

**1. Conditions that led to high prime-age employment gaps in the region.** Mason County is one of the largest rural counties in Washington State. It encompasses the southern reach of the Hood Canal and multiple inlets and bays in Puget Sound and is located on the ancestral homelands of the Coast Salish people, who gathered shellfish, fished, hunted game, and build longhouses from the region’s immense cedar trees. When American settlers arrived in the Puget Sound area in the 1840s, loggers and sawmills became the basis of the region’s economy, supported by rail lines. Until about 30 years ago, Shelton, the county seat, was a “company town” for sawmills. To some extent, resource-based industries still provide local employment, but the shape of the industry has changed in ways that have led to significant prime-age employment gaps. In these industries, mechanization and specialization has reduced the number of general laborer jobs available. While these used to provide a reliable pathway into numerous living wage jobs and long-term careers, positions are more limited in number, and require more specialized skills training or education.

Fishing operations have similarly been changed by technological advancements, as well as by impacts of climate change. Many small and mid-sized fishing operations have been adversely affected by changes in supply, market demands, climate impacts and fishery regulations. As with changes in the lumber and sawmilling operations, these changes have reduced opportunities for entry-level laborers and diverse smaller-scale businesses that have historically provided a broad range of employment in Mason County.

As these historic sources of employment have declined, the employment sectors in Mason County have shifted significantly towards services. The largest sector in Mason County in 2023, according to JobsEQ ©, is retail trade (13.1%), followed closely by public administration (12.7%) and less closely by health care and social assistance (10.8%). Outside of the public administration sector which offers relatively high average wages per worker, other large industry sectors and sectors that are growing (arts, entertainment and recreation; and accommodation and food services) are marked by relatively low wages. As a result, the average annual salary in Mason County is \$50,017, compared to \$82,962 statewide. In addition, the regional unemployment rate of 4.1% in May 2023 is higher than the statewide rate of 3.3%.

Despite a daunting current economic situation, Mason County also has significant assets on which economic rejuvenation – and pathways for employment of prime-age workers - can be built. Mason County offers industries in a community that is within reasonable distance of major transportation resources, including the I-5 north-south corridor, SeaTac airport, a north-south rail line through the county, and major ports in Seattle and Tacoma. Mason County is convenient to major cultural, social, and economic resources in Western Washington. It offers businesses opportunities to locate in less congested communities, with affordable land for both business development and housing resources for their workforce. Indeed, Mason County is regularly approached by businesses seeking to locate in the community, but who encounter barriers to moving to Mason County.

Challenge #1. Limited infrastructure for business development. Infrastructure is limited in both of Mason County’s major Urban Growth Areas – Shelton and Belfair. Both water capacity and line capacity for industrial level power needs are currently limiting factors for development of industrial sites in each area.

The north Mason/Belfair area is primed for development. A number of large industrial entities – in chip manufacturing, processed meats, and AI related industries – have explored this area, but

current power and water limitations have prevented their location in the Belfair area. These limitations also impact development of housing needed by businesses for their workforce. The Puget Sound Naval Shipyard is a current large employer in this area but is also limited in its expansion capacity by infrastructure limits.

Similarly, in the Shelton area, there is a base of aviation related industries that is currently limited by infrastructure capacity. Existing industries with manufacturing facilities in Shelton: Squirrel LLC and TruFab are limited in their ability to expand operations. Other aviation sector employers would struggle to locate business near the airport due to power and water limitations.

Finally, the Squaxin Island Tribe is dependent on the shellfish industry, an important business not only for the Tribe but for the local region. Its current Salish Seafood plant, which is over 40 years old, is deteriorating due to its original construction methods and the harsh saltwater environment. This jeopardizes both expansion and the Tribe's current economic activity.

Assets and potential interventions to address these infrastructure limitations: Local investment by Mason County of \$5 million has already extended a sewer line into the mixed-use area in the Belfair UGA, where the IGNITE Mason project seeks to apply RECOMPETE funds on additional capacity in its sewer plant facilities to use reclaimed water for non-potable uses in both industry and commercial settings, and expansion of connector roadways to increase access to industrial settings. The current Belfair Sewer system already produces Class A reclaimed water. Infrastructure is needed to provide the reclaimed water to industrial and commercial users. This would not only meet development needs but would also reduce the amount of water being pulled from aquifers and would protect important salmon runs which are increasingly threatened by global warming.

Mason County PUD1 is currently implementing a 20-year plan, and in its first phase have consolidated six existing water system. This includes a project to consolidate water storage on a single site to feed neighboring residential areas – both existing and new development. The demand for this more effective handling of water supply is substantial – three developers have already reached out asking for water system access to support housing development in an area that is mid-point between Belfair and Shelton, allowing for workforce housing for both Urban Growth Areas. This project builds on design work that has already been completed, as well as some siting work completed to clear land and conduct environmental assessments. This project will be co-located with a new power substation that PUD1 is developing with both local revenue and state financing sources. This substation will also support the housing developments that will be served by the water project. This project will support not only long-term workforce housing, but also more immediately will provide good prevailing wage union jobs during the power and water build out phases and later during housing construction phases.

In the Shelton area, aviation has been a huge part of the history of Mason County, with a presence of 400 employees in the 1980s. Recently, Sanderson Field in Shelton was placed on the top 6 list for airport expansion by the state and is the FEMA, Washington State, and military designated staging area for catastrophic incidents within the Cascadia Subduction Zone. On an ongoing basis, Sanderson Field is used by Kapowsin Airsports (since 2006) and by Squirrel LLC, a top Squirrel Suit manufacturer supplying suits for skydiving competitions and training Special Forces troops from around the world. TruFab, with its base in Shelton, specializes in the manufacturing of precision fabricated assemblies for aviation and defense industries, as well as for maritime, agriculture and commercial sectors and is actively seeking to expand its business,

which will be supported by additional infrastructure. The airport expansion is incorporating the county's former fairgrounds property for aviation related use. This land, owned by Port, will use up to 70 flat acres to house expanded and new aviation related businesses and hangars, and to link to Sanderson Field through taxiway expansions. This site is already served by electrical, with main service along the road adequate to support industrial uses. The development focus will build on this capacity to bring service into new buildings and will include fiber optics capacity, both of which are needed to serve new aviation industries.

The Squaxin Island Tribe Salish Seafood plant project will build on the Tribe's existing investment in shellfish (oyster and clam) growing property and operations, which currently grows shellfish on 41 acres of tidelands, and sells shellstock, singles and shucked meats through the United States and China. The Salish Seafood plant's skilled workforce, including permanent aquaculture positions, is in place to support expanded operations. These are permanent jobs with full benefits packages for which enrolled Tribal members have preference in employment opportunities.

Challenge #2. Limited housing availability. Mason County employers, and prospective employers, have identified limited workforce housing inventory as a barrier to workforce recruitment and therefore to siting new or expanded business activity in the county. To meet the needs for workforce housing, new construction is a priority. However, both water and power infrastructure currently limit the potential for housing development, including three areas in the Union zip-code being served by PUD1's regional service area that are on water connection moratoriums for housing development and/or land sales. Investing in this critical power and water infrastructure will allow housing development through other non-EDA private and public investments.

Assets and potential interventions to address these infrastructure limitations: Mason County offers affordable land in an environment rich in natural beauty and outdoor recreation for housing development, particularly in context of the overall Western Washington real estate market. This is one of the draws for employers to locate in Mason County, along with proximity to the Western Washington metropolplex for both economic and cultural assets. In addition to its natural assets, the investments being made by PUD1 and PUD3 in existing power and water system upgrades and expansions, described above in reference to supporting industrial development, will also serve residential housing development. For example, investment of \$7 million by PUD1 in substation and power grid will support both residential development and any expansion of existing commercial entities such as the post office, golf course, restaurants and retail outlets to serve new residential communities. With proposed RECOMPETE investments, the PUD1 will also build out their water system to address residential housing needs. Similarly, the City of Shelton has existing investment in its Satellite Wastewater Treatment Plan and intends to invest RECOMPETE funds in additional improvements to its water treatment and storage facilities, which will support the city's capacity to allow for construction of homes for new workers, build support facilities like schools, and attract new businesses looking for affordable sites for themselves and their workforces.

Challenge #4. Limited availability of workforce skilled in in-demand occupations. As described in response to question 1 above, when the economic base of Mason County transitioned away from lumber and fisheries, the skill set of the local workforce has not adjusted to new opportunities. This has resulted in high rates of unemployment, low wages from work concentrated largely in service industries, and an increasing high prime age employment gap. To

address this challenge, systems to prepare both unemployed and under employed adults and youth who will become part of the workforce in upcoming years must be put in place.

Assets and potential interventions to address workforce preparation. At both the secondary and post-secondary level, connecting people to high demand local sectors and jobs, including skilled trades, aquaculture and aquaponics, is a priority for local workforce development. A strong educational infrastructure exists in the county, which can support workforce-oriented education starting in middle and secondary schools and progressing through the community college level at Olympic College. The College's Shelton campus, now focused primarily on dual-credit, general education and adult basic education courses, has already developed a welding program and is working on a construction trades programs. With RECOMPETE support, the college will build additional specialization in trades-focused education and training pathways to support growing a new workforce, including providing specialized training needed by specific companies. At the secondary level, three districts cover Mason County – Mary M. Knight, North Mason, and Shelton School Districts. They are already engaging with employers to build pathways into Career and Technical Education (CTE) programming that is tied to local employment opportunities. For example, the North Mason School District is working with the Department of Natural Resources, the Squaxin Island Tribe, and Washington State Fish and Wildlife to develop a fish-pen program so that students learn about raising wild salmon in a controlled environment – an important skill set in this fisheries-oriented environment. They also envision a shared database of opportunities to partner with local industries and businesses to connect students with opportunities for work exposure, internships, and preparing youth for industry certifications. There is also interest in working with Pacific Mountain Workforce Development Council to convene education providers and employers to define pathways that can lead to industry certifications through CTE planning. Finally, a significant impact on our prime age workers is substance use and/or co-occurring disorders, often leading to involvement with the justice system. The Coalition proposes a Re-entry program focused on providing a pathway to housing, job training, employment and behavioral health supports through Olympic Health and Recovery Services, working in conjunction with the Squaxin Island and Skokomish Tribes.

## **2. Preparing the region for place-based interventions to increase prime-age employment.**

Mason County is well positioned to implement a comprehensive and effective approach to economic development and workforce engagement to address its prime age employment gap as demonstrated by the work of its IGNITE Mason Coalition in bringing together a broad cross-sector partnership to identify and prioritize its strategies. In Phase 1, we are proposing activities to help us build on our coordination to strengthen planning and Phase 2 application development.

1. Putting in place a **Recompete Plan Coordinator** to continue the work of convening, coordinating, and strengthening public and private sector partnerships and supporting an effective community leadership team for the IGNITE Mason effort. This position will continue to draw on the substantial participation and contributions of IGNITE coalition members.
2. Subcontracting with PUD1 and Port of Shelton to conduct **NEPA, and area needs and capabilities assessments to move ahead on infrastructure project planning** for projects planned for Phase 2. More detail on proposed subcontracts is included in the budget narrative.
3. Subcontracting with Olympic College for **formation of a workforce development strategy to align educational pathways with technical workforce needs**, including collaborating with school districts to build articulation with secondary CTE pathways.

4. Subcontracting with the Economic Development Council of Mason County (EDC) to support a **bilingual Outreach and Engagement Specialist** to reach workers and businesses in Mason County's Latinx communities, a growing and historically economically underserved population.

5. Subcontracting with the EDC to **develop plans and resources for promoting broad-based economic growth**, including investment in site inventory software, and consultation with a location strategies consultant to target infrastructure and workforce development efforts.

### **3. Eligible entity's organizational and leadership capacity**

The eligible applicant is the IGNITE Mason Coalition, a coalition of units of local government, special purpose entities engaged in economic development activities; public entities and non-profit organizations acting in cooperation with the officials of a political subdivision of Washington State. Mason County, Washington is the lead entity for the IGNITE Coalition for this Strategy Development grant and will be responsible for fiscal and administrative management of the grant for the coalition. Kevin Shetty, Commissioner, District 2, has served as Chair of the IGNITE Mason Coalition, which has worked collaboratively and closely with the EDC and other public entities to convene, facilitate and lead the IGNITE Mason Coalition to this point. Coordination of the Reconnect Grant will reside with the RPC in the County's Central Services division, the same division responsible for successful ARPA and CARES act fund receipt, awards and accounting.

Mason County manages a total budget of approximately \$178,000,000 between general and special funds. They have been acting as the lead agency for American Rescue Plan Act (ARPA) and CARES Act funds since 2020, totaling approximately \$12.6 million. The County's dedicated staff oversees the distribution of and reporting on ARPA funds, with subrecipients including several local public and private sector organizations, as well as non-profit organizations. These funds have supported relief for local citizens in housing and utility costs, infrastructure development including water systems, fiber optic buildout, IT infrastructure backbone, and public works improvements as well as health program investments. Additionally, the County has a proven track record of managing federal transportation and utility grants and loans, and funding from the Bureau of Justice to address Mason County's opioid and substance use crisis.

The IGNITE Mason Coalition has partnered with a number of groups throughout the formation of this application, which demonstrates the Coalition's capacity to engage necessary partners, including Mason County, the EDC, Pacific Mountain Workforce Development Council, multiple unions, Public Utility Districts 1 and 3, the Port of Shelton and the City of Shelton, Mary K Knight, North Mason and Shelton School Districts, the Squaxin Island and Skokomish Tribes, local private employers, and non-profit entities. Letters of support included with this application demonstrate the broad width of partners in this coalition.

### **4. Extent to which the project budget is efficient and appropriate to activities**

The budget for IGNITE Mason's Phase 1 activities focuses on four important areas: coordination and expansion of the coalition through the work of the RPC; engagement of historically underserved populations; coordination of educational entities to create curriculum and educational pathways aligned with trades and occupations of industries the IGNITE Coalition intends to attract through its Phase 2 projects; and initial environmental and feasibility assessments to ensure strong targeting of infrastructure projects in Phase 2. Details on these investments are included in the budget narrative.





**Local Labor Markets**

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Status: **Eligible**  
Geography Type: Micropolitan Statistical Area  
Name: Shelton, WA  
State: WA

Total Population: 64,964  
Prime Age Population: 22,266  
Prime Age Employed Population: 15,600  
Prime Age Employment Rate: 70.36  
Prime Age Employment Rate Gap: 8.03  
Counties: Mason County

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