

# **ECONOMIC VITALITY ELEMENT**



## **ECONOMIC VITALITY ELEMENT**

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### **INTRODUCTION**

In Mountlake Terrace, the City's comprehensive plan helps establish long-term goals and policies for economic vitality. This fits with the intent of the state's Growth Management Act, which the legislature passed, in part, to encourage sustainable economic development statewide. One of the Act's required goals for comprehensive plans is:

- "Economic development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities."

### **BACKGROUND**

Economic vitality is the result of many people in a given area having decent jobs, viable businesses, and/or profitable investments, with very few people at a poverty level. On the opposite end, a lack of economic vitality would result in property values decreasing and the quality of life declining. Mountlake Terrace has a moderately strong business base, along with opportunities for greater economic vitality.

To some extent, economic vitality is a product of what is happening in the wider region. Mountlake Terrace is part of a larger economy that includes Seattle, Everett, and the surrounding Central Puget Sound region. While many people who live in this city work elsewhere, an increasing number of people have their jobs or businesses here. Either way, these people are contributing to the regional economy.

Businesses in Mountlake Terrace not only contribute to the regional economy; they also benefit the local community by providing nearby jobs and paychecks to residents. They provide things people want to buy and save time they would otherwise spend going elsewhere. Businesses are an important part of the local tax base, helping to pay a large part of the cost of streets, schools, and other public services.

### **The City**

The City of Mountlake Terrace is a mixed-use community with the majority of its single and multi-family homes in the middle price range. The community has retail shopping centers, an extensive park system, which includes a municipal golf course, recreation pavilion and water recreation on Lake Ballinger, and a growing business sector.

### **Major Employers**

The single largest employer and taxpayer in the City is Premera Blue Cross of Washington and Alaska, a prepaid health care organization with approximately 2,500 employees. Other large employers within Mountlake Terrace are City government and Puget Sound Christian College. The U.S. Forest Service operates an office building in Mountlake Terrace, which employs about

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100 people; it serves as the headquarters of the Mount Baker-Snoqualmie National Forest. Mila, one of the newest large businesses, is located in the former Safeco Building near Gateway Place.

### **Recent Commercial Development**

Gateway Place is a 22-acre site, adjacent to I-5, partially completed as a commercial / business park. The project will ultimately include about 500,000 square feet of space including retail shops and office space. Safeco Insurance Company located its regional office in the first office building of this development in 1991; a new company, Mila, is buying the building. Regal Cinema Complex, which includes nine theaters, was constructed in 1994. Comp USA, a computer retailer, located here in 1994. Canyons Restaurant, which occupies the fourth building, completed construction in 1995. Studio 6 is a 119-unit hotel and the latest addition to Gateway Place, completed in 1997. As of November 2002, there were two lots still available to develop.

The Mountlake Terrace Corporate Center completed construction in 1999 of a Class A office building. The seven-story, 120,000 square-foot building with underground parking houses a satellite campus for the University of Phoenix, the nation's largest private university. Also, Premera Blue Cross has made extensive renovations to its multiplex headquarters off 220<sup>th</sup> Street SW.

### **Permitting Policy**

Each year, the City of Mountlake Terrace processes thousands of applications for development permits. Applications are diverse in type, ranging from minor home improvement projects to subdivisions, grading, and large-scale commercial projects.

Reviewing applications has to take into account many needs. For example, most people want projects in their neighborhood to meet community standards for safety, transportation, environment, land use, health, property rights, infrastructure, and other priorities. Developers have special concerns for fast turn-around times, as well as flexibility in dealing with their specific needs. They also want to know the rules up-front and expect permit applications to be treated fairly and consistently. Goal 7 of the state's Growth Management Act weighs in too, calling for timely, fair, and predictable permitting. To meet all these expectations can be challenging for any local government, especially when resources are tight.

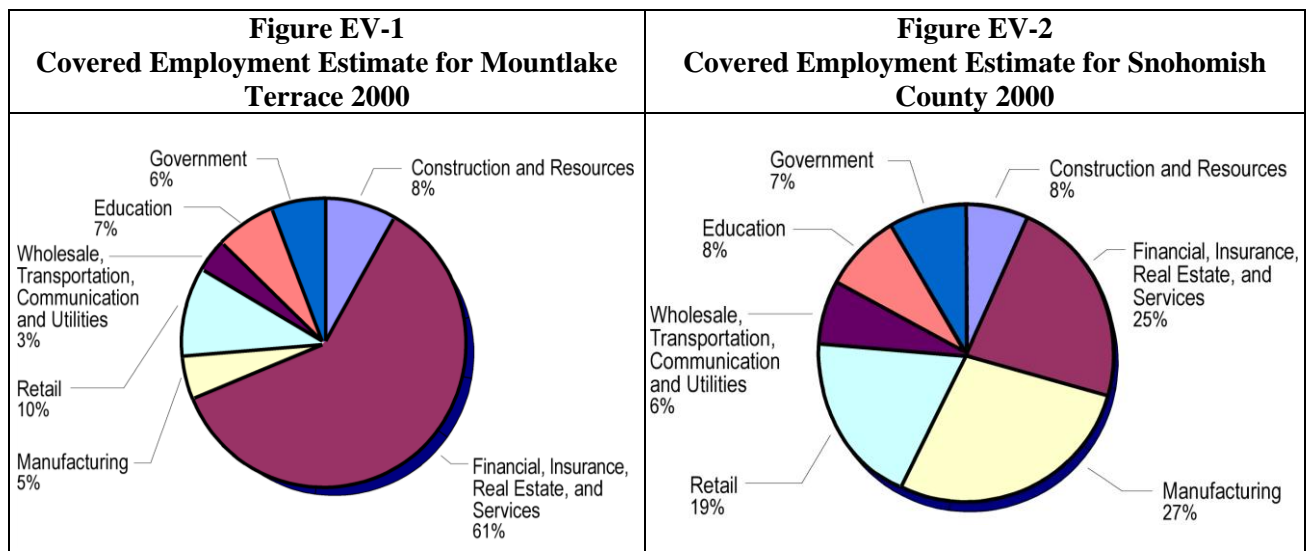
Mountlake Terrace recognizes the economic importance of having a permit process that is clear, fast, fairly administered, predictable, and responsive to community objectives. The City is engaged in quality improvement efforts to speed up the permit process while ensuring community objectives and standards are met. Such "streamlining" actions have already included a one-stop permit counter, pre-application information, an electronic permit-tracking system, and coordinated project reviews. Other improvements are being sought too, with special attention to speed, fairness, and predictability.

Policies to address efficient permitting are contained in the Plan Administration Element.

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**Employment**

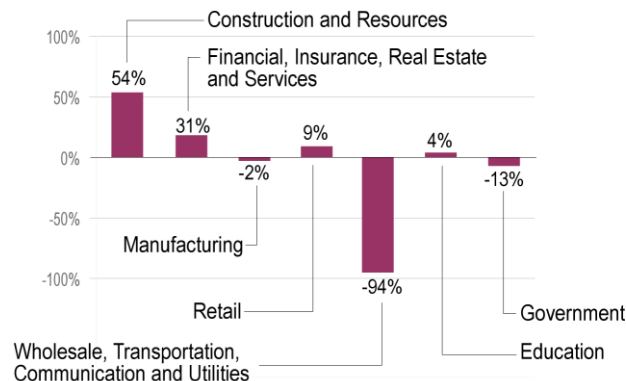
One way of viewing economic vitality is to consider how many jobs are in a community compared to how much housing is in it. This is called the jobs/housing ratio. Some nearby communities, like Edmonds, have a similar jobs/housing ratio to Mountlake Terrace (0.61/1, that is 0.61 jobs to 1 housing unit in year 2000). Others, like Lynnwood, have a much higher ratio (1.63/1 in year 2000). Mountlake Terrace had a jobs/housing ratio of 0.65/1 (that is, 0.65 jobs per each housing unit) in year 2000. A simpler measure is the total number of jobs within a community. In 1990, an estimated 3,643 jobs were located within Mountlake Terrace. By 2000, that had increased to 6,643, according to data from the Puget Sound Regional Council. This means that Mountlake Terrace has already exceeded its 2012 target of 4,798 jobs. The employment target for the year 2025 is 8,059.



Source: Puget Sound Regional Council

Since 1995, within the City of Mountlake Terrace, jobs in the Construction/Resource, FIRES<sup>1</sup>, Retail and Education sectors have increased, while jobs in the Manufacturing, WTCU (wholesale trade, communications and utilities), and government have decreased.

**Figure EV-3**  
**Percent Change in Covered Employment Estimates 1995-2000**



Source: Puget Sound Regional Council

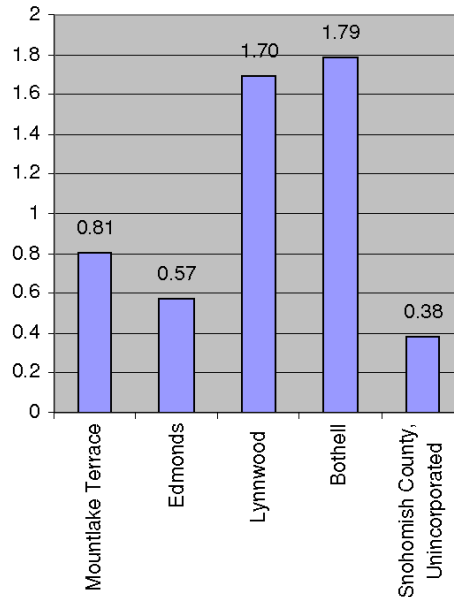
<sup>1</sup> “FIRES” refers to the finance, insurance, real estate, and services sector.

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**Jobs to Housing Ratio**

As of 2003, within the City of Mountlake Terrace, there are 0.81 jobs per each housing unit. The number of jobs is derived from covered employment estimates. Comparisons with adjacent jurisdictions are shown below:

**Figure EV-4  
Jobs to Housing Ratio**



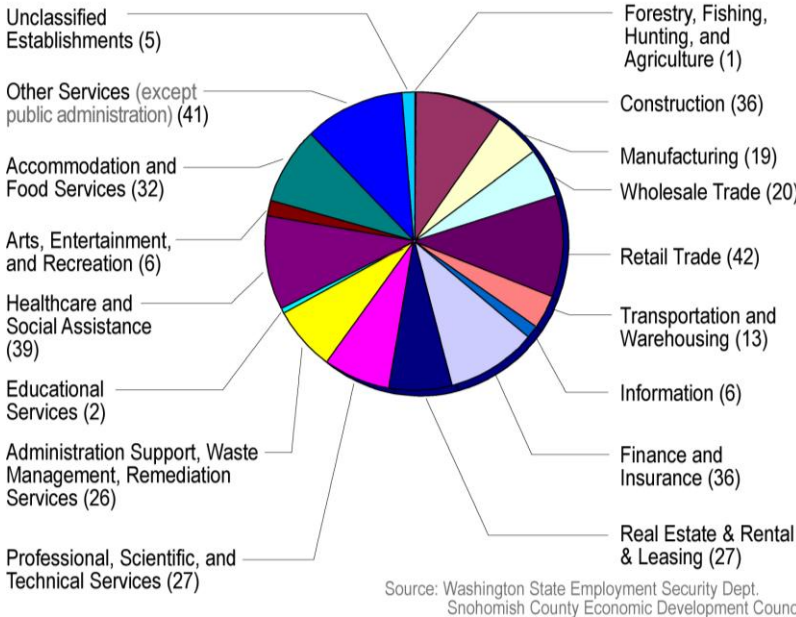
**Businesses**

Sometimes, the longer view for economic vitality is important to consider too. What happens if one large business closes its doors? A community can be devastated--first, for the loss to individuals who worked at the business; second, for the impact the closure may have on nearby businesses; and third, for the loss to the city’s revenue base, which ultimately affects all residents. That is why diversity in the business sector can be an indicator of long-term economic vitality. When one type of business (e.g., airplane production) is not doing well, another type (e.g., biotechnical research) may be. Achieving business diversity means having a variety of industry types. Mountlake Terrace has a business sector that is heaviest in the finance/insurance/real estate/services sector (“FIRES” sector) and lightest in the manufacturing sector (see Figure EV-5). Of course, when the regional economy is strong, all business sectors usually do well.

Information reported on the numbers of business establishments within the City is reported for the Zip Code 98043, which closely coincides with the City boundaries. In 1997, the largest number of businesses was “Other,” followed by retail, health care, finance and insurance, construction, and accommodations and food service.

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**Figure EV-5  
Number of Business  
Establishments (NAICS)  
Zip Code 98043**



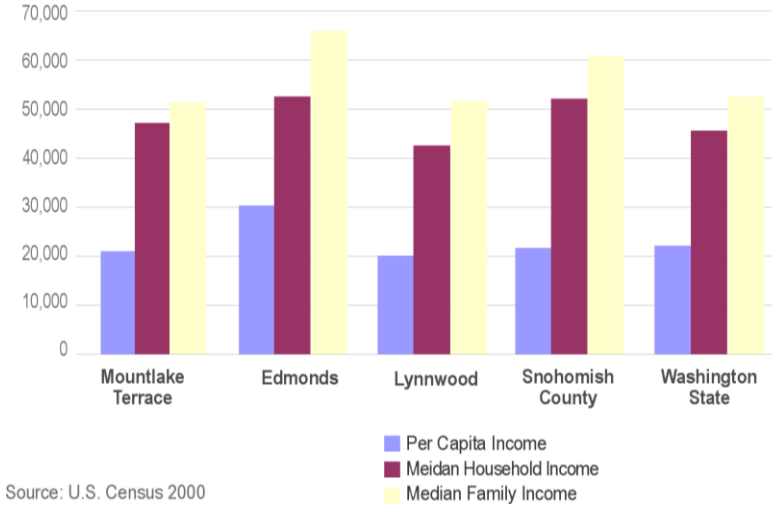
**Income**

Another perspective on economic vitality is based on income, for example, the median income level for households or families in a community. This can be compared to income levels in nearby communities or regions (see Figure EV-6).

The 2000 U.S. Census showed that the median household income in Mountlake Terrace was \$47,238. That amount was lower than the Snohomish County median of \$53,060, but slightly higher than some communities, including Lynnwood at approximately \$42,500. It was close to the statewide median household income.

The 2000 Census also showed that for the City, 9.7% of families with children under 18 years were under the poverty level; this compares to 6.7% for the County as a whole, and 11.2% for the State.

**Figure EV-6  
Income Levels**

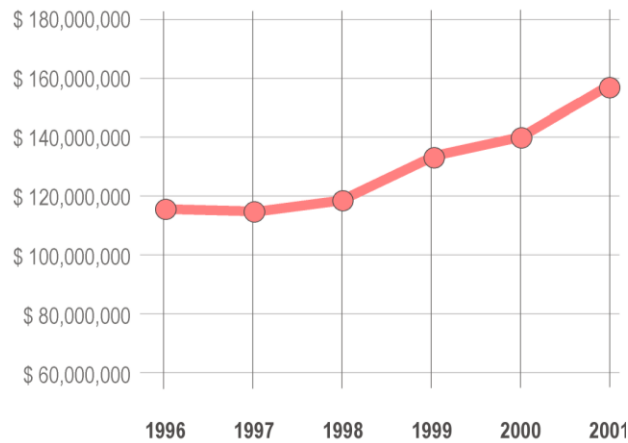


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**Retail Sales**

Economic vitality can also be viewed in terms of how much business is being done in a community. For example, in year 1997, taxable business sales in Mountlake Terrace amounted to a little below \$120,000,000, while in year 2001, business sales equaled about \$160,000,000. (See Figure EV-7.) In general, the same period also saw an increase in taxable units, i.e., the number of items sold. (See Figure EV-9.) The change in amounts from year to year reflects various factors, such as new businesses being opened in town and fluctuations in the larger region’s economic health.

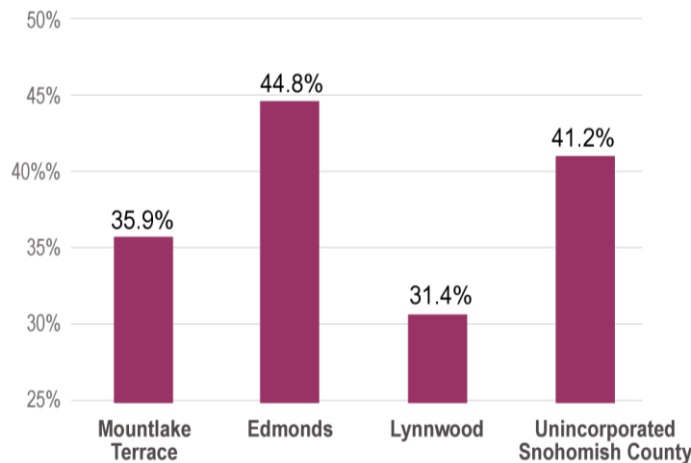
**Figure EV-7  
Taxable Retail Sales**



Source: Washington State Dept. of Revenue, Snohomish County Economic Development Council

Retail sales reported within the City have increased 36% since 1996. Comparisons to Edmonds, Lynnwood, and the County for this same time period follow in Figure EV-8.

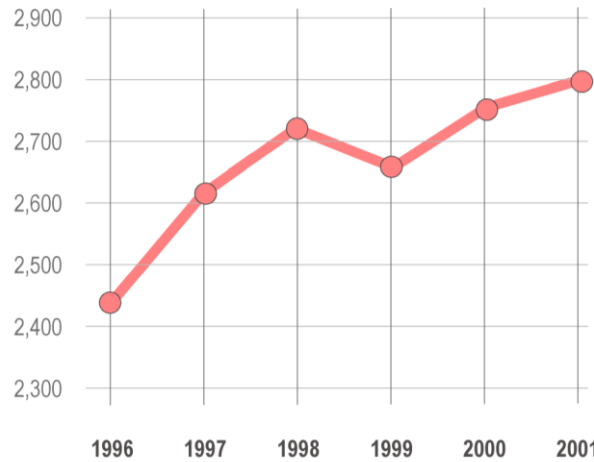
**Figure EV-8  
Percent Change in Taxable Retail Sales 1996 to 2001**



Source: Washington State Dept. of Revenue, Snohomish County Economic Development Council

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**Figure EV-9  
Number of Taxable Units 1996 to 2001**



Source: Washington State Dept. of Revenue, Snohomish County Economic Development Council

More recent data for the first quarter of 2002 shows a 6.2% decline in retail sales, as compared to the first quarter of 2001. This is consistent with state trends.

**Market Study**

To ensure economic vitality, many communities have assessed their opportunities for economic development and put strategies in place to achieve it. In 1999, an economic development market analysis was completed for Mountlake Terrace. It concluded that Mountlake Terrace had both challenges and opportunities in being able to attract economic development.

Challenges included:

- Limited vacant, developable land;
- Small parcels – making it difficult to assemble land for large projects;
- Community vision vs. property-owner vision;
- Low “visual quality” of many buildings and streetscapes;
- Transportation and access issues; and
- Development regulations/building requirements.

Opportunities included:

- New development and renovation projects currently underway;
- Major property owners;
- Good location with access to major transportation arterials and modes of transportation;
- Access to quality residential areas and major employment centers;
- Diverse community;
- Small spaces that could accommodate start-ups and provide valuable incubation space; and
- City and community interest in maintaining the vitality and quality of the community.

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The 1999 market study summarized commercial development potential for the City, as follows:

The types of commercial uses that could generally be supported within Mountlake Terrace include neighborhood-scale retail development (e.g. small shops that provide goods and services to meet the everyday shopping needs of local residents) and small, professional offices or offices for expanding home-based businesses.

The potential for retail development is limited to this smaller scale due to the large concentration of retail development within close proximity to the City (e.g. Alderwood Mall, Aurora Village Mall and Northgate Shopping Center), lack of significant forecast population growth in the City, and limited available development capacity. While the City is centrally located and provides good freeway access, the potential for office development is similarly constrained by available development capacity.

The potential for additional residential development is good and is reflected by infill development already occurring within the City. Mountlake Terrace has a good central location along the I-5 corridor, and is proximate to arterials and freeway access, concentrations of retail development, and major employment centers – all attractive characteristics for residential development. As a result, Mountlake Terrace should see increased demand for higher density housing, which could potentially be converted to or combined with mixed use development in and around the downtown. It also means the City may continue to see developers expressing an interest in higher density infill development projects.

Currently, the most likely short-term opportunity for new commercial development within Mountlake Terrace is on vacant and underutilized parcels in the downtown commercial area. There are few vacant and underutilized parcels within the City with zoning designations that would support additional commercial development. Infill is already occurring on vacant parcels in those areas. Most of the existing commercial buildings within the City are of an age and condition that precludes near term redevelopment (i.e. current market rents would not support the costs of redevelopment).

In general, higher residential densities in the downtown core would be required to support additional commercial development. In particular, higher densities and compact, mixed uses would be required to foster a more pedestrian-friendly environment. The Community Business-Downtown (BC/D) zone allows a greater variety of uses than other commercial zones within the City. Mixed-use developments are permitted within the BC/D zone, which allow a mix of residential and commercial uses (e.g. ground floor retail with residences above) or, alternatively, a mix of commercial uses (e.g. ground floor retail with offices above). Single-purpose commercial uses are also allowed.

Several requirements of the zone and existing development, however, could limit near-term development potential. Small allowable lot coverage, limited building heights and requirements for structured parking as a condition of increasing lot coverage may make near-term development financially infeasible. The maximum structural coverage in the BC/D zone (35%) is quite low, restricting the size of development. While the provision of structured parking can increase the amount of allowable coverage (up to 60%), this

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requirement significantly increases the cost of development and may prove to be a disincentive. The allowable height limit (35 feet) is quite low and may render new development economically infeasible, particularly if structured parking is required to achieve workable lot coverage.

The pattern of existing development could also limit near-term development potential in the downtown commercial area. Much of the core commercial area, around the intersection of 56<sup>th</sup> Avenue W and 232<sup>nd</sup> Street SW, is utilized by a tax-exempt use that occupies the former antique mall. Much of the development in the remaining area zoned BC/D consists of single-family residential lots. Future development may be hindered in that small parcel size may be inadequate to accommodate required parking and parcel assembly may be difficult. In addition, the shallow lot depth of many parcels may make development infeasible. Land assembly, demolition and redevelopment is a longer and more complicated process than development of vacant land.

An additional, longer-term development opportunity exists at the existing Snohomish County Community Transit park-and-ride lot. The park-and-ride lot is located at 23502 60<sup>th</sup> Avenue W and is approximately 6.91 acres in size and is owned by the State of Washington. The site is zoned Public Facilities and Services (PFS) and would require rezoning for commercial or multi-family development. The limitation placed on co-development of this site is the requirement that the State be compensated at “market rates” for an underlying lease.<sup>1</sup>

The study included recommendations for economic development strategies and specific actions. These can be summarized, as follows:

- Focus on attracting selective office and housing development;
- Make the permitting process work smoothly;
- Improve the circulation system (i.e., provide better transportation access to businesses);
- Encourage retail activity in existing business districts;
- Increase potential for building on sites in key areas;
- Explore joint-use opportunities for the park-and-ride lot at 236<sup>th</sup> and I-5;
- Encourage attractive buildings and landscaping throughout the city;
- Use a redevelopment specialist to help interested land-owners.

### Special Study Areas and Planned Actions

Several areas are of interest for further evaluation and possible development. A combined environmental impact statement and subarea plan for each of the areas would help sort out the issues and identify development controls. This kind of subarea plan can lead to a “planned action” under the Growth Management Act. “Planned actions” have environmental and other issues worked out early, so that ultimately, permitting can occur quickly and smoothly.

#### **Melody Hill Subarea**

The Melody Hill site, located on the southwestern corner of I-5 and 220<sup>th</sup> Street SW, is an area with high potential for commercial development. (See Figure EV-10.) The site is adjacent to the

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<sup>1</sup> Economic Development Market Analysis Study, Bucher, Willis and Ratliff, p. Chapter 1-11 and 1-12

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I-5/220<sup>th</sup> Street SW interchange, which provides freeway access to both the north and the south. The Melody Hill site consists of approximately 257,440 square feet (5.91 acres) of commercial/institutional use and a surrounding residential area of 157,521 square feet (3.61 acres). In total, the site contains 19 single-family residences, an old elementary school, and portable buildings. The site includes a variety of uses including childcare, educational programs, church uses, and single-family residences. Two existing cul-de-sacs off 64<sup>th</sup> Avenue W provide access to most of the residential lots within the site. Additional access is available from 66<sup>th</sup> Avenue W via 222<sup>nd</sup> Street SW.

### **Gateway Subarea**

The Gateway Subarea is located in the northeast quadrant of I-5 and SR 104 which is also the King County/Snohomish County line. (See Figure EV-11.) To the south lies the City of Shoreline. The area consists of a total of 21.7 acres bounded by 244<sup>th</sup> (205<sup>th</sup>) on the south, I-5 on the west, encompassing the Ballinger Elementary School site to the north and an irregular eastern boundary to include parcels already designated Freeway/Tourist (F/T). A Master Plan has already been approved for a commercial/retail/motel development on the 21 acres immediately abutting I-5 and 244<sup>th</sup>, known as Gateway Place. It is developed with a theater, restaurant, motel (extended living) for 117 units, office, retail and medical. Two of the 8 parcels originally planned for development are vacant. The largest vacant parcel is a 4.87 acre piece intended for office use and to supply additional parking for the entire Gateway Place complex. The Gateway Subarea located east of the master planned portion is a mix of single family residential and very small lot commercial uses. The elementary school to the north is still in use although the demographics of the Edmonds School District may warrant a change in the future. The school's location abutting I-5, a significant commercial development and a Park and Ride to the north will make it a desirable location, at some point, for freeway oriented redevelopment.

### **Albertson's Subarea**

The Albertson's Subarea contains the largest quantity of undeveloped or underdeveloped land in the City's potential sphere of influence. (See Figure EV-12.) The approximately 100 acres are in unincorporated Snohomish County and are roughly bounded by 44<sup>th</sup> Avenue W on the west, 204<sup>th</sup> Street SW on the north, Larch Way on the east and 212<sup>th</sup> Street SW on the south. The site is readily accessible northbound on I-5 with an exit at the northwest corner of the subarea. Southbound access to I-5 is also available at that location.

The southwest 10 acres of this area are already incorporated in the City and principally developed with an Albertson's grocery store and strip mall. A site development plan has been approved for a gas station to locate at the intersection of 212<sup>th</sup> and 44<sup>th</sup>. To the east of the Albertson's store, on 212<sup>th</sup>, are apartment buildings. Development along 44<sup>th</sup> is mostly single family homes with a large church located approximately midway between 212<sup>th</sup> and 204<sup>th</sup>/I-5. A number of single family residences are located throughout the area on large lots. Some more intense development has already occurred or has been approved for development along Larch Way by Snohomish County.

A substantial portion of the Albertson's Subarea contains wetlands associated with Scriber Creek which flows through the subarea in a northwest to southeasterly direction. Some portions of this subarea can be serviced by utilities the City provides. Property lying on the northerly portions

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may need to obtain sewer and possibly water service from other purveyors. Per a 1997 interlocal agreement entered into with the City of Lynnwood, the City of Mountlake Terrace would not pursue annexation or development of this area without obtaining Lynnwood's consent (see discussion under Unincorporated Islands/Potential Annexation Areas).

This area has potential for a variety of uses including open space/park and wetland preservation in the site sensitive areas and clustered residential or mixed use development together with more intense commercial/retail development along the arterials.

### ***Sustainability and Economic Vitality Strategies***

A citywide Sustainability Strategy was adopted in 2008. ("Sustainability" is a term often used to mean a way of ensuring quality for the environment, economy, and community livability *all together* over the long term.) The Sustainability Strategy focuses on proactive ways that the city can encourage economic vitality, while simultaneously promoting a healthy natural environment and broad community livability. It is complemented by a more specific Economic Vitality Strategy and its "technical annex" (appendix), also adopted in 2008. The Economic Vitality Strategy identifies clean technology, as well as medical facilities, as especially important to the city's economic future. At the same time, it encourages retaining (and/or growing) businesses and adding more retail and restaurants into the community. The technical annex contains data about the city and an assessment of clean technology opportunities.

## **ECONOMIC VITALITY GOALS AND POLICIES**

### **Goals**

The Economic Vitality Element is guided by two key goals, as follows. In addition, a third goal for ensuring economic vitality is an efficient permitting system. This goal, with related policies, is contained in the Plan Administration Element. These goals are stated at a very broad level to indicate the desired end-result for key topics.

- GOAL EV-1.** Businesses that add value to the community or region  
**GOAL EV-2.** Quality of life

### **Policies**

Below are the Comprehensive Plan policies that correspond with each economic vitality goal. The City of Mountlake Terrace shall implement the following policies.

#### **GOAL EV-1. Businesses that add value to the community or region**

- Policy EV-1.1 Encourage efficient use of existing buildable lands, including vacant and redevelopable sites.
- Policy EV-1.2 Actively seek opportunities to annex other buildable lands, consistent with community needs and standards.

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- Policy EV-1.3 Encourage mixed uses in designated areas.
- Policy EV-1.4 Provide opportunities for adding new land uses to or near existing or planned parking structures, such as the Community Transit park-and-ride lot on 236<sup>th</sup> and I-5.
- Policy EV-1.5 Designate lands for commercial and industrial development, while protecting nearby residents from incompatible uses.
- Policy EV-1.6 Annually monitor land supply and development, consistent with the county-wide process, and consider opportunities and incentives for housing and jobs that make it possible for people to work close to where they live and vice-versa.
- Policy EV-1.7 Encourage home occupations where their scale and character are compatible with the neighborhood.
- Policy EV-1.8 Market our community to desirable new and expanding businesses.
- Policy EV-1.9 Ensure that land use policies and development regulations provide for a positive business climate, while protecting the environment and community quality of life.
- Policy EV-1.10 Provide adequate infrastructure to support economic development to meet projected growth, within constraints of local resources.  
  
Discussion: Providing adequate infrastructure will involve identifying sufficient resources, including the use of local improvement districts, tax increment financing, and public/ private partnerships
- Policy EV-1.11 Develop and implement multi-year strategies for economic vitality.
- Policy EV-1.12 Use a “planned action” approach, which combines growth management and environmental review, to streamline the development process for certain areas or sites. As financially feasible, such areas shall include: the Gateway Place vicinity including the Park-and-Ride lot, the Melody Hill area, and the area near Albertson’s Supermarket.
- Policy EV-1.13 Consider options for city partnership in assembling land for future development.
- Policy EV-1.14 Use grant programs to help support projects that foster economic vitality.
- Policy EV-1.16 Work closely with interested organizations and agencies, including the Snohomish County Economic Development Council to achieve local economic goals.

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- Policy EV-1.17 Recognize our community as one part of a larger regional economy.
- Policy EV-1.18 Coordinate with nearby jurisdictions on projects of joint economic benefit.
- Policy EV-1.19 Collaborate with local businesses on issues that affect them.
- Policy EV-1.20 Encourage business investment and the retention and addition of employment within the City, consistent with the City’s target employment of 8,059 by the year 2025.
- Policy EV-1.21 Target recruitment and retention of clean technology firms and medical uses in Mountlake Terrace.

**GOAL EV-2. Quality of life**

- Policy EV-2.1 Promote high-quality design for development.
- Policy EV-2.2 Encourage the ability of each business district to provide jobs, services, and goods, consistent with the urban and neighborhood characteristics.
- Policy EV-2.3 Provide for a balanced transportation system that supports business needs, including pedestrians, transit, cars, and trucks.
- Policy EV-2.4 Ensure that the City is visually attractive to residents, visitors, and businesses.
- Policy EV-2.5 Provide for good schools, parks, transportation, civic buildings, and other services or amenities.
- Policy EV-2.6 Encourage housing that will be attractive and convenient to employees of businesses located within the City.
- Policy EV-2.7 Limit stress from noise, pollution, or traffic congestion.
- Policy EV-2.8 Foster a variety of businesses representing a range of services to their respective districts.
- Policy EV-2.9 Use design guidelines for specific districts to support healthy economic uses while maintaining the integrity of adjacent neighborhoods.
- Policy EV-2.10 Facilitate the development of a vibrant, walkable Town Center.

**PERFORMANCE MEASURES**

Measuring performance or progress is an important way to see whether that expectations are being met. In this Comprehensive Plan, one performance measure has been selected for each

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major topic. Annually, the City will make a good faith effort to meet or exceed the performance measures, check data, with respect to each of the performance measures, and report the results.

Measures for major topics have been selected with the following criteria in mind:

- Relevance to goals
- Meaningfulness to the public
- Availability of data

### **Performance Measure**

For the Economic Vitality Element, the City of Mountlake Terrace has a performance measure and will annually report on its progress. The measure is as follows:

- Businesses in the community employ a total of 6,000 or more people.

### **ACTIONS TO TAKE**

To help carry out this chapter, the following action steps are needed during the next several years.

- Develop by the end of 2008 a detailed economic vitality strategy to promote and provide for the City's continuing development as an attractive community with opportunities for business, housing, and education. The strategy should identify the types of jobs and businesses that meet community and overall market needs for location, retention, or expansion in the community.
- Prepare subarea plans, during the 2005-2009 period, that address economic development or redevelopment issues for the following:
  - Melody Hill area
  - Town Center
  - Other areas, if determined to be appropriate and feasible.