

Walla Walla Trends - eNewsletter - 2017 #3:

News from the Port:

Package Corporation of America (PCA) - Wallula Mill



The Port of Walla Walla is excited about the recent press release from the Packaging Corporation of America, formerly Boise White Paper. PCA announced an agreement to acquire Sacramento Container Corporation and Conversion of Wallula Mill Paper Machine to High-Performance 100% Virgin Linerboard. The

Company has also announced that it will discontinue production of uncoated freesheet (UFS) and coated one-side (C1S) grades at its Wallula, Washington mill in the second quarter of 2018 to begin the conversion of its 200,000 ton-per-year No. 3 paper machine to a 400,000 ton-per-year high-performance 100% virgin kraft linerboard machine.

The conversion of the No. 3 paper machine at the Wallula Mill is planned for the second quarter of 2018 with an initial production rate of approximately 60 percent of capacity. Ultimately, production will increase to 1,150 tons per day once a new headbox, forming section, and shoe press are added in the fourth quarter of 2018. The capital cost of the conversion is expected to be approximately \$150 million. The Mill's No. 2 paper machine will continue to produce 150,000 tons-per-year of semi-chemical medium.

PCA Chairman and CEO Mark Kowlzan said, "Our strategy is to improve the overall profitability of the paper business for PCA by focusing our people and investments on increasing our competitiveness and ensuring a sustainable future in the office and printing & converting markets with our mills in International Falls, MN and Jackson, AL. In addition, at our current containerboard integration rate of 95%, the low-cost conversion of the No. 3 paper machine at our Wallula Mill provides us with much needed linerboard capacity, allows us to integrate over 200,000 tons of containerboard to our Sacramento Container acquisition, and enables further optimization and enhancement of our current mill capacity and box plant operations. The conversion will significantly enhance the mill's profitability and viability."

PCA is the Walla Walla County's largest taxpayer and represents 650+ FTE jobs. This investment by PCA will protect and preserve the viability of the mill and jobs retained by this mill conversion. PCA is one of the top 10 employers in Walla Walla County. The Port of Walla Walla is committed to assist PCA with their conversion process and anticipates that this significant investment will solidify PCA's long-term commitment to the region. The plant is celebrating their 60 years in operation and with the planned reinvestment into the conversion of the No. 3 paper machine to corrugated boxes.

PCA is the fourth largest producer of containerboard and corrugated packaging products and the third largest producer of uncoated freesheet paper in the United States. PCA operates eight mills and 93 corrugated products plants and related facilities.

The Boise Mill was one of the Port of Walla Walla's first projects in the 1950's and 60 years later, we are poised to support PCA's effort with retooling the Wallula Mill.

Indicator News:

33,000 annual gun-related deaths in the U.S., but who are they?



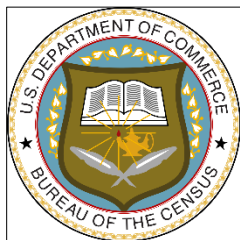
Good data can help to dispel fact from opinion, especially in the face of controversial subjects. Compelling visualization techniques can deliver insights about the data faster than lines of numbers or text.

Accessing the facts through data visualization simply helps us to better understand the world around us. We read upsetting news that might lead us to form sweeping generalizations. A sense of the data behind these reports can prevent quick, emotional reactions. Just as the Walla Walla County Trends site proposes, it is important to let data speak for themselves without the noise of quick judgement. Of course, there is more to understanding any slice of life that is depicted by data. Data usually tell a story or narrative. But interpretation, and understanding the "why" behind the story is up to individuals and research.

[Gun Deaths in America](#) is an example of a data visualization on a highly charged, sad, and very topical subject. The interactive website, offered by FiveThirtyEight.com, provides an annual estimation of gun-related deaths by type in America. Using a variety of credible sources (such as the [CDC](#), [FBI](#), [GTD](#), [IPUMS](#) and others) the site portrays in a compelling visual manner the origins of the approximate 33,000 gun deaths that take place annually in the U.S.

As you can observe in this data visualization, about 2/3 of all U.S. gun deaths are suicides. Of these, 85% of are committed by males, and more than 50% of male suicides are committed by those 45-years of age or older.

A New Tool for U.S. Census Data Users



[Article I, Section 2 of the U.S. Constitution](#) requires a Census occur for the main purpose of tax apportionment based on population numbers.

The first census, taking place in 1790, had six categories. According to the [1790 Census Overview](#), the census was required to the name of the head of the family, and count the number of: free white males 16-years and older, free white males under 16-years of age, free white females, all other free persons, and slaves.

A population census takes place every ten-years, but now has a much smaller scope than in prior decennial censuses. In turn, the detailed data that were formerly found only in the decennial census are now available annually for most of the population in the U.S. through the American Community Survey (ACS). Topics beyond population counts such as housing, employment, education, insurance, race, ethnicity and many more, can be found in the ACS. This broad, very frequent coverage comes, as the

title suggests, through a survey. Depending on population size, 1-year estimates (for areas with populations greater than 65,000) and 5-year estimates (all populations) are used.

[A new census data dissemination tool](#) is now in beta version and available for previewing. To use the old (and still current) platform, the [American FactFinder](#), one needed patience to work through the typical trial and error to find the desired data. The new platform, which still offers all of the same data as the old, automatically presents a snapshot of a selected area by providing some of the more commonly accessed census information, clearer explanations on how to get to some of the lesser accessed census information, and sports an interactive county-level U.S. map for purposes of comparison.

We will update readers of this newsletter when the census beta site becomes the official data dissemination website of census information. Currently, June 2018 is the target date.

Institute for Health Metrics and Evaluation - U.S. Health Map



The [U.S. Health Map](#), a tool offered by the Institute for Health Metrics and Evaluation, allows users to view and compare health data information for every county in the nation at the same time, or to look at all the counties within any particular state, or any individual county.

Each county has a particular shade of color representing a certain proportion of the population as offered in the legend for each graph. When the animation is started and continues from one year to the next, the user can literally see the U.S. map change color as health trends have changed over the years.

Included in the Healthdata.org map are: 29 different cancers, 21 causes of death, life expectancy, smoking, obesity, physical activity, alcohol consumption, hypertension, and diabetes. Additionally, gender-specific information, risk factors, and mortality risk are also offered.

Indicators in Action:

[County Population Numbers Increasing Slow and Steady](#) by Scott Richter & Dr. Patrick Jones

There perhaps is nothing more that effects a city or community other than its population numbers. After all, in the most basic of terms, cities are comprised of by people and would be nothing but empty buildings without any population. More seriously, the fewer people working generating incomes, means fewer money will be spent, which would generate fewer taxes. This too, could potentially lead to

higher tax rates on remaining people who stay, perhaps making it even more difficult to not move to another city.

For a variety of reasons, we have seen this occur in recent American history cities that at one time or another produced some of the strongest local economies in the country.

According to [CBS News](#), a few examples of major U.S. cities with large population decreases include Cleveland, Ohio (“about half as big, population-wise, as it was in 1970”); Detroit, Michigan (“whose population peaked in

1950"); Baltimore, Maryland (whose "population [recently] shrank to a 100-year low"); and St. Louis, Missouri (declining by 1.1% from 2016 to 2017). These, of course, are larger American industrial or "rust-belt" cities with a declining manufacturing base that was holding up the house of cards. When one card fell, it was just a matter of time before others fell too, putting increased weight on the remaining cards to keep from completely falling apart.

Looking at the indicator on the Trends site

highlighting the [Total Population & Annual Growth Rate](#),

we see a steady increase in the overall population of Walla Walla County since 1981. In 2017, there were an estimated

61,400 residents of all ages, increasing from an estimated 47,134 residents of all ages, or by 30.3% since 1981. A breakdown of the Walla Walla County population by age groups can also be found on the Trends site and can be accessed by [clicking here](#).

For the most recent comparison, Walla Walla fared better than in the immediate past. The annual growth rate of the total population from 2016 to 2017 in: Walla Walla County was 1.1%, Washington State was 1.8%, and the U.S. (in 2016, the most recent national data available) was 0.53%.

Ajsa Suljic, Regional Labor Economist with the Washington State Employment Security Department Workforce Information and Technology Services, says "Walla Walla population growth remains below the state average mainly because of decline in natural increases and slower net in-migration in the area compared to the states trends."

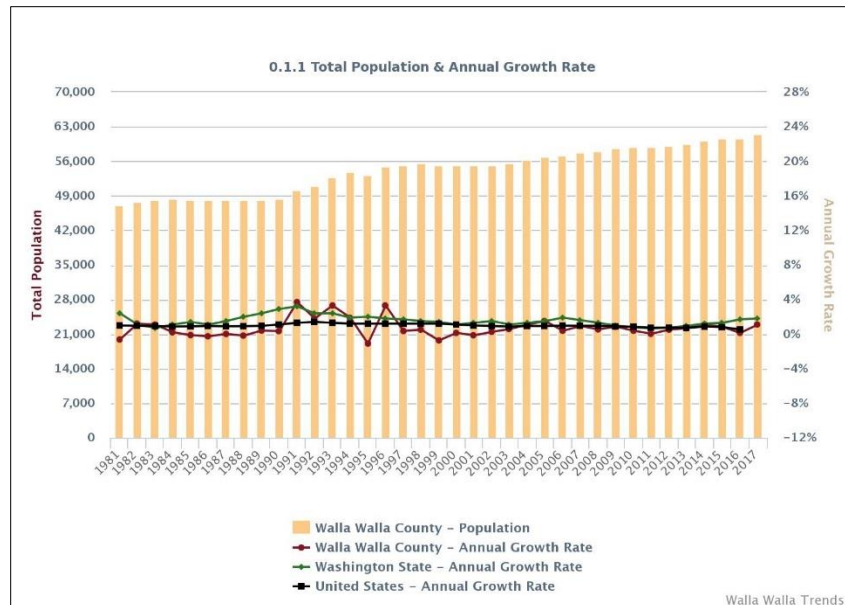
Similar to population decreases, local governments will likely require a reassessment to make sure government is meeting the needs

of the residents.

Suljic says "One of the major changes in the area has been demand for housing, which has started to grow due to all the new construction. Also, educational services have

expanded due to the increased demand from expanding household counts."

Two closely related indicators, the Number of Residential Building Permits Issued and the Total Value of all Taxable Property in the county are also featured in the newsletter, hoping to provide a wide-lens view of how many indicators on the Trends site are very closely related and intertwined. Will the relatively robust, recent growth in the County continue?



Number of Residential Building Permits Issued Remains Strong by Scott Richter & Dr. Patrick Jones

The Home building sector is an important part of the U.S. economy and can provide insight into the larger economy. According to the [National Association of Home Builders](#) (NAHB), some direct economic impacts of new home building include any new jobs created specifically within the home building construction sector, but just as significant are jobs generated from support industries of a strong home building sector. NAHB defines these as producers of building and remodeling materials and products (“lumber, concrete, lighting fixtures, heating equipment, and other products that go into a home or remodeling project”) as well as professional jobs that are typically well-paying, including (“architects, engineers, real estate agents, lawyers, and

accountants who provide services to home builders, home buyers, and remodelers”)

Building permit information is available at the county-level nationally via a model-based estimate from the U.S. Census. The Trends site tracks it as the [Total Number of Residential Building Permits & Number per 1,000 Residents](#).

The period of 2003-2007 stands out as the peak years in the series. Interestingly, the trend line for Walla Walla County matches more closely with the U.S. benchmark than it does the state.

For all years in the series but one, the rate of residential building in the County was below the benchmarks. 2011 was the only year in the series where the county had a higher rate of residential building permits issued per 1,000 residents than both the state and U.S.

The estimated 218 residential building permits issued in Walla Walla County during 2016:

- Increased from 199 in 2000, or by +9.6%.
- Decreased from 320 in 2004 (the highest number of residential building permits issued in the series), or by -31.9%.
- Decreased from 241 in 2013 (the highest post-Recession number of

residential building permits issued in the series), or by -9.5%.

Thomas Glover, Director, Walla Walla County Community Development Department says “the numbers from the pre-Recession



years were unusual, particularly for this area.

That growth rate was faster than for the normal growth years prior to that time of sudden growth beginning around 2004 and ending in 2007/2008. We really shouldn't compare the growth we're seeing now to that time of rapid, pre-recession growth...for a combination of reasons".

Sluggish [post-Recession numbers](#) for new housing construction are not a story unique to Walla Walla County. Generally speaking,

nationally over the past two- or three-years, new housing construction has just started to recover to their [pre-Recession numbers](#).

Looking forward, there is reason for optimism, but Glover reiterates the 2003-2007 numbers were an anomaly for the area. "I think you'd have to go back to the early 2000s and late 1990s to see a pattern of growth that is typical for Walla Walla, and comparable to what we're seeing today."

"It's necessary to keep in mind that the runaway growth we saw just immediately before the recession was not normal. I wouldn't expect that we'll see that kind of growth again in Walla Walla, unless lending practices, and investment philosophy, go back to what they were in the years immediately preceding the recession. But I think we can expect to see a steady rate of growth that may be more typical for a community this size, and that assures a more secure future", says Glover.

Assessed Value of Property Steadily

Increasing By Scott Richter & Dr. Patrick Jones

Much of what we typically consume has little or no resale value. But when it comes to real estate, whether a residential, commercial, or industrial property, this is not the case. The majority of the time, over the long-term, property will increase in value. A major source of society's wealth is captured in the assessed value of property.

The assessed value of a property is the monetary value assigned by assessors for property tax purposes. The total taxable property in Walla Walla includes all property receiving a value assessment in the entire county. Many properties are not taxable, however, such as government structures and land or non-profits.

According to the [Washington State Department of Revenue](#), state law ([WAC 458-07-030](#)) requires that all properties be appraised at "100 percent of its true and fair market value in money, according to the highest and best use of the property." A little more specifically for:

- **Residential properties** "Fair market value or true value is the amount that a

- willing and unobligated buyer is willing to pay a willing and unobligated seller."
- **Commercial properties**, "sales in combination with the income and cost approach is used by county assessors to value commercial property." Sales and income here refers to potential earnings the owner of the commercial property.
- **Industrial properties**, "machinery and equipment [and] may comprise a significant amount of market value to the whole property. Machinery and equipment is typically considered 'real property' when affixed to the real property."
- **Personal property**, "can include machinery, equipment, supplies, and furniture. Property tax applies to the personal property used when conducting business, farming, or to other personal property not exempted by law." This does not apply to "household goods and personal effects" in a residential setting.

The total assessed value of all property generally sees increases caused by two primary forces: new construction and assessment increases on existing properties. Although both property improvements and increases in the assessed value of a residential property affect

totals for this indicator, it is primarily new construction that is responsible for the increases represented in this indicator.

According to the [Municipal Research and Services Center](#) (MRSC), “The Washington State Constitution limits the annual rate of property taxes that may be imposed on an individual parcel of property to 1% of its true and fair value. Since tax rates are stated in terms of dollars per \$1,000 of value, the 1% limit is the same as \$10 per \$1,000 and is often referred to as the \$10 limit.” The specific state law this refers to is [RCW 84.52.010](#).

At the local level, as we examine the [Assessed Value of Taxable Total Property](#) of Walla Walla County, we

can see there were only four annual decreases in the entire series from the previous year (2002, 2005, 2009, and 2014). All other years represented in the series produced annual increases from the previous year, with the second largest annual growth rate being the most recent available, from 2015 to 2016, at 10.2% (2004 was highest at 13.5%).

Although still affected, this indicator also sheds some light into how Walla Walla County did not take as big of hit during the Great Recession as other areas across the state and U.S., and appears to have recovered rather quickly. The graph shows there was a \$100 million decrease

from 2008 to 2009 being recouped fully by 2010 - and with generally positive growth since.

Walla Walla County Assessor Debra Antes said “Walla Walla County has always remained very stable in growth and when there is a recession, we don’t seem to be affected as much as other Counties due to this stability.”

With the growth of this indicator over the last few years, Antes noted that “Walla Walla does not have a lot of business growth, however there has been an increase in the last 5 years.



Most of the taxable value is made up of Farm and Residential.”

The Walla Walla County Geographical Information Systems (GIS) department has a program available to the public at

<http://wallawallagis.com/Public/>. As tax information is public, you can view assessed value of all properties in the county. Just make sure “Parcel Labels” is selected under “Assessor Information Labels”.

Walla Walla County has had a higher annual growth rate than the state in 7 of the last 9 years. Antes notes the growth in this indicator is due to housing market factors and that “Historically our properties increase in value at an above average rate”. Looking ahead, the trajectory of this indicator appears to be headed in the same upward direction.

Passenger Trips at Walla Walla Airport Taking Off by Scott Richter & Dr. Patrick Jones

The old term “as the crow flies” is a simple analogy, but has some real character too. Its original meaning refers to shortest path between point A and B since a crow can avoid terrestrial obstacles which, in theory, is the quickest way to travel. For clarity, the straight-line shortest distance between two points on a curved or round surface, like the Earth, is the geodesic distance.

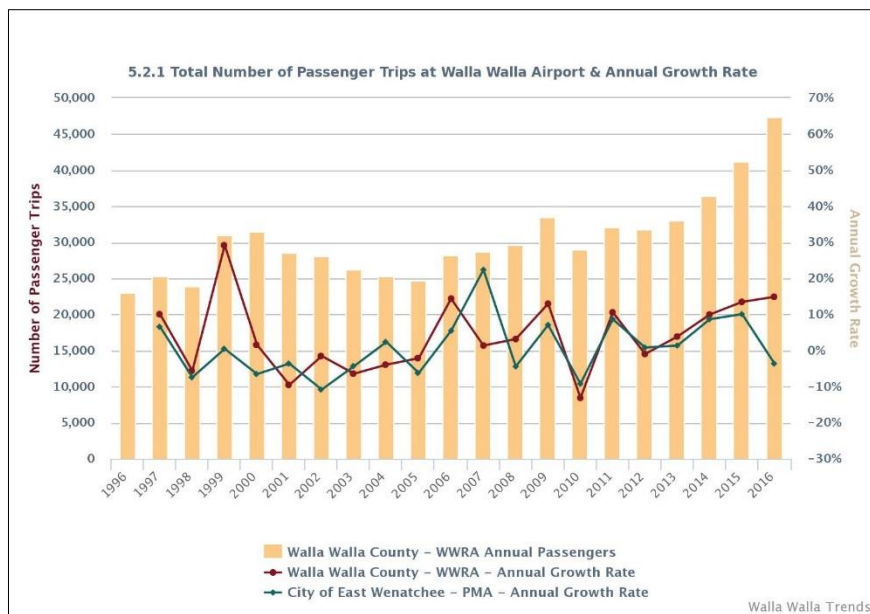
Americans certainly love their cars, but when it comes to traveling longer distances or under time restraints, air travel is a preferred way to travel for many people. Air

travel, statistically speaking, is much safer than traveling in a vehicle. The [National Safety Council](#) says the lifetime odds of dying in a motor vehicle crash is about 1 in 114, while dying in an Air and Space Transport Incident is about 1 in 9,821. For the record, air travel is also safer than a pedestrian incident (1 in 647), motorcycle rider incident (1 in 985), and a bicycle rider incident (1 in 4,486).

According to the Walla Walla Airport’s [History webpage](#) (whose International Air Transport Association airport code is ALW and will subsequently be referred to in this article), notes some unique events in local aviation in

Walla Walla. On April 27, 1911, two planes flew over the Walla Walla Fairground at the same time, which is believed to be the first two aircraft being airborne at the same time in Washington State. World War II sparked another milestone when the airport was commandeered by the federal government and turned into an Army Airforce training facility. It was then expanded from 200 acres to 2,164 (compared to 2,400 currently in use, or 3,700 acres if including the Industrial Park Complex). That land sported 300 buildings, many of which are still in use, and housed about 6,000

servicemen training as future B-17 and B-24 heavy bomber crews. Passenger service began in 1928 with service to Boise, Butte, Portland, Spokane, and Yakima.



An examination of the indicator [Total Number of Passenger Trips at ALW & the Annual Growth Rate](#), underscores the airport’s recent growth.

At 47,439 air passengers through ALW in 2016, it stands out as the highest number in the series, which shows enough historical data (starting in 1996) to safely assume is also the highest in history. Additionally, since 2013, there have been four consecutive years of growth from the previous year in total passengers.

The 47,439 air passengers in 2016 also represents an increase of air travelers at ALW from:

- 28,260 in 2006, or by 67.9%.
- 23,048 in 1996, or by 105.8%.

According to Jennifer Skoglund, ALW's Manager, "Commercial air service at [ALW] has steadily improved since 2010. Passenger growth and load factors have increased each year due to a number of factors. The Port of Walla Walla and its partners have spent considerable advertising dollars marketing our valley and the Fly Walla Walla campaign locally, regionally, and in California. The tourism industry has grown exponentially in Walla Walla and that has certainly benefited the airport. In addition, our local customers continue to see value in having a regional airport and they support us."

Alaska Airlines has a variety of daily flights out of ALW to and from Seattle. A full report of all air traffic going back to 1976, including

passengers, air carrier operations, air taxi operations, general aviation operations, and military operations, which includes statistics for mid-2017, can also be accessed from the [ALW website](#).

Skoglund adds "The terminal building was one of many projects in the early 2000's throughout our city that just blossomed. The Downtown was revitalized, the number of wineries increased and Walla Walla started becoming a destination...In 2016 the average load factor finally topped 80% and Alaska Airlines put a 3rd flight into the schedule."

The trajectory of the trend line for this indicator looks an awful lot like an airplane taking off: gaining momentum and altitude, providing little reason to indicate things are going to change anytime soon.
