

Performance Audit: Clark County's Job Creation – Fee Waiver Program



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CLARK COUNTY
WASHINGTON

Report #14-02
November 25, 2014
Clark County Auditor's Office

Audit Scope and Objectives

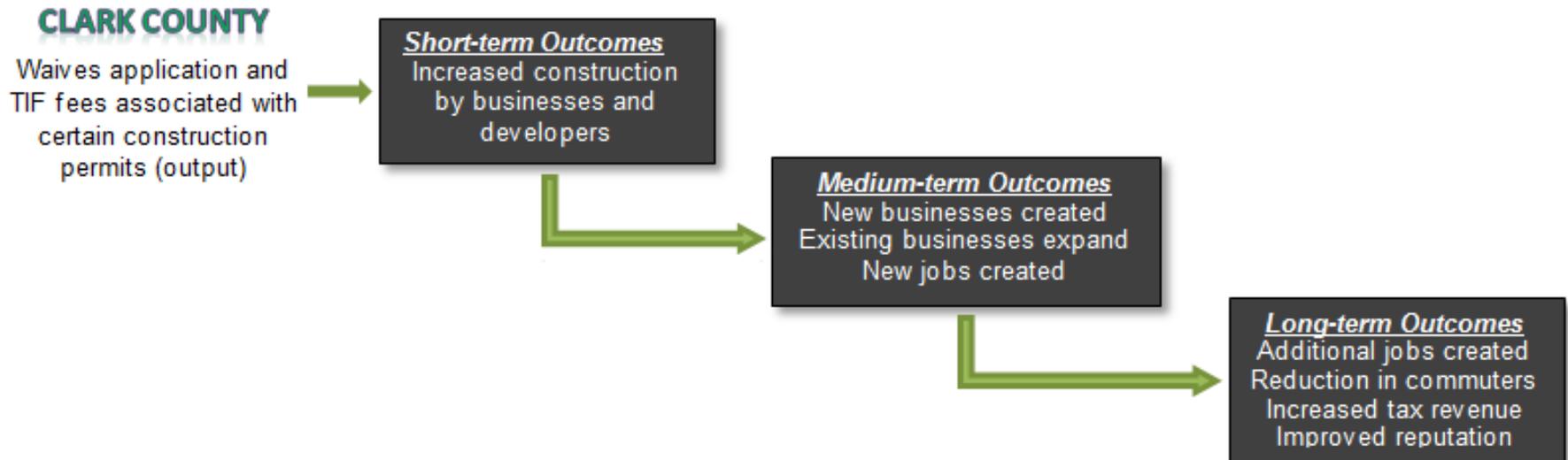
The first year of the Job Creation - Fee Waiver Program:

1. Evaluate the design and implementation of the Program, and determine if the Program:
 - a. Follows best practices;
 - b. Aligns with Clark County policies; and
 - c. Has been properly managed and monitored
2. Assess the costs and benefits of the Program

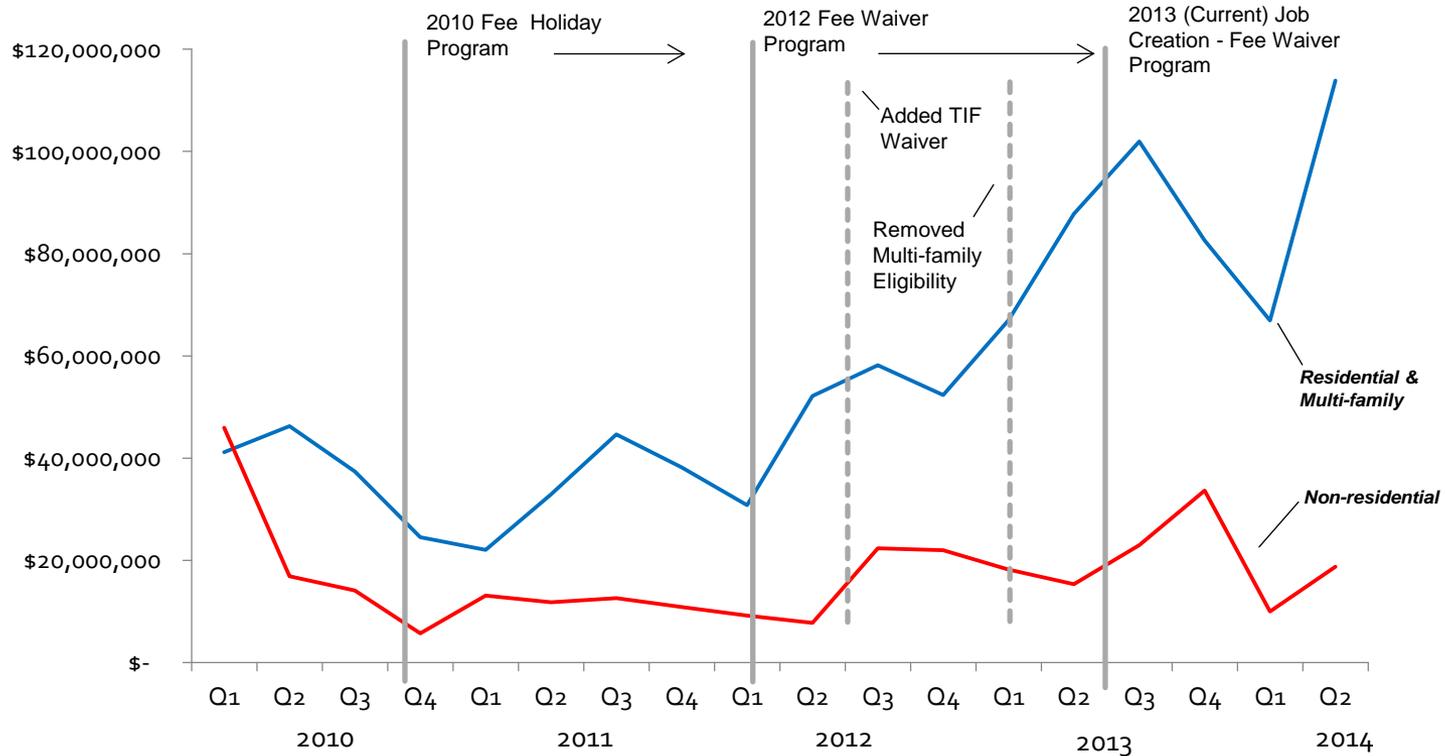
Appreciate Assistance Provided

- Clark County Department of Community Development
- Board of County Commissioners and their Office
- Clark County Public Works
- Washington State Employment Security Department
- State of Oregon Employment Department

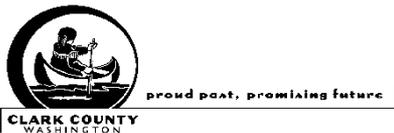
Job Creation – Fee Waiver Program



Minimal Impact on Construction Activity



Value of Construction in Unincorporated Clark County: 2010 - 2014



Source: Department of Community Development, Tidemark Permitting Software

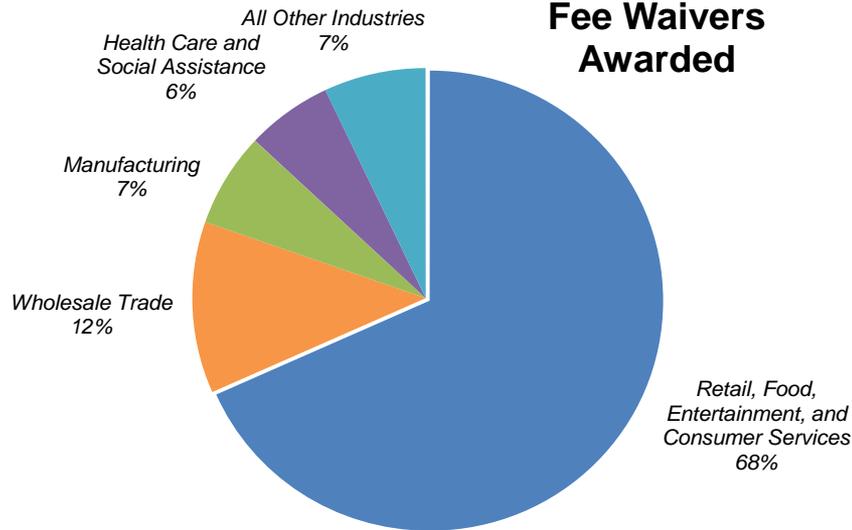
Minimal Impact on Construction Activity

2011 Survey of Fee Waiver Recipients:

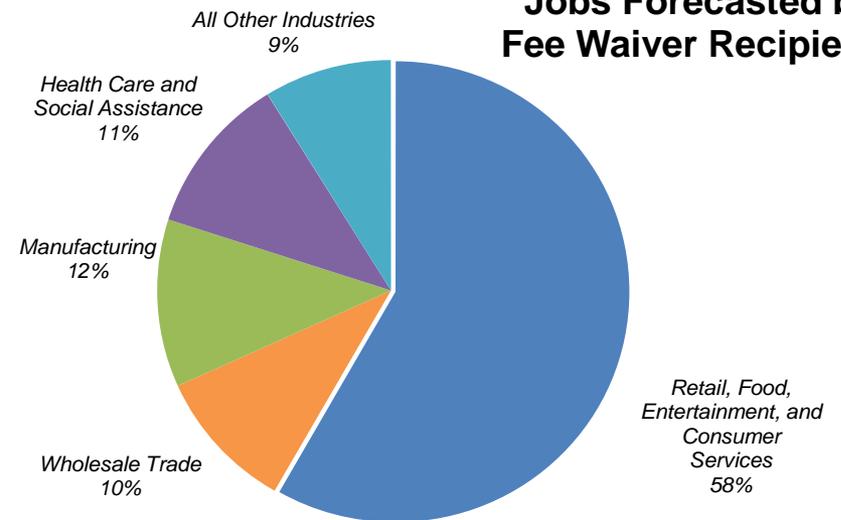
- 60% No impact on decision to build
- 16% Only accelerated plans to build
- 11% Not sure if they would have built
- 13% Would not have built without waiver

Majority of Fee Waivers Awarded to Industries That Would Have Grown Anyway

Fee Waivers Awarded



Jobs Forecasted by Fee Waiver Recipients



Estimated Fee Waivers Which Had no Impact on Business Growth or Job Creation

Low Range Estimate

\$4,688,244 60% of all fee waivers awarded

High Range Estimate

\$4,804,873 90% of all fee waivers awarded to retail, food,
entertainment, and consumer service industries
\$2,153,243 87% of fee waivers awarded to all other industries
\$6,958,116

Majority of Projects Receiving Fee Waivers Unlikely to Reduce Number of Residents Commuting to Oregon

- 55,000 Clark County residents commute to Oregon for work
- Over half earn \$769 per week or more

Source: State of Oregon Employment Department

- 115 Jobs created by fee waiver recipients
- 64% in the Retail, Food, Entertainment, and Consumer Service industries

Source: Washington State Employment Security Department

Average Weekly Wage by Industry Portland – Vancouver – Hillsboro Metro Area	
* Retail, Food, Consumer Service, and Entertainment Industries	
Finance and Insurance	\$1,748
Manufacturing	\$1,527
Information	\$1,472
Construction	\$1,066
Mining, Quarrying, and Oil Extraction	\$963
Transportation and Warehousing	\$892
Real Estate and Rental Leasing	\$808
Administrative and Waste Services	\$655
Other Services	\$625
Retail Trade	\$554
Agriculture, Forestry, Fishing and Hunting	\$514
Arts, Entertainment, and Recreation	\$510
Accommodation and Food Services	\$350

Source: U.S. Bureau of Labor Statistics



Program Funding May Not be Sustainable

Supporting the Program

- Costs paid for by construction in residential, government, etc.
- April, 2014 insufficient: (-\$350,000) for Building Fund
- Management projects continued trend

Traffic Impact Fees

- Could negatively impact competitiveness for federal Grants
- May delay infrastructure projects

Best Practice and Other County Policies on Economic Development Programs

Missing Best Practices

- Clearly defining expected outcomes
- Automating / using data from state agencies

Other County Policies on Economic Development

- Increasing economic opportunity for all citizens
- Increasing standard of living through growth of family wage jobs; and
- Increasing the number of jobs available in Clark County to reduce the need for citizens to commute outside county

Results in Brief

Conclusions:

1. The Program, as it is currently designed, is not cost effective at achieving its intended outcomes
2. The Program does not follow best practices or align well with other County policies on economic development

Recommendations

1. BOCC consider eliminating the Program, or work with DCD to implement substantial changes to improve its effectiveness.
2. If retained, align the Program with best practices and other County policies on economic development:
 - a. Clearly state expected outcomes of the Program and define performance measures;
 - b. Target higher paying family wage industries;
 - c. Implement procedures to track, monitor, and report total Program-related construction;
 - d. Evaluate the economic and fiscal benefits of projects prior awarding sizable waivers;
 - e. Track fund balance by fund / department
 - f. Periodically poll fee waiver recipients to determine if subsidies influence behavior



Recommendations Continued

- g. Pursue data sharing agreements with the state to verify jobs;
- h. Establish net new job creation and retention requirements;
- i. Establish enforcement mechanisms – i.e., “clawback” provisions;
- j. Establish expiration date system for waivers; and
- k. Survey the business community at large to evaluate their perception of Clark County as a business friendly location.



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Questions?

Complete audit reports are available on the
Clark County website at:

<http://www.clark.wa.gov/auditor/audit/audreports.html>



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