

CITY OF EDMONDS
ECONOMIC DEVELOPMENT COMMISSION
September 16, 2009

The Economic Development Committee meeting was called to order at 6:00 p.m. by Chair Frank Yamamoto in the Brackett Room, 121 5th Avenue North, Edmonds.

COMMISSIONERS PRESENT

Frank Yamamoto, Chair
Michael Bowman
Marianne Burkhart
Don Hall
Darrol Haug
Beatrice O'Rourke
Evan Pierce
David Schaefer
Kerry St. Clair Ayers
Rich Senderoff
Bill Vance
Bruce Witenberg
Rebecca Wolfe

STAFF PRESENT

Cindi Cruz, Executive Assistant
Lorenzo Hines, Interim Finance Director
Francis Chapin, Cultural Services Manager
Rob Chave, Planning Manager
Jeannie Dines, Recorder

ELECTED OFFICIALS PRESENT

Councilmember Ron Wambolt

COMMISSIONERS ABSENT

Bruce Faires
Stacy Gardea
Betty Larman
Rob VanTassell

1. INTRODUCTIONS AND COMMENTS BY CHAIR

2. AMENDMENTS TO AGENDA

The agenda was amended to include a presentation by Planning Manager Rob Chave on retail sales, taxes, etc.

3. APPROVAL OF ECONOMIC DEVELOPMENT COMMISSION MINUTES OF AUGUST 13, 2009

COMMISSIONER BURKHART MOVED TO APPROVE THE MINUTES OF AUGUST 13, 2009. COMMISSIONER BOWMAN SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

4. RESOLUTION 1198 – MISSION

Commissioners reviewed the resolution.

A. DETERMINE NEW STRATEGIES FOR ECONOMIC DEVELOPMENT IN THE CITY OF EDMONDS

Commissioner Haug referred to information he provided regarding Edmonds demographics, major tax sources (property taxes, sales and use taxes, utility taxes and Real Estate Excise Tax) and how tax collection rates have changed in the past ten years. He referred to discussion regarding adding 3 feet to the building height code in zones currently limited to 30 feet, concluding revenue as a result of development of additional would begin to solve many of the City's financial issues.

Discussion followed regarding some revenue sources that are dedicated funds such as utility tax and REET, identifying ways to generate the most revenue, Snohomish County Economic Development Council's focus on life sciences and aerospace manufacturing businesses, small businesses associated with Boeing, Edmonds working with the Snohomish County Economic Development Council, the difficulty with Edmonds competing with cities with existing business parks, identifying where there would be adequate/appropriate space for certain business types, Bothell's purchase of land in their downtown for redevelopment, achieving a balance of business types and the formation of subcommittees to further develop information regarding these ideas.

Finance Director Lorenzo Hines agreed the information Commissioner Haug provided was consistent with City budget documents dating back to 1999 and with the 2009/2010 budget.

Discussion continued regarding whether some numbers reflected the real estate bubble which may skew the numbers and opportunity for redevelopment even though Edmonds is nearly built out.

B. PLANNING MANAGER ROB CHAVE

Planning Manager Rob Chave explained a land use survey done based on information from the Snohomish County Assessor, field work, etc. indicated Edmonds was 96% built out; however, that did not mean all parcels were developed to the maximum allowed by the zoning.

He provided the following comparisons, developed for the Planning Board as part of their work on the Sustainability Element:

Estimated Employment - 2008

- **Edmonds**
Employment: 11,569
Population: 40,760
Emp/Pop Ratio: 0.28

- **Snohomish County**
Employment: 254,185
Population: 696,600
Emp/Pop Ratio: 0.36

- **Puget Sound Region**
Employment: 1,797,150
Population: 3,633,000
Emp/Pop Ratio: 0.49

- **Lynnwood**
 Employment: 25,872
 Population: 35,680
 Emp/Pop Ratio: 0.73

- **Shoreline**
 Employment: 17,035
 Population: 53,440
 Emp/Pop Ratio: 0.32

He reviewed the percentage of the employment in services, WTU, government, education, construction/residential, fire, manufacturing, and retail. He pointed out one of the biggest difference between Edmonds employment versus Snohomish County and the Puget Sound Region was manufacturing; Edmonds has virtually none. Services in Edmonds represent a larger percentage of employment as it includes Stevens Hospital. He explained the comparison indicated Edmonds had enough jobs in the community for about 28% of its population. One of the Committee's goals could be to increase that ratio so that fewer people commuted out of the City which reduces transportation costs, greenhouse gases, and money spent elsewhere. Increasing the employment to population ratio would assist the City's economic growth as well as make the community more attractive to businesses, residents, etc. He summarized the City currently did not the economic base to support the community; balancing housing and jobs was a significant goal of sustainability.

Mr. Chave reviewed the following comparisons:

Gross retail sales market share by category 2007

- **Edmonds**
 Sales: \$363.6 million
 Sales/HH: \$21,778

- **Snohomish County**
 Sales: \$6.9 billion
 Sales/HH: \$26,234

- **Washington State**
 Sales: \$62.9 billion
 Sales/HH: \$24,236

- **Lynnwood**
 Sales: \$1.8 billion
 Sales/HH: \$124,490

- **Shoreline**
 Sales: \$517.8 million
 Sales/HH: \$24,337

He reviewed the percentage of sales for furniture, building materials, auto, electronics, apparel, general merchandise, food and restaurant/bar, pointing out in Edmonds the largest percentage of retail sales was auto sales. He pointed out auto sales tend to performs less well than other segments of the retail economy and is prone to extreme fluctuations. For sustainability, a steady, predicable, stable revenue source without fluctuations is best. For those reasons, auto sales was not something Edmonds should strive to

attract more of, particularly on Hwy. 99. On Highway 99, bus rapid transit and property accumulation for mixed use developments provide more opportunity for future economic development and growth than car dealers.

He briefly reviewed a retail sales growth comparison 2002-2007, identifying areas of retail sales growth in Edmonds compared to Snohomish County with regard to auto, home furnishings, electronics, building materials, food and beverage, drug/health, service stations, apparel, specialty, general merchandise, e-commerce, miscellaneous retail, restaurant/bars. He pointed out the greatest increases in Edmonds were in drug/health which reflects the hospital, and in E-Commerce. He summarized the chart indicated Edmonds retail sales growth was lower than growth elsewhere in Snohomish County. Edmonds' strong fiber network has the potential to attract E-Commerce businesses and people who work from home.

Discussion followed regarding E-Commerce businesses; providing incentives for E-Commerce businesses; promoting the City for E-commerce; retail sales generated in Lynnwood versus Edmonds and Shoreline; high density housing, retail and employment in Lynnwood; diversifying Edmonds; and recent changes in sales tax sourcing.

C. IDENTIFY NEW SOURCES OF REVENUE FOR THE CITY OF EDMONDS TO CONSIDER

Commission suggestions/comments/observations included:

- Look at what other communities as well as Snohomish County are doing
- Look at what has been successful in communities that are similar to Edmonds (waterfront and other similar amenities) such Mukilteo, Kirkland, Medina
- Look at what is being done right in all other communities not just similar communities
- Edmonds may be able to do something on a smaller scale that was done elsewhere on a larger scale
- Invite the Snohomish County Economic Development Director to speak to the Commission
- A chart of variances indicated Kirkland is taking an aggressive strategy toward growth
- Consider other cities' attitude toward accommodating businesses and encouraging growth such as Kirkland, Kent and Renton
- Invite Renton staff to talk with Commission
- Everyone talks about not ruining the small town charm but no one has a clear vision for 2025
- Edmonds needs a vision, Councilmembers do not agree on vision
- Renton decided they needed a vision and the City Council created a vision that included livability and charm
- Cities that want to grow recognize the need to make compromises to attract businesses and residents
- Planning Board should consider space available and zoning
- Businesses want to locate close to a transportation hub
- In the absence of a vision, the Commission should develop a utopian view of what Edmonds should look like with regard to employment to population ratio, retail sales growth, businesses to attract, etc.
- Business will move here if there is a market
- Focus on business development in Port/Harbor Square, old Safeway/Antique Mall site, and downtown and provide incentives to develop those areas
- There is a price associated with remaining a charming bedroom community

Discussion continued regarding the Legislature's plans to amend the GMA in the future as well as pass mandatory higher density development requirements in an effort to reduce the State's carbon footprint by 50%.

5. GOAL DEVELOPMENT CITY COUNCIL ADOPTED COMPREHENSIVE PLAN – ECONOMIC DEVELOPMENT ELEMENT, DECEMBER 2006

Goal 1: Foster a Healthy Business Community that Provides Employment and Other Economic Opportunities

Goal 2: Revitalize the City's Business Districts, Balancing Redevelopment, Preservation and the Need for Consumer Amenities

Goal 3: Diversify the Tax Base and Increase Revenues to Support Local Services

Goal 4: Strengthening the Quality of Life and Vitality of the Community for Residents, Workers and Visitors to Enjoy

The Commission discussed forming subcommittees to consider the four goals, what issues each subcommittee would consider, concern there was no vision for the City, the Commission's work assisting with the formation of a vision, past economic development studies prepared by consultants, the Port's development of a Master Plan for Harbor Square, predetermined tasks of previous consultant reports, a suggestion to ask the Council why they have not implemented recommendations in the consultants' reports, and seeking the assistance of the Snohomish County Economic Development Council.

Commissioners Vance and St. Clair Ayers offered to review previous economic development consultant reports to identify things that could be done and/or commonalities.

It was agreed to form 3 subcommittees with 5 Commissioners on each who would consider Goals 1, 2 and 3. All 3 subcommittees will consider how their work relates to Goal 4.

Chair Yamamoto suggested Commissioners email him their preference with regarding to subcommittees and he will form the subcommittees and inform Commissioners.

7. MEETING WITH PLANNING BOARD

Chair Yamamoto advised this was planned for October.

8. PRESENTATIONS

9. FUTURE AGENDA TOPICS

Chair Yamamoto invited Commissioner to email him with agenda topics.

10. MISCELLANEOUS

Commissioner Wolfe encouraged Commissioners to attend the Livable Snohomish County Summit and Council County Candidate Forum on October 10 at the Everett PUD Building. The event is free, registration is required.

11. AUDIENCE COMMENTS

John McGibbon, Edmonds, urged the subcommittees to keep in mind the eventual production of a deliverable to City Council that includes things that can be implemented to achieve the goal of generating more revenue for the City. With regard to how past Councils have reacted to suggestions about raising heights, he suggested the Commission convince the Council they needed to do what was best for entire City by challenging them with facts, data, reason and logic.

Natalie Shippen, Edmonds pointed out the Council typically does not ask consultant for their expert opinion but asks for what want to hear.

12. ADJOURN

With no further business, the meeting was adjourned at 8:00 p.m.