Do Clark County fee waivers add up?
Clark County works to determine if politically charged program actually boosts development and jobs

By Katie Gillespie /author/katiegillespie/, Columbian County Government Reporter
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Proponents of Clark County's blanket fee waivers have made some big claims to tout the program's success

"The floodgates to local private jobs are open and Free Enterprise is choosing Clark County," Republican Clark County Councilor David Madore recently wrote in a Facebook post touting the program. Madore introduced the program waiving traffic impact and application fees for all nonresidential development in unincorporated areas in 2013.

But experts at Clark County and in the private sector continue to say the program has played a small role — if any at all — in spurring growth and creating jobs in unincorporated areas. A new assessment is underway.

"I applaud Councilor Madore's intention to promote economic activity in Clark County's unincorporated area," said Republican Auditor Greg Kimsey, a longtime critic of the program. "However, there is no evidence the 'Job Creation' resolution has achieved this."

And indeed, mounting evidence points to the fact that the county's fee-waiver program is less an economic driver than it is a political talking point.

"The fact is, you can't look at the program and be to it to a result," County Finance Director Mark Gassaway said.

In the nearly three years since the policy was adopted, Clark County has waived fees for nearly 370 projects, totaling about $3.9 million in application fees and a projected $8.3 million in traffic-impact fees. Instead of the commercial developers paying, residential developers foot the bill for plan reviews and traffic improvements. In return, commercial developers have claimed they will create 3,157 jobs, drive an additional $14.3 million in local sales taxes into the economy and increase property tax revenue by $2.4 million from 2014 to 2019.

Clark County is currently in the midst of determining if those numbers hold up, studying the actual income from several of the largest fee-waiver projects, as well as looking into whether developers created as many jobs as they claimed.

"What we're trying to do is compare the numbers in the fee-waiver program with actual results on the ground," Acting County Manager Mark McCauley said. "That's not an insignificant task."

And then there's the big question. Depending on the results of this study, will this new Clark County council repeat its pattern of repealing controversial policies implemented in recent years? If it remains on the books, will it be changed?
Answers may come in the next few months

"I haven’t seen all the data that I want to see on the program," Republican Councilor Julie Olson said. "I just want the questions answered.

A second look

As Clark County completes its latest review of the program, there’s already evidence that the fee-waiver program is not working as it was advertised by Madore.

The Clark County Auditor’s Office released an audit of the program in November 2014, describing a potentially unsustainable program that at best only accelerated construction projects that would have occurred anyway. Furthermore, the audit report found the majority of jobs created as a result of projects using the fee-waiver program are in low-paying retail, food, consumer service and entertainment industries.

“National research on job incentives programs casts doubt on the overall impact of such programs on job creation in these industries, finding in some instances that up to 90 percent of jobs credited to program incentives would have occurred anyway,” the report said.

The report recommended the county council consider eliminating the program, or else make significant changes to improve performance measures and target industries with greater economic impact. But nothing was changed.

Kimsey’s opinion has not changed since the report was released nearly two years ago. “To protect taxpayers’ interests the program must be changed to include performance and accountability measures,” he said.

Community Development Director Marty Snell is currently in the process of looking at the top 10 projects by several metrics — the most jobs created, the most application fees waived and the most traffic impact fees waived — to determine if they’ve been completed and, if so, how much money is being injected into the local economy. That information was not available for this story.

However, a Columbian analysis of the 10 programs purporting to create the most jobs — covering 1,082 of the 3,157 jobs supposedly created by developers using the program — indicates three are empty fields and three are under construction.

Among those projects is the Padden Parkway Business Park, which is currently a green field on the corner of Northeast 78th Street and St Johns Road. The developers on the project, CC Land Development, could not be reached for comment, though a sign on the property advertises land for sale. So far, CC Land has received $30,114 in fee waivers since it applied in August 2014.

“That Padden Parkway Business Park was supposedly going to employ about 400 people,” Snell said. “And there’s not one employee on the property because nothing’s there.”

Then there are other, smaller projects that Snell calls “oneses, twosies.” They include coffee carts, for example, that only created a few jobs, or the Fred Meyer fueling station on Northeast 139th Street in Salmon Creek.

“For some of the drive-thru coffee shops or some of the fueling stations, pretty high traffic impact fees were waived,” Snell said. “Are we seeing a return on our investment?”

Unrealistic comparisons

The fee-waiver program has become highly politicized, particularly by Madore, its biggest supporter.

Madore regularly shares state employment statistics on his Facebook page. Since the recession ended, the news has been unfailingly good.

Last month’s report showed 5,800 new jobs have been created in Clark County over the past year. That 3.9 percent annual increase outpaces the national, state and metro area growth rates.

“Our business friendly pro-jobs fee waiver resolution is still in place as free enterprise is still free in Clark County,” Madore posted on April 19. “And entrepreneurs are still doing what they do best, create new wealth for all of us.”

However, the state report shows job growth in all of Clark County, not just the unincorporated areas where the fee waiver is in effect.

A detailed report by Scott Bailey, the state’s regional labor economist, indicates that the unincorporated county’s job growth rate of 5.8 percent annually is greater than the 4.7 percent growth for Vancouver and the other cites. However, 69 percent of all the new jobs created are in the incorporated areas.
Another key talking point for those who support the fee-waiver program is that Clark County boasts a "healthy fund balance" in the Public Works Department's road fund, which supports construction projects, and in the Community Development Department's building activity fund, which covers expenses related to permitting, inspections and other building activity.

But fund balances cannot be attributed to the fee-waiver program, Gassaway said.

"There are other factors, moving pieces," he said.

Gassaway said Clark County's building activity fund balance has shown gains in recent years because of the recovery of residential development, which does not receive fee waivers.

"Building activity has been self-sustaining largely because of the single-family housing construction activity," he said.

The fund balance is currently about $4.9 million, compared with $2.9 million in 2012, the year before the fee waiver was adopted. But if homebuilding activity slows, Gassaway said that fund balance could slip quickly.

"When it swings the other way, the fund balance will be used to complete projects that are already in the pipeline," Gassaway said. "There's a commitment to existing projects."

The practice of allowing the building activity fund balance to grow is a relatively recent policy decision by Clark County, Gassaway said. Prior to 2009, Clark County maintained its fund balance around $2 million, adjusting fees accordingly depending on building activity. The county has not reconsidered its building permit application fees since 2009, he said.

Council Chair Marc Boldt, no party preference, said he was concerned about the county putting too much pressure on residential developers.

"My main concern is who is paying for it," Boldt said. "If the community, if the residential builders are paying for it, then they're paying too much for their fees."

Clark County pays for infrastructure improvements using a combination of funding sources including local taxpayer dollars, federal money and private dollars from traffic-impact fees.

The county's road fund currently contains $14.2 million, but the private funding portion of that is shrinking without contributions from traffic-impact fees. That means funding needs to be backfilled from other sources, said Heath Henderson, public works director. That could force the county to re-evaluate its project schedule, potentially putting off needed road-improvement projects.

"With less private share coming in, there's more pressure on the public share of infrastructure improvements," Henderson said.

Audit Services Manager Larry Stafford decried a compounding effect to turning down those impact fees. As the county takes in fewer private dollars to spend on road projects related to development, it reduces Clark County's ability to compete for grants that require matching funds — in some cases, more than doubling the county's fund losses, depending on the grant.

"There's no money coming in to backfill the private infrastructure funding," Stafford said.

Ultimately, the program will force the county to make tough decisions about how to fund infrastructure projects — or to not fund them.

"If you look at any time you're not covering your costs or expenses, then you have to pay for it somehow, or reduce services," Gassaway said.

Developers’ reactions

The program has received mixed reviews from those in the private sector. Some, like Prestige Development's Elie Kassab, said the program has been a detriment to the county and its budget due to the sheer number of subsidies granted.

And all that, he said, came with little to no payoff.

"I don't think the fee-waiver program has increased a whole lot of jobs at all," Kassab said. "One commissioner said they were going to open the floodgates of job growth. I respectfully disagree with that notion. It just has not happened. I have not seen it."

Jamie Howsley, a land-use attorney and the government affairs director to the Building Industry Association of Clark County, was also critical of the program.

“What has been indicated is while the program may have created a few jobs, the county has also waived fees in a lot of cases where jobs weren’t created,” Howsley said.

“It irks me that we do it for things like fueling stations,” he continued. “That’s not what the intent should be.”

The Columbian reached out to several developers who have received fee waivers to ask whether the program made a significant difference in their decision to build in Clark County.

Only one, Gary Bock, a spokesman for fishery technology company Smith-Root, responded. Smith-Root received its first fee waiver in 2013, shortly after the program was adopted. Bock said the company’s move created no new jobs.

“Is it the only thing that got us to put a new building up? Of course not,” he continued. “Was it a factor? Yes.”

“The stars aligned,” Bock said. “We had a particularly wonderful landowner and it just kind of worked out for us.”

Next steps

It’s unclear when Clark County will next consider its fee-waiver program, and to what extent the program could face changes. A workshop on the program was canceled last month in order to give staff more time to get a grasp on the project, McCauley said in April.

To anyone who has traced Clark County’s activity this year, however, it appears possible that the program will be yet another casualty of the council’s record of voting 3-2 to repeal existing policies.

Madore and Republican Councilor Tom Mielke, who voted to support the program in 2013, did not comment for this story. Their fellow councilors, however, all shared an interest in revisiting and finding out more about the waivers’ impact on Clark County.

“It’s like an investment,” Republican Councilor Jeanne Stewart said. “It’s time to do a portfolio analysis of that investment, and to look at what our lost opportunity is, because we waive fees and then have foregone that revenue. What did we lose by not having that revenue? I think that’s a legitimate analysis.”
Douglas Green  Publisher at Telecom Reseller Inc

Let's take out all the politics and just review the list. McDonalds has one of the most sophisticated business location methods in the world - new stores are critical to the parent company. Does anyone really think that the waivers that McDs likely discovered only after applying - meaning they were already targeting that location - had any impact on that decision? If you study the list you realize (1) most of these projects are very long term so that waiving a few thousand dollars in fees makes hardly any difference in anyone's penning out a plan (2) the applicants likely only discovered the waiver after they had already settled on the location so the waiver becomes a gift not an incentive (3) even if it had verb marketed the amounts are small in proportion to project scale so that it likely would not have changed most outcomes.

Reply 4 hrs

David Clark

Elie Kassab, said the program has been a detriment to the county and its budget due to the sheer number of subsidies granted.

Pretty funny from coming from the guy that got a million dollar property tax waiver from the city of Vancouver!

Reply 5 hrs

Bruce Perkins

Mr. Clark-Kassab said the fee waivers are not good for the county. He should know. He is seeing the effects. If Vancouver or Clark County makes fee waivers available, what developer in his or her right mind would say no? Are you saying that because he took the money while criticizing the program, he is not telling the truth? What exactly is your point?

Reply 2 hrs

John M. Kowalski  Camas, Washington

So are you really KJ Hinton or David Madore? Because your Facebook page sure looks dodgy...
Lynn Carman · Felida, Washington

Sorry not buying the dog and pony show. Why are our roadways so bad? Someone needs to check that these developers have done what the hearing examiners ruled. I know one project that was given a fee waiver didn't follow what was ruled, where is the turn lane????

George Thomas

Capitalism will never be fair until we tie all wages to what stockholders realize in dividends and interest, but first we must squeeze down the amount anyone can earn before they forfeit all income above that amount back into the economic system. It will take courage foresight and compassion to reach the intelligence to make such adjustments, and those adjustments will be fought tooth and nail by those with the least compassion at the top. The gorillas amongst us will kill to maintain their favored position above the rest of us. History reveals that clearly.

George Thomas

I don’t give Madore any more credit for America’s economic recovery than I do Obama. Business people, seeking profit, did it. My recognition of this does not, by the way, keep me from being a liberal Democrat. I like capitalism. I know that "greed" is built into us by natural selection, and I accept that. All I ask is that no child suffers and becomes poisoned by poverty to the point that they cannot function in the rugged competition of capitalism. We often ask people to enter our economic 100 yard dash burdened with 150 pounds of chains wrapped around their waists. Until poverty is defeated, our capitalistic culture will be burdened by its failures to alleviate poverty.

George Thomas

Hey, can we do anything about the spam being delivered down below?

Fran Hammond · Vancouver, Washington

The spam - you can mark it as such with the drop-down menu on the post (upper right corner). It will disappear.

George Thomas

The "trickle on" theory of economics was disproven shortly after Reagan birthed it. Study after study revealed that all the theory did was send more money upstream and starve the tax base that many depended on for sustenance. The middle class was then tasked with upholding all the community services with their taxes that the wealthy were being freed from. Thus you get the results that we have now: a huge gap between the rich and the poor and a shrinking middle class. The "trickle on" economic theory heads America in the direction of becoming a third world nation. This theory, called "laissez faire" back when it was the fashion in the 19th Century in our Republic, created a situation back then in which the wealthiest 15% owned 85% of the wealth of our nation while the remaining 85% fought over the 15% the system left to them. Poverty was quite horrible back then, and only the family farm kept most people who were poor in bacon fat and eggs. Recent statistic reveal that we are headed in that direction once again, thanks to the "trickle on" economic theories of men like Madore. Madore is not a mean person. His motive is to create a thriving business.
Theories of men like Madore. Madore is not a mean person. His motive is to create a thriving business community that will supply good paying jobs for citizens. I understand that, but going about it as he wants to go about it does not work, and at no time in history has it worked. You would think that an intelligent person such as Madore would have taken the time to study up on the subject, read some history, get some proficiency in the field, but my observation about folks like Mr. Madore is that they are ideologues to whom uncomfortable facts are shoved aside. Life will never be fair until we all decide that the best community we could live in would be one when no is too wealthy and no one is too poor to feel as if they are a part of the whole. This Christian ideal is one that a practical atheist like myself can see the benefit of. It’s a pragmatic idea and not an empty ideal, but it takes some study to understand and more than a little compassion to create. One of the greatest proofs of what an ideal tax system looks like is before us in history when, after WWII, tax rates on the wealthy were in the range of 90% and all of us paid higher taxes for the war effort. Of course, that ideal situation, just like the demise of the family farm, has ramifications too, but we must see the taxes on the wealthy must be increased so that they support the poor that all capitalistic systems always and everywhere create. If many must be poor so that a few can be wealthy, the least a society can do is pay the poor a decent wage for all that they do to keep America’s capitalistic system working. If you don’t believe me, then show me anywhere where capitalism has not created poverty just as readily as it has created wealth?

And those in poverty always far outnumber those with great wealth. Time to do our duty to those who keep capitalism running smoothly.

Reply 🗣️ 1 17 hrs

Jared McClanahan

People say trickle down doesn’t work. Cynically, I say those people are completely off base. Trickle down has worked exactly as it was intended to work.

Reply 🗣️ 3 16 hrs

Thom Rasmussen  Salmon Creek, Washington

Jared McClanahan if you mean making the rich people richer and unnatant on everyone else, I’m right there with you.

Reply 🗣️ 2 10 hrs

Nick Ruark  Vancouver, Washington

Councilor Madore’s local fee waiver program is as faulty in its structure and lack of proper administration as were the tax breaks given to Boeing (and others) by our state legislators. Both of these "incentives" were irresponsibly offered without any requirements or thought given to methods for the recipients to show accountability or verification as to whether the dollars actually resulted in a worthwhile investment (or loss) to taxpayers. Good grief!

Reply 🗣️ 4 18 hrs

Jared McClanahan

We should not listen the Republican county auditor, the county Finance Director, the county Community Development Director, the county Audit Services Manager, The Building Industry Association and private developers telling us this at best a waste of money and at worst an outright scam.

Why shouldn’t we listen to all those voices? Because one right-wing meglomaniac ideologue says it’s working great.

Reply 🗣️ 7 19 hrs

Evalyn Baker
I am glad we have someone to give a thoughtful report on the many claims made by one of our county council members. He allows no alternate views or opinions on his "newspaper" Facebook posts, and only seems to want feedback if it is supportive. Guess he doesn’t really want to know.

Reply 6 19 hrs

George Thomas
Ideologues are impervious to facts

Reply 1 16 hrs

Stuart L. Riley  Vancouver, Washington
I get this image of Madore on a dock, pouring water into the bay with a garden hose, telling everyone to look at how he’s raising the tide to float all the boats. In the meantime, the public well is running dry.

Reply 11 20 hrs  Edited

Frank Joseph
Ha! Now THAT is a perfect picture

Reply 3 19 hrs

John Ley  Camas, Washington
The article seems to want to paint a picture that it’s "unfair" that the residential developers will pay more in fees, rather than the commercial developers.

As Jeffrey Gibbons notes below " residential developers foot the bill for plan reviews and traffic improvements." Note the part where it says " residential developers foot the bill for plan reviews and traffic improvements." Now that didn’t seem to slow down residential development now has it?"

He’s exactly right.

Furthermore, there is NO MENTION of the fact that Councilor’s Madore & Mielke passed a 2% property tax CUT that would have helped those people living in homes and apartments. It was an effort to "spread the benefits of a tax cut to all citizens residing in our county.

Sadly, that property tax cut was rescinded, and the bureaucracy is now spending it.

Reply 20 hrs

Fran Hammond  Vancouver, Washington
Are you overlooking the possibility that these projects listed/owners would not have also gotten the 2% property tax break on top of these subsidies in the form of "fee waivers"? Enough is enough! We should have followed the auditor’s advice in 2014 and stopped this boondoggle!

Reply 2 20 hrs

Evalyn Baker
Hmmm do people in apartments pay property tax?

Reply 19 hrs

John Ley  Camas, Washington
Evalyn Baker -- yes they do. When property taxes goes up on my rental properties, I raise the rents.
When utility taxes go up, for the garbage and water I pay for, I raise the rents

Ultimately, it's the consumer that pays all taxes
Reply 19 hrs

John Ley Camas, Washington
Fran Hammond -- no, I'm not overlooking that But people decry that it was "only the developers" who got a tax break So I'm pointing out that a tax break was offered to home owners, and sadly was rejected by the 3 new councilors
And since landlords pass along tax increases to the people who rent their homes or apartments, the tax cut would have reduced pressure for landlords to raise rents, which at the moment, grow sky high for a host of reasons
Reply 19 hrs

Jared McClanahan
That was a 2% cut of the county's take not an actual 2% reduction in property taxes It would have a reduced the average property owner's bill by <$10 while leaving a gaping hole in the county budget It was all about a political talking point and not about meaningful tax relief for property owners, aka Bad Governance
From the article "Ultimately, the program will force the county to make tough decisions about how to fund infrastructure projects — or to not fund them

"If you look at any time you're not covering your costs or expenses, then you have to pay for it somehow, or reduce services," Gassaway said

You and I will pay all those waived fees at some point in the future
Reply 9 18 hrs Edited

Evlyn Baker
John Ley of course we consumers eventually pay some taxes We do not want a reduction in services though If roads, bridges, sewer systems, public safety entities, and schools are not fully funded, it is the future generation that will be faced with the problem
Reply 4 19 hrs

George Thomas
Evlyn Baker Of course they do It's factored into the rent In fact, the tax payer pays for everything in this nation so that they work against themselves at all times Those at the top see this very clearly and they keep the poor and the middle class at loggerheads so that we won't get together and agree to an income tax that fairly takes more from those who benefit most from the economic system and take least from those who don't benefit from it Down South, the battle has long ago been won, lead first by Dixecrat Dems and now Teapublicans The South is the best example of how poorly things go when the wage earning people allow themselves to be tricked Poverty, obesity, poor schools, illiteracy, sickness, murder are all worst in the Bible Bib South
Reply 17 hrs

Thom Rasmussen Salmon Creek, Washington
From Rasamah & Cameron Creek, Washington

Geeze John, did you actually READ the "Madore property tax reduction"? He didn't cut ANYTHING he just froze it so it couldn't raise 2% There was no cut

Kool-ade anyone?

Reply 2 16 hrs

Fran Hammond  Vancouver, Washington

John Ley - with no cost increases (different from the cut of JUST the county portion) I find that many of the "pressured" rent increases are nothing more than an excuse for greed. Yes, if utilities or taxes are increased, I can understand a rental price adjustment to compensate. Keep in mind, the property values are on an escalating increase. If you made the proper CHOICE in purchasing your rental, you will have a substantial gain in the selling price along with the profit from your rents collected!

Reply 2 16 hrs

Douglas Green  Publisher at Telecom Reseller Inc

John Ley Are all taxes pass throughs to consumers - not exactly. It depends on the business's power to actually set prices which is less than you're assuming. First, national retailers and chains generally don't price locally. Your Pike Street coffee at Starbucks and the spatula at Bed Bath and he lasagna at Olive Garden are uniform regionally or nationally. What's changing is the return to investors. A store in a wage high tax location will have a higher cost structure and be less profitable. A national powerhouse might simply live with the lower margin in order to maintain other objectives such as share - and the same companies might also find that higher tax locations also have better volume so that they make Jess profit per unit but make it up in volume. But smaller firms lack pricing power. If they pass on the hike by increasing prices they lose share. As a landlord in a sellers market you can pass on anything you like. If we swing to being overbuilt you will not so easily pass it on, you'll eat the tax increases in the form of making less per unit because the cost of customer acquisition is higher than the cost of absorbing the increase. The theory or slogan that the consumer eventually pays is therefore wrong.

Reply 5 hrs

Douglas Green  Publisher at Telecom Reseller Inc

That short lived tax cut was too small to make any difference whatsoever one economic activity but as its revenue impact on the county would have had big impacts on the county's ability to carry out its functions. There are revenue neutral ways to cut taxes but it's got to be done in a way where the increased volume of transactions taxed makes up for the amount taxed per transaction.

Reply 4 hrs

Sandy Edmonson  Mt Tahoma High School

Unfortunately, when these projects are not required to pay the impact fees the taxpayers are the ones who end up footing the bills. But, of course, Madore and his like-minded followers are of the fairy dust mind set. Bridges will be built, streets repaired, utility capacity increased, etc. all at no cost to anyone.

Reply 3 22 hrs

Jeffrey Gibbons

From the article above, "Clark County has waived fees for nearly 370 projects, totaling about $3.9 million in application fees and a projected $8.3 million in traffic-impact fees. Instead of the commercial developers
paying, residential developers foot the bill for plan reviews and traffic improvements " Note the part where it says " residential developers foot the bill for plan reviews and traffic improvements " Now that didn’t seem to slow down residential development now has it? These things will be built when they pencil Simple as that So maybe just maybe some of these commercial projects might have been delayed without the fee waivers but I doubt it Now we will just have to make up for the shortfall created by not imposing the correct impact fees What the heck is the thinking behind this?

Reply  

Betty Sue Morris  
Vancouver, Washington

I think the real issue here is Councilor Madore’s taking credit for the economic development activities across jurisdictional lines This entire discussion would be mightily assisted if Councilor Madore would break out the numbers by jurisdiction That’s the only way to really tell whether the fee waiver has drawn more development to the unincorporated areas than has been drawn to the cities, who have not waved fees in the same blanket way If you know Councilor Madore, it would be a very good thing if you would encourage him to do the breakout by jurisdiction

Reply  

Thom Rasmussen  
Salmon Creek, Washington

No fees on a 7 million dollar church that pays no taxes at all? Not even property taxes? Employs 2 people? Yup, now that’s some smart business deal, right there

Reply  

Thom Rasmussen  
Salmon Creek, Washington

Actually, I believe this was the original idea To get his friend’s churches built with fewer to no fees He added the businesses to the plan so it wouldn’t look one sided It’s all about the church with this guy

Reply  

Fran Hammond  
Vancouver, Washington

Thom Rasmussen - it would be of interest to see the actual payroll records of OALC From what I understood, they really don’t have pastors on a payroll, etc, but volunteer/elected elders I am happy to be corrected if that is not the case Also, isn’t it pretty poor design to include churches in the fee waiver program when absolutely zero sales tax is generated?

Reply  

Michele Wollert

At least one of the "massage" business addresses that received David Madore's fee waiver has current ads in Backpage this week that describe its employees as "hot girls" with a "magical touch" or "hot young girls" and "new girls " How many licensed massage therapists would advertise themselves and their professional services using such provocative terms?

Our tax dollars, hard at work, getting ‘er done

Reply  

Steve Lappier  
Ridgefield High School

Rubs everyone the wrong way

Reply
Stuart L. Riley  Vancouver, Washington
Everyone has a happy ending. What's wrong with that?