

# 2017

## City of Snohomish Economic Development Report



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# CITY OF SNOHOMISH ECONOMIC DEVELOPMENT REPORT



Economic Development Analysis  
and Recommendations for Future  
Prosperity in the City of  
Snohomish, WA

*By bringing citizens of the City of Snohomish into the process of economic development, the Economic Development Committee ensures the community's values are at the heart of long range, strategic planning. Long term planning is the key to achieving the city's goals of creating a community with a sustainable and economically strong local economy now and into the future.*

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# City of Snohomish Economic Development Report

## ECONOMIC DEVELOPMENT ANALYSIS AND RECOMMENDATIONS FOR FUTURE PROSPERITY IN THE CITY OF SNOHOMISH, WA

### EXECUTIVE SUMMARY

The economy of the City of Snohomish is currently growing and healthy. A recent business survey conducted by the City of Snohomish Economic Development Committee indicates local businesses are expanding. The addition of either personnel, equipment or both indicates the City is enjoying the benefits of a regional and national economic expansion. But a closer look at the numbers, particularly the categories of revenue, shows some weaknesses that could be troublesome.

Municipal revenue streams are derived primarily from two sources; property tax and Sales and Use Tax. The City of Snohomish is highly dependant on Sales and Use Tax. <sup>1</sup> A comparison of Washington cities show only two cities are more dependant; Centralia and Milton. Interstate 5 runs through both cities and large auto, RV and boat sales dominate their tax collections. Cities that rely heavily on Sales and Use Tax and less on property tax are more prone to severe economic

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<sup>1</sup> **Association of Washington Cities Tax and User Fee Survey 2016**

downturns during recessionary periods due to drops in sales tax collection. Property tax is less impacted by demand for goods and services and therefore an increase in property tax as a percentage of total city revenues will mitigate financial pressures that would result from an economic downturn. With growth challenges due to natural geographic boundaries and the cost of adding additional sewer infrastructure to support expansion into the northern growth area, the most efficient and expeditious way to increase property tax collections and balance the revenue collections is to create more housing within the existing footprint of the City of Snohomish.

A three prong approach is recommended:

**Short Term –**

*Business Retention and Expansion.* With a dependence on Sales and Use tax it is critical the City keep what it has and ensure those businesses are strong, healthy and have a robust, growing customer base.

**Near Term –**

*Ensure zoning and planning support densification.* While embracing the vision, work with Planning Department on unpacking and reexamining the Pilchuck Plan to determine whether its current status is moving towards the original vision of densifying that neighborhood. If it is not moving in that direction, determine the factors that are preventing it and make corrections to the plan if needed.

*Tourism attraction* – With reliance on Sales and Use Tax and a relatively small population, bringing in customers from outside of the city is critical to keeping Snohomish businesses prosperous and growing.

*Continue to identify ‘Strategic Properties’* – Densification requires that every parcel be brought to highest and best use. Parcels that have the capacity for new residential and or mixed use within the city limits need to be identified. By working with property owners and other stakeholders the city can help facilitate the transition to denser development.

**Long Term –**

*Plan for growth into the Northern UGA* – The City of Snohomish should work with Lake Stevens, The County, and residents of unincorporated Snohomish County in the northern UGA to adopt and plan for the State Route 9 / U.S. 2 Subarea Comprehensive Plan Amendment Proposal that was developed back in 2006–7. Not only does this support new opportunities for housing and the associated property tax, the Northern UGA provides the best opportunity for developing light industry which would strengthen the tax base by diversifying the profile of local business to include those with national and international markets.

*Plan for limited growth in the Southern UGA* –The area directly across from the Historic Downtown area where the old mill is located is a natural extension of the city. As the downtown reconnects to the river, views of the river and surrounding areas become more important. Having control over the site will ensure what development that eventually occurs on that site conforms to the vision the City has of reintegrating the river into the HDS area. The City needs to work with the County to resolve the Land Use issues and the maintenance of the Avenue D Bridge in order to come to a mutually benefiting agreement over the mill site.

## INTRODUCTION

### State of the City

The current economic climate in the City of Snohomish is good. The most recent survey conducted shows that of the City of Snohomish businesses polled, 68% are hiring and investing in equipment or their facilities. This bodes well for current sales and use tax collections as well as growth over the coming months and years. See appendix Document #1.

But further examination of statistical data show a much more complex picture of the city's revenue sources. Population growth, a broadening tax base, and new construction lag behind the average in Washington State. The typical city budget in Washington State receives an average of 40% of their General Revenue Funds from Sales and Use Tax. The City of Snohomish receives 44% of their budget from Sales and Use Tax. But the more glaring number is the City's percentage of revenues derived from property tax. For cities in Washington State, the average percentage of revenues derived from Property Tax is 20%. The City of Snohomish is 13%. This means the City of Snohomish, more than other regional municipalities, is more dependent on sales and use tax revenues to support municipal services. During this time of economic expansion this condition has not proven to be any great detriment to the city's ability to function in an economically sustainable manner, but future economic downturns could have a more severe impact than on those communities with a broader tax base.

In order to lessen the impact of future downturns in the economy that would result in decreased sales and use taxes, two things could help mitigate the effects of such a downturn; first, broadening of the tax base to include more diverse sources of revenue and second, focusing on those existing businesses to ensure they have the support of the city to survive and even prosper during downturns in the economy.

## What This Report Contains

This report will look at several aspects of the City of Snohomish's economy and growth potential and examine;

1. Key assets the City possesses
2. Challenges the City currently faces
3. Core pillars of the City's economy
4. Newly established protocols for the Economic Development Committee and Economic Development Manager
5. Recommendations
6. Conclusions

Several reports are referenced in this analysis. By tracking key indicators over time, and taking into consideration other mitigating factors, economic development climate can be assessed and policies and programs can be evaluated as to their efficacy. Reports generated by the city administration including tax receipts, business licenses issued, business licenses deactivated and new construction permits issued. This data can be coupled with regional demographic information to achieve an ongoing snapshot of the economic conditions that help the city government make informed decisions aimed at improving the economic conditions in the city.

## What Is Economic Development

No single definition incorporates all of the different strands of economic development. Typically economic development can be described in terms of objectives. These are most commonly described as the creation of jobs and wealth, and the improvement of quality of life. Economic development can also be described as a process that influences growth and restructuring of an economy to enhance the economic well-being of a community. In the broadest sense, economic development encompasses three major areas:

- Policies that government undertakes to meet broad economic objectives including high employment, increased tax revenues and sustainable growth.
- Policies and programs to provide services including managing parks, and providing critical infrastructure for the community.
- Policies and programs explicitly directed at improving the business climate through specific efforts, business finance, marketing, neighborhood development, business retention and expansion, technology transfer, real estate development and others.

The main goal of economic development is improving the economic well-being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life.

As there is no single definition for economic development, there is no single strategy, policy, or program for achieving successful economic development. Communities differ in their geographic and political strengths and weaknesses. Each community, therefore, will have a unique set of challenges for economic development.

## **Does the City of Snohomish Need Economic Development?**

Larger cities, like Seattle, Everett and Tacoma, have robust economic development teams that work to attract new investment as well as retain and grow existing companies. But larger cities have larger economies and larger budgets to sustain these efforts. An economic development team can seem a frivolous cost for a small city when so many other pressing needs require allocations from a lean budget.

Smaller cities like the City of Snohomish can be severely impacted by downturns in the economy. In some cases a smaller community can rely so heavily on one or two large businesses that the loss of one of those key economic drivers could be devastating to the local economy. It is just this dependency on a smaller tax

base that makes economic development even more critical for a smaller community like the City of Snohomish. With its dependence on sales and use tax from a small group of businesses, having an economic development team focused on retaining and growing these businesses while strategizing and planning how best to increase revenues could be the difference between weathering a downturn and teetering on the verge of bankruptcy.

One of the reasons the City has a limited tax base is the City's geographical limitations for growth. With rivers on two sides of the city and the growing community of Lake Stevens to the north, it is difficult for the city to annex undeveloped, surrounding areas in hopes of obtaining cheaper land sought after by developers. This situation constrains the city and has made other strategies like densification more attractive. Densification requires changes to land use and transitioning neighborhoods that often can transform the character of the neighborhood and upset longtime residents. The role of economic development in assisting this transition is working with residents, businesses and other stakeholders to build vision, consensus, and energy around the transitions. As the city adds to its housing stock by densifying areas like the Pilchuck District, the role of the Economic Development Specialist becomes one of community organizer, cheerleader and arbitrator.

## TOURISM IN THE CITY OF SNOHOMISH

With a relatively small population and a tax base heavily reliant on sales and use tax, tourism plays an important role in keeping businesses in the City of Snohomish healthy and prosperous. Tourism supplements their local customer base and increases their sales by including visitors from outside the City of Snohomish. Supporting tourism is one of the main ways that the city can help local businesses flourish.

Tourism in Snohomish County from overnight and day-trippers, generates approximately \$1 billion of spending, creating 20,000 direct and indirect jobs, and \$76 million of state and local tax revenue.<sup>2</sup> Of this \$76Million in taxes generated by Snohomish County a portion is directed to the State of Washington in the form of the special hotel/motel tax. This consumer tax on lodging is then distributed by the State Treasurer back to the levying cities and counties. The funds are used for promotion of tourism or construction and operation of tourism-related facilities. Annually the City of Snohomish collects on average \$8,500 of this distribution to spend on promoting tourism in the City of Snohomish. A local committee meets annually and awards grants for the following year. The committee reviews the applications and then decides which projects to fund and at what dollar amount. The overall goal for the use of the funds is to increase overnight stays in our lodging venues and thus increasing the amount of tax collected for tourism promotion.

The EDC is currently engaged with assessing the marketing efforts geared towards increasing the visitors to the City of Snohomish. Two interns were recently brought on to catalogue marketing collateral, identify all the groups promoting tourism in the area and identify the various segments of the tourism market, i.e. families, craft beverage enthusiasts, cyclists, antique hounds. By identifying and monitoring tourism efforts, the EDC hopes to provide the

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<sup>2</sup> The 2018–2022 Snohomish County Strategic Tourism Plan (STP)

committee who distributes funds with valuable information that can inform their decisions on spending valuable, but limited, tourism dollars.

By focusing on the main assets the city has to offer tourists and continuing to work with the County's Tourism Bureau and other groups which promote tourism, the City of Snohomish can increase the number of tourists in the growing recreation economy.

### **Tourism Marketing**

The tourism related assets of the City are tremendous. Getting the word out to the public outside of the City of Snohomish is the challenge. By working with the Snohomish County Tourism Board and keeping abreast of the various marketing campaigns and organization that are engaged in promoting tourism the City can optimize its tourism promotion.

The EDC's tourism interns are currently cataloging and assessing the current marketing campaigns being conducted in and around the City of Snohomish. By maintaining a database of tourism marketing campaigns geared towards promoting the City of Snohomish, the City can assess which ones are effective, which audiences are being targeted and where best to spend the money it has allocated to promoting tourism. This assessment will focus on the following tourism related activities.

#### **Biking**

*Centennial Trail and Biking Infrastructure* – With its southern terminus in the City of Snohomish, the Centennial Trail travels north for 30 miles to the Skagit County line. This asset draws in visitors to the City of Snohomish from around the region and is one of the City's most valuable assets related to tourism. A successful connection to the Burke–Gilman, East Lake Sammamish, Sammamish River, Issaquah–Preston, and Preston–Snoqualmie trails in King County would leverage this asset to an even greater degree making it one of the premier biking trail systems in the nation. The EDC supports the development of this biking highway network and is focused on supporting the County as it works

through the issues of acquisition of land, infrastructure and maintenance. The goal is not to just increase the number of cyclists passing through the City of Snohomish but to ensure the City has the ability to draw those cyclists into the city and into the shops and restaurants of the City. By creating ancillary bike paths that take riders off the trail and into the town's commercial district and provide the facilities cyclists require, i.e. bike racks and bike storage, the City of Snohomish could be a national destination for cyclist enthusiasts.

### **Aviation and Aerial Tourism**

Harvey Field – Although not within the City of Snohomish, Harvey Field has contributed to the local economy since 1945 by attracting aviation enthusiasts from around the region into the City. It continues to do so today offering ballooning, skydiving and scenic flights around the region. The EDC supports the current Harvey Field Master Plan that upgrades and updates the field to conform to current FAA guidelines ensuring the asset continues to draw in visitors from around the region.

### **River Related Activities**

Snohomish and Pilchuck Rivers – Although these natural resources constrain the city's ability to expand, they are also assets that enhance the quality of life and could be leveraged for even greater commercial benefit than they are currently. Many examples exist across the country where river towns have transformed their riverfronts from a commercial transportation corridor to an outdoor recreation and scenic area bringing in visitors to enjoy activities such as paddle boarding, river kayaking, fishing, and other recreational activities. By drafting land use regulations on river fronting properties that emphasize river related activities, the City is already dedicated to this transformation. The role of the EDC can be assisting and advising current property owners how best to develop to these new, highest and best uses for their river front properties. But the City could facilitate even more river related activities, by allowing private concessions that rent paddleboards and or kayaks to operate on city property

on or near the rivers. This would greatly enhance the rivers' attractiveness to outside visitors.

### **Culinary & Agri-Tourism**

Culinary and Agri-tourism centers on the food and products produced in an area. Culinary tourism is the pursuit of unique and memorable food and drinking experiences. Agri-tourism includes programs at working farms, woodlands, ranches, or agricultural plants for the enjoyment and education of visitors. The City of Snohomish has much to offer in Culinary Tourism and should continue to promote its fine restaurants, breweries and vintners through its various marketing channels. Its Agri-Tourism also continues to flourish. Pumpkin patches, corn mazes and other family friendly events draw in thousands during the peak Fall season. The City needs to capitalize on these large events by ensuring the visitors receive information on other attractions in the area while they are visiting the farms of Snohomish. One area that the City continues to experience growth in is the wine and micro-brewery industry. These subsectors, particularly the brew sector, are experiencing strong growth not only in the region but nationally. The City of Snohomish should foster their local brewers as the industry grows and takes shape and help bring it to the same level of Snohomish Wines. By supporting the brewers to compete in local and national competitions the city's reputation as craft beer destination could be enhanced.

### **Wedding & Event Tourism**

The charming Victorian architecture, the dramatic mountain and river backdrops in addition to the plethora of venues to host events makes the City of Snohomish an ideal location for weddings and events. But the city lacks the hotel and motel options for wedding parties to stay together in town. This missing piece is due to several reasons, mainly the fact that weekday travelers are nearly non-existent. This lack of accommodations precludes the City from gaining the maximum financial impact from the weddings and events it hosts in town. Efforts to secure overnight accommodations is one of the ways the City

can best support this industry and increase the economic impact of these types of events in the City of Snohomish. The EDC continues to identify key parcels within the City that could accommodate overnight lodging and the placement of a major hotel chain in the City of Snohomish is a priority for the EDC.

## GROWTH & DEVELOPMENT

In comparison to other Snohomish County municipalities, The City of Snohomish has grown at a slower pace with fewer new homes constructed. Currently, property tax accounts for about 30 percent of total Washington State and local taxes. It continues to be the most important revenue source for public schools, fire protection, libraries, and parks and recreation. This slower growth is correlated with less tax collection than other surrounding communities. Whereas sales and use tax continues to be the bulk of the city's operating revenues, during downturns in the economy sales and use taxes are the hardest hit. Property tax collections continue, for the most part, unaffected during downturns and have proven to be a more resilient foundation for revenue generation.

The City of Snohomish could increase its property tax collections and thereby lessen the impact of future downturns in two ways; one, increasing the housing stock built within the existing city limits and two, annexing existing neighborhoods within the city's UGA. The latter is a problematic solution due to the costs to some of the homeowners who currently are on septic systems and would be required to hook up to city sewer. This cost could drive resistance to annexation by the City of Snohomish. The former has its own challenges with a lack of cheap, developable land within the current city limits. This lack of undeveloped land could be resolved by choosing densification over sprawl when city planners develop land use strategies such as the "Pilchuck Plan" which has the goal of transforming the neighborhood to a denser "urban village" within the city.

### Strategic Parcels

A strategic parcel is a single tax parcel that is particularly valuable to overall economic health of the city because of its size, historical nature, or other unique characteristics, river front property for instance. When a city is geographically constrained as is the City of Snohomish, it's critical that each

parcel reach its “highest and best use.” Future Economic Development efforts should track these parcels to help ensure they reach their highest and best use and learn to identify properties as “strategic” when they come on the market or otherwise require some action to be taken by the city, as the case in the Hal Moe pool site and the Carnegie Library. Below are a few of the Strategic Parcels that have been identified in town.

## **HDS**

Historic Downtowns help define a community’s identity through distinctive, historic architecture; shops and restaurants; and community gathering places. Maintaining the places and institutions that make a community special contributes to a sense of place and neighborhood identity, which help retain existing residents and could attract new residents and businesses. The Historic Downtown Snohomish area is just such an area and is the heart and soul of the community. Any and all parcels in this district should be monitored and the city should make every effort to ensure the highest and best use is achieved with an emphasis on maintaining the charm and distinctive character of the HDS while continually upgrading the district to meet the commercial demands of a growing region. City officials should work closely with the HDS Association to ensure it remains healthy and viable as a regional shopping and dining destination.

## **Pilchuck District**

Due to the geographic constraints of expanding outside of the current UGA, the Pilchuck District provides the best alternative to increasing new residential dwellings through the creation of an urban village. Situated in the core of downtown Snohomish, the Pilchuck District affords an opportunity for increasing the tax base of the city by increasing the number of housing units and available commercial property. The vision of an urban village remains unrealized, and although the EDC wholeheartedly endorses the plan, it recommends an assessment of the

plan given current conditions and to work with the Planning Department and Pilchuck residents and businesses to make this plan a reality. Two parcels within the Pilchuck District that are of great importance are the former JC Penney Building and the Olympic 4x4 property.

### **Former JC Penney Building**

This building and associated property are important due to its size and location within the district. The recent closing of JC Penney means the building is in play and the EDC is currently working with the owner to help facilitate the search for a new tenant and to help the property owner to bring the building to the highest and best use within the land use guidelines outlined in the Pilchuck Plan.

### **Olympic 4x4 Parcel**

This parcel is one of the largest tracts of land within the Pilchuck district and is coming on the market for sale. The size of the property lends itself to mixed-use including residential. A property of this size has the potential to radically alter the landscape of the district and any changes that conform to the vision of the Pilchuck Plan could have a “linchpin” effect on other properties in the district. The EDC will work with the property owner to assist in any way that helps the property reach its highest and best use within the new land use guidelines of the Pilchuck Plan.

### **River Fronting Parcels**

In the early days of the city’s development, the Snohomish River was well utilized commercial corridor bringing goods and materials into the city. Businesses on First Street took those goods and materials off the river and into their store rooms through their back doors. With the development of a network of roads and highways, the river’s role as a commercial corridor diminished but First Street still had its back to the river minimizing it as a community asset. Many U.S. cities had a similar

relationship to rivers but some have been very successful in reintegrating the river into their development plans. Some examples being Bend, Oregon, Missoula, Montana, Salida, Colorado and Boise, Idaho to name just a few. The common denominator in all of these success stories was using the river as an economic asset for either recreation, a setting for dining and entertainment venues or simply creating parks with access for the public. “Reconnecting to the River” has become a core strategy of the city’s future development and these examples are ones the City of Snohomish could emulate and current land use does support this. Recent interest in one such property on First St. west of the Ave. D bridge has been promising for such a transition as potential buyers seek to place dining, entertainment and other public gathering spaces on the parcel. One way in which the city could foster more activity is by facilitating a “River Front Association” consisting of all river fronting property owners and business owners to share ideas, opportunities and keep the vision front and center with this highly critical group of citizens.

### **County Public Works Parcel on Avenue D**

This large parcel located in the heart of the city is strategic due to its size and location. At nearly 10 acres it’s one of the largest undeveloped parcels within the city. It’s location on Ave. D, one of the main thoroughfares of the City, make it ideal for commercial or mixed use. The County, although confirmed in its goal of transitioning the property, is yet undecided on selling or developing and leasing the building. The EDC has put the county in touch with the adjacent property owners who are keen to explore opportunities for transitioning their property as well. The combined parcel could be one of the largest developments in the city’s recent history.

## Urban Growth Areas

An urban growth area, or UGA, is a regional boundary, set in an attempt to control urban sprawl by, in its simplest form, mandating that the area inside the boundary be used for urban development and the area outside be preserved in its natural state or used for agriculture. Legislating for an "urban growth area" is one way, among many others, of managing the major challenges posed by unplanned urban growth and the encroachment of cities upon agricultural and rural land.

The establishment of the Snohomish County Growth Management Act and the county's placement of the city's UGA south of the intersection of SR 9 and US 2 has inhibited the city's ability to capture the potential economic benefits that come from closer proximity to the highways.

### Northern Growth Area

Nearly 10 years ago at the height of the recession, the City of Snohomish was presented with the State Route 9/ US2 Subarea Comprehensive Plan amendment proposal that outlined a vision of annexing the area north of US Highway 2. With constraints to expanding to the South and East, the proposal's assessment was "...the city's only logical direction for urban growth is to the north." As many of the constraints still exist, this assessment continues to have merit.

One of the factors that make growth into the Northern UGA and the SR 9 and US2 subarea difficult is that the land is also desirable for the City of Lake Stevens. With a growing population, Lake Stevens would like to annex the area as well and does not see the area north of US2 as a logical area of expansion for the City of Snohomish.

The two cities must engage in a dialogue and come to some agreements on how the two cities will grow into that subarea. Many city employees from both cities know each other and have informal dialogue, but a formalized group of planners and administrators from both communities

need to come to some understanding on how the two cities will grow into that area. Once a consensus is reached, both communities can approach the appropriate County officials to propose new UGA boundaries based on a northern expansion by the City of Snohomish and a southern expansion by the City of Lake Stevens.

### **Southern Growth Area**

Unlike the Northern UGA, the Southern UGA provides little opportunity for expansion. The Snohomish River and the associated flood plain are not conducive to large scale development. Its current use as agricultural land and the location of the regional airport are likely to remain the primary uses for this area. But within the southern UGA are several key parcels that are of great interest to the city, first among them the mill located on the south bank of the Snohomish River near the Avenue D Bridge. The area on the southern banks of the river is a natural extension of the city's downtown historic district. Previous discussions with the County have centered on the City taking ownership of the Avenue D Bridge if annexation of the adjacent lands is pursued. In 2016 a fracture critical inspection was conducted and several repairs completed. In that year the bridge received a sufficiency rating of 70. A rating of 100 is a new bridge, a 0 rating being structural unsafe for use. The bridge was built in 1983 and, according to Snohomish Public Works, was built with a 75 to 80 year life expectancy. Any plans to annex the southern bank of the river could expect a normal maintenance budget for the next 40 years with cost increasing over time as the bridge ages. Information on the maintenance budget has been requested of the County.

An alternative would be to work with the county to take the land as public open space. Although the City would forego any revenues from property tax, the preservation of the land would facilitate the City's reconnection to the river and alleviate the need to take on the bridge maintenance.

## BUSINESS RETENTION AND EXPANSION (BRE)

Healthy communities have strong, healthy businesses. As competition among communities for increasingly mobile businesses heats up, BRE programs are one of the most important economic development efforts a community can engage in. While a good tool to stem any business defections and the negative impacts those defections have on the local economy, BRE efforts have increased in importance as communities recognized that real job growth over time comes from local business expansion. Starbucks and Amazon were once small start-up businesses. But all businesses go through rough patches and if the City of Snohomish can assist a business get through a tough time, it just might survive to be the next Starbucks or Amazon. Surveys of U.S. economic development organizations rank it as the number one economic development activity.



Business retention programs assist small businesses to prevent their relocation and to help them survive in difficult times. Retention programs typically involve partnerships among public and private organizations that assess the assets and opportunities of individual businesses through periodic surveys, interviews, and visits. The purpose is to establish relationships between community businesses and economic developers to strengthen existing companies, establish early warning systems to flag at-risk businesses that require assistance, and ensure that public programs meet local business needs. Business retention initiatives usually include a mechanism for linking expanding businesses with public programs designed to mitigate growing pains and regulatory issues.

## City of Snohomish Business Profile

One of the objectives of conducting a business survey is to identify groupings or sectors of businesses in order to develop strategies that target those specific business types. The survey bears out what many would suspect; the typical businesses in the City of Snohomish is a small retail business with 5 to 10 employees having been in business more than 5 years, but less than 10. By identifying this core business demographic, the city can seek out and provide those businesses with a variety of resources geared towards small business. The Economic Development Specialist should be familiar with a variety of programs designed to help small businesses including financing available through various Federal and State programs and state and county regulatory assistance among the many programs available.

## Monitoring Businesses

The Business Survey is just one way in which businesses in the City of Snohomish are monitored. The Business Survey is being conducted on Survey Monkey and will continue to be available after Nov. 31<sup>st</sup> and monitored and tracked by the EDC and or the Economic Development Specialist. The EDC can annually update the survey and reports can be filtered by date thereby creating an annual snapshot of the business conditions in the City of Snohomish. Businesses should be encouraged to take the survey whenever a city employee or member of the EDC comes in contact with a business. Periodic assessments of the survey results can provide ongoing insight to the trends that affect City of Snohomish Businesses. The Economic Development Specialist has several tools besides the survey. One of the most important ways in which businesses are monitored is through on-site visits. This form of “high-touch” interaction with businesses provides the greatest insight into the challenges that businesses face, but has the added benefit of creating a relationship between the city and its businesses that can help reduce

relocation of businesses to other communities. An effective Economic Development Specialist will spend a great deal of time “walking around” and being visible in the business community.

## Reporting

Data collection is the means by which programs and efforts geared towards economic development can be assessed. The number of business permits issued, the number of business licenses that have been de-activated, tax collection amounts, building permits issued, all will give a picture of a community’s economic vitality. For the City of Snohomish, reports that include tax revenue, new business licenses, deactivated licenses, and building permits are generated monthly and provided to the EDC. There may be occasion when new data points need to be collected. When necessary the EDC can work with city admin staff to request new data points be included in forms and applications the city requires citizens to fill out when establishing new businesses or obtaining other licenses.

## Organizing Businesses

Businesses often organize themselves for the purposes of greater business connectivity and increasing sales through becoming members in commercial associations. Business Chambers, Industry Associations and other groups form to help businesses. The City of Snohomish EDC and the Economic Development Specialist need to closely align with these groups. Where businesses are, the City of Snohomish needs to be too.

The following organizations are two of the local business associations that the EDC maintains close ties to. Attendance at regular meetings is essential for the EDC to maintain close ties to the City’s business community.

*Snohomish Chamber of Commerce*  
*Historic Downtown Snohomish (HDS)*

## RECOMMENDATIONS

### **Economic Development Committee & Economic Development Specialist**

Although Economic Development, whether formally or informally, has been practiced in the City of Snohomish for some time, the creation of an EDC and the position of Economic Development Manager are steps that the City has taken to formalize this commitment to sustainable economic development. These roles are in line with best practices for Economic Development conducted in cities across the nation. It is recommended that the contractual position of Economic Development Specialist be made into a permanent position to ensure long range continuity in strategic economic planning. It is further recommend the EDC develop specialization in the form of subcommittees that cover the 3 main pillars of economic development in the City. Those three areas of specialization are:

- Business Retention and Expansion
- Growth and Development
- Tourism

The Economic Development Manager is a practitioner there to advise and execute the strategies developed by the EDC. The EDC represents the community's values and vision that needs to be the basis of any efforts the EDC pursues. By having members of the EDC take on a specialization in one of the three areas it ensures those efforts align with the community.

### **Tourism**

Being heavily dependent on Sales and Use tax and having a relatively small population requires additional effort is made to maximize sales within the city. Tourism promotion is one way the City can help local businesses increase sales by increasing the numbers of people who pass through town. It is recommended that the EDC regularly bring in interns to catalogue the current

tourism promotion and assess their efficacy. It is recommended that the EDC provide this information on an annual basis to the committee responsible for distributing any funds that the city receives to promote tourism in order to better inform their decision making process.

The EDC is also actively partnered with the Snohomish County Tourism Board and other county and state organizations to ensure the City of Snohomish is fully integrated into regional efforts. It is recommended that the EDC prioritize working with Snohomish County to connect the Centennial Trail to the City and East Side Rail Corridor Trail. It is one of the most beneficial regional endeavors currently being worked on.

### **Growth and Development**

The City of Snohomish is challenged geographically with growth due to the natural features of the river and associated floodplain. It is due to this constraint that the EDC recommends a two prong approach to growth;

Short term – Examine existing land use and assess its ability to support the densification of certain districts within the existing footprint of the city, i.e. the Pilchuck Plan. The EDC will work with the Planning Dept. to re-examine the plan to ensure it is progressing towards the vision and make recommendations to the Planning Dept. on how it can be improved to realize the vision of an urban village. The EDC will begin an outreach to the property owners of the district to communicate the need and reasons for the district’s densification. The EDC will convene a builders’ consortium to understand the financing and development challenges that have precluded this group from developing that area and work to address those issues.

Long term – The EDC recommends a formalized group of planners, administrators and elected officials from both the City of Snohomish and the City of Lake Stevens come to some understanding on how the two cities will grow into that area and develop a convention for working together on a mutually beneficial growth strategy. Once a consensus is reached, both

communities can approach the appropriate County officials to propose new UGA boundaries based on a northern expansion by the City of Snohomish and a southern expansion by the City of Lake Stevens. The EDC further recommends that the City of Snohomish escalate the issue of land use regulations covering the old mill site on the south bank of the Snohomish River. Options could include the County maintaining the area but bringing the land into the County Park system or other uses that the City of Snohomish could benefit from with a renewed use of the land and protection of the view from the HDS and river trail along the north side of the river.

### **Business Retention and Expansion (BRE)**

With the majority of the City's revenues coming from Sales and Use tax, it is critical that the existing businesses be as resilient and economically stable as possible. The role of BRE is to keep abreast of the issues facing local businesses and be able to step in to assist when they need it. The EDC recommends an annual business survey conducted in the Fall and compiled by year end. This will provide the City Council valuable information as they begin to set funding and priorities for the following year. The current survey received just under a 10% response rate. Through outreach and promotion of an annual business survey it is the goal of the EDC to increase that percentage each year. The EDC further recommends the Economic Development Manager make regular site visits to the city's businesses. Particular attention should be paid to the City's top revenue producers and top employers. It is also recommended that some Customer Relation Management (CRM) system be obtained to track these visits and catalogue any issues that are communicated to the city.

## CONCLUSIONS

The City of Snohomish is a City whose residents are fiercely proud of its rich history, unique architecture and natural beauty. It is an attractive community anyone would be proud to call home. But there remain economic challenges that threaten the economic wellbeing of the City and should be taken into consideration when making long term plans. Through strategic planning and sustained efforts these threats can be mitigated and any financial pressures that would be felt during an economic downturn could be lessened.

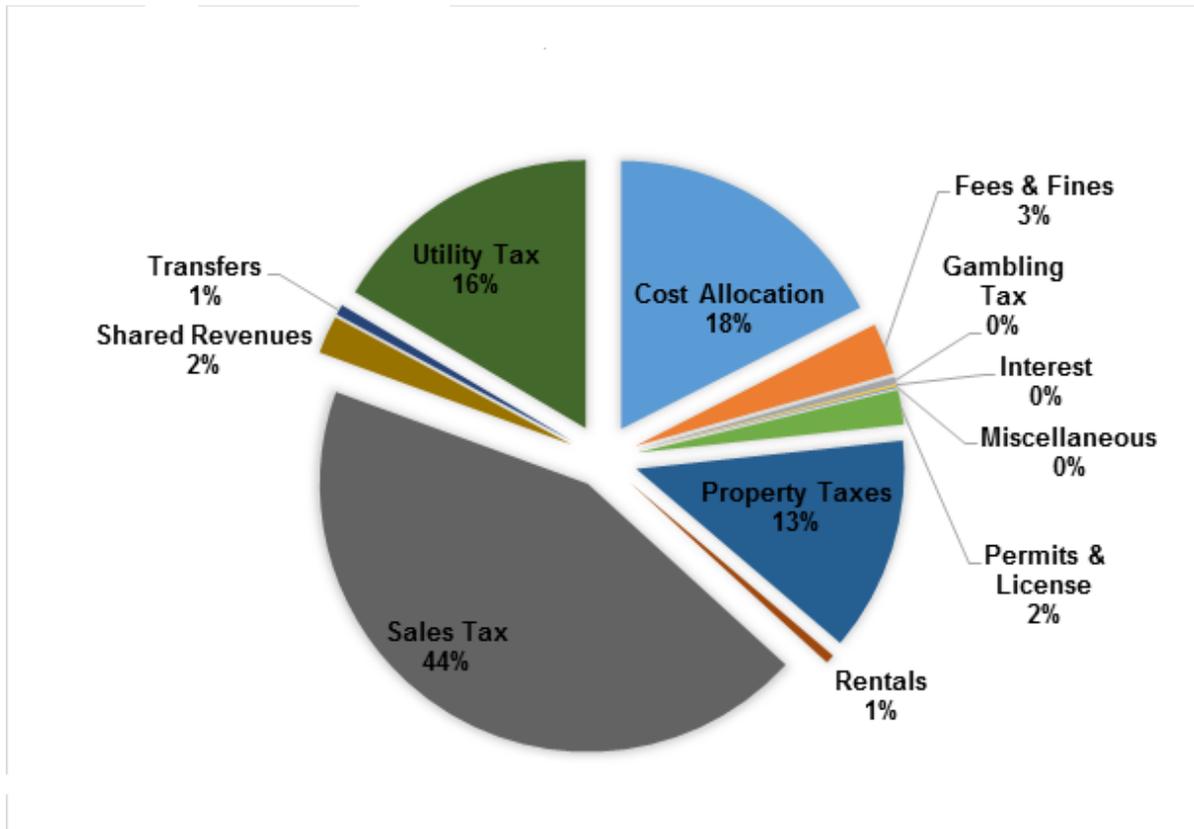
The EDC and the Economic Development Specialist are the means by which these strategic plans can be developed, implemented and monitored. By working closely with other departments of the City's government, the EDC will be able to bring the values and vision of its citizens into this strategic planning and inform the various departments how their work effects the economic wellbeing of the city, now and into the future.

## APPENDICES

### Document 1 – City of Snohomish Revenue Collections

Overall for the year to date our sales tax revenues were up 7.4% from 2016.

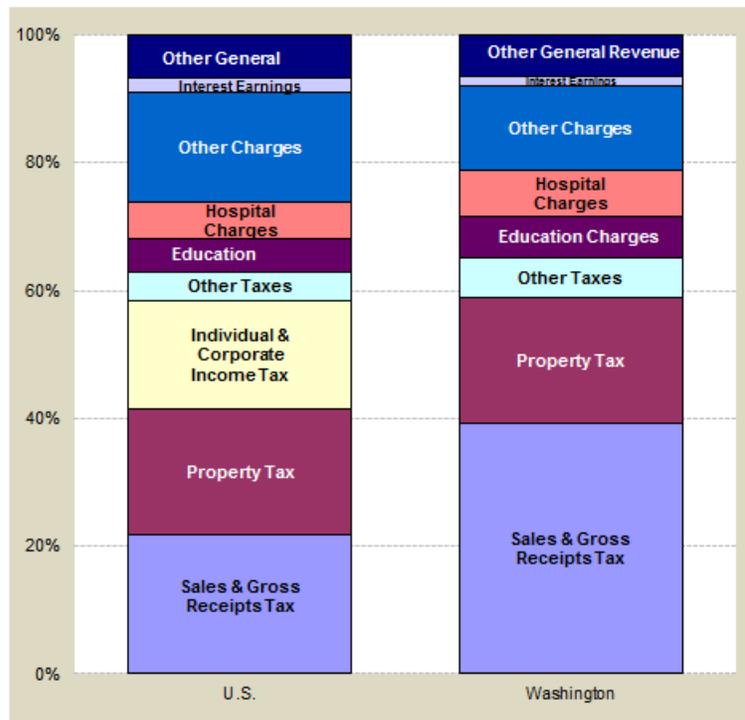
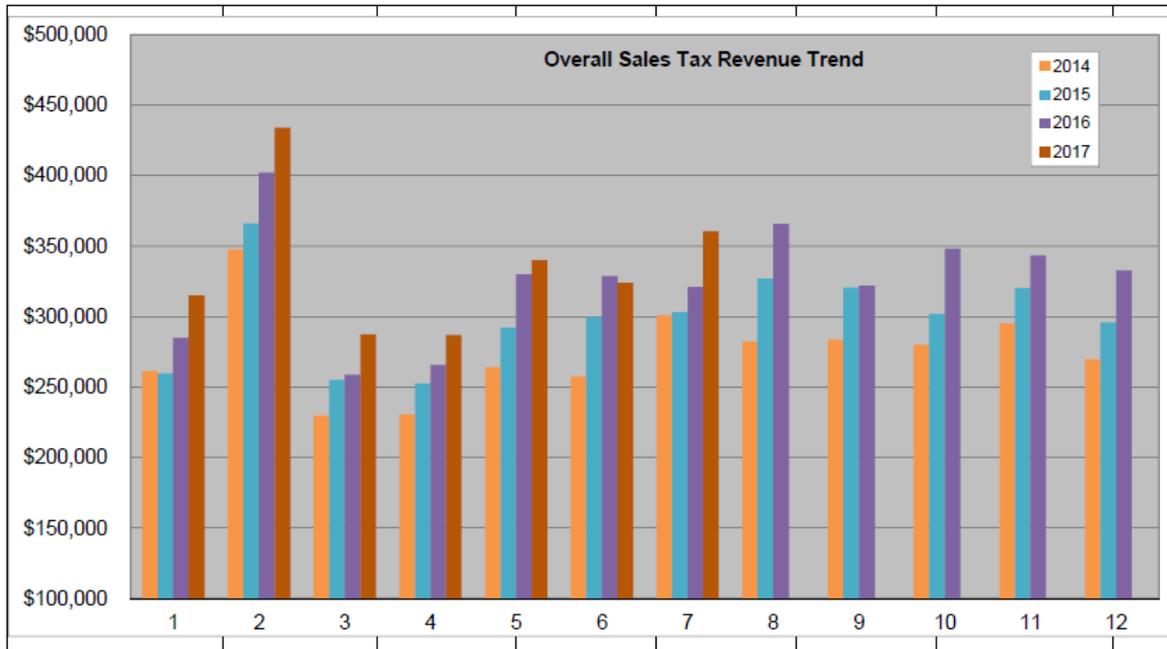
- Sales tax receipts for Sept 2017 for activity in July 2017 were \$359,004
- 9 month average= \$343,685
- Budget for 2017 is \$3,760,000 Monthly Average = \$313,333
- Sept 2017 monthly receipts were \$36,979 more than Sept 2016 and for the year to date \$213,551 more than 2017.



City of Snohomish Revenue Chart 2017

## City of Snohomish Economic Development Report

City of Snohomish						
Monthly Sales Tax Schedule						
For the Years 2013-2017						
TOTAL SALES TAX	2013	2014	2015	2016	2017	% Change
	<i>Receipts</i>	<i>Receipts</i>	<i>Receipts</i>	<i>Receipts</i>	<i>Receipts</i>	<i>2016 to 2017</i>
Jan	\$ 240,567	\$ 261,481	\$ 259,707	\$ 284,811	\$ 315,142	10.6%
Feb	325,919	347,721	366,171	402,275	434,180	7.9%
Mar	244,476	229,745	255,234	258,915	287,412	11.0%
April	222,945	230,663	252,612	265,918	286,996	7.9%
May	265,092	263,893	292,159	329,940	340,086	3.1%
June	255,465	257,435	299,304	328,731	324,058	-1.4%
July	279,445	300,889	303,079	321,037	360,459	12.3%
Aug	283,549	282,221	326,952	365,959		
Sept	281,671	283,740	320,625	322,025		
Oct	277,367	280,102	301,870	348,096		
Nov	284,655	295,240	320,291	343,569		
Dec	267,645	269,814	295,718	332,774		
Totals YTD	\$1,833,909	\$1,891,827	\$2,028,266	\$2,191,627	\$2,348,333	7.2%
GrandTotals	\$3,228,796	\$3,302,944	\$3,593,722	\$3,904,051	\$2,348,333	Monthly Avg 335,476
	2017 Annual Budget	is \$3,760,000	Monthly Avg 313,333			
<b>Construction</b>						
<b>Related Sales Tax</b>						
	2013	2014	2015	2016	2017	% Change
	<i>Receipts</i>	<i>Receipts</i>	<i>Receipts</i>	<i>Receipts</i>	<i>Receipts</i>	<i>2016 to 2017</i>
January	\$ 26,995	\$ 29,546	\$ 16,986	\$ 15,957	\$ 24,034	50.6%
February	32,794	29,606	22,445	22,840	38,165	67.1%
March	34,351	26,695	23,627	20,530	19,165	-6.6%
April	26,098	16,494	15,111	11,657	17,959	54.1%
May	25,701	17,233	21,393	23,211	34,751	49.7%
June	23,437	15,444	19,337	19,271	28,194	46.3%
July	32,870	30,886	15,486	22,940	25,859	12.7%
August	37,913	23,138	23,681	31,448		
September	38,353	10,927	24,914	18,586		
October	38,272	24,382	19,758	37,584		
November	37,854	27,244	29,207	25,765		
December	30,213	21,872	27,570	51,863	-	
Totals YTD	\$202,246	\$165,904	\$134,385	\$136,406	\$188,127	37.9%
GrandTotals	\$384,851	\$273,467	\$259,515	\$301,652	\$188,127	
<b>Sales Tax Comparison Not including Construction Related</b>						<b>% Change</b>
	2013	2014	2015	2016	2017	<i>2016 to 2017</i>
January	\$ 213,572	\$ 231,935	\$ 242,721	\$ 268,854	\$ 291,108	8.3%
February	293,125	318,115	343,726	379,435	396,015	4.4%
March	210,125	203,050	231,607	238,385	268,247	12.5%
April	196,847	214,169	237,501	254,261	269,037	5.8%
May	239,391	246,660	270,766	306,729	305,335	-0.5%
June	232,028	241,991	279,967	309,460	295,864	-4.4%
July	246,575	270,003	287,593	298,097	334,600	12.2%
August	245,636	259,083	303,271	334,511		
September	243,318	272,813	295,711	303,439		
October	239,095	255,720	282,112	310,512		
November	246,801	267,996	291,084	317,804		
December	237,432	247,942	268,148	280,912		
Totals YTD	\$1,631,663	\$1,725,923	\$1,893,881	\$2,055,221	\$2,160,206	5.1%
Grand Totals	\$2,843,945	\$3,029,477	\$3,334,207	\$3,602,400		
<i>Note- Monies collected are for sales two months prior. For example Jan. collections are for Nov. sales.</i>						



**Washington State & Local Government Revenue Sources, Fiscal Year 2014**

Source: U.S. Census Bureau: State and Local Government Finances.

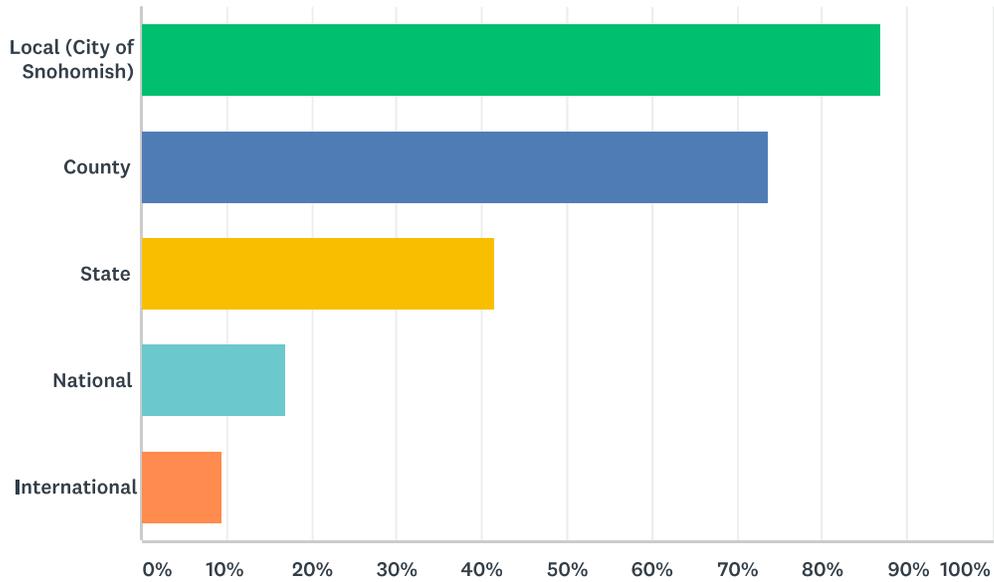
Document 2 – Tax Ratio Comparisons

<b>City Revenues - Property Tax vs. Sales and Use Tax</b>	
Note - 1.00 is even distribution, <1.00 is more property tax revenue, >1.00 is more sales tax revenue	
City	Tax Ratio
<i>Snohomish County</i>	
City of Snohomish	3.31
Lake Stevens	0.67
Monroe	2.2
Marysville	0.66
Edmonds	0.69
Mukilteo	0.49
Arlington	1.02
Darrington	0.52
Sultan	0.65
Lynwood	2.22
Goldbar	0.68
<i>Equivalent Population</i>	
Newcastle (11,280)	0.35
Shelton (10,120)	1.07
Sumner (9,920)	1.93
Edgewood (10,420)	0.58
Poulsbo (10,510)	1.51
Fife (10,100)	2.67
Port Townsend (9500)	0.59
City of Snohomish (10,010)	3.31

## Document 3 – Business Survey Results

## Q9 What markets does your company serve?

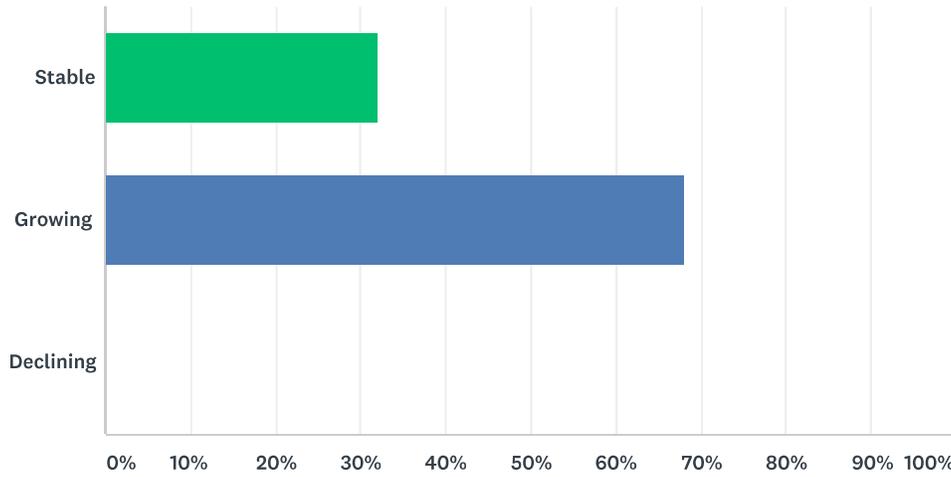
Answered: 53 Skipped: 0



ANSWER CHOICES	RESPONSES
Local (City of Snohomish)	86.79% 46
County	73.58% 39
State	41.51% 22
National	16.98% 9
International	9.43% 5
Total Respondents: 53	

### Q10 Your markets' current status:

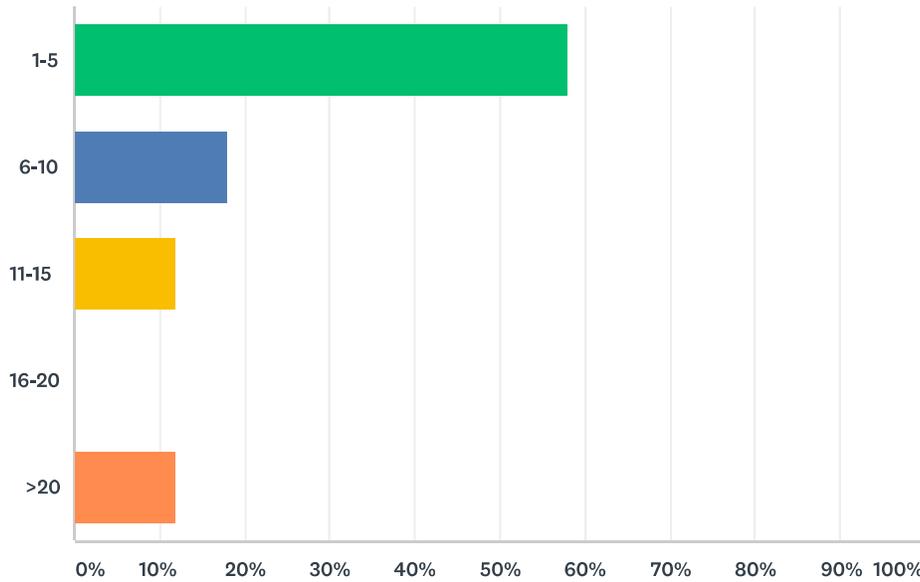
Answered: 53 Skipped: 0



ANSWER CHOICES	RESPONSES	
Stable	32.08%	17
Growing	67.92%	36
Declining	0.00%	0
<b>TOTAL</b>		<b>53</b>

### Q11 Number of Employees:

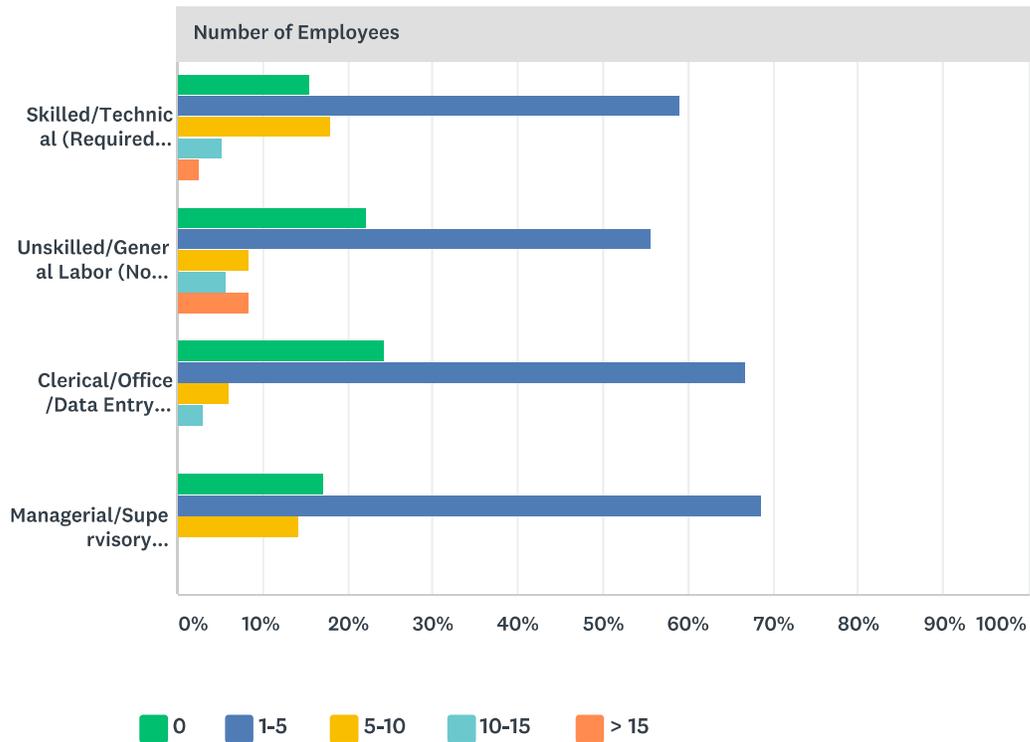
Answered: 50 Skipped: 3



ANSWER CHOICES	RESPONSES	
1-5	58.00%	29
6-10	18.00%	9
11-15	12.00%	6
16-20	0.00%	0
>20	12.00%	6
TOTAL		50

## Q12 What is the composition of your labor force:

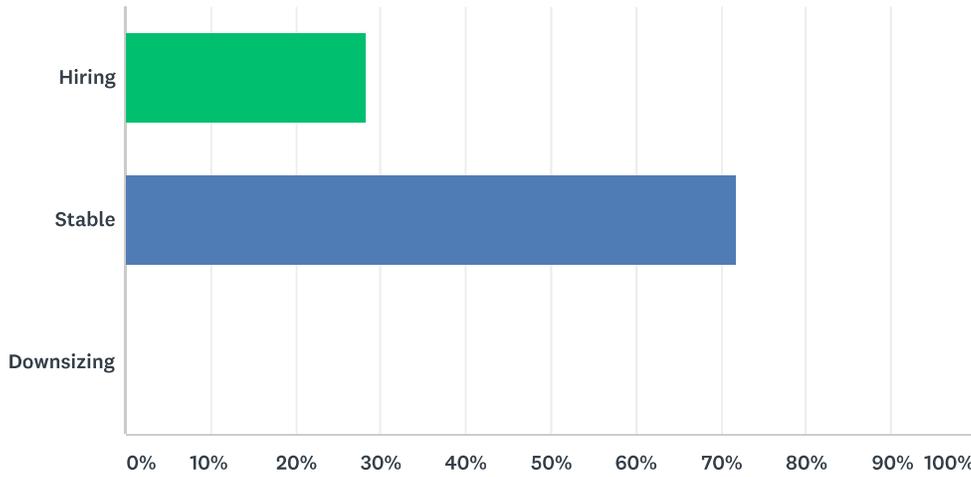
Answered: 50 Skipped: 3



Number of Employees						
	0	1-5	5-10	10-15	> 15	TOTAL
Skilled/Technical (Required a college degree or specific certification and or training to do the job)	15.38% 6	58.97% 23	17.95% 7	5.13% 2	2.56% 1	39
Unskilled/General Labor (No special training or certification required to do job)	22.22% 8	55.56% 20	8.33% 3	5.56% 2	8.33% 3	36
Clerical/Office/Data Entry (Role is exclusively non-manual labor. May include degreed, certified and non-certified )	24.24% 8	66.67% 22	6.06% 2	3.03% 1	0.00% 0	33
Managerial/Supervisory (Manages at least one person)	17.14% 6	68.57% 24	14.29% 5	0.00% 0	0.00% 0	35

### Q13 Current Employment Status:

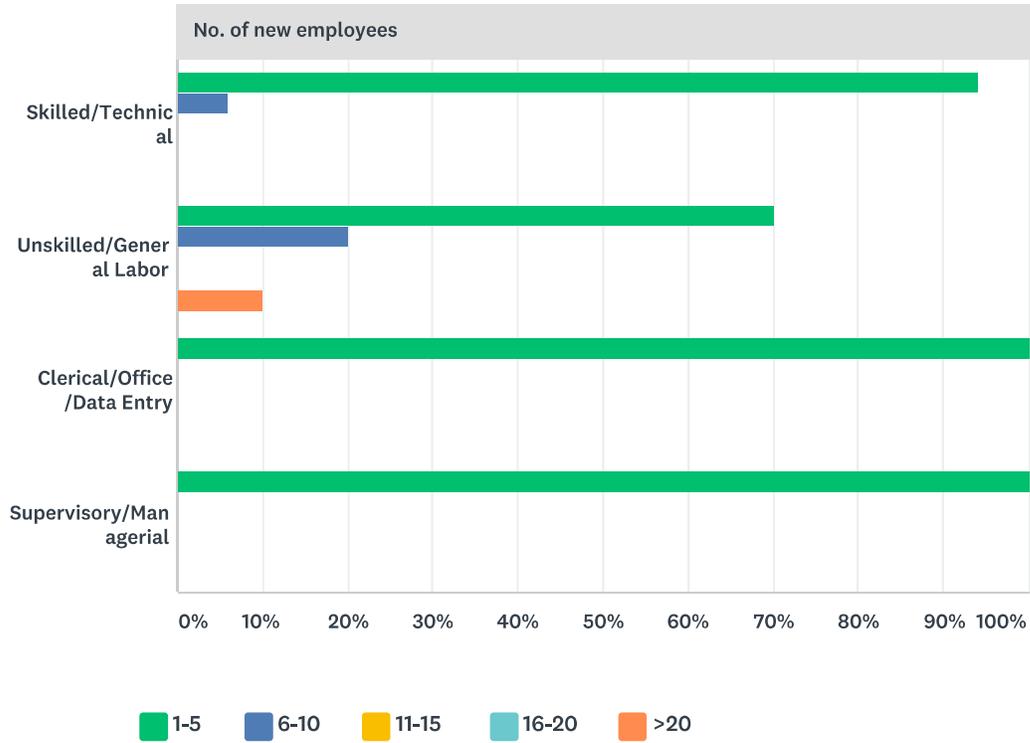
Answered: 53 Skipped: 0



ANSWER CHOICES	RESPONSES	
Hiring	28.30%	15
Stable	71.70%	38
Downsizing	0.00%	0
TOTAL		53

### Q14 What demand (no. of new employees) do you anticipate for additional work force during 2018? Skip if no planned expansion

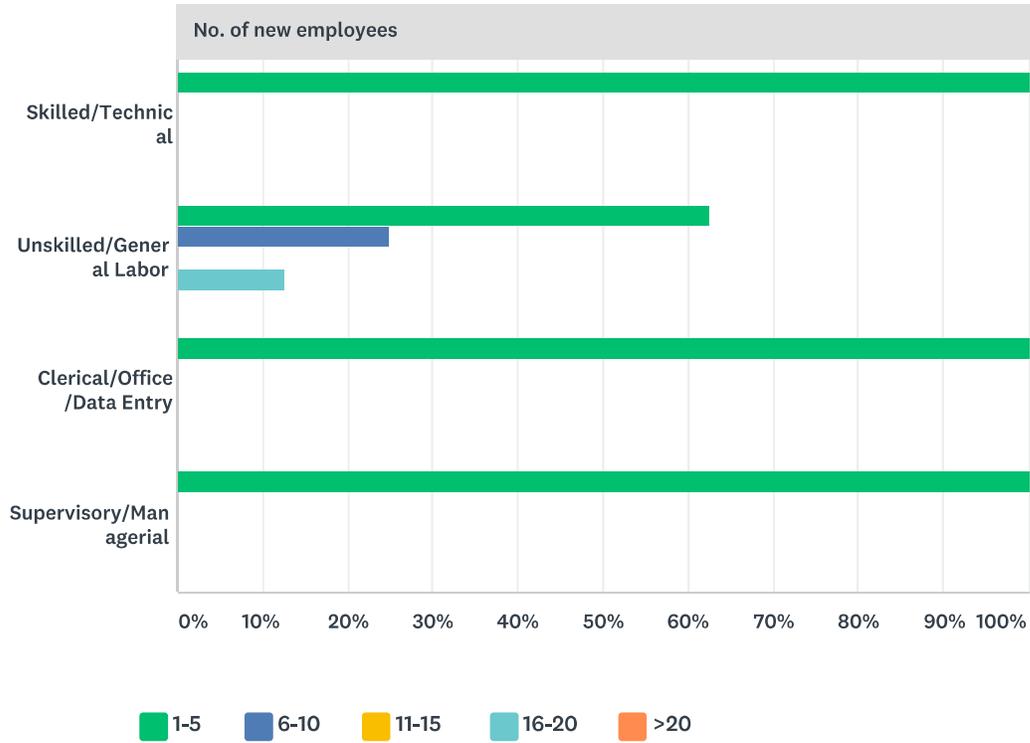
Answered: 27 Skipped: 26



No. of new employees						
	1-5	6-10	11-15	16-20	>20	TOTAL
Skilled/Technical	94.12%	5.88%	0.00%	0.00%	0.00%	
	16	1	0	0	0	17
Unskilled/General Labor	70.00%	20.00%	0.00%	0.00%	10.00%	
	7	2	0	0	1	10
Clerical/Office/Data Entry	100.00%	0.00%	0.00%	0.00%	0.00%	
	8	0	0	0	0	8
Supervisory/Managerial	100.00%	0.00%	0.00%	0.00%	0.00%	
	4	0	0	0	0	4

### Q15 What demand (no. of new employees) do you anticipate for additional work force during 2019? Skip if no planned expansion

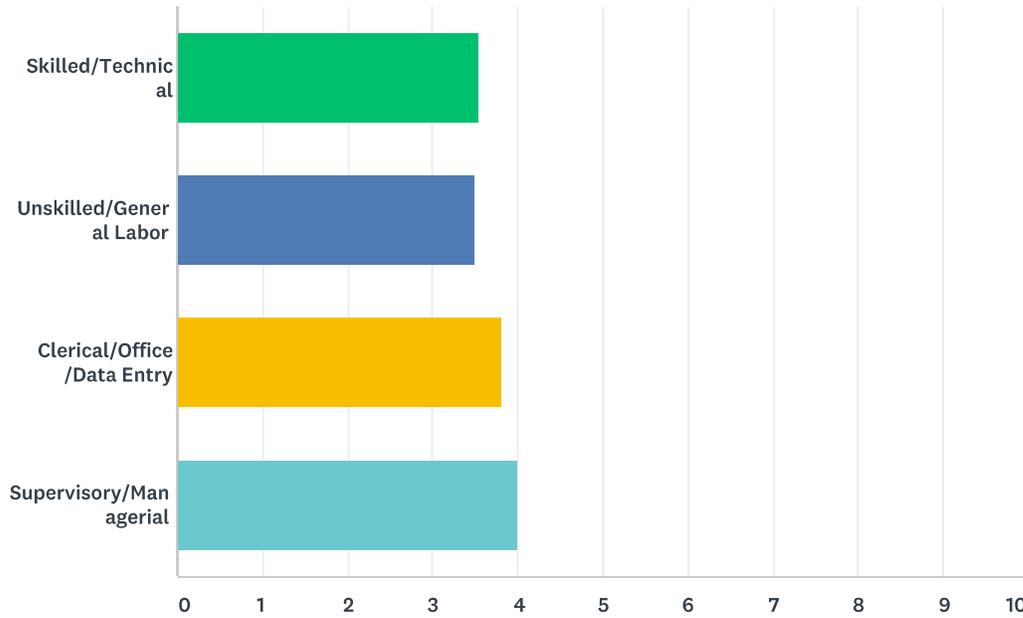
Answered: 19 Skipped: 34



No. of new employees						
	1-5	6-10	11-15	16-20	>20	TOTAL
Skilled/Technical	100.00% 14	0.00% 0	0.00% 0	0.00% 0	0.00% 0	14
Unskilled/General Labor	62.50% 5	25.00% 2	0.00% 0	12.50% 1	0.00% 0	8
Clerical/Office/Data Entry	100.00% 5	0.00% 0	0.00% 0	0.00% 0	0.00% 0	5
Supervisory/Managerial	100.00% 3	0.00% 0	0.00% 0	0.00% 0	0.00% 0	3

## Q16 AVAILABILITY

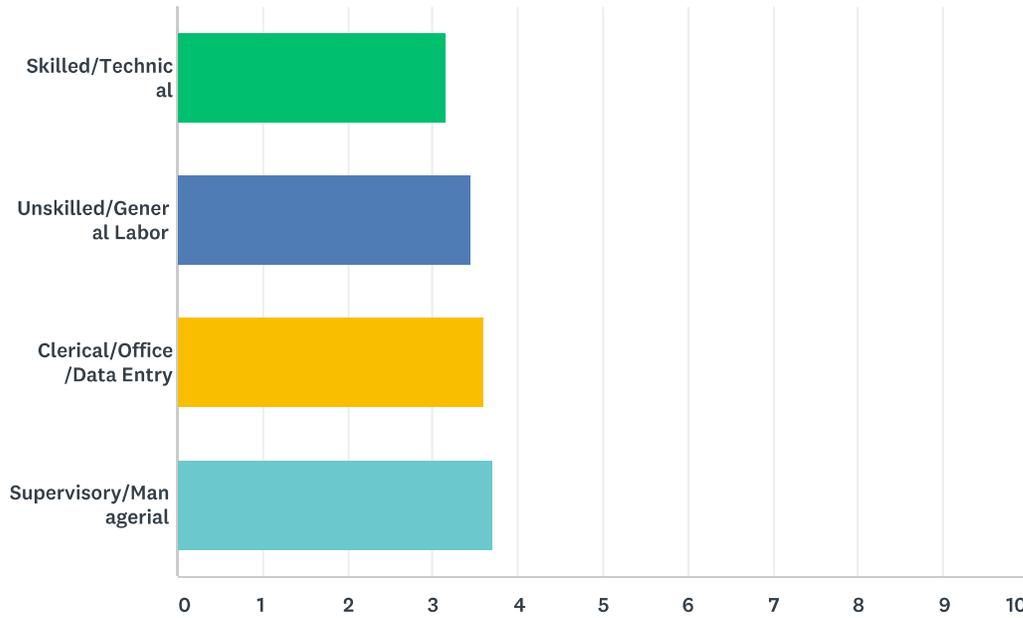
Answered: 43 Skipped: 10



	EXCELLENT	GOOD	AVERAGE	POOR	NO OPINION	TOTAL	WEIGHTED AVERAGE
Skilled/Technical	4.88% 2	19.51% 8	24.39% 10	19.51% 8	31.71% 13	41	3.54
Unskilled/General Labor	2.56% 1	28.21% 11	23.08% 9	10.26% 4	35.90% 14	39	3.49
Clerical/Office/Data Entry	0.00% 0	19.44% 7	27.78% 10	5.56% 2	47.22% 17	36	3.81
Supervisory/Managerial	0.00% 0	13.51% 5	18.92% 7	21.62% 8	45.95% 17	37	4.00

## Q17 QUALITY OF SKILLS

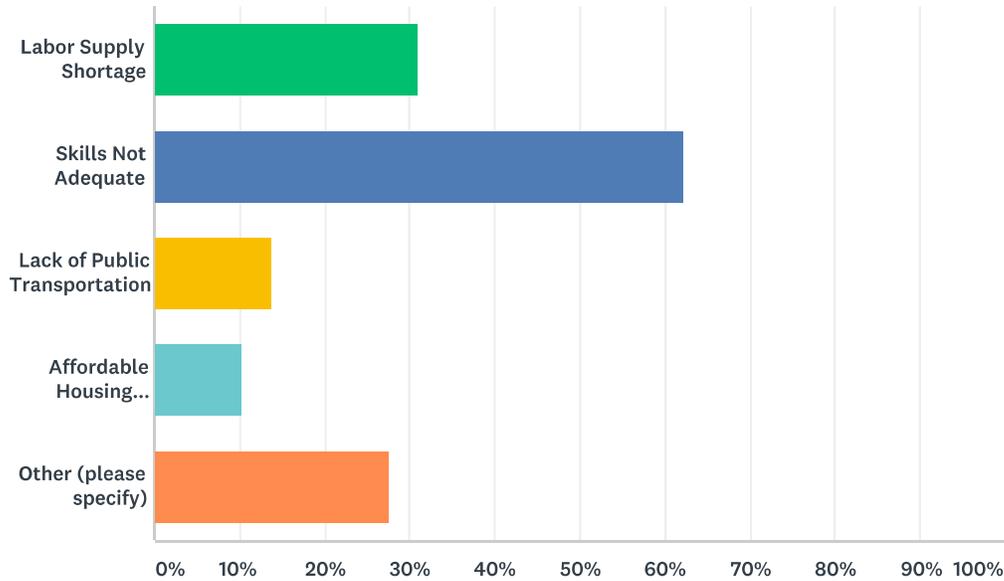
Answered: 43 Skipped: 10



	EXCELLENT	GOOD	AVERAGE	POOR	NO OPINION	TOTAL	WEIGHTED AVERAGE
Skilled/Technical	9.76% 4	29.27% 12	26.83% 11	4.88% 2	29.27% 12	41	3.15
Unskilled/General Labor	2.56% 1	28.21% 11	25.64% 10	7.69% 3	35.90% 14	39	3.46
Clerical/Office/Data Entry	5.71% 2	17.14% 6	31.43% 11	2.86% 1	42.86% 15	35	3.60
Supervisory/Managerial	2.70% 1	18.92% 7	29.73% 11	2.70% 1	45.95% 17	37	3.70

### Q18 If recruiting personnel is difficult, what factors contribute to these difficulties? (Check all that apply.)

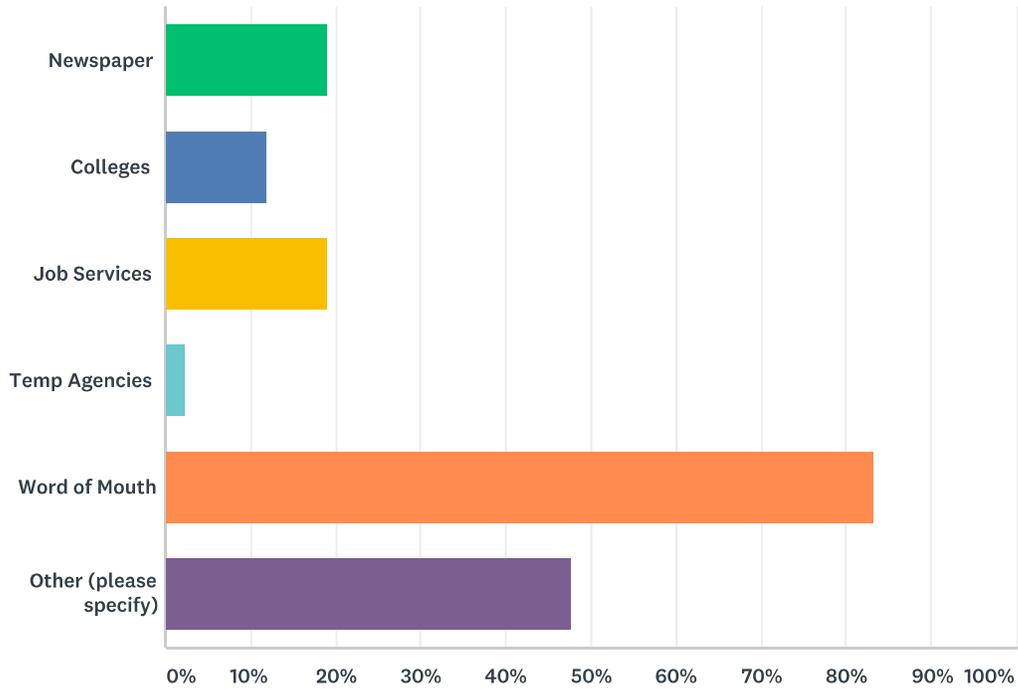
Answered: 29 Skipped: 24



ANSWER CHOICES	RESPONSES
Labor Supply Shortage	31.03% 9
Skills Not Adequate	62.07% 18
Lack of Public Transportation	13.79% 4
Affordable Housing Availability	10.34% 3
Other (please specify)	27.59% 8
Total Respondents: 29	

## Q19 How do you recruit labor? (Check all that apply.)

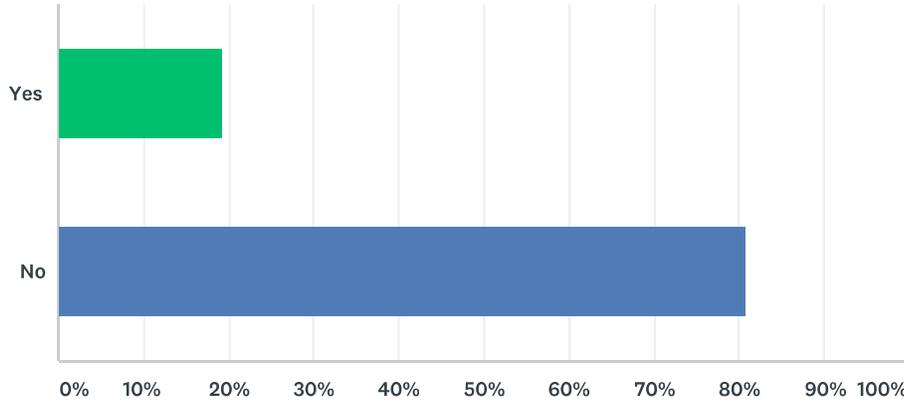
Answered: 42 Skipped: 11



ANSWER CHOICES	RESPONSES
Newspaper	19.05% 8
Colleges	11.90% 5
Job Services	19.05% 8
Temp Agencies	2.38% 1
Word of Mouth	83.33% 35
Other (please specify)	47.62% 20
Total Respondents: 42	

### Q31 Does your company plan to establish new or expanded operations outside of Snohomish County area?

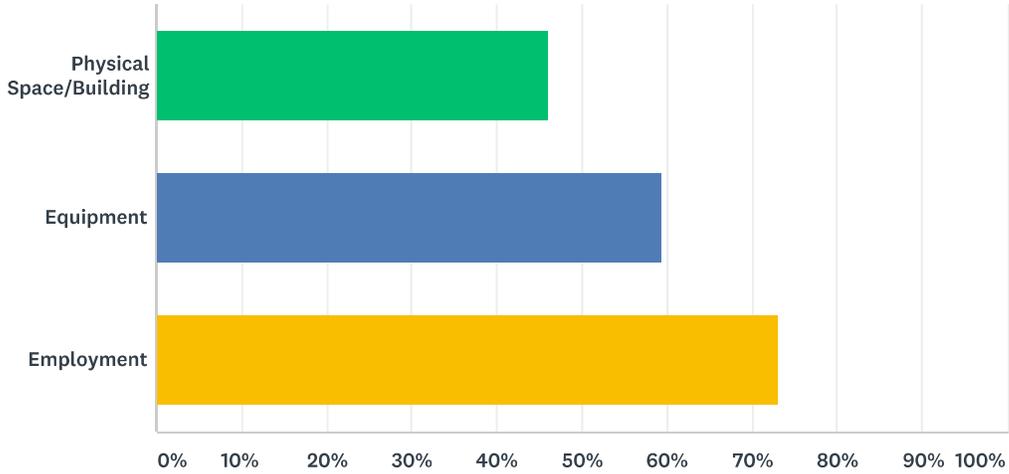
Answered: 52 Skipped: 1



ANSWER CHOICES	RESPONSES
Yes	19.23% 10
No	80.77% 42
TOTAL	52

### Q33 In which of the following areas has your company expanded in the past year? (Check all that apply)

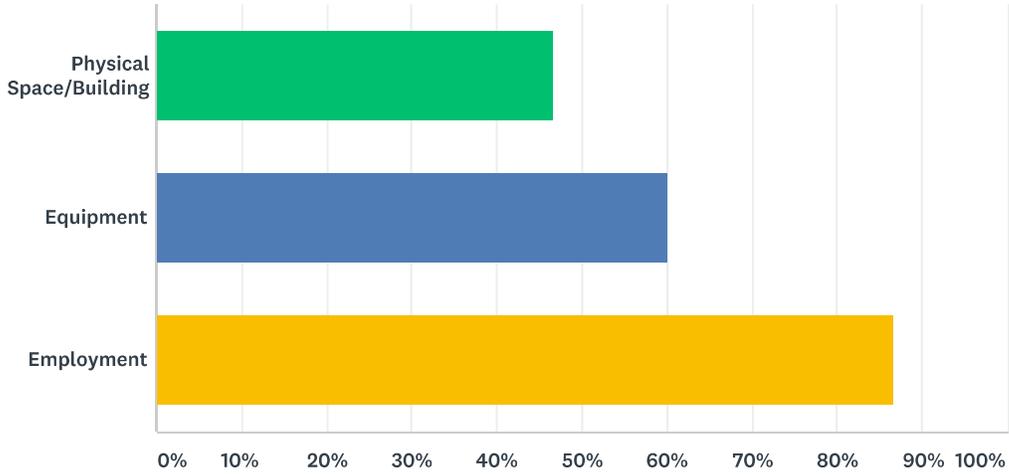
Answered: 37 Skipped: 16



ANSWER CHOICES	RESPONSES
Physical Space/Building	45.95% 17
Equipment	59.46% 22
Employment	72.97% 27
Total Respondents: 37	

### Q35 In which of the following areas do you anticipate growth in the next year? (Check all that apply)

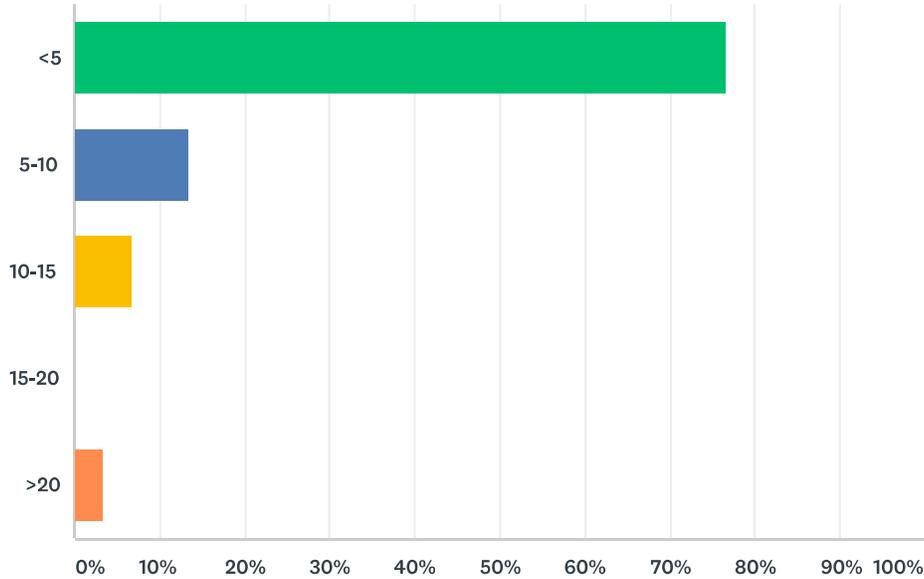
Answered: 30 Skipped: 23



ANSWER CHOICES	RESPONSES
Physical Space/Building	46.67% 14
Equipment	60.00% 18
Employment	86.67% 26
Total Respondents: 30	

### Q36 If you intend to hire more employees next year, how many employees will you add?

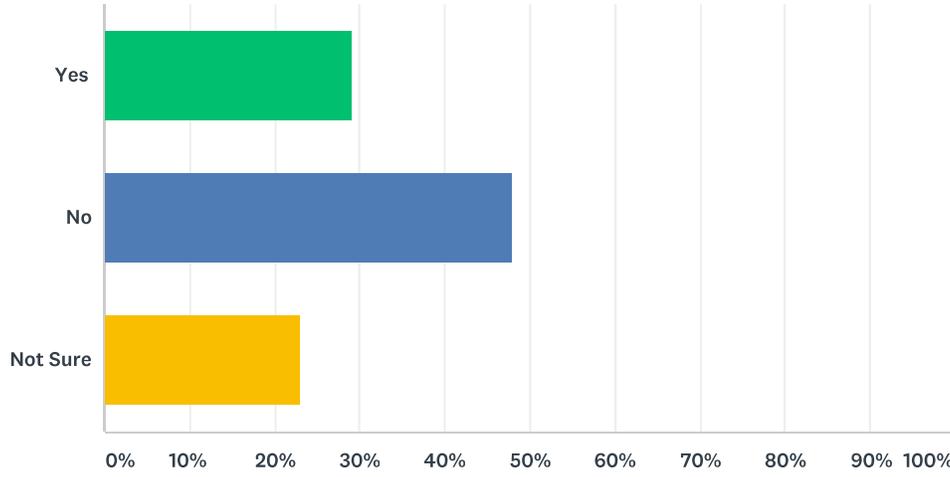
Answered: 30 Skipped: 23



ANSWER CHOICES	RESPONSES	
<5	76.67%	23
5-10	13.33%	4
10-15	6.67%	2
15-20	0.00%	0
>20	3.33%	1
<b>TOTAL</b>		<b>30</b>

### Q37 Are you planning an expansion or new facilities within the County over the next 5 years?

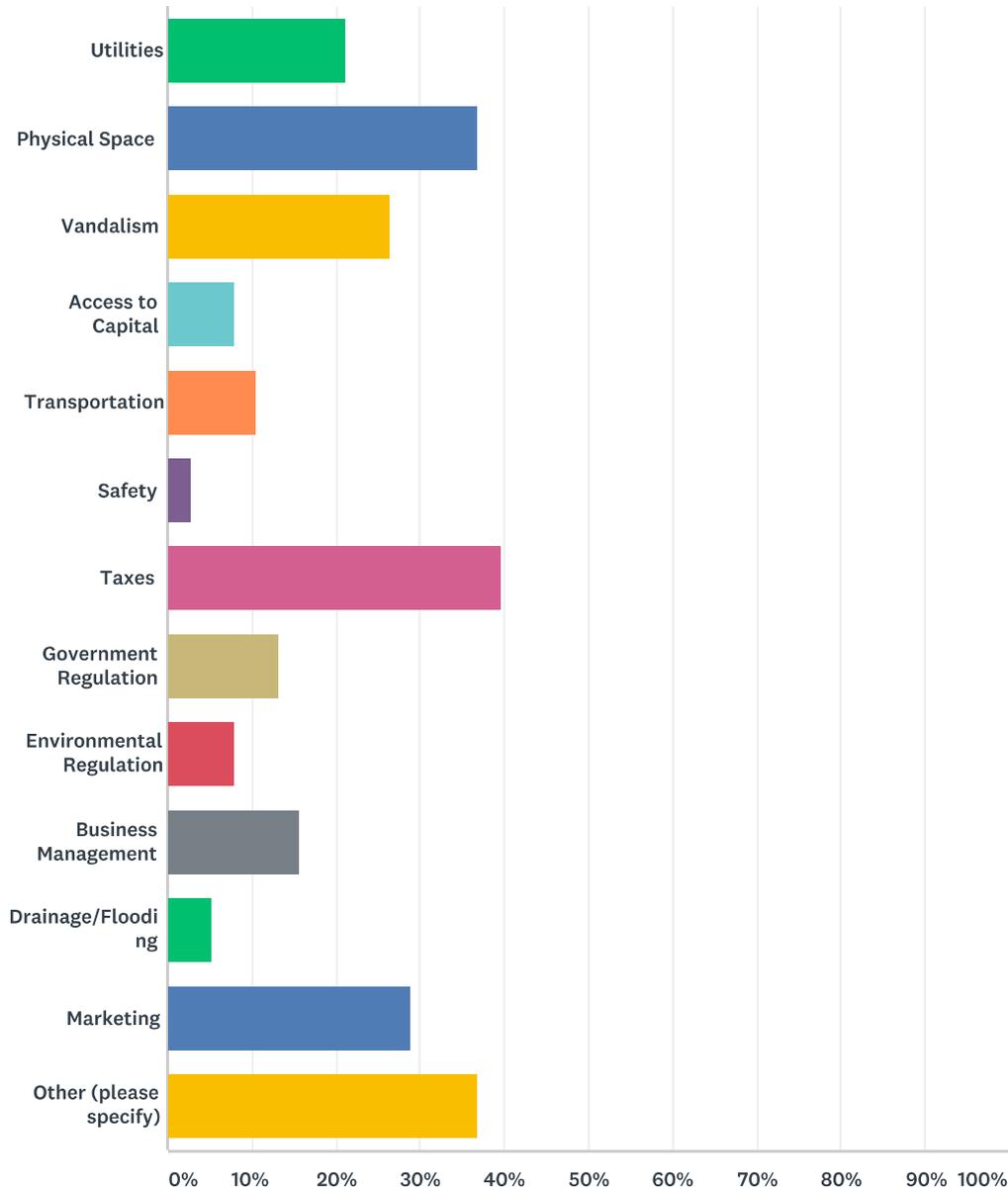
Answered: 48 Skipped: 5



ANSWER CHOICES	RESPONSES	
Yes	29.17%	14
No	47.92%	23
Not Sure	22.92%	11
TOTAL		48

### Q39 Is your company currently challenged by any of the following issues? (Check all that apply)

Answered: 38 Skipped: 15



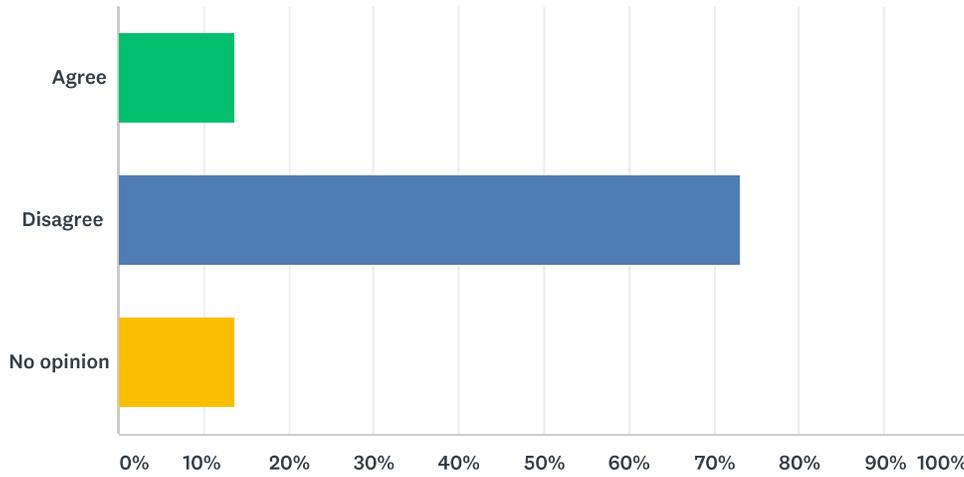
ANSWER CHOICES	RESPONSES
Utilities	21.05% 8
Physical Space	36.84% 14
Vandalism	26.32% 10
Access to Capital	7.89% 3
Transportation	10.53% 4

## City of Snohomish Business Ambassadors Survey

Safety	2.63%	1
Taxes	39.47%	15
Government Regulation	13.16%	5
Environmental Regulation	7.89%	3
Business Management	15.79%	6
Drainage/Flooding	5.26%	2
Marketing	28.95%	11
Other (please specify)	36.84%	14
Total Respondents: 38		

### Q47 I do not feel there are currently any parking problems in the HDS.

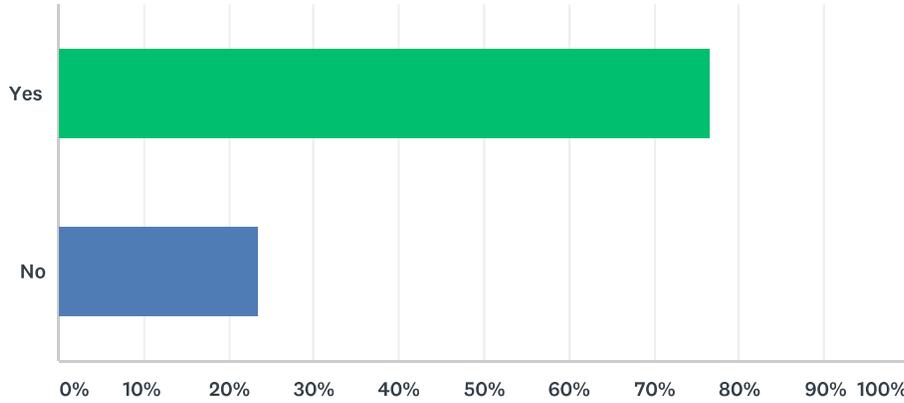
Answered: 37 Skipped: 16



ANSWER CHOICES	RESPONSES	
Agree	13.51%	5
Disagree	72.97%	27
No opinion	13.51%	5
<b>TOTAL</b>		<b>37</b>

### Q48 My customers regularly inform me of the difficulty of parking in the HDS.

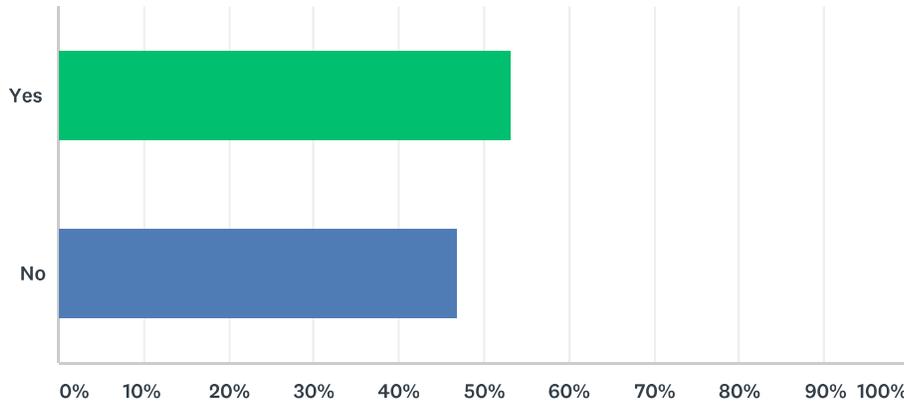
Answered: 34 Skipped: 19



ANSWER CHOICES	RESPONSES	
Yes	76.47%	26
No	23.53%	8
TOTAL		34

### Q49 I/my employees park outside of the HDS (or walk to work) leaving parking available for customers.

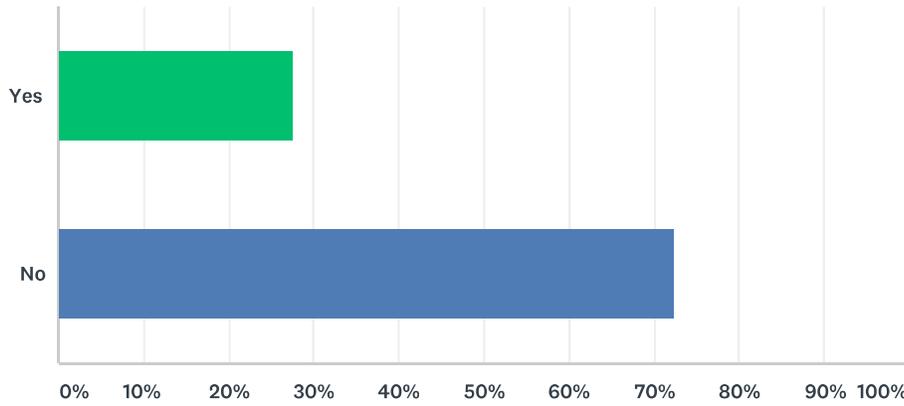
Answered: 32 Skipped: 21



ANSWER CHOICES	RESPONSES
Yes	53.13% 17
No	46.88% 15
TOTAL	32

Q50 I would like to see physical pay parking stations installed in the HDS.

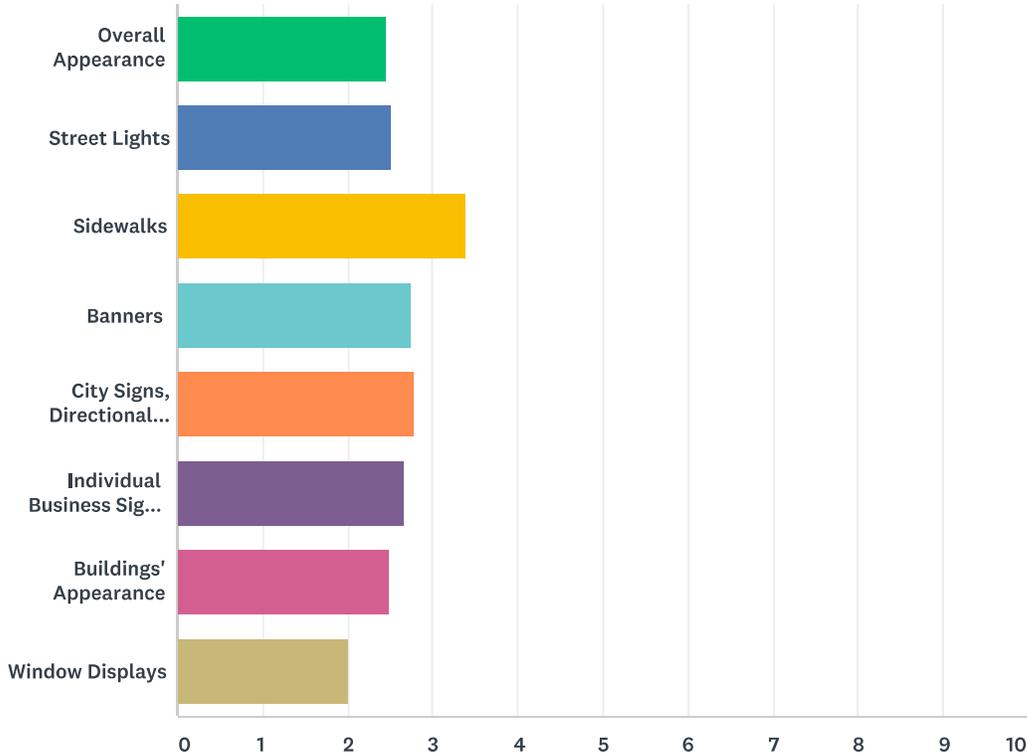
Answered: 29 Skipped: 24



ANSWER CHOICES	RESPONSES	
Yes	27.59%	8
No	72.41%	21
TOTAL		29

**Q57 As a historical district, appearance of the HDS is important in maintaining its charm and attraction to outside visitors. One of the challenges of historical districts is maintaining the charm of old infrastructure while ensuring that things don't look "run down" or "shabby." Please comment on the following aspects of the HDS's appearance.**

Answered: 33 Skipped: 20



	VERY SATISFIED	SATISFIED	SOMEWHAT SATISFIED	SOMEWHAT DISSATISFIED	DISSATISFIED	VERY DISSATISFIED	TOTAL	WEIGHTED AVERAGE
Overall Appearance	6.06% 2	57.58% 19	24.24% 8	9.09% 3	3.03% 1	0.00% 0	33	2.45
Street Lights	12.12% 4	42.42% 14	33.33% 11	9.09% 3	0.00% 0	3.03% 1	33	2.52
Sidewalks	3.03% 1	24.24% 8	33.33% 11	12.12% 4	24.24% 8	3.03% 1	33	3.39
Banners	0.00% 0	46.43% 13	32.14% 9	21.43% 6	0.00% 0	0.00% 0	28	2.75
City Signs, Directional Signs, Location Markers	3.13% 1	37.50% 12	43.75% 14	9.38% 3	6.25% 2	0.00% 0	32	2.78

City of Snohomish Business Ambassadors Survey

Individual Business Signs, Commercial Signs	0.00% 0	53.13% 17	31.25% 10	12.50% 4	3.13% 1	0.00% 0	32	2.66
Buildings' Appearance	3.03% 1	45.45% 15	51.52% 17	0.00% 0	0.00% 0	0.00% 0	33	2.48
Window Displays	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	2.00