Peterson Economics

MEMORANDUM REPORT

Anticipated Impacts of the Avalon Community on Regional Job Growth, Population Growth, and Retail Spending

Prepared for Vineyard Development Group

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Peterson Economics was retained by Vineyard Development Group in October 2016 to prepare this memorandum report as a supplement to the July 2016 memorandum report prepared by Peterson Economics. The July 2016 report examined market and financial potential for a new Fully Contained Community (FCC) on a 1,244-acre parcel including the existing Avalon golf course in Skagit County, Washington.

This supplemental report begins with a brief summary of critical conclusions from our July 2016 analysis (and our original 2008 market and financial analysis), reviewing proposed market positioning, pricing, absorption, and buyer profiles. This is followed by a review of anticipated region-wide economic benefits and fiscal impacts. Peterson Economics then provides a specific discussion of the anticipated net impact on existing communities in Skagit County, including:

1. Burlington;
2. Sedro Woolley;
3. Mount Vernon;
4. Anacortes; and
5. La Conner.

Specifically, Peterson Economics addresses the degree to which the subject Avalon community – if developed and completed as proposed and projected – would likely impact:

1. Net population growth in each of these municipalities;
2. Employment and economic activity in each of these municipalities; and
3. Retail spending and tax revenues in each of these municipalities.

This preliminary analysis was completed based on Peterson Economics' extensive experience evaluating market and financial potential for similar large-scale recreation-oriented communities in similar rural destination areas, where most prospective buyers would derive from nearby metro areas or other non-local sources. It also relies directly on Peterson Economics' detailed experience examining the economic and fiscal impacts of such communities, and their long-term impacts on surrounding areas, including small municipalities similar to Burlington, Mount Vernon, and Sedro Woolley.

This memorandum report was prepared by Jon Peterson, President.

SUMMARY OF CONCLUSIONS, RECOMMENDATIONS, AND FINANCIAL PROJECTIONS FROM PRIOR ANALYSES

In 2008, Peterson Economics completed a detailed market and financial analysis evaluating potential for a new large-scale master-planned community on the Avalon site. This analysis evaluated a variety of potential market positioning options, ranging from:

1. A typical "primary" suburban community oriented toward local working families and commuters;
2. A destination resort-style community oriented toward second-home buyers; to
3. An amenity-rich retirement-oriented community oriented toward young, active retirees relocating from the Seattle metro area and elsewhere.

Our 2008 analysis concluded that, due to the unique attributes of this site, strong demand could emerge for an attractive, amenity-rich community, oriented primarily toward moderately affluent retirement-oriented buyers relocating from the greater Seattle area for lifestyle and affordability reasons.

Based on Peterson Economics' more recent market experience, along with a targeted market update completed in July 2016, Peterson Economics concluded that this overall market position still represents the highest and best use of this site. These prospective buyers offer significantly greater affluence than typical first-time home buyers, and they would not be tied as firmly to jobs in the Seattle metro area as middle-aged affluent buyers (who would be turned off by the prospect of an hour-long commute each day and growing traffic concerns getting in and out of Seattle).

The majority of these future retirement-oriented buyers would likely derive from the northern half of the Seattle metro area. Most are likely moderately affluent, with typical net worth of about $500,000 to $2 million and typical household incomes (before retiring) of about $100,000 to $200,000 per year. Most likely live in moderately upscale suburban homes they have owned for ten years or more. These homes have typically appreciated smartly over the past decade, creating substantial home equity for most of these households. Typically, such households would be able to sell an older, moderately attractive home in the Seattle metro area suburbs for perhaps $500,000 to $800,000, and then move into a highly attractive, new home in the subject community for somewhat less (perhaps $100,000 to $150,000 less on average), while also enjoying the substantial benefits of the new community – extensive amenities, services, open space, and social interaction with other young, active retirees.

While retirement-oriented buyers from the northern Seattle metro area may account for perhaps three-quarters of future sales, substantial demand could also emerge from a variety of other sources, including:

1. Local retirement-oriented or amenity-oriented buyers from the Skagit Valley;
2. Retirement-oriented buyers from elsewhere in the Puget Sound region;
3. Retirement-oriented buyers from Bellingham; and

4. Retirement-oriented buyers from the rest of the U.S. (the Inland Northwest, California, etc.).

Limited demand could also come from a variety of other sources.

As examined in detail in our 2008 analysis, Peterson Economics' demand analysis suggests ongoing demand from these combined sources could exceed demand for 200 new units per year in the subject community, if this new community is developed to include a full range of attractive amenities. Expressed in 2016 dollars, the vast majority of finished products (homes and condos) within the subject community would likely be priced in the $350,000 to $650,000 price range, well above typical prices in the Skagit Valley.

SUMMARY OF ANTICIPATED REGIONAL ECONOMIC BENEFITS AND FISCAL IMPACTS

Peterson Economics has completed detailed economic benefit and fiscal impact studies for dozens of proposed new large-scale master-planned communities. These have included reports examining economic benefits and fiscal impacts deriving from the development of:

1. Suncadia / Tumble Creek;
2. Several proposed new large-scale resort communities in Central Oregon;
3. A proposed new resort on the Oregon Coast; and
4. Several proposed new resort communities in British Columbia.

Critically, as proposed, the subject community would create massive benefits for the local economy, local-area businesses, and public service providers. If developed, it would generate a massive boost for the local economy and local job market. For example, during the initial 12 years of development, total development costs are estimated roughly as follows:

- About $100 million installing the community's infrastructure;
- About $50 million developing amenities;
- Up to $500 million on residential construction;
- Over $50 million on ongoing management and operations; and
- Millions more on sales-and-marketing, community and home maintenance, and other aspects of the community.

The largest component of this spending would be on local employee compensation – creating about 1,000 new full-time-equivalent jobs in the Skagit Valley region. However, it would also boost sales in a wide variety of local businesses, ranging from hardware stores to gas stations to restaurants to barber shops.

Thus, developing the subject community as proposed would likely offer the following major local economic benefits and fiscal impacts (among many other benefits):

1. Including indirect and induced impacts, construction/development activity alone would likely generate between 600 and 1,000 new full-time-equivalent jobs in the

Skagit Valley each year during the primary development period (which could last about 20 years).

2. Including indirect and induced impacts, permanent ongoing operations employment (community management, maintenance, sales and marketing, home maintenance, etc.) could easily total 100 to 200 additional ongoing full-time-equivalent jobs (after several years of development).
3. Expressed in 2016 dollars, net new property tax revenues could grow by roughly $1 million per year, reaching about $10 million per year after ten years of sales (and continuing to increase after that as more homes are developed and sold).

Critically, the market positioning selected for the Avalon community means this community would be positioned to draw in a large number of moderately affluent retirement-oriented buyers from the Seattle area and elsewhere, rather than simply compete for market share with existing communities in the Skagit Valley. These new residents would bring their money with them, spending money in local shops and restaurants, hiring staff to help maintain their homes, etc. To put this in perspective:

- This community would be expected to include about 2,000 new homes after ten years of sales, most of which would be occupied by fairly affluent retirees moving into the area from outside of Skagit County.
- These retirees would likely spend an average of about $75,000 per household per year on living expenses (expressed in 2016 dollars) – this equates to about $150 million per year in new spending after ten years of sales.
- A significant portion of this spending would be captured by the local economy, on groceries, gas, cars, appliances, entertainment, health care, and other items, creating hundreds of additional ongoing jobs in the region, and generating substantial new tax revenues in Burlington, Sedro Woolley, Mount Vernon and other parts of Skagit County.

The demographic profile of anticipated buyers and proposed community design would also mean that this community would place unusually low burdens on most local service providers. For example, while a new starter-home community generates much less property tax revenue per home, it is typically filled with young families placing children in public schools (at an average cost to taxpayers of about $10,600 per child in the U.S.). However, if positioned and developed as proposed, the subject community would primarily attract affluent "empty nesters" from outside Skagit County. In similar communities, it is common for only one home in 20 or even one in 50 to include school-age children, meaning this community would generate massive new revenues for local public schools (growing to a level of millions of dollars per year), while creating very limited additional cost for these schools, thereby creating a massive fiscal surplus, which could be used to improve the quality of local schools and/or reduce the tax burden on all area residents. With property values well above average and impacts on service providers typically below average, it could also create modest fiscal surpluses for local fire departments, police departments, public works departments, and other service providers. Similar small towns with a long history of attracting affluent retirees (such as Bend, Oregon) provide a clear illustration of the benefits of developing similar communities and using property tax revenues to fund world-class parks, roads, schools, and other public services and facilities.

ANTICIPATED NET IMPACTS ON INDIVIDUAL TOWNS

Below, Peterson Economics provides a preliminary evaluation of how the development of the proposed Avalon community would impact population growth, job growth, retail spending, and tax revenues in the following existing communities in Skagit County:

1. Burlington;
2. Sedro Woolley;
3. Mount Vernon;
4. Anacortes; and
5. La Conner.

ANTICIPATED IMPACTS ON BURLINGTON

If developed and positioned as proposed, the Avalon community would likely have a very significant net positive impact on population growth, job growth, retail spending, and tax revenues in Burlington. Based on its proposed market positioning, the vast majority of buyers – likely over 90 percent -- would come from outside Skagit County. Due to the proposed pricing and anticipated ongoing costs, very few would come from Burlington, and very few would have moved to Burlington if not for the development of the subject community. As such, while it might see a limited number of households moving out of Burlington each year (perhaps zero to five sales per year), this potential movement out of Burlington would be overwhelmed by positive impacts stemming from regional job growth, increased retail spending (on construction supplies, by new residents, etc.), increased tax revenues, and other benefits.

Given the demographic profile of Burlington (with relatively few affluent pre-retirees and retirees) and given the proposed real estate prices (well above regional norms) and ongoing costs (homeowners association fees and club dues), Peterson Economics never viewed Burlington as a notable source market for the subject community. Based on reported buyer origins at similar destination-quality retirement communities near towns similar in size and affluence to Burlington, going forward, it appears reasonable to assume that perhaps one percent of buyers would derive from Burlington. This equates to about two households per year. Similarly, very few if any buyers coming to the subject community would consider Burlington a reasonable retirement destination without this type of community. They would be coming for the amenities, services, real estate products, and social interaction offered by this type of large-scale amenity-rich community, which is not available in Burlington.

As discussed above, development and operation of the subject community would lead to the creation of hundreds of new jobs in the local area. Given its size and proximity to the subject community, it is easy to envision Burlington alone capturing 20 to 30 percent of this job growth.

Clearly, this new community would also have a massive positive impact on tax revenues and fiscal health in Burlington. Benefits would come from a broad combination of sources:

- **Property Tax Revenues:** as noted above, the subject community would see property tax revenues grow by roughly $1 million per year, reaching $10 million per year after about ten years of sales. These revenues would be shared by local school districts, fire districts, and other service providers, providing a major surge in revenues for the Burlington area, with a much more modest increase in demand for services. Additional property tax revenues would also come from new residents moving into the area to fill new jobs.

- **Sales Tax Revenues:** this new community would also lead to a surge in retail spending and other spending in Burlington, coming from a combination of construction spending (buying supplies, meals, etc.), ongoing operations spending, and spending by new residents (on meals, groceries, cars, services, etc.).
  - **Construction Spending:** given the scale of the project (with spending of over $100 million on infrastructure, about $50 million on amenities, over $400 million on residential construction in the first 10 to 12 years of development), construction spending would have a huge impact on a wide variety of businesses in Burlington, leading to a surge in sales tax revenues. For example, even if only five percent of construction-related spending was captured by businesses in Burlington, this would likely represent nearly $30 million over a period of 10 to 12 years, generating about $2.5 million in additional sales tax revenues, or $250,000 per year.
  - **Ongoing Operations:** significant additional retail spending would come from ongoing community operations (buying supplies, etc.) as well as from employees (buying meals, groceries, cars, appliances, etc.). Ongoing operations – with total costs ranging from about $5 million to $10 million per year -- could easily support hundreds of thousands of dollars in new retail spending in Burlington each year.
  - **Employee Spending:** likewise, with about 1,000 new full-time-equivalent jobs created in the local area, new operations and construction employees could easily spend over $1 million per year in Burlington (buying new cars, lunches, groceries, etc.), and this spending could be as high as $3 million (or an average of $3,000 per FTE employee per year, including big-ticket items like cars).
  - **Resident Spending:** the Avalon community would include over 2,000 new homes after about ten years of sales, and these new residents would represent a massive source of new demand for retail spending in Burlington. The average retired household in the U.S. spends about $40,000 per year (on all categories of spending), but the subject community would be far more affluent than average, spending an average of perhaps $75,000 per year. Assuming an average of only $5,000 per household per year is captured in Burlington (on groceries, cars, appliances, etc.), Avalon residents could account for about $10 million in new retail spending in Burlington each year after ten years of sales, generating nearly $1 million per year in new sales tax revenues (with growth continuing as development and sales continue at Avalon).

ANTICIPATED IMPACTS ON SEDRO WOOLLEY

The proposed community would also have significant net positive impacts on Sedro Woolley. Given the proposed price points and ongoing costs, very few if any buyers at the subject community would come from Sedro Woolley. Given its proposed market positioning, it would also attract a very different type of buyer than those who might be contemplating a move to Sedro Woolley. Buyers would come to the Avalon community specifically because of its extensive amenities, services, vibrant social atmosphere, and real estate products especially designed for somewhat affluent, young, active retirees and pre-retirees. It would not be drawing prospective new buyers away from Sedro Woolley, but instead be drawing large numbers of new retirement-oriented buyers to this new community in the Skagit Valley – with significant benefits for Sedro Woolley.

Similar to Burlington, Sedro Woolley might see a limited number of couples moving out of Sedro Woolley each year to move into the Avalon community. However, this would likely range from zero to five sales per year. This slight possible negative impact on population growth and economic growth would be overwhelmed by positive impacts stemming from regional job growth, increased retail spending, increased tax revenues, and other benefits. Specifically, Sedro Woolley could benefit in the following ways:

- **Job Growth:** as discussed above, development and operation of the subject community would lead to the creation of hundreds of new jobs in the local area – averaging about 1,000 new full-time-equivalent jobs for the first 20 years. Given its proximity and size, Sedro Woolley would be one of the prime beneficiaries of this job growth. Some of these jobs could be filled by existing unemployed or under-employed residents of Sedro Woolley, while other jobs could be filled by new residents moving to Sedro Woolley to fill new jobs in the area. The vast majority of these jobs would be construction-related jobs (equipment operators, carpenters, plumbers, roofers, etc.), but there would also be dozens of new jobs in sales, retail, administration, and other fields. Similar to Burlington, Sedro Woolley would be well positioned to capture a large share of these jobs – perhaps 25 to 30 percent of these new jobs, or roughly 250 to 300 full-time-equivalent positions during the development period.
- **Population Growth:** while Sedro Woolley may see a handful of retirement-oriented households relocate to the subject community over a ten-year period, along with a few younger households wishing to move into a recreation-oriented community, it appears unlikely that more than 20 households would relocate from Sedro Woolley into this community over a ten-year period. In contrast, by creating nearly 300 new full-time-equivalent jobs for Sedro Woolley residents, the Avalon community would lower the unemployment rate in Sedro Woolley while also retaining existing residents and attracting hundreds of new residents. The net impact could easily equate to demand for about 150 to 200 new homes, condos, or apartments, with an associated increase in the population of nearly 500 residents (or nearly five percent increase).
- **Retail Spending:** although much smaller than the boost in retail spending anticipated in Burlington, Sedro Woolley would also see a major increase in spending coming from a variety of sources: (1) construction spending; (2) ongoing operations spending; (3) spending by onsite employees who visit Sedro Woolley during the day; (4) spending by new employees who live in Sedro Woolley; and (5) spending by new residents of Avalon. Although it would likely capture a much smaller portion of construction spending and ongoing operations spending, it could quite easily capture over $1 million per year in new retail spending directly from these sources. With occasional trips to Sedro Woolley for lunch, groceries, gas or other needs, it could easily see a boost in retail spending of $250,000 per year from onsite employees visiting during workdays. Moreover, with new full-time-equivalent jobs created for about 250 to 300 existing and future residents of

Sedro Woolley, retail spending from this source could total an additional $1.5 million to $2 million per year. Finally, with about 2,000 new homes completed after ten years, new residents of Avalon would likely become a notable source for retail spending in Sedro Woolley. If the average new household spent $500 per year on groceries, meals, gas, and other retail items in Sedro Woolley each year, this alone would equate to $1 million in new retail spending (in addition to very substantial spending on service providers based in Sedro Woolley, such as plumbers and painters). Thus, if developed as proposed, the new Avalon community would provide a major boost to local grocery stores, gas stations, restaurants, and other establishments.

- **Tax Revenues:** the most notable benefit in terms of tax revenues would likely come from retail spending, which would increase sales tax revenues in Sedro Woolley by several hundred thousand dollars per year. Other tax revenues (property tax, etc.) would also increase, but these benefits would be offset by demand for new services from these new residents.

Anticipated Impacts on Mount Vernon

Mount Vernon is situated a bit farther away from the proposed Avalon community. It is also somewhat larger (with about 32,000 residents), and it is home to a variety of smaller retirement-oriented communities, including two new age-restricted communities developed by Landed Gentry. It is also home to Eaglemont, a golf residential community initially positioned to attract retirees; however, due to exceptionally steep terrain and other factors, Eaglemont transitioned into a community focused on younger working households.

Based on its location and characteristics, Mount Vernon would likely see significant positive impacts and only minor negative impacts if Avalon is developed as proposed. A limited number of existing households might opt to move into the new Avalon community. This could include a few young retirees who recently purchased in communities like Twin Brooks or Woodside, but would prefer a larger community with more amenities. It could also include some working households transitioning into retirement. Avalon might also capture a portion of the retirement-oriented households moving into the region who might otherwise consider moving to Mount Vernon. Thus, it is quite possible that five to ten percent of sales (or 10 to 20 households) each year in Avalon would represent buyers who might otherwise have moved to or stayed in Mount Vernon.

However, this negative impact on population growth in Mount Vernon would be more than offset by positive impacts – most notably population growth associated with new job creation, but also population growth resulting from spin-off benefits of the Avalon community itself (due to marketing, image creation, etc.). These impacts are addressed separately below:

- **Population and Job Growth Due to Job Creation:** as discussed above, development and operation of the subject community would lead to the creation of hundreds of new jobs in the local area. Due to its larger size, Mount Vernon would likely become home to even more new employees than Burlington or Sedro Woolley. With some jobs filled by existing unemployed or under-employed residents, some jobs filled by existing residents who would otherwise move, and some jobs filled by new residents moving to Mount

Vernon to fill new jobs in the area, about 35 to 40 percent of new jobs created could be filled by people opting to live in Mount Vernon. The vast majority of these jobs would be construction-related jobs (equipment operators, carpenters, plumbers, roofers, etc.), but there would also be dozens of new jobs in sales, retail, administration, and other fields. This could create demand for about 250 new homes, condos and apartments in Mount Vernon, resulting in about 650 new residents.

- **Population Growth Resulting from Increased Marketing / Awareness / Amenities:** although more difficult to quantify, development and marketing of the Avalon community would attract large numbers of prospective retirement-oriented buyers into the region. It would also begin to support a wide variety of new restaurants, shops, art galleries, and service providers (ranging from yoga teachers to specialty medical clinics) that would make the Skagit Valley more attractive to affluent retirees. As such, similar to the way Suncadia has benefitted second-home and retirement-oriented sales in neighboring parts of Kittitas County, or the way major resort-style communities in Central Oregon have generated strong demand for basic subdivisions around Bend, Sisters, and Redmond (Oregon), the Avalon community could help to establish the Skagit Valley as a notable retirement destination, and it would attract many prospective buyers who would examine a variety of options in the region. A portion of these buyers (perhaps as many as 30 to 40 households per year) would likely elect to move to Mount Vernon, due to lower prices, lower ongoing costs, a preference to be closer to Mount Vernon's services, or other factors.

Thus, while it would attract some residents and some prospective future residents away from Mount Vernon, on balance, the Avalon community would likely stimulate significant net population growth in Mount Vernon, likely resulting in net population growth of about 1,000 people over a ten-year period (very similar to the way major resorts like Sunriver and Broken Top led to rapid growth in Bend, Oregon, over the past 40 years).

Mount Vernon would also see some benefits in retail spending and sales tax revenues:

- **Retail Spending:** similar to Burlington and Sedro Woolley, Mount Vernon would also see an increase in spending coming from a variety of sources: (1) construction spending; (2) ongoing operations spending; (3) spending by onsite employees who visit Mount Vernon during the day; (4) spending by new employees who live in Mount Vernon; and (5) spending from 2,000 new households who move to Avalon over a ten-year period. Given its geographic separation and the large number of retail outlets found in Burlington, the boost in retail spending in Mount Vernon would likely be smaller, but Mount Vernon's plans to create an exciting shopping/dining district in the downtown area could make Mount Vernon a favored destination for residents of Avalon. Thus, the most notable increases would likely come from: (1) population growth deriving from new full-time-equivalent jobs, which might add $2 million per year in retail spending; and (2) spending from new residents of Avalon (who might spend several million dollars per year shopping and dining in Mount Vernon). Including all sources, Mount Vernon may see a boost in retail spending of about $5 million per year, providing a major boost to local grocery stores, gas stations, restaurants, and other establishments, and helping to revitalize Mount Vernon's historic downtown area.

- **Tax Revenues:** the most notable benefit in terms of tax revenues would likely come from retail spending, generating several hundred thousand dollars per year in new sales tax revenues. Other tax revenues (property tax, etc.) would also increase, but these benefits would be offset by demand for new services from these new residents.

ANTICIPATED IMPACTS ON ANACORTES AND LA CONNER

Anticipated impacts on Anacortes and La Conner are much smaller. Few if any existing residents of Anacortes or La Conner would be expected to move into the Avalon community. Over time, the Avalon community might attract some buyers who would have otherwise moved to Anacortes or La Conner, but this negative impact on population growth would be completely offset by the positive impacts of marketing and improving the region's appeal to affluent retirement-oriented buyers.

A limited number of the new construction and operations jobs created in the region would also likely be filled by people who live in or opt to move to Anacortes or La Conner, thereby creating a small boost to those populations.

On the other hand, Anacortes and La Conner could both enjoy significant benefits of increased retail spending – primarily from new residents of the Avalon community opting to visit these quaint towns for meals and shopping in gift shops, art galleries, and other visitor-oriented stores. For example, if the onsite population within Avalon grows to about 2,000 households (as expected) after ten years of sales, these residents could eventually support about $1 million to $2 million per year in new retail spending in Anacortes and La Conner (assuming an average of ten visits per household per year, with average spending of $50 to $100 per household per visit, including a mixture of dining, retail purchases and other spending).

PETERSON ECONOMICS' QUALIFICATIONS AND "REAL WORLD" EXPERIENCE

Peterson Economics is uniquely qualified to evaluate the economic impact of developing this type of large-scale amenity-rich destination community in a rural area like Skagit County. Peterson Economics specializes in examining market and financial potential for similar large-scale recreation-oriented "destination" communities. Over the past 14 years, the firm has completed market and financial analyses for about 200 similar communities, proposed in a variety of settings across the western hemisphere. When completing these analyses, we have completed numerous detailed interviews with directors of sales, project managers, and others in comparable, existing communities, gathering detailed information on buyer origins, buyer demographics, buyer use patterns, key factors impacting purchase decisions, and other characteristics that enable us to understand the nuances specific to each community type. By examining numerous projects oriented toward different market positionings – high-end versus mid-market; retirement versus vacation; seasonal use versus full-time – we have developed a thorough working knowledge of buyer use patterns and community impacts on surrounding economies.

Peterson Economics has also been retained in dozens of cases to complete detailed economic benefit and fiscal impact analyses, evaluating how these communities impact local economies and surrounding towns. These have included numerous relevant analyses in the Pacific Northwest, including analyses for Suncadia and several proposed new large-scale resort-style communities in Central Oregon.

Clearly, the most compelling evidence of the power of large-scale amenity-rich destination communities to benefit rural economies comes from examining the performance of rural areas with numerous new resort-style communities situated next to similar counties without such communities. Because we work in rural areas throughout the western U.S., we see examples of this over and over, driving through depressed rural areas with few prospects, only to arrive in thriving resort-style towns, with well-funded schools, new libraries, extensive park systems, low unemployment, and vibrant economies.

In the Pacific Northwest, the best example of this comes from Central Oregon – the region just east of the Cascade Mountains that includes the bustling towns of Bend, Sisters, and Redmond. 50 years ago, Central Oregon looked much like surrounding counties, with high unemployment, decaying downtown areas, and no notable population growth. However, several major new resort-style communities were developed -- Black Butte Ranch and Sunriver -- which helped open up Bend and Sisters to a myriad of new visitors, spending money in the local area and adding significantly to the tax base. New resort community development in Central Oregon has further augmented the community's budget and visitor base. These tax revenues provide Deschutes County with funding for excellent public schools, and excellent police and fire protection, as well as other services of substantially higher quality than most rural counties. Furthermore, money spent within the community by visitors and second-home owners has contributed to the viability of the region's superb shops and restaurants, allowing towns like Bend, Sisters, and Redmond to flourish.

Remarkably, while surrounding counties have languished, Central Oregon now often ranks as one of the fastest growing "metropolitan areas" in the U.S. Deschutes County's population expanded from about 75,000 residents in 1990 to about 116,600 residents in 2000. By 2010, it increased to about 157,700 residents, growing to about 168,000 residents by 2015. Clearly, this area transitioned from a slow-growth/no-growth/no-potential rural area (formerly based on logging, mining, and ranching) into a vibrant, fast-growing region with exceptional public amenities because of the development of major new resort-style communities. These new communities provided job growth and attracted thousands of new residents and visitors, whose spending enabled the redevelopment of existing towns, creating a "virtuous cycle" of growth.