

Economic Development Element 8/2/2017

Langley's economy has been shaped by its location, its people, and the times.

Langley nestles on the northeast coast of the southern part of Whidbey Island. Here, protected from storms, it became South Whidbey's main port and town, from its founding in 1891 and into the early 1900s, when transportation around Whidbey Island was primarily by water. It was incorporated in 1913 and is still the only incorporated town on South Whidbey. However, as the 20th century moved forward, the focus of transportation shifted from the water to the highway, and the main highway for Whidbey Island developed along the route now known as SR 525 and SR 20. In 1929 the passenger ferry serving South Whidbey shifted from Langley to Clinton, where today Washington State's vehicle and passenger ferry continues to land. No longer on the main transportation route, Langley nevertheless continued as South Whidbey's commercial center well into the late 20th century.

Langley's success today is both in spite of and because of being off the highway. Important for its success is that it is a beautiful town in a beautiful natural setting, surrounded by forests, on the shore of the Saratoga Passage, and looking east and north to the North Cascades and Camano Island. Being off the highway has fostered a quieter pace and the retention of important parts of its almost 120-year history.

~~Such a setting appeals to the creative spirit. Indeed Langley seems to have always been a place of vision and visionaries. This was evident even in 1890, when Langley's founders decided to develop their 700 acres of land facing Saratoga Passage in a way that protected its unique location. Jacob Anthes and J.W. Langley recognized that whatever they did to form a community here had to allow for commerce and growth while preserving the location's natural assets. They saw that Langley's bluff top position, with its proximity to both forest and water, was going to require a sense of balance that could perhaps be overlooked in communities of less natural beauty. Evidence of this delicate balance between commerce and conservation can be found in the founders' original decision to limit construction of stores and houses to the south side of what was then Main Street, both to maintain unobstructed views and to preserve space for a public park in the future.~~

~~The combination of vision, innovation, and community spirit has continued. In 1919 Langley elected an all woman city council, believed to be the first in the nation. In the 60s and 70s, Langley attracted a wave of "counter culture baby boomers" who brought their artistic skills, entrepreneurial energy, and progressive ideas, and helped to revitalize the town. More recently, the creative yet off the highway character of Langley has served to attract retirees and visitors looking for a human scale antidote to their urban lives. In many ways, Langley has become like a college town but without the college campus.~~

Looking forward, Langley, like the rest of the world, may again need to adjust to major changes. As discussed in the Sustainability Element, there is growing evidence that the world is leaving the era of cheap energy while entering an era of climate change, and this will have profound impacts on all aspects of the economy and our lives. We do not know what the impacts will be

for Langley, but we are confident that if Langley continues to be a place with a strong sense of community, in a beautiful, well-loved, and well-cared for natural setting, and with a creative approach to life, its prospects are good.

Activities and Markets

To understand Langley's economy more deeply, it helps to look at the activities that make up this economy (retailing goods, providing services, producing goods, and transferring wealth) and the markets that are served (local residents, visitors, and elsewhere).

Here "local" refers to South Whidbey, composed of the zip codes 98236, 98249, and 98260, with approximately 14,000 residents. Langley shares this area with commercial districts along Highway 525 (Clinton, Ken's Korner, Bayview, and Freeland). "Visitors" refers to people from outside of South Whidbey who come temporarily to Langley. "Elsewhere" refers to customers of Langley businesses who receive their goods and services outside of South Whidbey.

Among the activities, "transferring wealth" refers to money flows -- such as salaries for commuters, pension payments for retirees, and imported equity from house sales elsewhere -- that are not connected to current Langley business activity.

Looking at each of the combinations of activities and markets we find:

Retailing goods to local residents -- Over the past few decades Langley has lost various types of locally-oriented businesses (e.g. lumberyard, gas station) to places on Highway 525. Nevertheless, with such shops as the Star Store supermarket and Good Cheer thrift store there are still significant locally-oriented retail stores in the downtown.

Retailing goods to visitors -- Langley's beautiful location and charming downtown combined with the strong local arts tradition has provided a wonderful setting for a number of fine galleries and other shops oriented towards the visitor market. This part of the economy grew strongly during the 1990s but has leveled off in the 2000s. The expansion of the Small Boat Harbor is expected to help this part of the economy.

Retailing goods elsewhere -- While not as visible as retailing to residents and visitors, some of Langley's shops, as well as Langley artists and authors, sell their goods all over the world, increasingly with the help of the internet. This is a part of the economy that may have significant potential for growth.

Providing services to local residents -- Langley, for a town of its size, has a strong supply of services useful for local residents, such as health-care providers, a movie theater, performing arts theaters, coffee shops, and restaurants.

Providing services to visitors -- In addition to the services used by both visitors and residents, such as the restaurants and the theaters, Langley is also served by lodging through inns and bed & breakfast establishments and, more recently, private vacation rentals.

Providing services elsewhere -- While again not as visible as the locally delivered services, Langley has a large number of businesses that provide services primarily to clients elsewhere: consultants, software developers, architects, multimedia arts developers, tour organizers, nonprofit organizations, etc. These are mostly knowledge-based businesses and many of them could be located anywhere but choose to be in Langley because of its quality of life and its world-class technology infrastructure.

Producing goods for local residents -- Currently, this is primarily in the areas of construction and of the arts (including graphic arts, written works, and multimedia productions). As described in the Sustainability Element, there may be potential also for local food production.

Producing goods for visitors -- This includes the arts and perishables, like baked goods.

Producing goods for elsewhere -- This includes the arts and products from knowledge-based businesses.

Transferring wealth to local residents -- A large proportion of Langley's population does not earn their living in Langley. This includes commuters and retirees of all ages. Their incomes do not depend on the other parts of Langley's economy described above, but they contribute significantly to those parts as local consumers of goods and services.

All of these are important to Langley's economy.

~~*Goal ED 1: Foster a balanced, diversified local economy that serves local residents, visitors, and markets elsewhere.*~~

Policy ED 1.1: ...

Quality of Life as a Key Economic Asset

The foundation that supports all these activities, Langley's key economic asset, is its quality of life, including the beauty and well-being of its natural features and environment, the friendliness of its small-town atmosphere, the quiet of its neighborhoods, and the enthusiasm and creativity of its residents. All of these add high intrinsic economic value to Langley for both residents and visitors. As a small town off the highway, people only come to Langley -- whether to live, for commerce, or to visit -- because they see it as a desirable destination. People who could live anywhere -- retirees, owners of knowledge-based businesses with markets elsewhere, and commuters -- choose Langley because of this quality of life and in turn bring both their economic resources and their enthusiasm. This enthusiasm translates into Langley's high level of volunteerism, community involvement, and philanthropy, thus maintaining our quality of life. Artists and other creative people choose to live and work here because of the same quality of life, and likewise help to maintain it. Visitors come for the combination of the natural environment and the feel of the community. Whether it is because of an arts festival or simply the authentic, walkable feel of the downtown, it is the combination of an interesting community in a beautiful setting that makes Langley special. It is therefore important for the health of Langley's economy that all aspects, natural and human, of this quality of life be conscientiously stewarded and that

any proposal for economic development in Langley is viewed in terms of its impact on the quality of life for the whole community.

~~Goal ED 2: Develop Langley's economy in ways that steward and enhance all aspects of its quality of life, and continue to attract businesses and individuals who could locate anywhere.~~

Goal 2: Develop and prioritize Langley's Creative Economy in ways that steward and enhance all aspects of its quality of life, and continue to attract businesses and individuals who could locate anywhere.

Policy ED 2.1: ...

Arts, Culture, and Education

Langley is the arts and education center for South Whidbey -- the home of the only regularly scheduled entertainment, the most musical and theatrical performances, the most art galleries, seven or eight annual festivals/ events, the South Whidbey Historical Society Museum, numerous adult-education offerings, a library, and the Island County Fairgrounds. The creative atmosphere here has produced a village that builds on its natural beauty by the sea with colorful buildings, gardens, parks, and outdoor art. These activities form an important direct part of Langley's economy and enhance the rest of the economy through their positive contribution to the community's quality of life and by attracting visitors.

Langley's experience in this regard is supported by research elsewhere. According to a special report on the role of the arts in economic development produced by the National Governors' Association Center for Best Practices, arts programs are a vital part of any economic development plan to revitalize and strengthen rural communities. A focus on the arts provides a community with an identity, improves property values, increases the profitability of surrounding businesses, helps develop tourism, and makes communities more attractive to New Economy businesses whose workers enjoy participating in these activities. According to their research, the biggest factor in making decisions for the location of a knowledge-based New Economy business is quality of life, consisting of "lifestyle, environmental quality, *a vibrant music and arts scene*, and outdoor amenities."

As of 2015, the arts account for over 6% of our annual County economic impact, as measured nationally by Americans for the Arts. The Statewide Creative Vitality Index goes further to show South Whidbey zip codes generating more than \$20Million of combined economic activity between creative industries and cultural nonprofits. However, this is trending downward on the business growth side, and upward in non-profit development. Businesses are widely accepted as having a triple effect of growth – they employ people; they generate business taxes; and, they buy local goods and services. Creative enterprises also add three more ‘values’ – enhancing quality of life; creating cultural tourism; and broadening education and learning. Supporting the creative economy is good business for Langley.

Many creative enterprises operate without a formal business structure, therefore they are not represented in these economic indices. However, we know they exist and could benefit from structured support to take the next steps in developing as a business. Growing creative enterprises, while continuing strong support for our healthy non-profits, will add significant financial impact to our community and add to our desirable quality of life.

In 2014, the Langley City Administration took the initiative to build and strengthen its existing legacy by approving Ordinance 998 establishing the Langley Arts Commission as an advisory board consisting of seven community members. The Langley Arts Commission advises the Mayor, City Council and City Staff regarding the city's public arts program as well as the implementation of the city's one percent for the arts policy for capital projects. The commission also advises regarding the planning, design, solicitation and selection of artists and public art installations for the city, suggesting ways to promote the arts in Langley, develop partnerships between the city and other arts organizations, and supports the facilitation and management of arts related events and education.

The Langley Arts Commission following its mission and vision has developed public art planning that includes policies that will:

- Enrich our community by contributing to a desirable quality of life that creates a successful and attractive place to live.
- Creates jobs and produces tax revenue, stimulates business activity, and attracts tourism.
- Engage citizens in the arts and showcases local and regional talent.
- Provide opportunities for public discussion and audience development that centers on cultural heritage reflecting who we are and what is important to our society.
- Through arts education at every level of life, foster imagination, innovation and critical thinking.
- Create protocol and strive to provide the ways and means to support projects that enhance and elevate the Arts and Arts-in-Education initiatives in our community.

The Langley Arts Commission is now considering the opportunity for significant future projects, driven by community consultation and stakeholder engagement, identified within their six- year Public Art Master Plan (Appendix A Langley Six-year Public Art Master Plan)

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Langley has the opportunity to build on its existing strengths by strengthening the arts, culture, and

education part of its economy. Among other things, this is the most promising way to increase activity and draw more visitors outside of the summer season. Much of the effort to do so will need to come from individuals and private organizations but the City can foster this effort and work in cooperation with these private parties. For example:

- Artists have particular needs for studio space and live-work housing, all at affordable prices. Land-use planning and regulation can take these needs into account.
- There is current interest in concepts such as the formation of a life-long learning/conference center, a multipurpose campus for the arts and crafts, a center for sustainable living, an arboretum, and a marine-education center at the marina. Land-use planning can provide space for such centers, and the City can work as a catalyst with other public and private entities to help bring such centers into being.
- In its communications with the wider world, the City can help to attract more arts-, culture-, and education-based businesses and activities to Langley.
- The City can work in partnership with local organizations that represent the arts.

Goal ED 3: Foster arts, culture, and education activities and organizations as a foundational part of Langley's economy.

Policy ED 3.1: ...

Downtown

Langley's downtown, along First and Second Streets and lower Anthes Avenue, has historically been and should continue to be Langley's retail district and civic center. The downtown is bounded by Seawall Park and the Saratoga Passage on the north, by the bluffs along Cascade Avenue on the east, and by the Brookhaven housing complex on the south. The compact and fixed area of the downtown has proven to be one of its strengths since it has kept the downtown walkable and human-scale -- important aspects of its appeal. In 2010 the Langley Main Street Association was established. Its purpose is to preserve and sustain the small historic downtown character of Langley and works collaboratively with businesses and city hall to achieve its mission.

The downtown is currently busy and vibrant, but it also has challenges to be addressed and opportunities to be explored:

- In recent years a number of buildings in the downtown core have been or are receiving 'face lifts'. Together with the Second Street Complete Street upgrades, the growing number of public art installations, as well as work completed by Langley Main Street Association on the lanes and alleys, Langley's downtown is becoming increasingly attractive. A number of the buildings along the north side of First Street are either in need of repair or likely will be in need a few years. These buildings form an important part of the historic look and feel of the downtown, so changes in these buildings could have a major impact on the appeal of the downtown for visitors and shoppers. Changes in these buildings could also have a major impact on Seawall Park, which they overlook. A unified plan for the north side of First Street east of Anthes needs to be developed to address these and related issues.
- The downtown could benefit from the revitalization methodologies of national organizations such as the Main Street Program with its focus on "building a sustainable future, including the following: sensitive infill development; adaptive reuse of historic properties; transportation planning, parking, and transit-oriented development; creating

pedestrian friendly spaces; planning and zoning. For livability, it will focus on parks, trails, and green space; heritage tourism; crime and safety; arts and culture development."

- The balance of businesses oriented to local residents relative to businesses oriented to visitors is a common topic of discussion. While this balance will be determined primarily through the decisions of private businesses, all parties have an interest in making sure that a critical mass of businesses for each market is maintained.
- Parking is often identified as a limiting factor but it is often more of a perception issue than an actual problem. Two parking studies completed by the Planning Department in 2011 and again in 2015 determined that there is adequate parking in the downtown core to accommodate both visitors and residents. One issue associated with the two large parking areas in the City is the inadequacy of the signage directing people here. has grown more difficult for shoppers and short-term visitors, and this problem may be exacerbated by expansion of the Marina and increased residential development in the downtown area. Both the CPG Transportation Committee and the CPG Economic Development Committee have recommended the development of remote parking lots served by a shuttle bus to move more employee and other multi-hour parking away from the downtown.
- Other means of moving people around the City need some consideration. Langley Main Street operates a golf cart shuttle in the summer months. But other initiatives could include Given the likelihood of rising energy costs and the need to reduce carbon emissions, it would be timely to emphasize transportation modes other than the car. This could include ideas such as:
 - Establishing a circulator bus within Langley to link the residential neighborhoods to the downtown
 - Continuing to work with Island Transit to expand bus service between the Clinton Ferry Terminal and downtown Langley to include weekends, holidays, and appropriate evening hours so that visitors can make better use of this service
 - Encouraging a fuel-efficient marine-transportation of people and/or goods, although with care given to minimizing and controlling noise levels to minimize adverse impacts on overall community quality of life.

Commented [CP1]: Who are these committees?

Goal ED 4: Maintain the existing downtown area as Langley's retail and civic center, and maintain its intimate, walkable, small-town atmosphere. Encourage a prosperous downtown by proactively addressing the downtown's planning and infrastructure issues.

Policy ED 4.1: ...Utilize grant funding and other opportunities to rehabilitate First Street.

Goal ED 5: Expand opportunities for short-term lodging to serve tourists and strengthen the downtown economy, including an all-seasons RV Park within the city limits.

Policy ED 5.1: ... Identify locations within the city where such facilities may be located.

Waterfront

Langley was born as an active port, with people and goods arriving and leaving primarily by
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water. While this phase of Langley's history came to a close in the early decades of the 20th century, the importance of the waterfront to Langley continues. North of First Street, Seawall Park and beach access to the west of Seawall Park provide an important public amenity that allows both residents and visitors to experience, in a short walk, the direct connection between the town and its natural environment. Around the point to the east, down the bluff from Cascade Avenue, lies the waterfront area served by Wharf Street and Sunrise Lane, with the Small Boat Harbor, Phil Simon Park, an active boatyard, and a number of residences and accommodations for short-term and seasonal lodging.

The issues for the northern part of the waterfront are closely tied to the issues, discussed above, surrounding the buildings on the north side of First Street, and the relationship between those buildings and Seawall Park.

~~The City's planning documents have for many years viewed the eastern part of the waterfront as underdeveloped and capable of contributing more to the overall vitality of the community. Movement in this direction is underway with The Port of South Whidbey has completed some important upgrades that are discussed in the Transportation Element. beginning to work on upgrading the Small Boat Harbor and surrounding park area, and various commercial and residential proposals either in development or being explored.~~ This part of the waterfront, however, has important limits in terms of access (only by Wharf Street), parking, and land area. Appropriate uses in this area must be consistent with the Shoreline Master Program and could include moorage, parks, public access walkways, a marine education center, kayak and small boat rental, docking for small tour boats, and other water- based or water-oriented businesses and activities.

An important issue for both the northern and the eastern waterfront is the appropriate role for residential uses, especially as mixed use in the same structures as commercial uses. Including a residential component in some structures may make the development of those structures more economically viable. A residential presence also adds life to these areas around the clock. At the same time, residences require parking that competes with commercial parking in the limited space of downtown and the waterfront. If placed directly next to parks or other public areas, it can produce an incompatible use if not properly buffered. It can also encourage larger multi-story buildings that may be out-of-scale with Langley architecture, or that could block valued public views or public access. A balance needs to be struck that gives priority to the overall community quality of life and to the primary public, civic, and commercial uses of these areas.

Langley's Knowledge Economy

Langley already has a significant number of knowledge-based businesses (including multi-media producers, architects, business consultants, internationally-oriented non-profit organizations, writers, etc.) -- and we could benefit from having more.

According to the Center for the Study of Rural America, knowledge is the premium fuel for economic growth in the 21st century. From competing in a global market to retaining youth in rural communities, knowledge-based businesses are viewed as important opportunities for rural community economic planning and development.

To appreciate how the nurturing of a knowledge-based component of Langley's economy can be beneficial, there are several key aspects about knowledge and information that must be understood.

- A knowledge-based economy is characterized by adding value to information. It is derived from people’s ability to combine education, experience, and ingenuity to power economic success.
- Knowledge-based businesses can blend seamlessly, almost invisibly, into a community and generally create a minimal environmental impact.
- Knowledge-based businesses provide skilled workers in rural areas with wages competitive to those working in more urban areas. In addition, they provide attractive employment opportunities for area youth and young families.
- Knowledge and information are *intangible* assets of a community that are made *tangible* in the following ways:
 - a. Information can be captured, developed, and monetized in the areas of writing, music, artwork, images, and movies; in databases; and in other forms of creative endeavors and business communications.
 - b. Knowledge can be imparted, shared, and monetized through educational programs and experiences.
- Knowledge and information are key components for developing an entrepreneurial culture that can create jobs and wealth in a community.
- A knowledge-based economy encourages professionals to move into the community; it encourages younger and educated citizens to remain; and it provides a stronger economic base to support other aspects of the community through commerce, through taxes, and through philanthropy.

Langley is fortunate to already have many qualities that make it a good location for knowledge-based businesses: a skilled work force, a world-class broadband backbone connection to the Internet, a beautiful setting, an active arts culture, and an interesting community. We are well positioned to build on these strengths.

~~Goal ED 8: Foster conditions which are supportive of and attractive to knowledge based businesses.~~

~~Policy ED 8.1: ...~~

Much of what makes Langley attractive to knowledge-based business is the same as what makes it attractive to visitors, to artists, to retirees, and to commuters: the unifying thread is quality of life, especially in the forms of natural beauty and community character. In addition, the City can help make Langley attractive to knowledge-based businesses in particular ways including:

- Provide land-use flexibility in the siting of low-impact offices for knowledge-based businesses. Such offices can blend into otherwise non-commercial areas with little adverse effect on surrounding uses. Whether in the form of home-based businesses or low-impact offices situated close to where the workers live, such mixed-use approaches can reduce energy use, reduce commuting time, and enhance quality of life.
- Support the development of 21st century infrastructure. Knowledge-based businesses depend less on roads and more on communications systems such as the Internet. The City can be supportive of private efforts to keep Langley on the forefront

of these rapidly evolving technologies.

- Encourage a high-quality work force. While the City does not have a direct role in education, it can partner with both the local school district and various colleges and universities to encourage the local availability of programs in skills related to knowledge-based businesses.
- Foster local responsible entrepreneurship. Langley is fortunate to have a long history of local entrepreneurs who have brought vitality to the community and cared about its quality of life. Knowledge-based businesses can help maintain and reinvigorate this entrepreneurial spirit. The City can work with groups such as the Port of South Whidbey to help with business incubation and can encourage existing community members, notably including the community's youth, to develop their own entrepreneurial skills.

Langley's Tourism-Based Economy

Langley relies on tourism for a significant portion of its economy through Sales and Use tax as well as the Lodging or Hotel/Motel tax. Both of these taxes are collected by the State and a percentage is transferred to the City. The Sales and Use tax is collected on the sale and consumption of goods and services in the City. And the Hotel/Motel tax is from short term tourist accommodation rentals within the City. These funds are directed to the City's Tourism Fund. Most tourist accommodation operators pay this tax to the State however some of the online vacation rental marketplaces like VRBO do not.

Many local businesses rely on tourism, and would not survive here if the annual influx of tourists didn't purchase their products or services. While busiest in the summer months, many businesses and organizations work tirelessly to encourage a more year-round tourist base. Whale-watching is a popular activity in April. Local merchants, working with the Chamber of Commerce and the Main Street Association, actively seek to create events that will bring off-island visitors back during slower seasons.

Tourism ~~appears to be~~ is a good fit for Langley's arts community, its waterfront development efforts, and its downtown businesses. And Langley residents and businesses are aware of the need. Langley is keenly aware of the need important of balancing to balance tourism-based promotions with the needs of year-round residents. Events such as Choochokam, Arts Saturday, WICA, and the Farmer's Market are examples of efforts that appeal to residents and tourists alike. However, the growing numbers of vacation rentals are beginning to have an impact on the availability for long term rentals.