

Economic Development Element

Introduction and Discussion of Economic Development

The purpose of the Economic Development Element is to state the city's economic development policies clearly in one place, thereby guiding local policymakers and informing the public about issues relating to the local economy.

The chapter is divided into five major sections: Introduction and Discussion of Economic Development, The Edmonds Economy, Economic Development SWOT Analysis, Economic Development Goals and Policies, and Implementation.

Why is economic development important?

The International Economic Development Council provides the following general objective regarding economic development:

“Improving the economic wellbeing of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life.”

In simple terms, economic development has traditionally been thought of as meaning encouraging “growth.” In recent years, many communities have focused more on how economic development fits within a general framework of community sustainability. This framework attempts to integrate economic prosperity, environmental sustainability, social and political equity, and cultural engagement as the constituent parts of the community's overall health.

With similar objectives in mind economic development in Edmonds can be defined as “the city's goals, policies and strategies for growing the local economy in order to enhance the quality of life.” Economic development is essential to preserving the existing level of service and attaining long-range goals for sustainable growth and community vitality.

In general, economic development programs and activities affect the local economy by broadening and strengthening the local tax base, providing a greater range of goods and services for local residents, and by providing meaningful employment and entrepreneurial opportunities.

Economic development priorities vary widely from community to community, but Edmonds' priorities have historically coincided with those of many other Puget Sound area communities, including: creating affordable housing, adding employment, downtown and business district revitalization, small business assistance, expansion of existing businesses, new business recruitment and site selection assistance, community marketing, historic preservation, tourism generation, public relations, streamlining permit processes, and special development or streetscape projects (including public art).

While the state of the economy may change greatly as boom and bust cycles come and go with each passing decade, these economic development priorities seem to stand the test of time. Greater or lesser emphasis may be placed on specific priorities, but for communities in Washington, including Edmonds, these are the main economic development activities to continue to pursue.

The Edmonds Economy

A solid understanding of the local economy helps a community to effectively guide policies, investments, staff resources, and future plans. The following analysis provides a background of the fundamentals of the Edmonds economy, local household and business characteristics, and their impact on municipal revenues.

The Edmonds economy can best be understood by analyzing local demographics and household characteristics, local employment data, and local sales activity.

Population

The US Census Bureau's 2013 estimate lists 40,381 residents in Edmonds. That is a 1.7 percent increase since the official 2010 census, lagging behind both the Snohomish County and Washington State growth figures of 2.9 percent and 2.6 percent, respectively, during that period.

Of further note in understanding the local economy are the following additional demographic factors:

Average age. The 2013 estimated average age in Edmonds is 48.1 years, substantially older than the countywide average age of 37.5, indicating a sizeable retiree population. Several conclusions can be drawn from the relatively older population of Edmonds.

- The size of the labor force is smaller in Edmonds than a similar-sized city with a lower average age.
- While the retiree population includes a segment on fixed incomes, the city's higher-than-average household income figures suggest that there is a sizable segment of retirees who have discretionary income. Coupled with greater free time, these retirees constitute a demographic cohort that is able to engage in leisure activities and associated spending that creates economic activity.
- The housing stock occupied by the older adults and couples may start to see a turn-over in the next decade, potentially providing more housing for younger adults, couples and young families. If this occurs, it could increase the size of the labor force population and increase demand for certain household and personal goods and services, as well as eating/drinking establishments.

- Conversely, if the average age continues to increase, it could mean that fewer younger families and workers will reside in Edmonds. This could have a range of economic impacts that would need to be monitored.

Ethnic make-up. Edmonds and greater Snohomish County exhibit a lesser degree of racial or ethnic diversity than the State as a whole or many parts of the Seattle-Tacoma-Everett metropolitan area. With nearly 80 percent of residents listed as “white,” Edmonds is less ethnically/racially diverse than the following nearby cities:

| City | Percentage of Residents listed as "white" in the US Census |
|------------|--|
| Edmonds | 79.7 |
| Kirkland | 74.3 |
| Mill Creek | 66.9 |
| Shoreline | 66.8 |
| Seattle | 66.7 |
| Everett | 66.0 |
| Redmond | 58.7 |
| Bellevue | 58.2 |
| Lynnwood | 56.8 |

Figure 30: Percentage of Residents Listed as "White" in US Census

Source: American Community Survey 3-yr, 2011-2013

Households. Of the 17,381 households, the degree of home ownership (69 percent) in Edmonds is substantially greater than many nearby cities.

| City | Percentage Owner-Occupied Households |
|------------|--------------------------------------|
| Edmonds | 69% |
| Shoreline | 65% |
| Mill Creek | 63% |
| Kirkland | 57% |
| Redmond | 54% |
| Lynnwood | 53% |
| Bellevue | 53% |
| Seattle | 48% |
| Everett | 45% |

Figure 31: Percentage of Owner-Occupied Households

Source: American Community Survey 3-yr, 2011-2013

Household income. As would be expected by the high percentage of owner-occupied homes in Edmonds, the average household income levels are also higher than regional averages and generally, although not exclusively, higher than other nearby cities. During the period from 2011-2013, the Edmonds' median household income was \$67,228 per year, compared with a Snohomish Countywide average of \$67,192 and a King Countywide average of \$70,998.

Conclusions that can be made from the preceding data regarding ethnic make-up, home ownership and household income include the following:

- With a generally more affluent population, Edmonds residents create demand for a wide variety of goods, services and activities. While nearby communities vie with Edmonds for market share to meet this demand, this fact should be kept in mind when pursuing economic development strategies.
- Edmonds' very robust services sector (see below) provides many related jobs. However, often services-sector jobs pay lower wages than average. Consequently, with higher home prices and rents in Edmonds, services-sector employees may have fewer housing options here. This may create demand for more affordable housing development.

Labor Force. Of the city's total 2013 population of 40,381 the US Census estimates the civilian labor force to be 21,174. This is an important figure to keep in mind when considering the number of jobs in Edmonds. While jobs per capita is often used as an econometric measure, it is can be more insightful to consider jobs per labor force population, which portrays more accurately the availability of jobs for working Edmonds residents.

Employment

The Edmonds economy is diverse and includes employment in the full range of business sectors: construction, finance/insurance/real estate, retail, services, warehousing/utilities/transportation, government, education, and a small amount of manufacturing.

With 13,232 jobs in 2013, Edmonds exhibits a ratio of 0.325 jobs per capita. However, this equates to 0.625 jobs per person in the civilian labor force. The substantial disparity between these two ratios reflects the relatively large amount of Edmonds residents who are retirees and no longer in the labor force.

The following Figure 32 provides a quick comparison of jobs, population and jobs per capita in Edmonds and other Snohomish and King County communities. As can be seen, Edmonds provides a relatively lower number of jobs per capita (0.325) than several other nearby cities. However, as mentioned above, when compared with the 21,174 Edmonds residents in the labor force, the Edmonds economy provides 13,232 jobs – a ratio of 0.62 per Edmonds worker. Nevertheless, according to US Census data, Edmonds-based jobs employ only about 20 percent (approximately 4,200) of these Edmonds labor-force residents. That is to say, up to 80 percent (approximately 17,000) of Edmonds workers travel elsewhere to work. Given that Edmonds households exhibit relatively higher median incomes, while predominately working elsewhere; this seems to suggest that the Edmonds economy does not provide a sufficient supply of higher-wage jobs.

| County | City | Total Jobs | Population | # Jobs per Capita | Labor Force | # Jobs per Persons in Civilian Labor Force |
|----------------|-------------------|------------|------------|-------------------|-------------|--|
| King | Redmond | 79,649 | 57,530 | 1.384 | 32,593 | 2.444 |
| King | Bellevue | 126,425 | 133,992 | 0.944 | 72,726 | 1.738 |
| Snohomish | Everett | 91,310 | 105,370 | 0.867 | 54,725 | 1.669 |
| King | Seattle | 499,946 | 652,405 | 0.766 | 393,184 | 1.272 |
| King/Snohomish | Bothell | 26,886 | 35,576 | 0.756 | 19,550 | 1.375 |
| Snohomish | Lynnwood | 25,474 | 36,485 | 0.698 | 19,019 | 1.339 |
| King | Issaquah | 22,310 | 33,566 | 0.665 | 18,236 | 1.223 |
| King | Renton | 59,697 | 97,003 | 0.615 | 54,325 | 1.099 |
| King | Kirkland | 41,091 | 84,430 | 0.487 | 48,170 | 0.853 |
| Snohomish | Mountlake Terrace | 7,201 | 20,674 | 0.348 | 12,516 | 0.575 |
| Snohomish | Edmonds | 13,232 | 40,727 | 0.325 | 21,174 | 0.625 |
| King | Shoreline | 15,819 | 54,790 | 0.289 | 29,773 | 0.531 |
| Snohomish | Marysville | 12,409 | 63,269 | 0.196 | 32,448 | 0.382 |
| King | Kenmore | 3,556 | 21,611 | 0.165 | 10,998 | 0.323 |
| Snohomish | Lake Stevens | 4,451 | 29,949 | 0.149 | 15,444 | 0.288 |
| King | Total | 1,183,811 | 2,044,449 | 0.579 | 1,128,768 | 1.049 |
| Snohomish | Total | 264,844 | 745,913 | 0.355 | 391,151 | 0.677 |

Sources: Puget Sound Regional Council; American Community Survey 3-yr, 2011-2013

Figure 32: Jobs per Persons in Civilian Labor Force

Jobs by Sector

It is also of interest to analyze the break-down of jobs by sector. By far the largest single source of employment is the “services” sector, comprised of jobs in such areas as health care, accommodations and food service, arts and entertainment, professional services, etc. Swedish-Edmonds and the numerous health care-related businesses in its vicinity provide a significant portion of these jobs in the “services” sector. In summary, this sector comprises nearly 70 percent of Edmonds jobs – substantially above the averages of Snohomish County and several nearby cities:

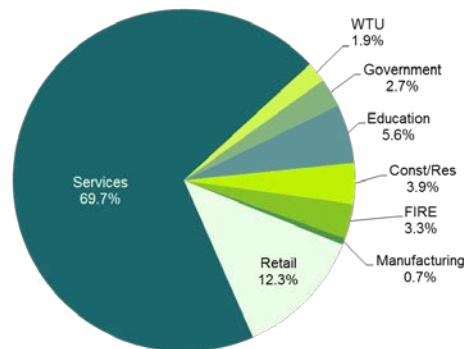


Figure 33: Edmonds Employment by Sector

Source: Puget Sound Regional Council, “Covered Employment Estimates,” 2013

| City | Percentage of Jobs in Service Sector |
|------------------|--------------------------------------|
| Edmonds | 70% |
| Mill Creek | 59% |
| Shoreline | 46% |
| Lynnwood | 45% |
| Snohomish County | 35% |

Figure 34: Percentage of Jobs in Service Sector

Source: Puget Sound Regional Council, "Covered Employment Estimates," 2013

The second largest employment sector is retail, comprising 12.3 percent of all jobs. While this percentage is generally in line with countywide averages, it is notable that Lynnwood, with its regional shopping mall and nearby shopping centers, exhibits a substantially larger percentage of retail jobs, at 28 percent.

Notwithstanding several major employers, including Swedish-Edmonds, the Edmonds School District, major assisted-living/rehab centers, larger restaurants, major auto dealers and large grocery store outlets, among others, much of Edmonds' employment base is comprised of small businesses. Among these small businesses figure retail shops, eating and drinking establishments, professional services firms, personal services establishments, and many home-based businesses.

The manufacturing sector, in contrast, provides only 87 jobs and constitutes a substantially minor employment sector, which is similar to many suburban Snohomish and King County communities. Conversely, Everett and some areas of unincorporated Snohomish County provide a large number of manufacturing jobs.

- Based on the foregoing snapshot of the Edmonds employment base, the following conclusions can be drawn:
- The services sector will continue to dominate the Edmonds employment base, with continued growth expected, especially in the health care sector.
- While competition exists from nearby communities, the retail sector provides a significant opportunity for additional employment growth.
- The following sectors will likely remain stable: education; government; finance, insurance, real estate; wholesale, transportation, utilities.
- The construction sector is likely to see an upturn as additional commercial, multifamily and mixed-use development occurs throughout the City.

- The manufacturing sector will likely remain small, but growth is likely to increase in the artisanal industries, such as food, beer, spirits and other products, as well as low-impact, specialty manufacturing, such as software, electronics, green technology, etc.
- A substantial gap exists between Edmonds residents in the labor force and Edmonds-based jobs. Additional, higher-paying jobs in all sectors in Edmonds would likely help reduce this gap. Additionally, this would help increase quality of life, reduce regional commuting, and increase the City's tax revenue.
- Conversely, a substantial number of jobs in Edmonds are occupied by residents of other outside communities. Additional housing within a greater distribution along the affordability spectrum could help capture the latent housing demand of many Edmonds workers.

Retail Sales

An analysis of overall retail sales is also very insightful in understanding the Edmonds economy. Comparison with other nearby communities yields an understanding of strengths and weaknesses in local components of retail sales, indicating potential sources of sales “leakage.”

Figure 35 shows the top (over \$10,000,000) retail sales sectors (by NAICS title) in 2013 of the 50 sectors reporting.

| Retail Sector (NAICS title) | Taxable Retail Sales (in millions) |
|---|---------------------------------------|
| Cars & Other Vehicle Dealers | \$ 152.2 |
| Food Service, Caterers, Bars | \$ 87.0 |
| Food/Beer/Wine/Liquor Stores | \$ 29.4 |
| Construction (new housing) | \$ 25.0 |
| Apparel/Accessories/Jewelry Stores | \$ 22.8 |
| Health Care and Social Assistance | \$ 17.3 |
| Auto/Personal/Household Goods Repair | \$ 16.2 |
| Used Merchandise/Pet/Art/Gift/Office Stores | \$ 14.3 |
| Construction (exterior, finishing, equipment) | \$ 10.9 |
| Pharmacies/Beauty/Personal Care Stores | \$ 10.5 |

Figure 35: Top Retail Sectors in Edmonds, 2013

Source: Puget Sound Regional Council, “Covered Employment Estimates,” 2013

As presented in the table, automobiles and other vehicles are the top retail sales category by a wide margin. At just over half of the car-sales figure, the food and drink sector is also substantial.

Another important data set to consider is retail sales per capita, especially as it compares with other nearby communities.

| CITY | TAXABLE RETAIL SALES |
|-------------------|----------------------|
| Lynnwood | \$ 57,289 |
| Kirkland | \$ 23,199 |
| Shoreline | \$ 15,582 |
| Edmonds | \$ 15,198 |
| Mukilteo | \$ 11,203 |
| Mountlake Terrace | \$ 9,522 |

Figure 36: Taxable Retail Sales per Capita in 2013

Source: American Community Survey 3-yr, 2011-2013

As shown in Figure 36, the city of Lynnwood, with its regional mall and associated shopping centers, captures a great deal of retail sales, with the highest retail sales per capita – approaching four times the amount in Edmonds. Kirkland, a similar-sized city in King County, captures modestly more retail sales, while neighboring Shoreline sees almost the same per-capita sales.

Even more insightful is an estimate of sales per capita within key retail categories as a function of per-capita income, compared with Western US standards. This exercise provides an estimate of the “leakage” of retail sales to other communities that could potentially be captured by Edmonds residents within Edmonds.

One starts by using standards provided by the US Census, Bureau of Labor Statistics, and the Washington Department of Revenue, which indicate that the portion of annual per-capita income routinely spent by Western US residents on the main retail categories listed below is 19.94 percent. Based on the City’s per-capita income and population, one can determine the total income anticipated to be spent by Edmonds’ residents. Applying the aforementioned 19.94 percent retail sales expenditure rate to the City’s total income, one arrives at the anticipated total retail sales by Edmonds’ residents, otherwise known as “demand” for these retail categories. By analyzing the City’s *actual* retail sales receipts for these categories, one can quantify both the total retail sales “leakage” and the relative gap within each retail category. The following figures break down this analysis:

| Description | Total |
|---|------------------|
| City Population, 2013 Census estimate | 40,381 |
| Per Capita Income, 3-yr ACS 2011-2013 | \$ 40,892 |
| Total % of CU Income Spent on Categories Listed (Western US Avg.) | 19.94% |
| Avg. Retail Spending Per Capita for Selected Categories (Edmonds) | \$ 8,152 |
| Total Income of City's Residents | \$ 1,651,259,852 |
| Expected Expenditures by City's Residents for Selected Categories | \$ 329,201,769 |
| Estimated Taxable Retail Sales | \$ 279,092,756 |

Figure 37: Edmonds Actual Aggregate Retail Sales as a Percentage of Potential Sales

Source: US Census; American Community Survey 3-yr, 2011-2013; Bureau of Labor Statistics; WA Department of Revenue

| Category | % of CU Income Spent on Category (Western US Avg.) | Est. Demand for Category by City's Residents (2013) | Edmonds Taxable Retail Sales for Category (2013) | Ratio of Total Consumed to Total Demanded - the "Gap" |
|---|--|---|--|---|
| Eating and Drinking Places | 4.39% | \$ 72,417,652 | \$ 85,776,628 | 0.844 |
| Household Textiles | 0.22% | \$ 3,627,818 | \$ 1,040,569 | 3.486 |
| Furniture | 0.63% | \$ 10,343,492 | \$ 481,624 | 21.476 |
| Floor Coverings | 0.04% | \$ 606,012 | \$ 1,101,342 | 0.550 |
| Major Appliances | 0.39% | \$ 6,408,539 | \$ - | |
| Apparel and Services | 2.71% | \$ 44,787,121 | \$ 20,189,446 | 2.218 |
| Footwear | 0.52% | \$ 8,513,896 | \$ 1,055,428 | 8.067 |
| Other Apparel and Services | 0.37% | \$ 6,179,014 | \$ 1,529,057 | 4.041 |
| Vehicle Purchases | 4.68% | \$ 77,234,377 | \$ 148,878,789 | 0.519 |
| Gasoline | 3.89% | \$ 64,262,080 | \$ 5,220,946 | 12.309 |
| Pet Supply | 0.77% | \$ 12,684,978 | \$ 2,044,641 | 6.204 |
| Toys, Hobbies, and Playground Equipment | 0.27% | \$ 4,408,864 | \$ 1,354,332 | 3.255 |
| Personal Care Products | 1.07% | \$ 17,727,926 | \$ 10,419,954 | 1.701 |
| Total | 19.94% | \$ 329,201,769 | \$ 279,092,756 | 1.180 |

Figure 38: Edmonds Actual Retail Sales by Category as Percentage of Potential Sales

Source: US Census; American Community Survey 3-yr, 2011-2013; Bureau of Labor Statistics; WA Department of Revenue

***Note: A ratio of 1:1 would signify a 100 percent capture in Edmonds of Edmonds' latent demand for that category. A ratio under 1 signifies a greater capture of market demand for a category than Edmonds demand. A ratio over 1 signifies uncaptured demand or a retail sales "leakage" to other communities.*

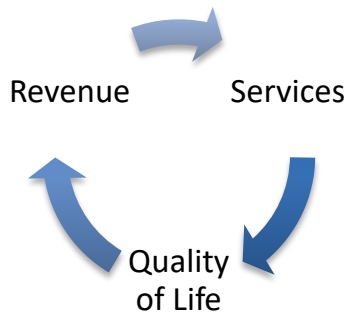
The principal conclusions to be drawn from the foregoing analysis of retail sales in Edmonds are as follows:

- Among the main retail sales categories, Edmonds captures approximately 84 percent of the total retail sales that would be expected from Edmonds residents, based on Western US average retail sales rates, with up to \$57,929,741 of potential spending going elsewhere.
- This figure, however, is skewed substantially by vehicle sales, because the rate of capture in Edmonds is higher than average and the value of vehicle sales is high. Extracting vehicle sales from the equation, Edmonds captures approximately 51 percent of retail sales that would be expected from Edmonds residents, based on Western US average retail sales rates.
- Consequently, there is an almost 50 percent "leakage" of potential nonvehicle-related retail sales from Edmonds – an amount that could total as high as \$125,000,000 annually.
- In addition, while the vehicle sales sector is valuable to the Edmonds economy, the remaining major retail sectors are providing substantially less than Edmonds residents' demand for such goods and services.

- This all points out that, given the volatility and size of the vehicle sales sector, growth in the other sectors could help protect against an over reliance on that sector. In 2013, vehicle sales made up 32.4 percent of the total taxable retail sales for businesses with locations in Edmonds.

City Revenues and Sustainability

Economic development is an important issue not only because it addresses jobs, availability of goods and services and quality of life, but also for its role in supporting city revenues on a sustainable basis.



Of the City’s annual tax revenues, property tax comprises 38.9 percent, utility tax 18.4 percent and sales tax 16.9 percent, for a combined total of almost 75 percent of municipal deriving from taxes. Economic vitality is key to ensuring the continued sustainability of these tax revenue sources in order to ensure continued support of valuable city services and the quality of life enjoyed by residents and businesses.

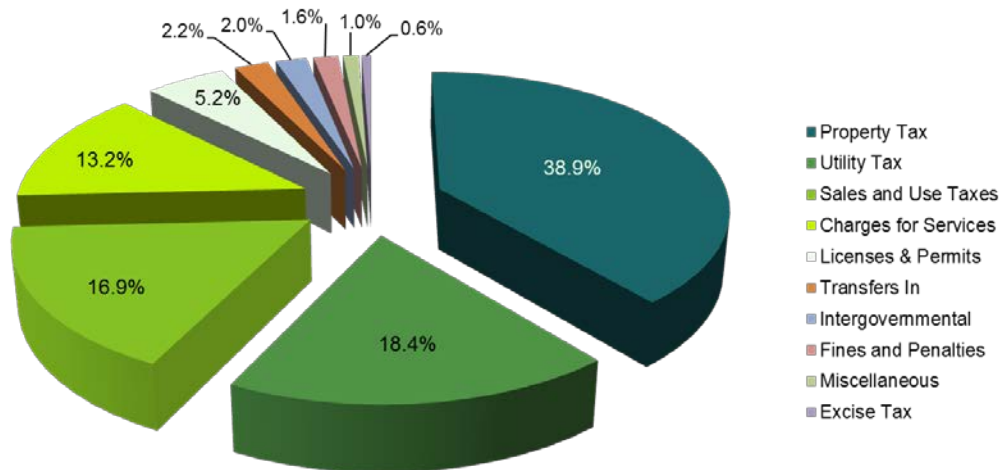


Figure 39: Edmonds General Revenues by Source

Source: City of Edmonds Adopted 2015 Budget

The following figure compares Edmonds against other nearby communities in terms of percentage contributions from sales and property taxes to municipal revenue:

| City | Sales Tax | Property Tax |
|------------|-----------|--------------|
| Edmonds | 17% | 39% |
| Lynnwood | 28% | 17% |
| Mukilteo | 20% | 34% |
| Mill Creek | 21% | 49% |
| Bothell | 14% | 14% |
| Kirkland | 12% | 18% |

Figure 40: Percentage Contribution of Sales and Property Tax

Source: Budget documents from corresponding cities

As one can see, Lynnwood relies substantially more than Edmonds and other nearby communities on retail sales tax, given the presence of the regional shopping mall and associated shopping centers in that community. Edmonds and several other communities rely to a greater degree on property tax revenues. While this is often a more stable continued source of revenue than sales tax revenue, the State-imposed limit of no more than one-percent annual growth in property tax revenue (absent a voter-approved levy) does not keep up with inflation and has transformed this source into more of a revenue baseline rather than a source of growth. In the face of inflationary pressures and increased demands for services, municipalities like Edmonds must seek revenue growth from other sources.

Additionally, in the case of Edmonds, in light of the substantial “leakage” of potential retail sales to other communities, recapture of even a modest amount of this leakage could yield much-needed additional sales tax revenue.

While it is simple to establish a goal of increasing sales tax revenues, it is more difficult to determine how to implement that goal. Many cities have focused on new development because of its potentially positive impact on both sales and property taxes.

Appropriately sited and sized development/redevelopment projects increase:

- Property tax receipts through the “new construction” provision that captures new construction value-based property tax for the first year a project is brought on line and adds that value to the city’s future property tax baseline.
- Sales tax revenue from construction materials and activity.
- Sales tax revenue from both personal and business spending accruing from new residents, workers and businesses within newly developed buildings.
- Utility tax revenue from a greater number of utility customers.

Development opportunities in Edmonds are generally limited to redevelopment in the business districts where under-developed parcels may still be found. This does not imply a need for wholesale redevelopment of entire districts, but rather an emphasis on appropriately sited and sized residential,

mixed-use and commercial projects in key locations, such as the Highway 99 corridor, Westgate, Five Corners and select locations in and near Downtown.

Consequently, this chapter includes goals and policies that reflect the need to accommodate appropriate development/redevelopment throughout the various business districts in Edmonds.

Lastly, another source of potential growth in retail sales and the resulting municipal tax revenue could lie in achieving greater energy efficiency in Edmonds' homes and businesses. A 2010 study conducted by Sustainable Edmonds reported that utility consumption just from electricity and natural gas constituted on the order of \$35-40 million annually in the 2008-2009 period. While that figure can vary considerably as energy prices vary, a figure on the order of \$30+ million suffices for planning purposes. Sustainable Edmonds has further identified that through relatively modest energy-saving interventions on existing homes and businesses, approximately 10 percent savings can be achieved, which could free up approximately \$3 million dollars in additional discretionary income among Edmonds residents.

Economic Development SWOT Analysis

Edmonds' current strengths, weaknesses, opportunities, and threats (SWOT) relating to economic development

As a companion to of the foregoing analysis of the fundamentals of the Edmonds economy, the following "SWOT" analysis assists in preparation of the goals and policies for economic development in Edmonds.

Strengths:

- Amenity-rich community with high quality of life
 - Picturesque waterfront setting, with publicly accessible waterfront and rich variety of parks and recreational activities
 - Traditional downtown with array of specialty retailers, food and drink establishments, entertainment and services, complemented by free parking
 - Distinctive neighborhoods and business districts
 - Regionally renowned events and festivals
 - Historic character
- Intermodal transit connections
- Port of Edmonds' role in economic vitality, especially as anchor to strong, growing maritime business sector



- Publicly accessible fiber optic network in the Downtown area
- Strong, prominent and regionally recognized arts community
- Burgeoning health services sector, anchored by Swedish-Edmonds
- Strong and prominent educational infrastructure from public and private K-12 institutions to Edmonds Community College
- International business community, offering diverse array of goods and services, both in Highway 99 “International District” and throughout the City
- Strong social capital and community pride
- High degree of home ownership
- Low rates of unemployment and poverty

Weaknesses:

- Limited retail trade area due to geographical constraints (Puget Sound to the west, distance from I-5) and prominence of major regional retail centers and lifestyle centers in nearby communities
- Potentially restrictive land use and parking regulations in the business districts compared with other communities
- Lack of large, regularly shaped parcels to accommodate redevelopment in commercial areas outside the downtown BC zone
- Limited amusement/family entertainment establishments relative to surrounding communities.
- Shortage of tourism infrastructure, such as full range of accommodations, public restrooms, way-finding signage, etc.
- Shortage of affordable housing opportunities
- Substantial portion of resident labor force commutes away for work, while large number of workers commute in to town for work

Opportunities:

- Location, “character” and natural assets can leverage additional economic development by nurturing existing businesses for growth and expansion and recruiting new, complementary businesses that seek those assets.
- Existing and planned intermodal transit connections can leverage transit-oriented development.

- Through enhanced connectivity, opportunities exist to maximize the synergy and economic impact of the Edmonds Center for the Arts with the Downtown business community,.
- The burgeoning arts community can leverage greater tourism, artisanal manufacturing and associated business.
- Highly skilled, educated workforce provides opportunities for businesses to locate in Edmonds that offer high-paying jobs
- Continued growth in the emerging business sectors of artisanal and craft producers, including microbreweries, distilleries, specialty foods, and low-impact, specialty manufacturing.
- Telecommunication/technology assets can provide better service for existing business customers and attract new business.
- Infrastructure improvements around the business districts can enhance their attractiveness for investment and viability of commercial and mixed-use development.
- Downtown and the Highway 99 corridor near the medical services node around Swedish-Edmonds offer opportunities for additional hospitality facilities.
- Underdeveloped sites in the City’s business districts (e.g., Westgate, Fiver Corners, Highway 99 corridor, etc.) offer opportunities for appropriate commercial and/or mixed-use redevelopment projects. Additional population density in business districts can add market demand for goods and services and employee base for new and growing businesses.
- Large numbers of workers who commute to Edmonds create additional demand for affordable housing
- Travelers through Edmonds via the Washington State Ferry system offer potential for greater business activity.
- Senior, more affluent residents provide opportunities for businesses related to that demographic cohort.
- Increased energy efficiency in homes and businesses could free up discretionary income to support more local spending



Threats:

- Retail “leakage” (i.e. loss of potential local sales activity to areas outside of the City of Edmonds)
- Wider variety and availability of housing options and commercial space elsewhere
- Concerns over the long-term fiscal sustainability of City of Edmonds services and infrastructure without additional significant business sector growth
- Increasing volumes of train traffic, with resulting increase in blockage of at-grade crossings, could threaten economic vitality of the waterfront community.

Economic Development Goals & Policies

Each key goal in this element (or section) is identified by an alphabet letter (for example, “D”). Goals are typically followed by associated policies and these are identified by the letter of the goal and a sequential number (for example, “D.2”)

Economic Development Goal A. Foster a healthy business community that encourages appropriately scaled growth and investment that offers a wide range of goods and services, provides employment, and enhances municipal revenue.

- A.1 Continually strive to offer an efficient, timely and predictable regulatory environment within the framework of a strong customer service approach.
- A.2 Develop or maintain business recruitment programs, including a tool box of possible incentives, to encourage a wide range of new business development, including retail, service, artisanal manufacturing and professional services sectors.
- A.3 Foster business expansion and retention through existing and enhanced programs.
- A.4 Prioritize purchasing from local businesses while balancing a concern for cost containment.
- A.5 Promote local business through enhanced public awareness campaigns, events, awards programs and other activities.
- A.6 Promote emerging business sectors such as artisanal and craft producers, including microbreweries, distilleries, specialty foods, etc., as well as low-impact, specialty manufacturing, including software, electronics, green technology, etc
- A.7 Continue to partner with business leaders, organizations and community members, such as the Port of Edmonds, Edmonds Chamber of Commerce, etc., to leverage business opportunities and to solicit and address feedback to enhance the business environment.
- A.8 Leverage business opportunities related to travelers to/from Edmonds using the Washington State Ferry system.

- A.9 Pursue greater energy efficiency in homes and businesses to free up discretionary income for more local spending.

Economic Development Goal B. Revitalize and enhance the city’s business districts, balancing the needs for housing, commerce and employment development with neighborhood character, amenities and scale.

- B.1. Adopt land use policies, zoning, and design guidelines that are supportive of economic development, while recognizing neighborhood character, context and impacts.
- B.2. Monitor and potentially revise parking requirements in business districts to encourage business development, while reasonably accommodating parking demand.
- B.3. Pursue strategic planning efforts and/or develop land use regulations that will encourage viable, appropriately scaled commercial and mixed-use redevelopment of key properties in the City’s business districts.
- B.4. Continue to foster and enhance the economic vitality of Downtown Edmonds, including retention and growth of existing businesses, attraction of new businesses, and promotion of appropriate in-fill redevelopment. Monitor and enhance the Edmonds Downtown Business Improvement District in its efforts to fund business promotion, marketing, improvement projects, beautification, etc.
- B.5. Provide staff support to businesses wishing to explore the potential of additional Business Improvement Districts in other commercial areas to help fund business promotion, marketing, improvement projects, beautification, etc., in a sustainable fashion.
- B.6. Promote enhanced connectivity between the Edmonds Center of the Arts and the Downtown business community to maximize synergy and economic impacts.
- B.7. Continue to support an historic preservation program that works to identify and preserve historic architectural, archeological and cultural resources for future generations. This can include use of available incentives and the historic preservation building code to encourage property owners to register eligible historic buildings.
- B.8. Work to “brand” and promote distinct business districts where there is a natural identity, such as the Highway 99 International District, Westgate, the Swedish Hospital Medical District, and the waterfront, among others.
- B.9. Work with property owners, developers and investors to seek appropriate redevelopment in underdeveloped and/or emerging business districts, such as the Highway 99 medical services district, Five Corners, etc. Ensure that redevelopment in business districts provide a quality environment with character, walkability and amenities for patrons and residents to enjoy.

- B.10. Implement regulations and/or design guidelines that will ensure the development of quality retail and commercial space that can physically accommodate a variety of future uses.
- B.11. Implement infrastructure and technology improvements around business districts to provide enhanced service, retain and attract business.

Economic Development Goal C. Diversify and grow the City’s economic make-up to reduce sales leakage, attract spending from nearby communities, enhance local employment, and increase municipal tax revenues to support local services.

- C.1. Identify under-represented business sectors and work with partners, property owners and/or developers to recruit new businesses that help fill under-met market demand.
- C.2. Leverage technology assets, such as existing fiber connections, to support technology-based businesses and potentially to pursue new revenue streams.
- C.3. Focus on recruitment and “buy local” community marketing on consumer spending segments in which there is significant “leakage” and also a strong possibility of recapturing spending.
- C.4. Employ strategic marketing opportunities to attract consumer spending from beyond Edmonds.
- C.5. Pursue available incentives to foster appropriate redevelopment, where possible.
- C.6. Encourage longer hours of business operation and/or more evening uses in the business districts to add options during “peak” hours of consumer spending.

Economic Development Goal D. Support and enhance the community’s quality of life for residents, workers and visitors in order to sustain and attract business and investment, and enhance economic vitality.

- D.1. In concert with the Housing Element’s Goals and Policies, pursue a housing strategy that seeks to accommodate a wide variety of housing options, both in design and affordability, to meet the demands of the full range of the working population, retirees, students, artists, et al.
- D.2. Recognizing the value of a progressive community in retaining and attracting business, continue to foster an open and accepting community culture that respects diversity.
- D.3. Support and enhance social, cultural, artistic, recreational and other learning activities for residents, workers and visitors.
- D.4. Pursue efforts to communicate with the public about the value of economic vitality in sustaining the City’s quality of life, services and amenities.

- D.5. Integrate programs and activities related to economic prosperity with objectives related to environmental sustainability, social and political equity, and cultural engagement.

Economic Development Goal E. Expand and enhance the tourism sector to attract outside spending to help fuel the local economy.

- E.1 Continue to support existing, and provide support to new, events and festivals that attract visitors.
- E.2. Continue to support and enhance the arts/culture sector and the visitors that arts/culture events and activities attract.
- E.3. Support and enhance sporting, nature, and other outdoor events and activities that attract visitors.
- E.4. Strategically employ marketing media and resources to attract visitors. An overall marketing strategy should include a variety of traditional marketing, online marketing, earned media presence and use of social media.
- E.5. Market Edmonds as a year-round destination for its waterfront location, historic downtown, arts community and venues, eating and drinking establishments, international shopping and dining, natural amenities, gardens and flower displays, parks and recreational assets, etc.
- E.6. Support the tourism infrastructure, including visitor amenities such as public restrooms, the visitors' center, way-finding signage, enhanced waterfront accessibility etc.
- E.7. Support efforts to enhance the hospitality infrastructure, including potential for an increased number and/or wider range of lodging establishments Downtown, in the medical services district on Highway 99, and/or in other business districts.

Implementation

The policies in this document were constructed to provide a supportive foundation for future economic development projects, legislation and decisions. Implementing the city's policies will require cooperative involvement on the part of the City, other public entities, and business and community organizations.

As stated throughout this chapter, economic development in Edmonds could require a variety of measures on the part of the City and other entities, including such measures as:

- Staff support, outreach and actions in support of business attraction and expansion, as well as promotion of investment and development
- Legislative actions (such as decisions related to zoning, incentives, fees and taxes, permit/business requirements, etc.)

- City expenditures on such things as amenities and infrastructure, and potential property acquisition
- Actions by the Port of Edmonds to attract and expand marine-related business and activity
- Programs provided by Edmonds Community College that support work-force development, job readiness, job placement, etc.
- Collaborative efforts between the Chamber, City and other entities to create and enhance a positive, business-friendly environment

In addition, as part of a larger regional economy, the City of Edmonds and its partners must continue to work actively with regional economic development organizations such as the Economic Alliance of Snohomish County, the Snohomish County Economic Development Department, the Greater Seattle Trade Alliance, the Washington Economic Development Association, the Puget Sound Regional Council, the Prosperity Partnership, and the Washington State Department of Commerce, among others.

Strategic Action Plan

After approximately two years of work on the part of staff, consultants, the Economic Development Commission, and Councilmembers, together with substantial public involvement, on April 2, 2013 the Edmonds City Council approved the City's Strategic Action Plan (SAP). The plan identifies both short-term (3-5 years) and mid-term (5-10 years) community strategic objectives, as well as specific action tasks and responsible participants, schedules and performance measures to achieve them.

The SAP is organized into five general strategic objectives:

1. Create economic health, vitality and sustainability
2. Maintain, enhance and create a sustainable environment
3. Maintain and enhance Edmonds' community character and quality of life
4. Develop and maintain a transportation and infrastructure system to meet current and future demand
5. Provide responsible, accountable, and responsive government

Each strategic objective is further subdivided into 88 specific action items to achieve implementation.

Strategic Objective 1, as mentioned above, is most directly involved with economic development through a series of action items related to general economic sustainability, marketing of business districts, promotion of business development, business outreach and development and a series of land use standards and design guidelines intended to foster investment and appropriately scaled redevelopment.

However, additional action items (for a total of 22) related to economic development can be found throughout the SAP, illustrating the importance of economic development in the City's strategic direction.

As mentioned above, the SAP spans action items that can be worked on immediately to those that may take many years. Nevertheless, it is incumbent on all participants to begin the process of implementation.

Implementation is scheduled to begin in 2015 pursuant to a Council-approved implementation plan.

Notwithstanding all the above, the SAP does not enshrine the totality of economic development activities to be pursued by the City and its partners. Strategic economic development initiatives, in response to the bulleted items stated earlier will need to be pursued on an on-going basis. These initiatives will in many cases be complementary to action items identified in the SAP.

Performance Measures

Economic development is a tireless activity in pursuit of enhanced economic vitality that is often more influenced by exogenous economic factors than local actions. For this reason it is difficult to measure on a year-to-year basis the performance of the actions of a local agency and its partners on a community's economic health. Did an increase in business activity, home starts or jobs result from local programs, incentives and/or outreach or would those economic successes have arisen otherwise in a booming economy? Conversely, do lower sales, higher unemployment and a sagging construction sector reflect on unsuccessful local economic development programs or more respond to a regional, national or even global economic down-turn?

Whether or not economic success or failure can be attributed to any local actions, it is insightful and informative to monitor the local economy's performance and to attempt to steer economic development strategies in response.

To this end, one of the two most basic performance measures related to a local community's economic health is growth or decline in overall employment.

What's more, in its adopted planning growth targets Snohomish County has allocated 2,269 new jobs to the City of Edmonds for the planning horizon of 2035. While job growth does not follow a straight line year over year, this 20-year planning target provides a good index to gauge annual job growth in Edmonds.

The Comprehensive Plan contains a small number performance measures (no more than one per element) that can be used to monitor and annually report on the implementation and effectiveness of the Comprehensive Plan. Performance measures, as identified in the Comprehensive Plan, are specific, meaningful, and easily obtainable items that relate to sustainability and can be reported on an annual basis. They are intended to help assess progress toward achieving the goals and policy direction of each major Comprehensive Plan element. {Note: The measure identified below is specifically called out as matching the above criteria and being important to economic development goals and will be reported annually, along with performance measures for other Comprehensive Plan elements. It is not intended to be the only measure that the City may use for economic development purposes.

Performance Measure: Report the number of jobs within the City each year with a goal of reaching 13,948 jobs, excluding jobs within the resource and construction sectors, by 2035. This would require adding approximately 95 jobs annually from 2011 to 2035.

