic Analysis launched their 10th indicators site: Yakima Valley Trends.

While much of the data offered on Yakima Valley Trends is basically the same as found on the Chelan-Douglas Trends site, Yakima Valley boasts of a completely new web design and format. Still, the basic indicator and website functions of the new format will be almost identical to the old design.

Keep watching in 2018 as we will be working hard to port the new web design over to all the other [Trends sites](#) Eastern Washington University manages.

U.S. Census Now Offers Statistical Significance Test by Emily Wavra



The American Community Survey (ACS), from the U.S. Census, provides estimates for the nation, as well as all 50 states and all counties across the nation. These estimates include various measures of well-being, income, population, diversity, housing, age and more. These are usually averages but sometimes medians which, are used to keep track of important trends throughout each county.

Each year as every ACS-sourced indicator on the Trends site receives an update, the numbers may show a significant change, a small change, or anything in-between. All ACS indicators are estimates based on a national survey. For large populations, the survey provides annual estimates. For smaller populations, the ACS offer five-year moving averages.

For both population groups, the “More Information” section now includes the results of a statistical significance test, making it easier to determine how significant the change in data is. For the two counties combined and Chelan County, this is a test based on annual data. For Douglas County and the two cities covered in the Trends, the test is based on a non-overlapping set of 5 years.

An algorithm [provided by the ACS](#) determines whether the change is statistically significant or not. If the estimate is found to be “*statistically significant*”, it means the most recent estimate is different from that of the base year. This is important because this will show that the trend is changing.

One example of an ACS indicator is the [Median Age of the Population](#), which shows a trend of the median age of the population throughout the region, counties, Wenatchee and East Wenatchee, the state and the nation. For each location, a significance test is performed. If the test results come back as “*not statistically significant*”, it means the median age has not really changed over the time interval measured. On the other hand, if the test results are “*statistically significant*”, it means over time the trend has seen change due to real factors. For example, if the median age of the population has gotten older this could be due to medical advances and a better standard of living.

Most every ACS-sourced indicator allow statistical significance tests but not all. For example, some indicators use a combination of more than one ACS table and as a result, the test cannot be carried out. If test results are offered, the test was able to be performed. If no results are offered, the test was unable to be performed.

With the addition of the statistical significance test results, we can now draw more accurate conclusions than previously available about the estimates offered for each ACS indicator. Knowing if changes are actually significant will help the community better understand what’s truly going on around in our county.

Year in Review and Thank You!



As 2017 has come to a close, we would like to take a little time to reflect back on the past year and look ahead to the next. The Chelan-Douglas Trends site will be receiving 15 new indicators that are currently being selected.

As mentioned in the Yakima Valley Trends article, a completely new website format has been developed and will be ported over to the Chelan-Douglas Trends website sometime in 2018.

The programming team has been working on both “Search” and “Compare” features. The search function is now live! It will allow a search of the indicators site using keywords with relevant results and links to applicable indicators. The compare feature will allow side-by-side views of any two indicators from any of the [indicator websites](#) EWU manages.

And finally, the Chelan-Douglas Trends project would like to thank all of the sponsors making this site possible. If you see anyone you know who works for any of these organizations, be sure to tell them “Thanks!”:

- Community Foundation of North Central Washington
- North Central Washington Economic Development District
- The Port of Chelan County
- The Port of Douglas County
- The United Way of Chelan & Douglas Counties
- City of Wenatchee

- City of East Wenatchee
- Columbia Valley Community Health
- Chelan-Douglas Health District
- Douglas County
- Wenatchee Valley Chamber of Commerce
- Wenatchee Valley College
- Link Transit
- Confluence Health
- NCW Association of Realtors

Indicators in Action

2.1.1 Per Capita Personal Income By Holly Miller, Scott Richter, and Dr. Patrick Jones

Policy makers and business leaders need to be able to gauge the health and success of a city, county, state or region. There are different tools to use for this analysis. One of the common tools to help gauge the general health of the economy is to look at per capita personal income (PCPI). PCPI is found by taking the total annual income in Chelan and Douglas Counties and dividing by the total population, including every man, woman, and child.

Personal income results from three types of flows, listed in order of importance: wages & salaries, investments and federal transfer payments. The data are available at the combined county level as well as for the individual counties.

PCPI does not capture income distribution, but gives a broad average that is very useful for measuring economic health. Combining a look at PCPI with a look at [which industries produce the top wages](#) in an area can help policy makers and business leaders decide on such things as future locations for businesses and allocation of taxes. Like most economic indicators it is difficult to gather a complete picture, for instance, a look at top wage employing sectors does not take into account income gained from rent or investments. But, overall these indicators can provide a good base of data from which to make decisions.

Since the onset of the Great Depression in 2008, per capita personal income has increased in the Chelan and Douglas Counties combined by 26%, which occurred at a quicker rate than Washington State at 22%. There is a difference between the two counties. As of 2016, the [Per Capita Personal Income](#) in Chelan County was \$47,428, just over \$10,000 more than Douglas County at \$36,951. As of 2016, per capita personal income in Chelan and Douglas Counties combined is still below the state average of \$54,579.

According to Don Meseck, Regional Labor Economist with the Washington State Employment Security Department, the “percentage of personal income derived from wages is dropping while the total wages from transfer payments has risen over the last 30 years.”

The changes in the mix of personal income reflect, in part, the effects of the Great Recession on the local economy. Federal safety net programs, such as food stamps and unemployment insurance, climbed in the aftermath of that event. Meanwhile, the passage of the Affordable Care Act meant that Medicaid, a joint federal and state program, rapidly increased. As the repercussions of the major economic downward slowly fade, it will be critical to the area’s economy to share in wage growth, taken up in the next article.

2.1.3 [Overall annual wage](#) By Holly Miller, Scott Richter, and Dr. Patrick Jones

In nearly all regional economies, wage and salary earnings form the largest component of personal income. Income levels serve as the prime barometer of economic well-being. Wages vary by many factors, including the education or training required of the job, the supply of job-seekers, regional demand for certain skills, experience of the job seeker, as well as the pull of other, not-too-distant labor markets. Wage variation by sector may guide job-seekers or students in their choice of educational specialization. It may also inform providers of education and work-force training about their program design and offerings.

[Average wages](#) are often used by economists and policy makers as a measure of health of the labor market. Increasing wages should reflect better times for employers. They should also reflect increased labor productivity in these businesses. Ideally, one would like wages to keep pace with inflation. This indicator offers both nominal and inflation-adjusted trends for the average wage in the area.

Average annual wage is calculated slightly differently than per capita personal income. Average annual wage takes the total annual wages paid to employees in Chelan and Douglas Counties and divides it by the average annual employment within these two counties. Reported wages are based on place of work, not place of residence.

So, the calculation only takes into consideration the residents who are employed during the year. This is different than the per capita personal income calculation. Per capita personal income divides all sources of income in Chelan and Douglas Counties by the total population of the county, including the entire working population – whether employed and unemployed, as well as children.

Taking a look at the [Overall Average Annual Wage](#) on the indicators site, we see that the nominal annual wage for the two counties 2016 was \$36,983. This represented a 40% increase since 2004. (2017 data will not be available until mid-year.) The average annual nominal wage in Washington State in 2016 was \$59,090, or just over \$22,000 greater than the combined counties. Nominal wages do not include adjustments for inflation. Statewide, the average wage has increased 50% since 2004.

What has driven increases in the average in the two counties? Consider the [Average annual wages in the 4 largest sectors](#), which are, in order of employment size: agriculture, government, healthcare and retail. The largest sector, agriculture, showed the greatest percentage increase, at 54% since 2004. However, the other three sectors posted lower rates of increase than the average since 2004. Clearly, the overall average increase depended more on other sectors than government, healthcare and retail for the two counties.

The most important other sectors by size and wages have been: Professional & Technical Services, Manufacturing on and Wholesale. All three sectors sport an annual average wage considerably greater than the overall, combined county average. And of these three, Professional & Technical Services, has shown remarkable wage growth, more than doubling over the period. For 2016, for example, the average annual wage in this sector in Douglas County was greater than \$102,000! Meseck believes many of these earners are the people who are in the increasing new housing market in Douglas County

Whether these three sectors can expand at a faster than rate than recent history provides a key in the ability of the regional economy to raise the overall wage. It remains highly unlikely that the regional economy will produce an annual average wage equal to the state anytime soon. However, on a percentage growth basis, perhaps the growth average annual wage of certain sectors can lift the regional economy to run at least at the same pace as the state.

Housing Affordability Index for All Buyers By Holly Miller, Scott Richter, and Dr. Patrick Jones

Affordable housing through homeownership is has long been the stuff of the American Dream. Along with the financial benefits, homeownership usually brings significant social benefits for families. In 2016, the National Association of Realtors released a study titled [Social Benefits of Homeownership and Stable Housing](#), presenting findings that support the importance of affordable housing. The research shows that homeownership boosts the educational performance of children, induces higher participation in civic and volunteering activity, improves physical and psychological health, lowers crime rates, and lessens welfare dependency.

In order for residents of Chelan and Douglas Counties to experience the benefits of homeownership, y of affordable housing must exist. One way of measuring the availability of affordable housing is through the Housing Affordability Index (HAI). The HAI is calculated and maintained by the [Washington Center for Real Estate Research \(WCRER\)](#) and measures the ability of a middle income family to make mortgage payments

on a median price resale home. The HAI also assumes a 20% down-payment, 30-year fixed mortgage, and middle income for the area. The most important part of the HAI assumes lenders would fund the loan so long as the principal and interest payments do not exceed 25% of gross household income.

The easiest way to look at this indicator is that every time the HAI is at 100, a household will spend exactly 25% of their gross household income on principal and interest payments. Higher scores indicate more affordability than lower numbers.

Since the 25% of gross household income is a threshold for lenders, this indicator provides insight into both the ability of people to buy a home in an area, but also their ability to remain in the home and not fall behind in payments or in other aspects of life, such as transportation costs, putting food on the table, saving and investing, and medical costs.

Taking a look at the [Housing Affordability Index for All Buyers](#) on the Trends site, Chelan and Douglas Counties combined and individually have HAI scores above 100 and are considered affordable housing. The most current data from the fourth quarter of 2017 (17Q4), HAI scores for all homebuyers in:

- The combined counties was 130.1, increasing from 87.9 since 07Q4.
- Chelan County was 126.7, increasing from 86.1 since 07Q4.
- Douglas County was 136.3, increasing from 92.3 since 07Q4.
- Washington State was 118.2, increasing from 90.5 since 07Q4.

In other words, owner-occupied housing has become more affordable. These figures compare the beginning and end of the series, but HAI scores in the middle of this span show that housing generally higher than occurred at the beginning and end of this series. Excluding 17Q3, Chelan County hasn't had a HAI score this low since 10Q2, Douglas County since 11Q1, and since 08Q4 in the state. So, at the same time, very recent data reveal a downward trend in home affordability.

This finding is consistent with the insights from the [Median Home Resale Value](#) indicator on the Trends site. Chelan and Douglas Counties had a median home resale value of \$314,100 for the third quarter of 2017, almost \$50,000 less than Washington State at \$363,200. But the median home resale value in the combined counties has increased by 60% since 13Q1.

JoAnna Holland, Broker with Century 21 and Director of Communications with North Central Washington Association of Realtors says, "Supply has decreased significantly causing the values to increase. [It's] pure supply and demand. With interest staying low over the last 5 years, people have had stronger buying power. This has helped our housing market, giving home owners the option to sell far higher than when they bought, allowing equity to help them purchase the next home."

While buying a home in Chelan and Douglas Counties is considered affordable for the middle homebuyers, this is not so much the case for [First-Time Homebuyers](#). For these households, owner-occupied homes are much less affordable. And the HAI indicator for First-Time Buyers follows a very similar trend line with the state. The First-Time Buyers HAI during 17Q4 in:

- The combined counties was 71.5, increasing from 52.1 since 07Q4.
- Chelan County was 71.3, increasing from 49.9 since 07Q4.
- Douglas County was 71.9, increasing from 57.5 since 07Q4.
- Washington State was 68.3, increasing from 53.5 since 07Q4.

Holland mentions “First-time buyers do not have the cash gained from equity from a previous home so coming up with enough cash on their own to meet the requirements of a down payment more difficult to access.”

Homeownership is a goal for many individuals and families for numerous reasons beyond the financial and social implications presented earlier. The HAI indicators gives essential insight into the affordability of housing within Chelan and Douglas Counties, important for families and for economic development efforts.
