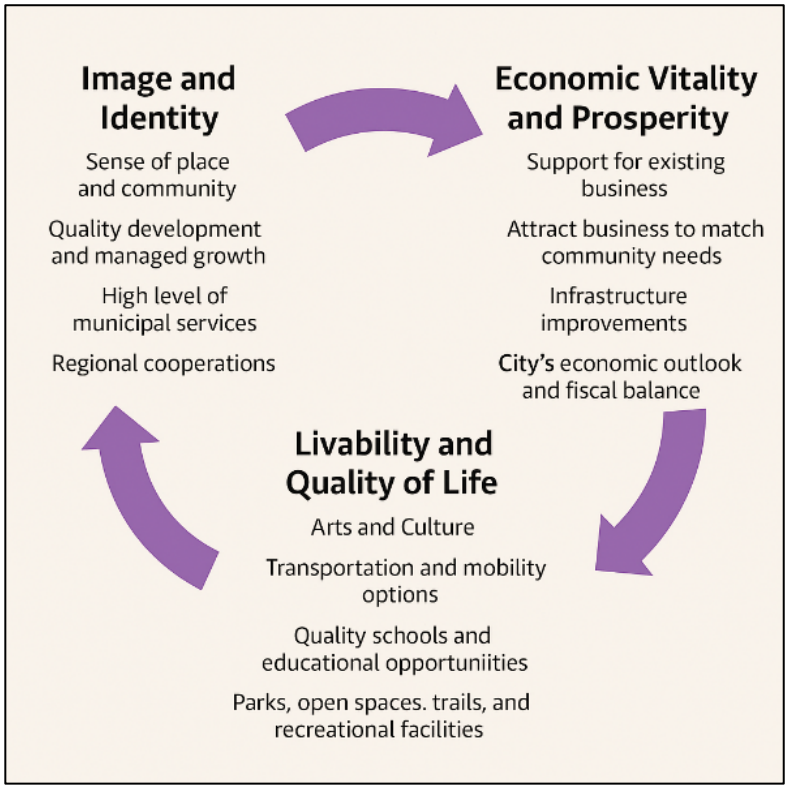
CHAPTER 8 ECONOMIC DEVELOPMENT

8.1 Plan Context

Economic vitality is essential for achieving Sequim's vision of the future, strengthening the community through the expansion of its business sector, economic opportunities, and employment base. Economic development should balance economic growth, stability, environmental protection, efficient use of land, and preservation of Sequim's identity and character.

The Economic Development Chapter is built upon the understanding that the City's economy is intrinsically tied to its quality of life, as well as the identity it presents to others, whether they are visitors, shoppers, residents, developers, or employers.



To be successful in the future, Sequim needs to build on its strong sense of community, while also providing land availability and infrastructure to areas where companies can locate and provide family wage employment. The City recognizes that a healthy economy provides opportunities for diverse segments of the community. While the City can lead and participate in economic development and revitalization, it takes effective partnerships with the business community to be successful and retain a livable and economically viable community.

The Economic Development Chapter, therefore, provides a policy framework that identifies how the community can retain successful businesses while pursuing future economic development opportunities.

This chapter includes policies related to:

- Positive Business Climate
- Education and Workforce Development
- Planning and Infrastructure
- Economic Development Implementation
- Partnerships
- Livability and Economic Vitality
- Recreation and Tourism

8.2 Existing Conditions and Future Employment Forecast

8.2.1 Existing Conditions

Sequim enjoys a diverse economy anchored by key sectors such as healthcare, retail, hospitality, and education. Healthcare stands as the city's largest employment sector, with food service, retail trade and education services as other top employment sectors.

Exhibit ED-1 Employment in Sequim, 2012-2022

	2012	2022	Change	Share of Clallam County
Health Care and Social Assistance	971	1,101	130	21%
Retail Trade	819	984	165	33%
Accommodation and Food Services	551	652	101	29%
Educational Services	438	507	69	25%
Administration & Support, Waste Management and Remediation	174	297	123	33%
Construction	103	253	150	19%
Other Services (excluding Public Administration)	222	169	(53)	24%
Professional, Scientific, and Technical Services	133	161	28	23%
Finance and Insurance	134	139	5	39%
Public Administration	131	124	(7)	6%
Real Estate and Rental and Leasing	48	66	18	26%
Arts, Entertainment, and Recreation	80	50	(30)	5%
Manufacturing	44	40	(4)	4%
Transportation and Warehousing	4	36	32	6%
Wholesale Trade	35	31	(4)	10%
Information	24	14	(10)	7%
Agriculture, Forestry, Fishing and Hunting	13	4	(9)	1%
Mining, Quarrying, and Oil and Gas Extraction	0	0	0	0%
Utilities	11	0	(11)	0%
Management of Companies and Enterprises	1	0	(1)	0%
Total	***3,936***	***4,628***	***692***	

Source: U.S. Census Bureau via LEHD OntheMap.

Regionally, the main job sectors are health care, retail, accommodation and food services, and public administration. A large share of the public administration jobs is due to the presence of the Jamestown S'Klallam Tribe, which operates healthcare facilities, a resort, and other facilities on the peninsula. Many tribal jobs are classified as public administration by the U.S. Census Bureau. While the healthcare sector has been growing in Clallam County, Jefferson County has seen health care employment cut in half. Across the two counties, the construction industry grew the most between 2012 and 2022, adding 868 jobs over that period.

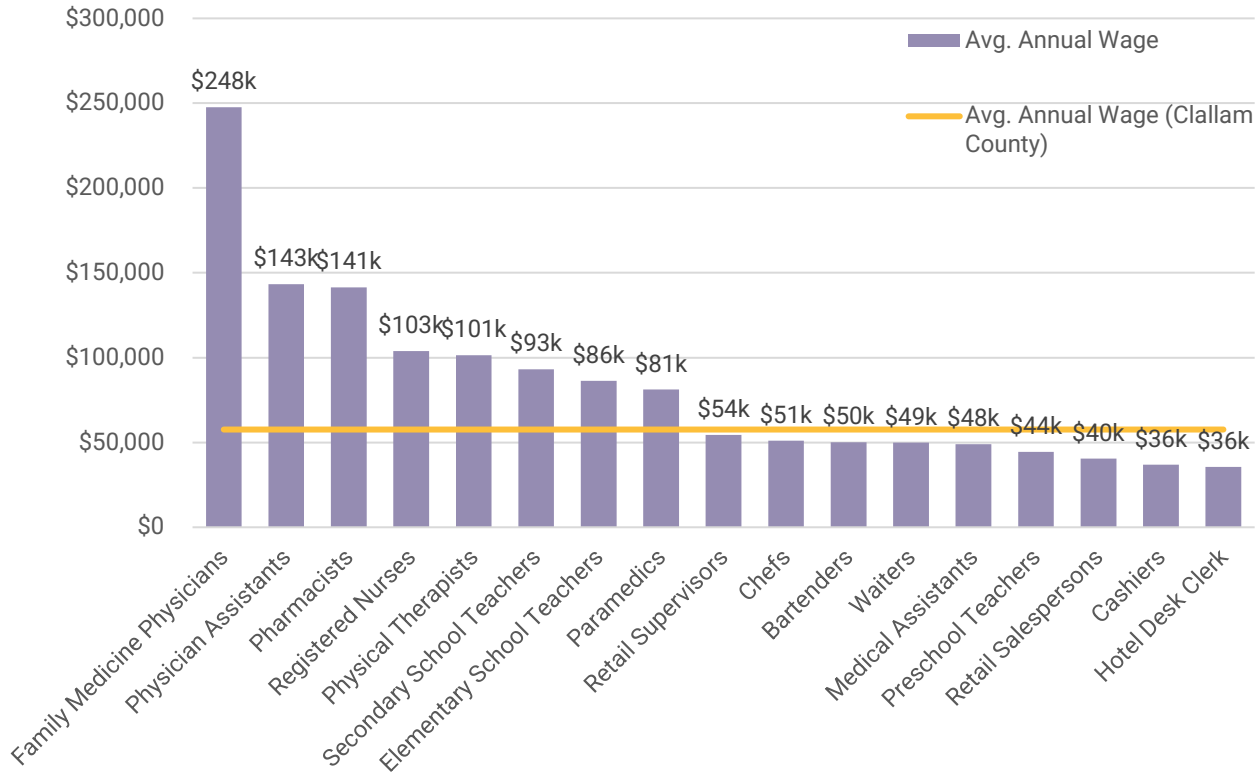
Exhibit ED-2 Employment in Clallam and Jefferson Counties, 2012-2022

	Clallam County			Jefferson County			Total		
	2012	2022	*Change*	2012	2022	*Change*	2012	2022	*Change*
Health Care and Social Assistance	3,914	5,165	*1,251*	1,459	731	*(728)*	5,373	5,896	*523*
Retail Trade	2,660	2,950	*290*	873	1,049	*176*	3,533	3,999	*466*
Accommodation and Food Services	1,828	2,240	*412*	800	1,009	*209*	2,628	3,249	*621*
Public Administration	2,092	2,060	*(32)*	737	713	*(24)*	2,829	2,773	*(56)*
Educational Services	1,835	2,022	*187*	635	667	*32*	2,470	2,689	*219*
Construction	788	1,306	*518*	324	674	*350*	1,112	1,980	*868*
Manufacturing	1,487	1,059	*(428)*	636	588	*(48)*	2,123	1,647	*(476)*
Other Services (excluding Public Administration)	1,108	700	*(408)*	464	492	*28*	1,572	1,192	*(380)*
Arts, Entertainment, and Recreation	816	937	*121*	155	154	*(1)*	971	1,091	*120*
Professional, Scientific, and Technical Services	499	715	*216*	220	338	*118*	719	1,053	*334*
Administration & Support, Waste Management and Remediation	502	889	*387*	121	154	*33*	623	1,043	*420*
Agriculture, Forestry, Fishing and Hunting	575	670	*95*	98	155	*57*	673	825	*152*
Transportation and Warehousing	528	648	*120*	64	111	*47*	592	759	*167*
Wholesale Trade	312	325	*13*	160	199	*39*	472	524	*52*
Finance and Insurance	351	353	*2*	120	129	*9*	471	482	*11*
Real Estate and Rental and Leasing	238	250	*12*	127	100	*(27)*	365	350	*(15)*
Information	180	215	*35*	179	124	*(55)*	359	339	*(20)*
Utilities	126	130	*4*	56	85	*29*	182	215	*33*
Management of Companies and Enterprises	146	160	*14*	0	0	*0*	146	160	*14*
Mining, Quarrying, and Oil and Gas Extraction	6	15	*9*	9	14	*5*	15	29	*14*
	19,991	***22,809***	***2,818***	***7,237***	***7,486***	***249***	***27,228***	***30,295***	***3,067***

Source: U.S. Census Bureau via LEHD OntheMap.

Exhibit ED-3 shows the average annual wage for common jobs in Sequim's top employment sectors, including health care, education, retail, hospitality, and food service. Health care and education jobs typically pay more than jobs in the tourism sector, but all of these jobs are crucial to Sequim's economy.

Exhibit ED-3 Wages for Jobs in Top Sectors



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages, Western Washington Non-Metropolitan Area (2023).

Major employers in Sequim include Olympic Medical Center, which provides comprehensive healthcare services to the community, and the Jamestown S'Klallam Tribe, which operates various enterprises such as healthcare facilities and the 7 Cedars Casino, contributing to both employment and tourism. The Pacific Northwest National Laboratory's Marine and Coastal Research Laboratory, located in Sequim, is the U.S. Department of Energy's only marine laboratory, providing an important source of high-wage jobs in the community.

Sequim's economy is further supported by a range of retail businesses, including national chains like Walmart, Costco, and The Home Depot. In Sequim, retail supports both residents and the tourism economy. Although tourism revenue is seasonal, Sequim attracts retail shoppers from a wide trade area year-round. The city's strategic location near Olympic National Park and its reputation as a welcoming community with a high quality of life attract tourists and new residents alike, bolstering sectors such as hospitality, construction, and real estate. This blend of industries contributes to Sequim's economic resilience and growth.

Additionally, Sequim's unique climate and agricultural heritage have fostered a growing agritourism industry, particularly centered around lavender farming, which has become a significant draw for visitors. Sequim’s annual Lavender and Irrigation Festivals draw thousands of tourists each year, bringing significant revenue to the city’s retail and hospitality industries. Sequim's strategic location along U.S. Route 101 and its proximity to natural attractions like the Olympic National Park and the Dungeness National Wildlife Refuge

enhance its tourism potential. There are also potential opportunities to increase tourism in the off-season by promoting local concerts and events and promoting holiday-specific programming.

The City's economic development efforts focus on leveraging these assets while promoting sustainable growth. Initiatives include supporting local businesses, encouraging mixed-use development in the zoned opportunity areas, focused attention on recruitment of high-wage jobs, and investing in infrastructure improvements to accommodate both residents and visitors.

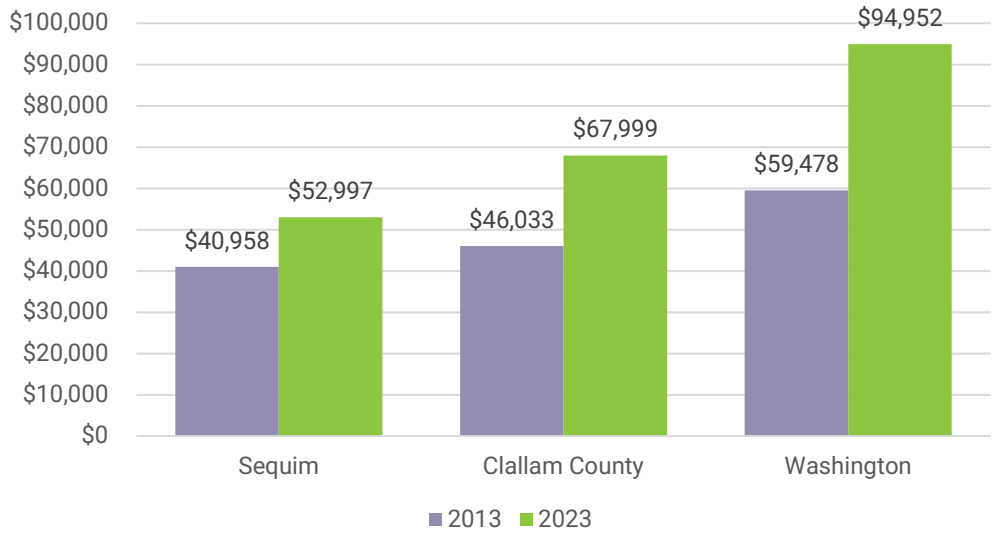
Economic Indicators

Income and Wages

Using the 2023 5-Year Community Survey Estimates, Exhibit ED-2 shows households in Sequim have a median household income of $52,997, which is lower than both Clallam County and the state of Washington as a whole. However, the Census does not include capital gains, retirement accounts like 401ks, or savings accounts as income.

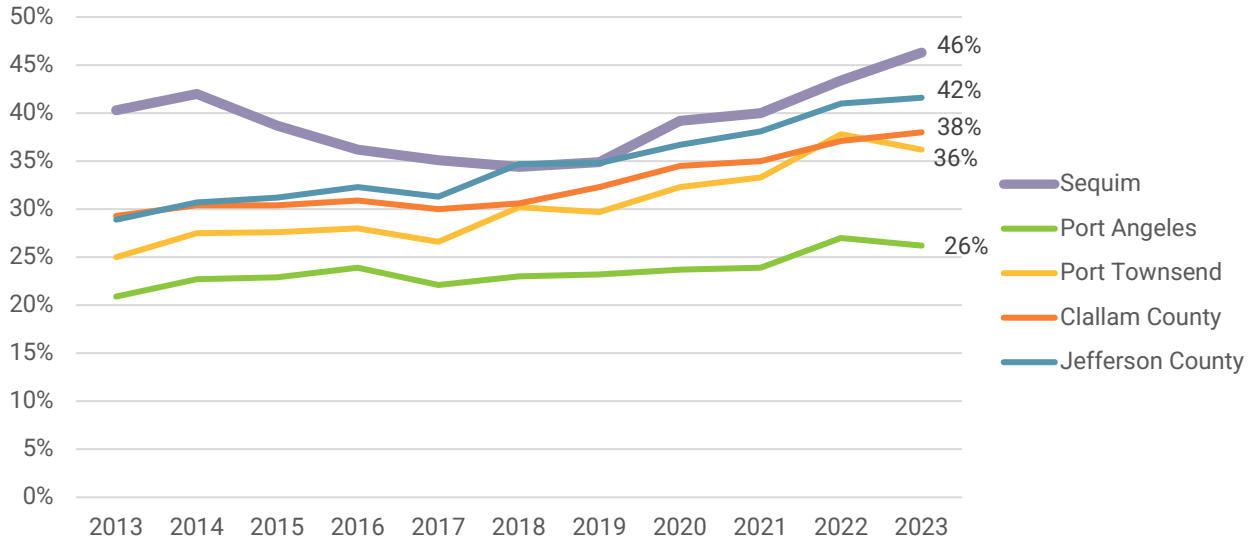
Because Sequim has a high share of retirees, the lower median income does not necessarily indicate reduced spending power or is an accurate indicator of wealth. Washington's median income levels increased by approximately 59.6% between 2013 and 2023, while Sequim's median income levels increased by 29.4% during the same period.

Exhibit ED-4 Median Household Income



Source: U.S. Census Bureau, American Community Survey 2023 5-Year Estimates

Exhibit ED-5 Share of Households with Retirement Income



Source: U.S. Census Bureau 2023 Five-Year ACS (Table DP03)

Workforce Profile

Based on the U.S. Census Bureau's tool, OnTheMap, Sequim had approximately 4,628 total jobs (2022). Additionally, approximately 79.5% of Sequim residents were employed outside the city. Among jobs within the city, 13.3% were held by Sequim residents, with the remainder held by residents from cities and jurisdictions elsewhere in the region.

The largest industries in terms of the number of jobs held by workers in Sequim businesses are:

- Healthcare and Social Assistance – 1,101 jobs (23.8%)
- Retail Trade – 984 jobs (21.3%)
- Accommodation and Food Services – 652 jobs (14.1%)
- Educational Services –507 jobs (11%)
- Administration and Support, Waste Management and Remediation – 297 jobs (6.4%)

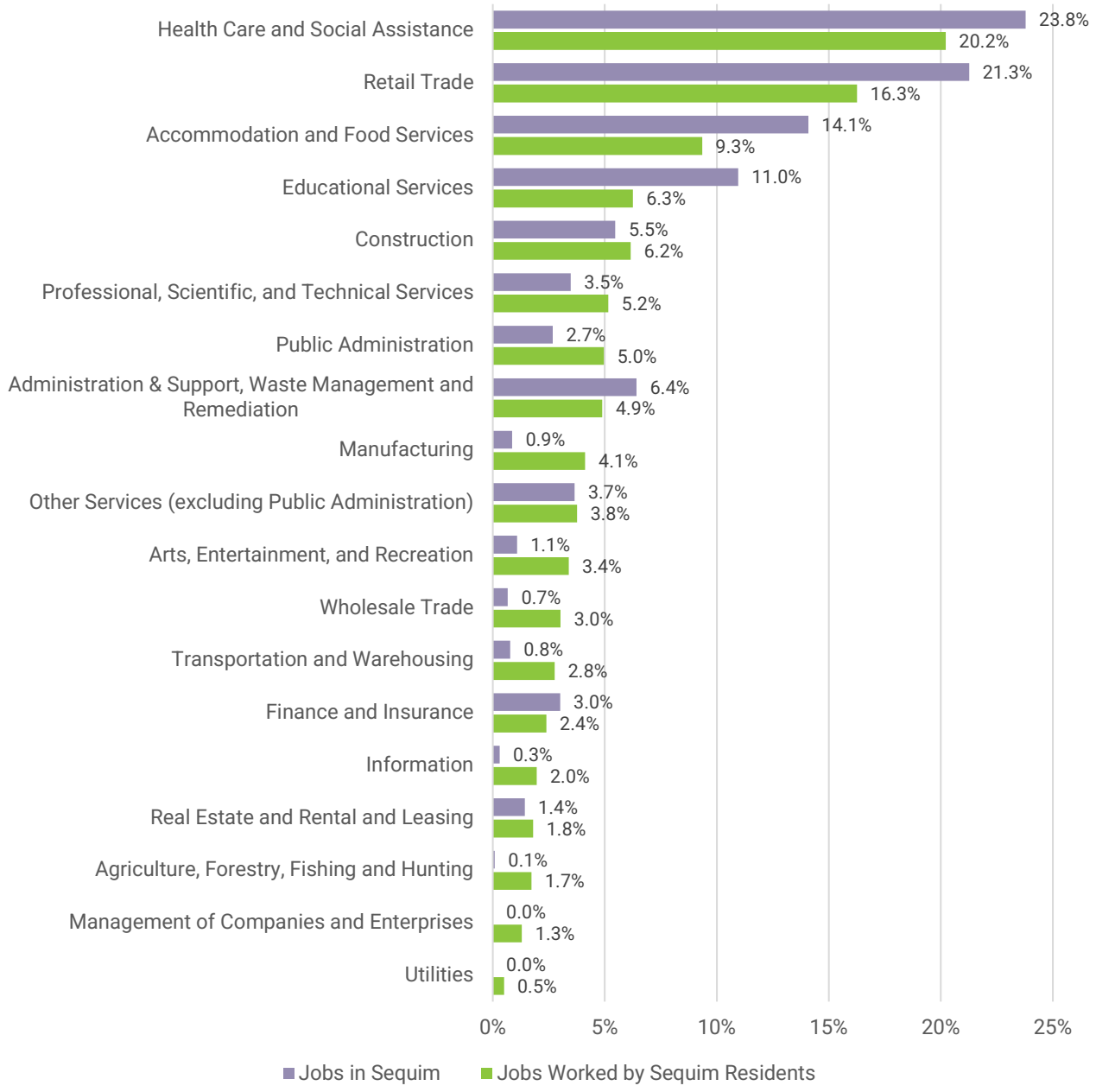
Sequim residents work primarily in the following industries, which are both inside and outside of the city limits:

- Healthcare and Social Assistance – 608 jobs (20.2%)
- Retail Trade – 489 jobs (16.3%)
- Accommodation and Food Services – 281 jobs (9.3%)
- Educational Services – 188 jobs (6.3%)
- Construction – 185 jobs (6.2%)

Exhibit ED-6 shows the distribution of jobs by industry for workers working inside Sequim, as well as for Sequim residents working inside and outside of the city. Healthcare and social

assistance are the biggest industries for those working in Sequim, as well as the largest industry employing Sequim residents.

Exhibit ED-6 Sequim Employment by Industry



Source: U.S. Census Bureau OnTheMap, 2022

As shown in Exhibit ED-7, 616 of the 4,628 jobs located within Sequim are held by people who also live in Sequim; the other 4,012 jobs are filled by employees who commute into the city. It is estimated that 2,391 of the city's residents travel outside Sequim for work.

Exhibit ED-7 Commuting Patterns in Sequim



Source: U.S. Census OnTheMap, https://onthemap.ces.census.gov/

8.2.2 2045 Employment Growth Forecast

Clallam County has provided the City of Sequim with a 2045 employment growth forecast of 909 new jobs between 2020 and 2045. The city's Land Capacity Analysis found sufficient capacity to accommodate this projected employment growth (detailed in Appendix A-3).

8.3 Challenges and Opportunities

Sequim is strongly positioned for continued economic vitality; however, the City will need to respond to key challenges and opportunities as it continues to expand as a competitive city.

The Built Environment

Sequim needs diverse business and employment zoning districts and building types to attract new development, adjust to market trends, and remain attractive to key commercial and industrial sectors. The Land Use Chapter, zoning and development regulations must provide for the land use and building types necessary to achieve the City's economic development goals. Moreover, the City will need to ensure the necessary infrastructure is planned and available to support these commercial centers.

Available Land

Sequim's employment zones, including the Opportunity Areas and the High Tech Light Industrial zone, have vacant land to support development. As other cities in the region are considering substantive rezones or UGA expansions, Sequim maintains an adequate supply of land in the city to support new commercial and mixed-use development.

Opportunity Zones

The Sequim Opportunity Zone has two specific zoned areas – Bell Creek Opportunity Area and River Road Opportunity Area. While River Road OA has realized some development since its designation, Bell Creek OA retains substantial development potential.

Mobility Challenges

Population, employment, and tourism growth have increased the movement of people and goods traveling on the local and regional transportation system. Economic success will require a range of transportation options. This will require both local and regional resources to ensure that the region's transportation network is able to maintain the movement of people and goods in an efficient and timely manner. Highway101 is a critical corridor for residents, tourism, and freight movement, and its maintenance and functionality are essential to the region's economy.

Tourism and Visitor Experiences
Each year, an increasing number of tourists visit Sequim to enjoy the beautiful natural surroundings, outdoor recreation opportunities, downtown, and to participate in agro-tourism-related activities, including multiple annual festivals. Sequim is centrally located on the Olympic Peninsula and is a natural place to stop as visitors enjoy the entire Olympic Peninsula. Tourism is a key sector in Sequim's economy, but it is highly seasonal with visits to the city peaking in the summer. Sequim has the opportunity to increase visits in the off-season by promoting local cultural and holiday events in the winter.

Workforce Housing
To support a healthy economy, there is a need for housing options for workers at all income levels in a variety of housing types. Attention to housing affordability and especially workforce housing, has become and will continue to be a challenge.

8.4 Goals and Policies

8.4.1 Positive Business Climate

Sequim's economic vitality is closely tied to its small-town character, variety of employers, entrepreneurial spirit, and quality of life. The City's commercial and employment districts serve as essential hubs for jobs, services, and investment. Sequim's strong identity, effective partnerships and access to outdoor recreation make it an attractive location for small businesses, skilled workers, and new residents.

Maintaining a positive business climate requires coordination across City services, strategic partnerships, and policies that support business retention, expansion, and innovation. A positive economic climate is a major factor in business location decisions, and is comprised of several factors that the City influences:

- Desirable quality of life
- Reasonable, predictable, and stable land use regulations
- High-quality public services and facilities
- Diverse and affordable workforce housing opportunities

When these factors are aligned, a community has a powerful advantage in the marketplace. Sequim is in a strong position on many of these fronts and should take a facilitative approach to encourage business investment and committed interest in business growth.

GOAL ED-1
Encourage the retention of unique small businesses that reflect Sequim's character while supporting existing and new retail, production, light industrial, and other businesses that contribute to a diverse economy.

Policy ED-1.1
Foster a business climate that supports recruitment, retention, and expansion of the city's economic base.

Policy ED-1.2
Support the retention and expansion of existing businesses by partnering with business and tourism organizations and economic development agencies, to promote local goods, services and businesses.

Policy ED-1.3
Support and encourage a culture of creativity, entrepreneurship and innovation which helps promote job growth and new business creation, including artisanal and small-scale producers.

Policy ED-1.4
Review and update development uses and standards to support evolving commercial and employment needs, including opportunity areas, regional commercial, and high technical light industrial zoning districts.

Policy ED-1.5
Collect and share economic data and information that promotes existing and new economic activity.

Policy ED-1.6
Facilitate efforts of businesses and institutions to train workers and support and advocate for continuing education opportunities for Sequim's business and health care community.

Policy ED-1.7
Pursue economic development initiatives that enable the City to maintain high-quality services and fiscal health.

8.4.2 Education and Workforce Development

A skilled, adaptable workforce is essential to Sequim's long-term economic resilience. Local education partners, including Peninsula College, Western Washington University, the Sequim School District, and regional workforce organizations, play a critical role in preparing for a changing economy. By supporting career training and youth engagement, a workforce that aligns with emerging industries and local employment needs can be cultivated.

GOAL ED-2
Support academics, educational options, career and trades training and lifelong learning.

Policy ED-2.1
Support and partner with educational institutions to maximize resources and improve the quality of life for both city residents and students. Support and collaborate with Peninsula College, Western Washington University, Sequim School District, and other education institutions to:

- Enhance the quality of education at all grade levels
- Support the academic and technical training provided by higher education that serves the Olympic Peninsula

- Encourage the development of affordable and attainable programs that meet the changing needs of employers and employees
- Encourage educational institutions, governments, and businesses to provide opportunities for youth to see and experience a variety of employment and business opportunities.

Policy ED-2.2
Support programs that encourage high school students to explore early college and trade opportunities to help build a strong foundation for future careers.

8.4.3 Planning and Infrastructure

Sequim's land use and infrastructure planning are central to supporting business growth and maintaining a well-functioning community. By aligning land use capacity, development standards, and infrastructure investments with economic goals, the City ensures that employment areas remain efficient, connected, and attractive for private investment. The City's commitment to planning ensures that the city's infrastructure, utilities, parks, and other resources can meet the needs of Sequim's residents, respond to changing development pressures, and set the direction for desired changes in the City.

GOAL ED-3
Provide sufficient land for commercial and employment uses, the infrastructure and public facilities necessary to support economic growth, and an efficient permit process.

Policy ED-3.1
Monitor and maintain an adequate supply of developable employment lands to accommodate the forecasted growth and accomplish the City's economic development goals.

Policy ED-3.2
Maintain an efficient, timely, predictable, and customer-focused permit process, conducted in a manner that integrates multiple city departments into a coordinated entity.

Policy ED-3.3
Identify and remove barriers to redevelop underutilized and/or vacant land and buildings, while providing flexibility and incentives as appropriate.

Policy ED-3.4
Maintain public infrastructure and capital facilities planning and implementation to support a positive economic climate, anticipating needs and coordinating investments with economic development opportunities.

8.4.4 Economic Development Implementation

Economic development is a dynamic field, and to remain competitive, Sequim supports and participates with the Clallam County Economic Development Council and the North Olympic Development Council's economic strategies.

GOAL ED-4
Create a Sequim-focused economic strategic plan that remains flexible and responsive to changing market conditions.

Policy ED-4.1
Use the 2025 Housing and Economic Market Analysis as a foundation for identifying Sequim's economic strengths, challenges, and strategic opportunities. Regularly update economic strategies using current data and trend monitoring, including future updates to the Housing and Economic Market Analysis.

Policy ED-4.2
Accommodate a mix of jobs and actively seek expansion of higher wage employment opportunities.

Policy ED-4.3
Support the retention and expansion of local businesses through coordinated outreach, permitting assistance, and partnership with regional economic organizations.

Policy ED-4.4
Encourage economic development through incentives, tracking and analysis of economic and planning data to inform decision making, business assistance services, and strategic investments.

Policy ED-4.5
Monitor telecommunication, high-speed internet, and technology trends to ensure businesses and the community have access to modern infrastructure.

Policy ED-4.6
Recognize quality of life as a key economic driver by fostering an environment where residents can telework, launch businesses, or bring employment with them.

8.4.5 Partnerships

Sequim's economic success depends on strong relationships with businesses, nonprofits, tribes, neighboring municipalities and regional agencies. Partnerships expand resources, support business retention and recruitment, and enhance the city's visibility as a destination for investment. Sequim is fortunate to have some very capable organizations that play major roles in marketing, retention, and recruitment.

GOAL ED-5
Maintain, advocate and work in partnership with regional and community alliances that improve the quality of life and economic vitality within the City of Sequim.

Policy ED-5.1
Continue to participate with the regional Economic Development Councils as a primary resource to provide advice and data on economic development issues, retaining and expanding existing industries, including industry clusters, and attracting new job opportunities.

Policy ED-5.2
Continue to partner with the Sequim-Dungeness Valley Chamber of Commerce and other organizations to promote and market the city's businesses and retail districts.

Policy ED-5.3
Encourage public and nonprofit organizations to enter into partnership arrangements with private business interests to facilitate economic development projects.

Policy ED-5.4
Recognize that economic vitality on the Olympic Peninsula is interconnected across jurisdictions, and support collaboration among cities, counties, tribes, ports, and regional partners to advance shared economic development strategies.

8.4.6 Livability and Economic Vitality

The quality, character, and richness of place has become a key driver of the economic competitiveness of cities and regions. High-speed telecommunications allow talented workers and businesses to locate anywhere, increasing the importance of livability factors such as a high-quality built environment, environmental protection, parks and recreation opportunities, cultural attractions, and entertainment. Quality of life also requires affordable and diverse housing options that provide workers with opportunities to live close to their jobs.

GOAL ED-6
Continue to invest in the quality-of-life attributes that support Sequim's economy and attractiveness to new businesses.

Policy ED-6.1
Ensure that development standards promote high quality design and urban amenities while providing the flexibility needed to attract investment.

Policy ED-6.2
Ensure development regulations support and allow for a range of housing options, especially workforce housing.

Policy ED-6.3
Maintain and implement programs specifically designed to improve Sequim's community appearance (i.e. litter, weed abatement, property maintenance.)

Policy ED-6.4
Collaborate with local residents, nonprofit, civic and arts organizations, to identify opportunities for year-round programming that increase opportunities for community engagement and celebration.

Policy ED-6.5
Support enhancement of access to natural features, such as the Dungeness River, Sequim Bay, the Olympic Discovery Trail, and the city's park system.

8.4.7 Recreation and Tourism

With its blend of natural beauty, outdoor adventure, and small-town charm, Sequim is a popular destination for tourists and recreation seekers. The city and Dungeness Valley attract visitors year-round with lavender farms, scenic trails, and proximity to the Olympic National Park. With walkable downtown, seasonal festivals, and easy access to both mountain and marine environments, Sequim provides a welcoming and diverse recreation experience for all ages.

GOAL ED-7
Continue to encourage tourism as an economic driver and promote the city's and Sequim-Dungeness Valley's features and assets, natural environment, agricultural industry, heritage, and cultural and culinary attractions.

Policy ED-7.1
Support Sequim as a tourist destination by promoting year-round tourism efforts and community events.

Policy ED-7.2
Encourage the development of expanded lodging options to support overnight stays by tourists and other visitors, while monitoring short-term rentals and gauging their impact on the community.

Policy ED-7.3
Support the agricultural activities that contribute to Sequim's tourism economy, particularly lavender farming, farm tours, seasonal events, and local food production.