Skagit County Population, Housing and Employment Growth Allocations Methodology

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Community Attributes Inc. tells data-rich stories about communities that are important to decision makers.

President and CEO:
Chris Mefford

Project Manager:
Michaela Jellicoe

Analysts:
Madalina Calen
Connor Reed
Carly Bednarski

Population Growth Allocation

Forecasted countywide population between 2022 and 2045 is based on the Office of Financial Management's (OFM) Medium population projection for the county. This forecast provides a balanced outlook, is consistent with the approach used for the 2015-2036 projections, and the OFM has expressed confidence in the forecast and methodology. This countywide projected population growth is allocated across UGAs using a growth rate derived from historical trends between 2012 and 2022. (**Exhibit 1**)

Exhibit 1. Population Growth Allocation, 2022-2045

UGA	2022 Population	2025 Population	2045 Population Targets	2022-2045 Population Growth	
				Amount	Pct Total Growth
Anacortes City	17,882	18,686	22,843	4,961	17%
Unincorporated	101	105	127	26	0%
Anacortes UGA	17,983	18,792	22,971	4,988	17%
Burlington City	9,823	10,429	13,711	3,888	13%
Unincorporated	2,288	2,433	3,219	931	3%
Burlington UGA	12,111	12,863	16,930	4,819	16%
Concrete Town	810	835	960	149	1%
Unincorporated	139	144	171	32	0%
Concrete UGA	949	979	1,130	181	1%
Hamilton Town	297	297	297	0	0%
Unincorporated	5	5	5	0	0%
Hamilton UGA	302	302	302	0	0%
La Conner Town	980	1,015	1,191	211	1%
Unincorporated	0	0	0	0	0%
La Conner UGA	980	1,015	1,191	211	1%
Lyman Town	425	425	425	0	0%
Unincorporated	0	0	0	0	0%
Lyman UGA	425	425	425	0	0%
Mount Vernon City	35,512	36,877	43,804	8,292	28%
Unincorporated	2,167	2,248	2,656	489	2%
Mount Vernon UGA	37,679	39,125	46,460	8,781	30%
Sedro-Woolley City	12,596	13,236	16,596	4,000	14%
Unincorporated	1,500	1,578	1,986	486	2%
Sedro-Woolley UGA	14,096	14,813	18,582	4,486	15%
Bayview Ridge UGA	1,694	1,694	1,694	0	0%
Swinomish UGA	2,565	2,600	2,764	199	1%
Rural	42,465	43,420	48,381	5,916	20%
County Total	**131,250**	**136,028**	**160,830**	**29,580**	**100%**

Sources: Office of Financial Management, 2023; Community Attributes, 2023.

Housing Growth Allocation

Future housing unit growth is derived from forecasted population growth and the Housing All Planning Tool (HAPT) developed by the Washington State Department of Commerce. The HAPT model provides two methods for allocating future housing unit needs. Method A distributes calculated countywide growth in housing units or **net new units needed** by UGA based on the allocation of future population growth and distributes housing need by income band based on the countywide distribution by income band. Method B distributes **total future housing units** needed by UGA based on the allocation of future population growth and distributes total future housing units by income band based on the countywide distribution. With Method B, net new housing units are calculated by UGA by subtracting existing housing units by income band from total future housing units by income band.

The Washington State Department of Commerce does not provide a recommendation on one approach for allocating net new housing need. The Skagit County Growth Management Technical Advisory Committee (GMATAC) members selected Method A with the following modifications as the preferred approach for Skagit County.

- Reduce housing unit allocation within the 0-50% AMI band in the Rural geography or outside of UGAs by 90%. Member feedback indicates that housing unit types are limited in rural areas. While some Accessory Dwelling Unit (ADU) development can be expected there are limitations to multifamily housing development. Additionally, land costs may be prohibitive for housing within the 0-50% AMI bracket.
- Rebalance the housing unit allocations to ensure that the total by UGA remains consistent with the HAPT Method A output by reallocating the calculated need from the greater than 120% AMI bracket from each UGA to the rural geography.

Exhibit 2 presents the draft net new housing unit needs by AMI.

Exhibit 2. Net New Housing Needed by AMI, 2020-2045

UGA	Net New Housing Need (2020 - 2045)						
	Total	0-30%	30-50%	50-80%	80-100%	100-120%	120%+
Anacortes City	2,927	919	589	420	225	200	574
Unincorporated	16	5	3	2	1	1	3
Anacortes UGA	2,943	924	592	422	226	201	577
Burlington City	2,294	720	462	329	176	156	450
Unincorporated	549	172	111	79	42	37	108
Burlington UGA	2,843	893	572	408	218	194	558
Concrete Town	88	28	18	13	7	6	17
Unincorporated	19	6	4	3	1	1	4
Concrete UGA	107	34	22	15	8	7	21
Hamilton Town	0	0	0	0	0	0	0
Unincorporated	0	0	0	0	0	0	0
Hamilton UGA	0	0	0	0	0	0	0
La Conner Town	124	39	25	18	10	8	24
Unincorporated	0	0	0	0	0	0	0
La Conner UGA	124	39	25	18	10	8	24
Lyman Town	0	0	0	0	0	0	0
Unincorporated	0	0	0	0	0	0	0
Lyman UGA	0	0	0	0	0	0	0
Mount Vernon City	4,892	1,536	985	702	376	334	960
Unincorporated	289	91	58	41	22	20	57
Mount Vernon UGA	5,181	1,627	1,043	743	398	353	1,016
Sedro-Woolley City	2,360	741	475	339	181	161	463
Unincorporated	287	90	58	41	22	20	56
Sedro-Woolley UGA	2,647	831	533	380	203	180	519
Bayview Ridge UGA	0	0	0	0	0	0	0
Swinomish UGA	117	37	24	17	9	8	23
Rural	3,490	89	57	501	268	238	2,337
County Total	**17,452**	**4,474**	**2,868**	**2,504**	**1,340**	**1,190**	**5,076**

Sources: Department of Commerce, 2023; Office of Financial Management, 2023; SCOG GMATAC Committee, 2023; Community Attributes, 2023.

Employment Growth Allocation

Countywide projections of total employment by sector between 2022 and 2045 are estimated using covered employment estimates from the Bureau of Labor Statistics (BLS) in combination with Nonemployer Statistics (NES) data from the U.S. Census Bureau. Projections use the industry projections for the Northwest Region from the Washington State Employment Security Department (ESD). The resultant allocation is captured in **Exhibit 3** below. The preferred UGA allocation method distributes employment growth based on a growth rate derived

from historical trends in the distribution of employment among UGAs and rural areas.

Exhibit 3. Employment Growth Allocation by UGA, 2022-2045

UGA	2022 Employment	2045 Employment Targets	2022-2045 Emp Growth	Pct Total Growth	CAGR
Anacortes UGA	9,503	12,648	3,145	15%	1.3%
Burlington UGA	11,640	17,410	5,770	28%	1.8%
Concrete UGA	391	506	115	1%	1.1%
Hamilton UGA	466	489	23	0%	0.2%
La Conner UGA	1,020	1,905	885	4%	2.8%
Lyman UGA	56	76	20	0%	1.3%
Mount Vernon UGA	18,781	23,559	4,778	23%	1.0%
Sedro-Woolley UGA	4,640	7,040	2,399	12%	1.8%
Bayview Ridge UGA	2,962	4,901	1,938	9%	2.2%
Swinomish UGA	1,140	1,579	439	2%	1.4%
Rural	8,972	9,987	1,015	5%	0.5%
County Total	**59,573**	**80,099**	**20,526**	**100%**	**1.3%**

Sources: Employment Security Department, 2023; Bureau of Labor Statistics, 2023; U.S. Census Bureau, 2023; Community Attributes, 2023.

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INTRODUCTION

Background and Purpose

Per RCW 36.70A.070 and 36.70A.115, each county fully planning under the Growth Management Act (GMA) must determine growth projections in consultation with its cities. These projections are then adopted, and the county and city must use the projections in their comprehensive planning process. Comprehensive plan updates for Skagit County and the cities and towns within the county are due in 2025. To provide the required population, housing and employment projections through 2045, the Skagit Council of Governments (SCOG) contracted with Community Attributes, Inc. (CAI) to prepare updated projections of countywide population, housing units, and employment through 2045. CAI will additionally develop projections and allocation through 2050 by Traffic Analysis Zone (TAZ) to support SCOG's metropolitan-regional transportation plan and regional travel demand model.

The report documents the methodology for population, housing unit and employment growth in Skagit County and its urban growth areas (UGAs). Findings and methods in this report will be updated based on feedback from SCOG and the Growth Management Act Technical Advisory Committee (GMATAC). The final report will present the final recommendation for projected population, housing unit and employment allocations from the GMATAC as well as the 2050 TAZ growth allocations.

Methods

Allocations of future population, housing units and employment leverage data published by state and federal agencies, as well as data provided by the Skagit Council of Governments. Population data and projections are sourced from the Washington State Office of Financial Management. Housing unit allocations leverage the Washington State Department of Commerce Housing All Planning Tool (HAPT). Employment allocations and projections use data from the Bureau of Labor Statistics, U.S. Census Bureau Nonemployer Statistics, and Washington State Employment Security Department.

Organization of this Report

The remainder of this report is organized as follows:

- **Population Projections & Allocation** briefly describes the projection methods considered, followed by a detailed review of the preferred projection and allocation methodology.

- **Housing Projections & Allocation** summarizes the projection methods available through the HAPT, followed by a detailed review of the preferred housing unit approach.

- **Employment Projections & Allocation** reviews the projection methods considered, followed by a detailed review of the preferred employment allocation methodology.

POPULATION PROJECTIONS & ALLOCATION

The Washington State Office of Financial Management develops population forecasts for every county in Washington, including a reasonable range in compliance with RCW 43.62.035. The medium forecast provided by OFM represents the most likely projection for each county. In compliance with RCW 36.70A.110, Skagit County and its cities and towns must adopt population growth projections based on the OFM projection. To support the land capacity and comprehensive planning activities throughout the county, the countywide projection is allocated across the county's ten UGAs, which include both the incorporated or city boundary and the unincorporated portion of each UGA. Additionally, the Skagit Countywide Planning Policies (CPP) have adopted an 80/20 urban to rural split.

"Cities and towns and their urban growth areas, and non-municipal urban growth areas designated pursuant to CPP 1.1, shall include areas and densities sufficient to accommodate as a target 80% of the county's 20-year population projection."

The population projection and allocation all comply with the requirement for the population projection to fall within the OFM range as well as the 80/20 urban to rural population split policy.
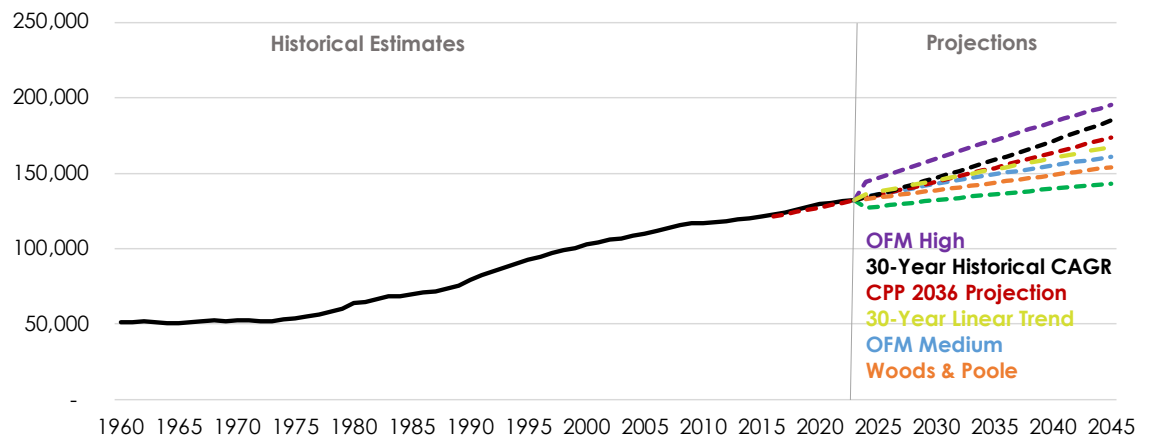
Countywide Forecast

The first step for the population allocation is an in-depth analysis of historic countywide population growth as well as the range of available projections for Skagit County. Projections reviewed include:

- **OFM's High, Medium, and Low** population projections. Of which, the Medium forecast is considered the most likely population projection. The OFM forecasts reflect uncertainty regarding growth based on the range of historic migration patterns and current factors affecting the economic base and attractiveness of the county.
- **30-Year Historical CAGR** forecasts population growth based on historical patterns, by applying the observed 30-year compound annual growth rate of 1.5% from 2023 to 2045.

- **CPP 2036 Projection** provides a comparison forecast to the previously adopted CPP 20-year forecast. The CPP 2036 projection is carried forward by assuming the same compound annual growth rate of 1.3% between 2015 and 2036 continues to 2045.
- **30-Year Linear Trend** presents a linear forecast generated based on the past 30 years of historic population data.
- **Woods & Poole** shows estimates derived from independent consulting firm estimates of population growth for Skagit County. Population projections follow a traditional cohort-component analysis based on calculated fertility and mortality in each county and migration patterns which are based on employment opportunities and historic population growth.

These forecast scenarios are charted with historical population growth in **Exhibit 4**.

Exhibit 4. Countywide Historic Population and Forecast Scenarios, 1960-2045

Sources: Office of Financial Management, 2023; Countywide Planning Policies, 2021; Woods & Poole, 2023; Community Attributes, 2023.

These population forecast scenarios spanned a range of outcomes bookended by OFM's high and low growth scenarios as the most aggressive and conservative forecasts, respectively. The previous population allocations developed for 2015 to 2036 were based on the OFM Medium forecast. For consistency with the previous approach, alignment with historic growth trends, as well as OFM's higher confidence in their Medium projection, the GMATAC recommends the OFM Medium forecast as the countywide population projection for 2022 through 2045.

Allocation Scenarios

Upon selecting a countywide population forecast, the final step is allocating projected growth across the ten UGAs and rural areas. Three methods explore different approaches to population allocations. Each of these methods use the OFM Medium population projection and apply the 80/20 urban to rural split policy. Additional options for the allocation methodology include:

- Assume no future growth in the Bayview Ridge UGA, consistent with the 2015 to 2036 population allocation.
- Assume no negative or decline in growth within each UGA or rural areas. If negative growth is produced, growth is assumed to be zero and the remaining population growth is reallocated across UGAs to match total projected countywide growth.

The three methodology options include:

1. **Scenario 1** assumes that either the total population allocation or the allocation of future growth between each UGA and the rural area will remain the same as the historic distribution of total population or population growth by UGA. Options for the distribution assumption include five-, ten- and twenty-year historic average distributions.
2. **Scenario 2** forecasts the future distribution of population by UGA based on a historic compound annual growth rate (CAGR) by geography. This method applies a historic CAGR to each geography to forecast the future distribution of population controlled to the total countywide forecast. Similar to Scenario 1 options for the historic CAGR applied include five-, ten- and twenty-year average growth rates.
3. **Scenario 3** produces a linear forecast of annual population by UGA, used to create an annual distribution of population by UGA.

Population Allocation Recommendation

Scenario 2, using a ten-year compound annual growth rate captures the dynamics of population growth in the county over time compared to the static assumption presented by Scenario 1 and reflects more realistic future growth compared to the linear forecast in Scenario 3. Using a ten-year compound annual growth rate to capture these dynamic trends describes longer-term trends compared to the five-year growth rate but also allows recent trends to take more weight compared to a twenty-year average growth rate.

Exhibit 5 presents the preferred scenario recommended by the GMATAC members. The preferred scenario:

- Uses the Scenario 2 methodology based on a ten-year average growth rate by UGA.
- Allows growth in the Bayview Ridge UGA, if the methodology produces estimates of population growth within the UGA.
- As a policy recommendation assumes no negative growth within any UGA.

Exhibit 5. Population Growth Allocation, 2022-2045

UGA	2022 Population	2025 Population	2045 Population Targets	2022-2045 Population Growth	
				Amount	Pct Total Growth
Anacortes City	17,882	18,686	22,843	4,961	17%
Unincorporated	101	105	127	26	0%
Anacortes UGA	17,983	18,792	22,971	4,988	17%
Burlington City	9,823	10,429	13,711	3,888	13%
Unincorporated	2,288	2,433	3,219	931	3%
Burlington UGA	12,111	12,863	16,930	4,819	16%
Concrete Town	810	835	960	149	1%
Unincorporated	139	144	171	32	0%
Concrete UGA	949	979	1,130	181	1%
Hamilton Town	297	297	297	0	0%
Unincorporated	5	5	5	0	0%
Hamilton UGA	302	302	302	0	0%
La Conner Town	980	1,015	1,191	211	1%
Unincorporated	0	0	0	0	0%
La Conner UGA	980	1,015	1,191	211	1%
Lyman Town	425	425	425	0	0%
Unincorporated	0	0	0	0	0%
Lyman UGA	425	425	425	0	0%
Mount Vernon City	35,512	36,877	43,804	8,292	28%
Unincorporated	2,167	2,248	2,656	489	2%
Mount Vernon UGA	37,679	39,125	46,460	8,781	30%
Sedro-Woolley City	12,596	13,236	16,596	4,000	14%
Unincorporated	1,500	1,578	1,986	486	2%
Sedro-Woolley UGA	14,096	14,813	18,582	4,486	15%
Bayview Ridge UGA	1,694	1,694	1,694	0	0%
Swinomish UGA	2,565	2,600	2,764	199	1%
Rural	42,465	43,420	48,381	5,916	20%
County Total	**131,250**	**136,028**	**160,830**	**29,580**	**100%**

Sources: Office of Financial Management, 2023; Community Attributes, 2023.

HOUSING PROJECTIONS & ALLOCATION

The introduction of House Bill 1220 in 2021 requires local governments to plan for housing affordable to all income levels. Additionally, the bill requires the Washington State Department of Commerce to provide projected housing needs to local governments by income bracket. In response, the Washington State Department of Commerce developed the Housing All Planning Tool and the March 2023 *Planning for Housing in Washington*.

The HAPT, consistent with OFM countywide population projections, forecasts total housing need and housing growth using the selected population projections combined with data on:

- Assumed group quarter population
- Average household size
- Assumed vacancy
- 2020 estimated housing units excluding recreational and migrant housing

The HAPT has three parameters that can be adjusted by the county and cities: total population growth, percentage distribution of growth by jurisdiction, and income band allocation method. There are two methods for allocating housing units across income bands. These methods are detailed in the following section.

The recommended countywide population projection is the first input in the HAPT. The second input is the percentage distribution of growth by jurisdiction is derived from the recommended population projection, which allocates the total housing units or net new housing units by UGA and the rural areas.

Allocation Scenarios

The HAPT provides two options for the allocation of housing unit need by income band.

1. **HAPT Method A** allocates the same percentage share of each UGA's net hew housing growth target by income band for all jurisdictions. This percentage share is based on the countywide percentage share of housing need by income band. Housing need in this method is distributed regardless of the existing supply of housing within each income category. This method focuses only on new housing need.

2. **HAPT Method B** allocates housing need so that by 2045 each jurisdiction will have the same share of total housing supply at

each income band. Unlike Method A, this approach accounts for differences in baseline (2020) housing supply by income band. Jurisdictions with an undersupply in a given income bracket take on a greater proportion of total housing need for that category. Jurisdictions with an oversupply of housing in an income category will show negative housing need.

Recommended Projection Method

The two methods available in the HAPT reflect different approaches to housing unit growth and the choice of approach presents a policy choice as well as a methodological choice. The Department of Commerce recommends that, if there is no strong preference for one method over the other, jurisdictions should use Method A.

The Skagit County Growth Management Technical Advisory Committee (GMATAC) members selected Method A with the following modifications as the preferred approach for Skagit County.

- Reduce housing unit allocation within the 0-50% AMI band in the Rural geography or outside of UGAs by 90%. Member feedback indicates that housing unit types are limited in rural areas. While some Accessory Dwelling Unit (ADU) development can be expected there are limitations to multifamily housing development. Additionally, land costs may be prohibitive for housing within the 0-50% AMI bracket.
- Rebalance the housing unit allocations to ensure that the total by UGA remains consistent with the HAPT Method A output by reallocating the calculated need from the greater than 120% AMI bracket from each UGA to the rural geography.

The resulting recommended allocations of net new housing need are presented in **Exhibit 6**.

Exhibit 6. Net New Housing Needed by AMI, 2020-2045

UGA	Net New Housing Need (2020 - 2045)						
	Total	0-30%	30-50%	50-80%	80-100%	100-120%	120%+
Anacortes City	2,927	919	589	420	225	200	574
Unincorporated	16	5	3	2	1	1	3
Anacortes UGA	2,943	924	592	422	226	201	577
Burlington City	2,294	720	462	329	176	156	450
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Concrete Town	88	28	18	13	7	6	17
Unincorporated	19	6	4	3	1	1	4
Concrete UGA	107	34	22	15	8	7	21
Hamilton Town	0	0	0	0	0	0	0
Unincorporated	0	0	0	0	0	0	0
Hamilton UGA	0	0	0	0	0	0	0
La Conner Town	124	39	25	18	10	8	24
Unincorporated	0	0	0	0	0	0	0
La Conner UGA	124	39	25	18	10	8	24
Lyman Town	0	0	0	0	0	0	0
Unincorporated	0	0	0	0	0	0	0
Lyman UGA	0	0	0	0	0	0	0
Mount Vernon City	4,892	1,536	985	702	376	334	960
Unincorporated	289	91	58	41	22	20	57
Mount Vernon UGA	5,181	1,627	1,043	743	398	353	1,016
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Sedro-Woolley UGA	2,647	831	533	380	203	180	519
Bayview Ridge UGA	0	0	0	0	0	0	0
Swinomish UGA	117	37	24	17	9	8	23
Rural	3,490	89	57	501	268	238	2,337
County Total	**17,452**	**4,474**	**2,868**	**2,504**	**1,340**	**1,190**	**5,076**

Sources: Department of Commerce, 2023; Office of Financial Management, 2023; SCOG GMATAC Committee, 2023; Community Attributes, 2023.
Note: The 0-30% AMI category includes permanent supportive housing and non-permanent supportive housing.

House Bill 1220 also updated RCW 36.70A.070(2) to require local governments conduct an inventory and analysis of existing and projected needs for emergency shelters, emergency housing and permanent supportive housing. The HAPT tool provides a breakout of permanent supportive housing (PSH) units and non-permanent supportive housing (Non-PSH) units, rolled together in the 0-30% AMI income category for both Method A and Method B. The HAPT also

separately provides projections for emergency housing beds for both Method A and Method B.

Exhibit 7 presents the breakout of PSH and Non-PSH net new housing need between 2020 and 2045 as well as Emergency Housing Needs. All three housing types are based on HAPT Method A. PSH and Non-PSH net new housing needs are adjusted per the GMATAC member recommendation. Emergency Housing Needs are not adjusted and are based on the HAPT Method A alone.

Exhibit 7. Net New PSH, Non-PSH and Emergency Housing Needs, 2020-2045

UGA	0-30% Detail		Emergency Housing Needs (Temporary)*
	Non-PSH	PSH	
Anacortes	592	333	48
Burlington	572	321	46
Mount Vernon	1,041	585	85
Sedro-Woolley	532	299	43
Concrete	21	12	2
Hamilton	-	-	-
La Conner	25	14	2
Lyman	-	-	-
Bayview Ridge	-	-	-
Swinomish	24	13	2
UGAs Subtotal	**2,807**	**1,578**	**228**
Rural	57	32	57
Total Skagit County	**2,864**	**1,610**	**285**

Sources: Department of Commerce, 2023; Office of Financial Management, 2023; SCOG GMATAC Committee, 2023; Community Attributes, 2023.
*Note: * Emergency Housing Needs are expressed as beds rather than housing units like Non-PSH and PSH housing need. Additionally, Emergency Housing Needs are not adjusted based on the GMATAC member recommendation and reflects the results of the HAPT Method A alone.*

EMPLOYMENT PROJECTIONS & ALLOCATION

Employment projections, like population and housing projections, are used by Skagit County and its cities and towns to plan for sufficient densities of employment land to accommodate future growth. Also similar to population projections, analysis includes evaluating a variety of countywide projections and developing a selection of methods to allocate countywide employment to the ten UGAs and rural areas.

Countywide Forecast

Analysis of the countywide forecasts included analysis of historic employment in combination with a variety of forecast scenarios. Data analysis included reviewing a variety of data sources, including:

- Covered employment as published by the Bureau of Labor Statistics (BLS), which captures employees covered by state or federal unemployment insurance. According to the BLS this captures 95% of U.S. jobs.
- Current employment survey (CES), which produces monthly estimates of nonfarm employment, based on a survey of businesses and government agencies. The Washington State Employment Security Department (ESD) replaces CES survey data with estimates of covered employment from the quarterly census of employment and wages (QCEW) quarterly.
- Self-employment including data on businesses with no paid employees produced by the U.S. Census Bureau Nonemployer Statistics (NES).

Projection approaches analyzed include:

- **30-Year Historical CAGR** which forecasts employment growth based on historical patterns, by applying the observed 30-year compound annual growth rate of 1.6% from 2023 to 2045.
- **CPP 2036 Projection** provides a comparison forecast to the previously adopted CPP 20-year forecast. The CPP 2036 projection is carried forward by assuming the same compound annual growth rate of 1.5% between 2015 and 2036 continues to 2045.
- **ESD Projection** forecasts employment growth based on forecasted regional employment growth as reported by the Washington State Employment Security Department. This method applies a compound annual growth rate of 2.13% for 2022 through 2025 and a rate of 1.18% for all subsequent years. ESD develops industry projections by Workforce Development Area (WDA). Skagit County is located within the Northwest WDA, which also includes Whatcom, San Juan, and Island counties.
- **Woods & Poole** shows employment estimates derived from independent consulting firm estimates of employment growth for Skagit County.
- **ESD Industry Projection** forecasts employment based on ESD's forecasted regional industry employment growth rates. These forecasts of industry employment are aggregated to calculate countywide employment.

A chart with each of these countywide forecast methods is provided in **Exhibit 8**. The trajectory of future employment growth varies across each forecast method, with the historical trend showing the most aggressive growth in employment, while estimates from Woods & Poole forecast the most conservative future employment. Discussions with the GMATAC aligned on the ESD Industry projection as the most appropriate forecast for countywide employment.

Exhibit 8. Countywide Historic Employment and Forecast Scenarios, 1997-2045
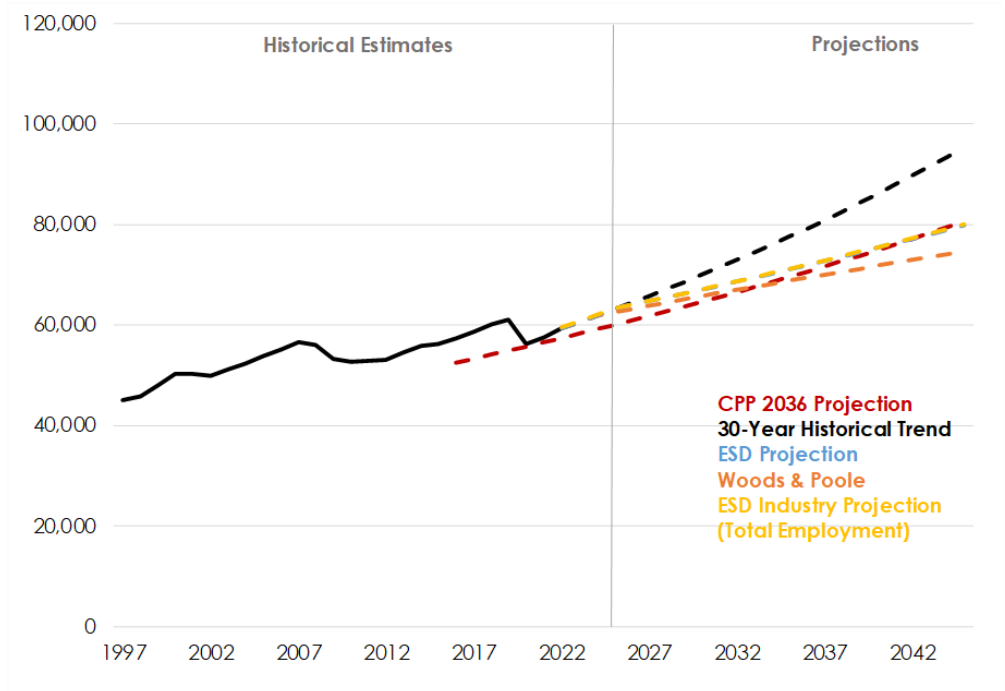
Sources: Employment Security Department, 2023; Bureau of Labor Statistics, 2023; U.S. Census Bureau, 2023; Countywide Planning Policies, 2021; Woods & Poole, 2023; Community Attributes, 2023.

SCOG and the GMATAC feedback indicates a desire to understand both future growth in covered employment as well as self-employment in order to plan thoroughly for future employment needs. Additionally, the preferred projection approach is the ESD Industry Projection, which is consistent with the 2015 to 2036 projection methodology as well as state employment projections for the region.

Employment is forecasted at the county level for eight industry sectors:

1. Resources (agriculture, mining, forestry, etc.) (NAICS 11, and 21)
2. Warehousing, Transportation, Construction and Utilities (WTCU) (NAICS 22, 23, 42, 48 and 49)

3. Manufacturing (NAICS 31 through 33)
4. Retail (NAICS 44, 45, and 72)
5. Finance, Insurance, Real Estate, and Services (FIRES) (NAICS 51 through 56, 71 and 81)
6. Education (NAICS 61)
7. Health (NAICS 62)
8. Government (NAICS 92)

Recommended countywide forecasts are developed for both covered employment and total employment by industry. These forecasts are derived by applying compound annual growth rates calculated from regional employment data from the Washington State Employment Security Department (ESD). ESD provides projections of future employment by industry for the Northwest region for 2025 and 2030. The 2020-2025 CAGR is applied to employment by sector in Skagit County through 2025. The 2025-2030 CAGR is then applied to forecast employment by sector through 2045.

These CAGRs are applied to both covered employment by industry and to total employment. Total countywide employment is estimated by summing total NES self-employment and total BLS QCEW covered employment estimates. Industry estimates are calculated based on estimated total employment and distributed by industry based on QCEW's distribution of employment, excluding government jobs. Industries are then collapsed into the above eight sectors. Forecasting both covered and total employment by sector is necessary to understand forecasted self-employment by UGA.

Allocation Scenarios

Four methods are analyzed to allocate the preferred countywide employment projection both for covered and total employment by sector to the county's ten UGAs and rural areas. Similar to the population allocation methods, the employment methods may assume no negative or decline in growth within each UGA or rural areas. If negative growth is produced, growth is assumed to be zero and the remaining population growth is reallocated across UGAs to match total projected countywide growth.

The four allocation methods include:

1. **Scenario 1** allocates employment by UGA based on the current (2022) distribution of sector employment within each UGA.
2. **Scenario 2** forecasts future distribution of sector employment by UGA based on the compound annual growth rate of the change in

distribution of sector employment by UGA between 2002 and 2020.

3. **Scenario 3** allocates UGA employment growth by sector based on proximity to the I-5 corridor. In this method, 11% of growth is allocated to Anacortes, 80% is allocated to UGAs along the I-5 corridor, 5% is allocated to other small cities, and 4% to rural areas. These growth weights are carried over from the 2015 employment projection analysis which also incorporated a corridor-based methodology. The sector distribution within each UGA is based on the median distribution of growth by sector within each UGA between 2018 and 2020.

4. **Scenario 4,** in contrast to Scenario 2, this approach calculates a new CAGR for each UGA based on the 2012 to 2022 change in employment. This CAGR is applied to each UGA to forecast employment growth. A distribution by sector is applied based on the average distribution of employment from 2012 to 2022. The resultant estimates are then re-apportioned as percentages of growth and applied to the preferred countywide employment projections by sector.

Recommended Projection Method

The preferred employment allocation method, confirmed by members of the GMATAC is Scenario 2. Like the allocation approach used for population growth, this method relies on historic trends to inform future forecasts of growth by UGA. **Exhibit 9** presents the total employment allocations by UGA and rural areas.

Exhibit 9. Draft Employment Growth Allocation by UGA, 2022-2045[1]

UGA	2022 Employment	2045 Employment Targets	2022-2045 Emp Growth	Pct Total Growth	CAGR
Anacortes UGA	9,503	12,648	3,145	15%	1.3%
Burlington UGA	11,640	17,410	5,770	28%	1.8%
Concrete UGA	391	506	115	1%	1.1%
Hamilton UGA	466	489	23	0%	0.2%
La Conner UGA	1,020	1,905	885	4%	2.8%
Lyman UGA	56	76	20	0%	1.3%
Mount Vernon UGA	18,781	23,559	4,778	23%	1.0%
Sedro-Woolley UGA	4,640	7,040	2,399	12%	1.8%
Bayview Ridge UGA	2,962	4,901	1,938	9%	2.2%
Swinomish UGA	1,140	1,579	439	2%	1.4%
Rural	8,972	9,987	1,015	5%	0.5%
County Total	**59,573**	**80,099**	**20,526**	**100%**	**1.3%**

Sources: Employment Security Department, 2023; Bureau of Labor Statistics, 2023; U.S. Census Bureau, 2023; Community Attributes, 2023.

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[1] The 2015-2036 employment allocations for the City of Sedro-Woolley were manually adjusted to include 2,855 jobs to account for the additional jobs anticipated to be generated by the North Cascades Gateway Center Development as documented in the Planned Action Environmental Impact Statement. This manual adjustment to the employment allocation is not applied to the employment allocation above. However, Sedro-Woolley may address this through the reconciliation and land capacity process, if needed.