

CHAPTER 5



Economic Development Element

OF THE COMPREHENSIVE PLAN (2016 to 2036)

ECONOMIC DEVELOPMENT: *The focus of this economic development plan is improving the economic well-being of Mount Vernon through efforts that entail job creation, job retention, enhancing the City's tax base and increasing the quality of life for those that live and work in Mount Vernon. This plan leverages Mount Vernon's competitive advantages, key assets and core values to strengthen the City's identity and promote future investment consistent with the community's vision.*

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APPENDIX A - Mount Vernon Economic Profile, dated May 5, 2016, prepared by Western Washington University Center of Economic & Business Research



ACKNOWLEDGEMENTS

Thank you to the City Councils, Planning Commissions and Citizens from 1960 to the present that have contributed to comprehensive planning efforts of the City. This Economic Development Element is built upon the foundation of these original plans.

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INTRODUCTION

The focus of this economic development element is improving the economic well-being of Mount Vernon through efforts that entail job creation, job retention, enhancing the City's tax base and increasing the quality of life for those that live and work in Mount Vernon.

This plan leverages Mount Vernon's competitive advantages, key assets and core values to strengthen the City's identity and promote future investment consistent with the community's vision.

Mount Vernon residents value their high quality of life – the City's location on the Skagit River and central to outstanding recreational and cultural activity, its excellent parks and trails, small town feel, and agricultural heritage.

The Growth Management Act requires that this element include: (a) a summary of the local economy such as population, employment, payroll, sectors, businesses, sales, and other information as appropriate; (b) a summary of the strengths and weaknesses of the local economy defined as the commercial and industrial sectors and supporting factors such as land use, transportation, utilities, education, workforce, housing, and natural/cultural resources; and, (c) an identification of policies, programs, and projects to foster economic growth and development and to address future needs.





1.0

WHAT IS ECONOMIC DEVELOPMENT?

Economic development is the sustained, concerted actions of policy makers and communities that promote the standard of living and economic health of a specific area. Some describe economic development as the quantitative and qualitative changes in the economy. These are most commonly described as the creation of jobs and wealth, and the improvement of quality of life.

Economic development can be described as a process that influences growth and restructuring of an economy to enhance the economic well-being of a community.

Successful economic development programs typically have the following attributes. First they receive material support and leadership from the mayor, City Council, and senior City staff. Second, the municipal leadership is willing to work creatively and cooperatively with private sector leaders and businesses to accomplish economic development goals.

They have the ability and find the resources to target infrastructure projects and programs to encourage development or redevelopment of specific areas. To do this, they work aggressively to secure state and federal funds for local public and private assistance.

Likewise, City staff supports economic development goals and is knowledgeable about working within City legal constraints, budget constraints, and community tolerances to assist businesses and the real estate development process. The staff also has the ability to react and make decisions quickly and consistently to provide assistance for private sector dealings with the public planning and regulatory processes. The staff's ability to link different programs, team up with other departments, and leverage limited funds allows them to take meaningful and effective action. In addition, the City should be creative and open to exploring and adopting innovative regulatory and incentive programs to attract and retain businesses and development projects, such as programmatic SEPA processes and development agreements. Key among such programs should be realistic efforts aimed at predictable and streamlined permitting processes.

BACKGROUND OF ECONOMIC DEVELOPMENT

The history of organized economic development efforts in Mount Vernon began with the establishment of the Chamber of Commerce in 1917, followed by the city's first comprehensive plan prepared in 1960.

In 1999 the City developed an Overall Economic Development Plan (OEDP) through the efforts of a 39 member committee and consultant E.D. Hovee. The City's OEDP efforts have been continued up to the present with additional reports and analysis including, but not limited to:

- + 2006 Buildable Lands Analysis (this first report has been updated since this initial report was completed)
- + Commercial & Industrial Land Needs Analysis, by E.D. Hovee & Company, LLC, dated September 2006
- + Assisting with the Port of Skagit's Industrial Lands Inventory

As part of the planning process to update this Element, the City received input from over 500 City residents and business owners as part of a Comprehensive Plan survey to assess the communities' desires. On the economic front, the community identified the following desires:

- + More living wage Jobs
- + Fill vacant storefronts
- + Develop and revitalize the downtown and waterfront
- + Improve parking in the downtown
- + Reduce traffic congestion on College Way

In addition to the community survey a SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses was conducted with the City Council, Planning Commission, City Department Heads, and a Citizen Advisory Committee that was formed for the City's Comprehensive Plan update. Related to Economic Development, the results of these SWOT analyses pointed to the following desires:

- + Redevelop the downtown
- + Take advantage of the Skagit River
- + Reduce crime and gangs
- + Take advantage of our location
- + Keep our small town feel
- + Fill vacant storefronts and expand commercial

In 2015 the City hired Western Washington University's Center for Economic and Business Research (CEBR) to complete an economic profile for Mount Vernon. This study provides a basis for this economic development plan and is included, labeled as **Appendix A**, to this Element of the Comprehensive Plan.



2.0

SUMMARY OF MOUNT VERNON'S ECONOMY



Following is a summary of Mount Vernon's economy that is organized into the following subsections:

- + Existing and Future Population & Employment
- + Existing Sectors, Top Employers and Wages
- + Sales Tax Revenue



POPULATION & EMPLOYMENT

Table 2.0 provides Mount Vernon's 2015 population from the Washington State Office of Financial Management (OFM), the growth in population the City expects to occur between 2016 and 2036, and the resulting 2036 total population.

The City's Land Use Element (Chapter 2) of the Comprehensive Plan provides a detailed description of the planning process whereby the City's 20-year population growth projections were adopted, the City's historical population growth, and comparisons to nearby jurisdictions.

Table 2.0 also provides Mount Vernon's 2015 jobs from the Washington State Employment Security Department (ESD), the growth in jobs the City expects to occur between 2016 and 2036, and the resulting 2036 total employment. Similar to the population information above, the City's Land Use Element (Chapter 2) of the Comprehensive Plan provides a detailed description of the planning process whereby the City's 20-year employment growth projections were adopted, and the City's historical employment growth.

TABLE 2.0: EXISTING & FUTURE POPULATION & EMPLOYMENT

| | 2015 EXISTING | 2016 to 2036 GROWTH | 2016 to 2036 TARGET |
|-------------------------|---------------|---------------------|---------------------|
| POPULATION ¹ | 33,530 | 11,842 | 46,811 |
| EMPLOYMENT ² | 16,503 | 4,558 | 21,061 |

¹ Existing population: WA State Department of Financial Management. (April 1, 2015) Population of Cities, Towns and Counties Used for Allocation of Selected State Revenues. Retrieved February 11, 2016, from <http://www.ofm.wa.gov>

¹ Population Growth: BERK Consulting for Skagit County. Skagit County Growth Projections Summary of Methods and Results. (2014, July.) Document is appended as Appendix D to the Land Use Element

² Existing and Future Employment: BERK Consulting for Skagit County. Skagit County Growth Projections Summary of Methods and Results. (2014, July.) Document is appended as Appendix D to the Land Use Element.

EXISTING SECTORS, TOP EMPLOYERS & WAGES

The following information on existing sectors, top employers and wages were all taken from the Mount Vernon Economic Profile dated May 5, 2016, prepared by student author's Josh Harrel, Alexa Jones, and Adam Schaffer studying at Western Washington University's Center of Economic and Business Research that is appended to this Element labeled as **Appendix A**.

EXISTING SECTORS. Table 2.1 provides details on the top industries and their associated number of firms. *"The top five industry employers for Skagit County in Q1 of 2015 are retail, health and social services, lodging and food services, construction, and agriculture/forest/fishery services. In total, these industries comprise almost 69% of Skagit County's labor force. It is worth noting that all of these industries minus construction pay an average weekly wage of \$605 or less. Ultimately, the highest employing industries are also the lowest paying...Of particular note within this data is any industry with greater than 10% change. We especially note the 246% growth in Health Care and Social Assistance"* (Harrel, etal, 25).

Noteworthy is the fact that employment and wage information is based on Skagit County as a whole and is not specific to Mount Vernon because reliable information of this sort is not available at a city level. As such, *"we assume that companies in Mount Vernon behave similar to their peers in the rest of the county to understand general trends and statistics"* (Harrel, etal, 24).

TABLE 2.1: CHANGE IN NUMBER OF FIRMS¹

| CHANGE IN NUMBER OF FIRMS | 2008 | 2011 | 2014 |
|--|------|------|------|
| WA State | 4% | 4% | 6% |
| Skagit County | 4% | -1% | 5% |
| Agriculture, forestry, fishing and hunting | -8% | -10% | 4% |
| Mining | -4% | * | * |
| Utilities | 11% | 10% | -18% |
| Construction | 2% | -19% | 10% |
| Manufacturing | 6% | -4% | 4% |
| Wholesale trade | -8% | 2% | 10% |
| Retail trade | 1% | -9% | 3% |
| Transportation and warehousing | 20% | -9% | 1% |
| Information | -23% | 8% | -3% |
| Finance and insurance | 23% | -15% | 12% |
| Real estate and rental and leasing | 6% | -12% | 2% |
| Professional and technical services | 11% | 8% | 7% |
| Management of companies and enterprises | -5% | * | * |
| Administrative and waste services | 11% | 9% | 13% |
| Educational services | 14% | 41% | 16% |
| Health care and social assistance | 8% | -4% | 246% |
| Arts, entertainment, and recreation | -3% | 10% | 10% |
| Accommodation and food services | 3% | -3% | 5% |
| Other services, except public administration | 6% | 18% | -69% |
| Government | 7% | 2% | -3% |

¹ Harrel, etal, Mount Vernon Economic Profile. (2016, May) accompanying this Element identified as Appendix A

TOP BUSINESSES. Table 2.2 lists Mount Vernon’s top employers. This is important information because these top employers help to establish “...long term stability. This is especially true during tough economic conditions; as larger employers are more capable of withstanding cyclical changes when compared to smaller employers” (Harrel, etal, 14).

WAGES. Table 2.3 provides wage data for different industries within the City. Mount Vernon’s Economic Profile, attached as **Appendix A**, provides a rough estimate of a living wage at \$1,974 to \$2,981 per month. With this baseline information this profile notes that industries that “do not pay employees a living wage include: real estate, arts/entertainment/recreation, and

lodging and food services. This would mean that within these households, multiple wage earners would be required to meet basic needs” (Harrel, etal, 14).

TABLE 2.2: MOUNT VERNON’S TOP EMPLOYEERS¹

| COMPANY NAME | EMPLOYEE COUNT | NOTES |
|----------------------------------|----------------|--|
| Skagit Regional Health | 1004 | Employment base exceeds Mount Vernon’s borders |
| Mount Vernon School District | 815 | Teachers are counted as full-time |
| Skagit County Government | 636 | Employment base exceeds Mount Vernon’s borders |
| Draper Valley Farms | 541 | |
| Walmart | 425 | Headcount |
| PACCAR Technical Center | 261 | |
| Mount Vernon City Hall | 191 | |
| Sierra Pacific Industries | 185 | |
| Safeway | 170 | Headcount |
| Skagit Gardens Inc. | 152 | Headcount |
| Brown Line LLC | 150 | |
| Lab Corp | 150 | |
| Skagit State Bank | 144 | |
| Lowe’s Home Improvement | 130 | Headcount |
| Haggen Food & Pharmacy | 120 | Headcount |
| Mira Vista Care Center | 120 | |
| Skagit Publishing | 120 | Headcount |
| Life Care Center Of Mount Vernon | 118 | |
| Skagit Valley Food Co-Op | 110 | |
| Northwest Horticulture | 87 | |
| Olmsted Transportation | 33 | |
| Hulbert Farms Inc. | 20 | |

¹ Harrel, etal, Mount Vernon Economic Profile. (2016, May) accompanying this Element identified as Appendix A

TABLE 2.3: EMPLOYMENT BY INDUSTRY & AVERAGE WAGE Q1 2015¹

| | Q1 WAGES PAID | AVERAGE EMPLOYMENT | AVERAGE WEEKLY WAGE IN SKAGIT COUNTY | AVERAGE WEEKLY WAGE IN WA STATE |
|--|---------------|--------------------|--------------------------------------|---------------------------------|
| 55 Management of companies and enterprises | \$3,754,319 | 121 | \$2,387 | \$2,278 |
| 22 Utilities | \$4,687,325 | 188 | \$1,918 | \$1,978 |
| 54 Prof, Scientific, Tech Services | \$22,714,366 | 1,465 | \$1,193 | \$1,638 |
| 42 Wholesale | \$17,407,130 | 1,214 | \$1,103 | \$1,441 |
| 23 Construction | \$41,966,914 | 2,951 | \$1,094 | \$1,026 |
| 21 Mining, Quarrying, Extracting | \$287,810 | 24 | \$922 | \$1,236 |
| 51 Information | \$3,893,229 | 329 | \$909 | \$2,643 |
| 48-49 Transportation, Warehousing | \$14,004,810 | 1,311 | \$822 | \$1,077 |
| 31-33 Manufacturing | \$11,578,867 | 1,311 | \$679 | \$823 |
| 81 Other Services | \$11,199,103 | 1,380 | \$624 | \$689 |
| 11 Ag, Forest, Fish | \$17,808,172 | 2263 | \$605 | \$528 |
| 62 Health & Social Services | \$41,317,427 | 5,254 | \$605 | \$862 |
| 44-45 Retail | \$48,495,088 | 6693 | \$557 | \$718 |
| 61 Education Services | \$2,342,119 | 333 | \$542 | \$695 |
| 56 Administrative and waste services | \$7,266,463 | 1,054 | \$530 | \$875 |
| 53 Real Estate | \$2,808,729 | 434 | \$498 | \$952 |
| 71 Arts, Entertainment, Recreation | \$2,744,325 | 532 | \$397 | \$518 |
| 72 Lodging and Food Services | \$16,138,979 | 3,905 | \$318 | \$377 |
| 92 Public Admin | D | D | D | D |

¹ Harrel, etal, Mount Vernon Economic Profile. (2016, May) accompanying this Element identified as Appendix A

TABLE 2.4: AVERAGE WEEKLY WAGES THROUGH TIME¹

| | | 2005 Average weekly wage | 2008 Average weekly wage | 2011 Average weekly wage | 2014 Average weekly wage |
|-------|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | WA State | 783 | 895 | 966 | \$1,058 |
| | Skagit County | 604 | 696 | 729 | \$795 |
| 11 | Agriculture, forestry, fishing and hunting | 466 | 540 | 578 | \$649 |
| 21 | Mining | 1,258 | 1,069 | * | \$1,204 |
| 22 | Utilities | 1,239 | 1,483 | 1,555 | \$1,704 |
| 23 | Construction | 788 | 990 | 1,079 | \$1,161 |
| 31-33 | Manufacturing | 877 | 983 | 1,107 | \$1,155 |
| 42 | Wholesale trade | 734 | 860 | 848 | \$1,027 |
| 44-45 | Retail trade | 485 | 514 | 525 | \$556 |
| 48-49 | Transportation and warehousing | 625 | 704 | 742 | \$842 |
| 51 | Information | 717 | 757 | 742 | \$828 |
| 52 | Finance and insurance | 794 | 900 | 933 | \$1,011 |
| 53 | Real estate and rental and leasing | 398 | 442 | 452 | \$492 |
| 54 | Professional and technical services | 750 | 860 | 917 | \$1,083 |
| 55 | Management of companies and enterprises | 972 | 1,387 | * | \$1,761 |
| 56 | Administrative and waste services | 439 | 519 | 551 | \$600 |
| 61 | Educational services | 406 | 487 | 575 | \$537 |
| 62 | Health care and social assistance | 561 | 646 | 603 | \$616 |
| 71 | Arts, entertainment, and recreation | 360 | 321 | 338 | \$385 |
| 72 | Accommodation and food services | 244 | 276 | 307 | \$326 |
| 81 | Other services, except public administration | 442 | 498 | 502 | \$644 |
| | Government | 688 | 796 | 857 | \$905 |

¹ Harrel, etal, Mount Vernon Economic Profile. (2016, May) accompanying this Element identified as Appendix A

With regard to wages the appended Economic Profile also notes the following:

“In examining historical data, we note that most sectors report an increasing average weekly wage. Outliers for this data include the utility sector which has the highest average wage – nearly double the average of all wages and mining and management which do not have data to report due to suppression from a small number of firms”.

“After examining this data, The Center finds a large distribution of jobs in the below \$800 weekly range for Skagit County (\$795 per week is the county average) and a second smaller distribution of jobs in the \$950 to \$2100 weekly range. Ideally, the higher wage category should increase over time relative to the lower wage category. Much of the labor force in the lower-wage distribution is generally less skilled and educated than the labor force in the higher-wage distribution.

There seems to be a large group of workers receiving a lower wage relative to the state. The Center also found that there is an insignificant middle group at the county level. As a community focused on prosperity, Mount Vernon should commit to creating high paying jobs” (Harrel, etal, 25 to 27).

SALES

Sales information is important to track because it provides “...insight into the overall economic health of the Mount Vernon economy. Sales drive business revenues, which in turn create and retain jobs in the community. Likewise, jobs stimulate demand for localized housing and community resources,

which also create a sense of community and incentivizes those employees and their families to live and play in the city, thereby stimulating more sales. It is an economic cycle, though it is not clear what items come first.

Within any community, sales are created by both local and non-local

consumers. There is no perfect balance other than to stipulate that more non-local sales create the opportunity for more wealth building and job creation for local residents since money is spent in the locale but resources are not expended on these non-local consumers” (Harrel, etal, 17).

TABLE 2.5: TAXABLE RETAIL SALES, BUSINESSES W/ MOUNT VERNON FILING ADDRESS¹

| TWO-DIGIT NAICS TITLE | 2003 | 2008 | 2014 | VARIANCE (2003-2014) |
|---|-----------------------|-----------------------|-----------------------|----------------------|
| 11 Ag, Forest, Fish | \$ 1,015,116 | \$ 650,690 | \$ 727,070 | -28.4% |
| 21 Mining, Quarrying, Extracting | \$ 1,353,960 | D | D | |
| 22 Utilities | \$ 196,443 | \$ 660,112 | \$ 272,280 | 38.6% |
| 23 Construction | \$ 63,296,870 | \$ 96,226,418 | \$ 92,688,674 | 46.4% |
| 31-33 Manufacturing | \$ 17,679,381 | \$ 24,966,185 | \$ 16,917,904 | -4.3% |
| 42 Wholesale | \$ 27,351,977 | \$ 25,797,161 | \$ 10,444,845 | -61.8% |
| 44-45 Retail | \$ 176,117,313 | \$ 178,361,488 | \$ 181,507,652 | 3.1% |
| 48-49 Transportation, Warehousing | \$ 3,506,445 | \$ 5,470,092 | \$ 4,591,632 | 30.9% |
| 51 Information | \$ 509,845 | \$ 373,013 | \$ 195,128 | -61.7% |
| 52-53 Finance, Insurance, Real Estate | \$ 7,429,937 | \$ 10,197,226 | \$ 8,161,486 | 9.8% |
| 54 Prof, Scientific, Tech Services | \$ 2,879,398 | \$ 4,847,890 | \$ 3,964,964 | 37.7% |
| 55-56 Management, Admin, Support of Companies | \$ 7,388,212 | \$ 11,776,971 | \$ 10,975,993 | 48.6% |
| 61 Education Services | \$ 3,255,838 | \$ 3,238,186 | \$ 2,896,499 | -11.0% |
| 62 Health & Social Services | \$ 1,498,549 | \$ 1,228,925 | \$ 843,407 | -43.7% |
| 71 Arts, Entertainment, Recreation | \$ 3,563,549 | \$ 5,255,899 | \$ 7,383,150 | 107.2% |
| 72 Lodging and Food Services | \$ 32,436,119 | \$ 43,082,971 | \$ 53,880,616 | 66.1% |
| 81 Other Services | \$ 15,880,798 | \$ 15,681,995 | \$ 15,768,882 | -0.7% |
| 92 Public Admin | \$ 91,705 | \$ 136,990 | \$ 530,895 | 478.9% |
| Grand Total | \$ 365,451,455 | \$ 427,952,212 | \$ 411,751,077 | 12.7% |

(D) non-disclosable

*These totals represent the number of taxpayers with a Mount Vernon filing address that report taxable retail sales on the Combined Excise Tax Return (CETR).

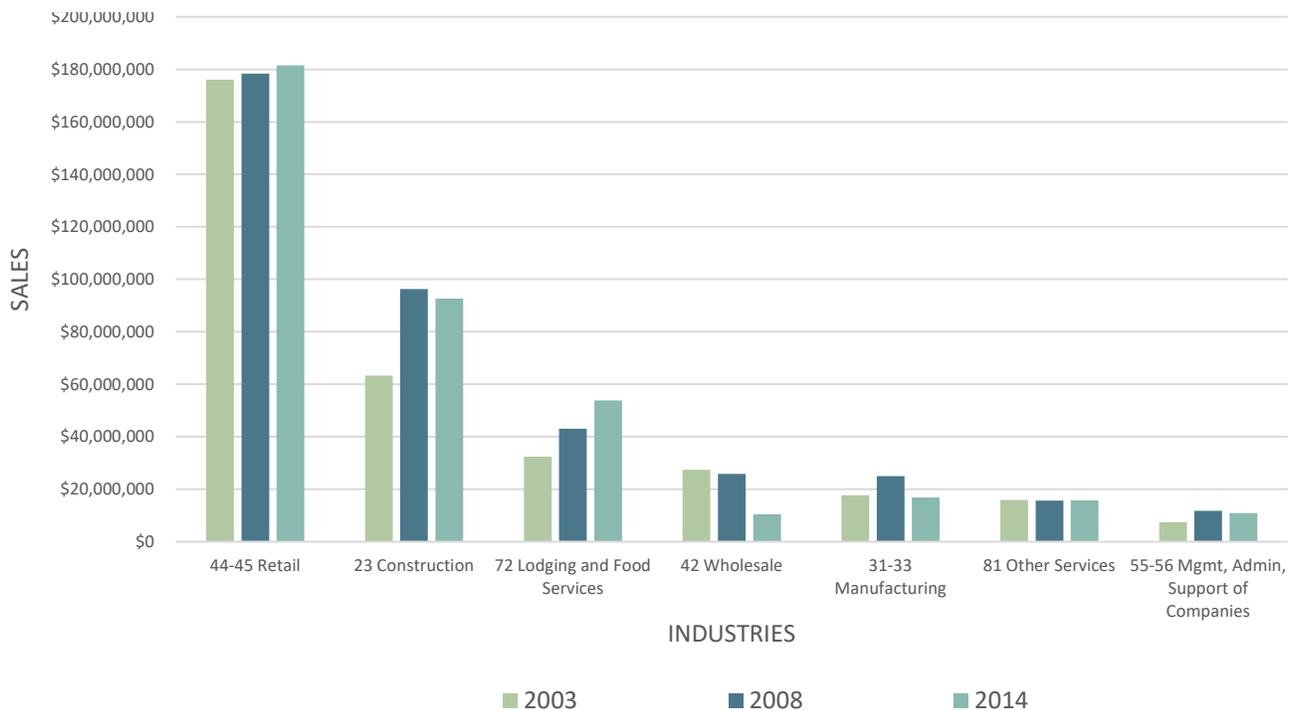
¹ Harrel, etal, Mount Vernon Economic Profile. (2016, May) accompanying this Element identified as Appendix A



The Economic Profile also notes that, “Overall, there was a 12.7 percent increase in total retail sales from 2003 to 2014. The six industries with the most growth during this time period were construction, transportation, professional services, management/administration, arts/entertainment, and lodging/food services. While there were other sectors that had abnormal growth, the absolute contribution by those sectors is small in relation to other sectors”.

“The top 7 industries by sales have remained relatively constant from 2003 to 2014. The most notable change is that the wholesale industry dropped out of the top 6 in 2014 and was replaced by the management/administration support sector” (Harrel, etal, 18).

GRAPH 2.6: TOP SEVEN INDUSTRIES BY SALES¹



¹ Harrel, etal, Mount Vernon Economic Profile. (2016, May) accompanying this Element identified as Appendix A

3.0

ECONOMIC STRENGTHS & WEAKNESSES

Following is a discussion of Mount Vernon's strengths and weaknesses with regard to economic development. The City's strengths include: the city's location within Skagit County, local and regional planning efforts, infrastructure, and the City's Historic Downtown.

Some of Mount Vernon's weaknesses include a lack of larger parcels for commercial and industrial growth, taxable retail sales that are lower than nearby areas, and maintenance of existing city roads.

Following is an expanded discussion of each of the above-listed strengths and weaknesses.

LOCATION WITHIN SKAGIT COUNTY AND CLUSTERS

The City of Mount Vernon enjoys an economic advantage in being on both the Interstate-5 corridor, and the Burlington Northern Santa Fe main railroad line. Mount Vernon leads the County with 16,503 jobs within its city limits as well as six of the top 10 job producers in the County.

The health care cluster led by Skagit Regional Health System leads the way as a family wage job producer with over 2,000 jobs on their payroll. They are the largest employer in Skagit County and the third largest public hospital district in the state of Washington.



COLLABORATIVE & RESPONSIVE LOCAL & REGIONAL PLANNING

A McKinsey and Company report on “How to Make a City Great” published in 2013 stated that “the most effective cities adopt a regional perspective and make the planning process inclusive and flexible”. This finding emphasizes the importance of regional planning organizations with which Mount Vernon is currently involved, and points to further involvement in collaborations with associations, alliances, and citizen groups.

Currently the City is a member of the following regional planning organizations:

- + Community Marketing Campaign
- + Metropolitan Planning Organization (MPO)
- + Skagit Council of Governments (SCOG)
- + Innovative Partnership Zone (IPZ)

ROBUST INFRASTRUCTURE & UTILITIES

The City and Skagit Public Utility District #1 have kept infrastructure capacity ahead of growth in spite of the great recession. However, additional water volume and fire flow are needed in areas of South Mount Vernon to catalyze commercial and industrial expansion in this area.

The Fiber Optic Broadband system owned and operated by the City since the mid-1990s has seen a 300% increase in connections between 2012-2016. The system not only helps attract and retain businesses, but puts Mount Vernon on the map of a relatively small number of cities that provide broadband service in-house.

Mount Vernon has deployed backbone Fiber Infrastructure that has the capacity to provide the foundation for business and local economic growth. With high-speed, high-power connectivity, businesses have greater access to online tools and cloud-based services, enabling them to become more competitive not to mention that widespread fiber Internet

can help connect consumers and e-commerce businesses around the nation. Having a robust and reliable high-speed broadband infrastructure in place is an essential requirement to enrich a town with smart city applications. This Fiber Network provides the foundation for broadband Internet access, VoIP, video-on-demand (VOD), interactive video, medical imaging, Application Service Provider (ASP) services, software as a service (SAAS), cloud computing and data center growth. This network’s advanced architecture enables these services to be offered at affordable prices, through the availability of flexible, low cost managed bandwidth services.

The intent of the City’s Fiber network is to create a versatile network capable of bringing multi-service networking solutions to the community. This Network is designed not only to support the immediate demand for Internet Access, but also to function as transport for additional services along with interconnecting all the public agencies together for a more efficient cost saving system.

DOWNTOWN REVITALIZATION

“A revitalized and vibrant downtown core where people can live, work and play. A renaissance city of inspired businesses, unique restaurants, and engaging social activities”, this quote is part of the Comprehensive Plan’s overall vision statement.

The city has invested over \$28 million in flood protection, river promenade and riverfront plaza construction since 2008. This program is expected to be completed in late 2017 and will increase the economic viability of the downtown.

The Strengths, Weaknesses, Opportunities, and Threats (SWOT) analyses conducted in 2015 indicated that there is a strong desire amongst all sectors to invest in and revitalize the downtown as the event and cultural center of Mount Vernon.

JOB PRODUCING LAND BASE

Since the mid-1990's Mount Vernon has taken the lion share of the County-wide population allocations that are required with Growth Management Act (GMA) planning processes. At the same time Mount Vernon's share of jobs has not kept pace with the City's growing residential population.

In 2006 the City hired E.D. Hovee & Company, LLC to complete a Commercial & Industrial Land Needs Analysis for the City. One of the summary statements from this analysis points out, *"Of particular importance has been the inability to provide land zoned for employment uses in parcels large enough both to meet market demand and to sufficiently increase the community's commercial jobs share. The result has been inadequate growth of jobs and services to support Mount Vernon's rapidly growing residential population"* (Hovee, iv).

With regard to the location of existing and future commercial and industrial lands the same E.D. Hovee & Company, LLC report states,

"For commercial development, highway access and highway visibility were consistently cited as key criteria. These characteristics are especially important to large format retailers and larger retail centers (e.g. lifestyle centers). Mount Vernon's ability to attract these retail types is in part dependent on the provision of sufficiently large commercial lots with easy arterial/highway access and highway visibility.

In contrast, for many industrial businesses highway visibility is not as important. More important is land that is priced right – within the \$4 per square foot range. Second to this may be access, the ability for materials to move in and out of the site with ease. Access via arterials and highways is important. Parcels with rail access are especially hard to come by; rail access should be a criteria considered in allocating future industrial land.

... it appears that the City will be need to look outside of the existing UGA to site the needed commercial and industrial acreage. Areas to the east of Interstate 5 are largely zoned for residential uses needed to accommodate the population that the City is slated to receive through the year 2025. While the City's Buildable Lands Analysis does indicate that the City has a supply of residentially zoned land slightly in excess of what may be needed, the location of the undeveloped residentially zoned land – generally in the eastern portion of the City – is undesirable for siting commercial or industrial developments given its indirect access and for commercial uses, lack of visibility" (Hovee, 30).

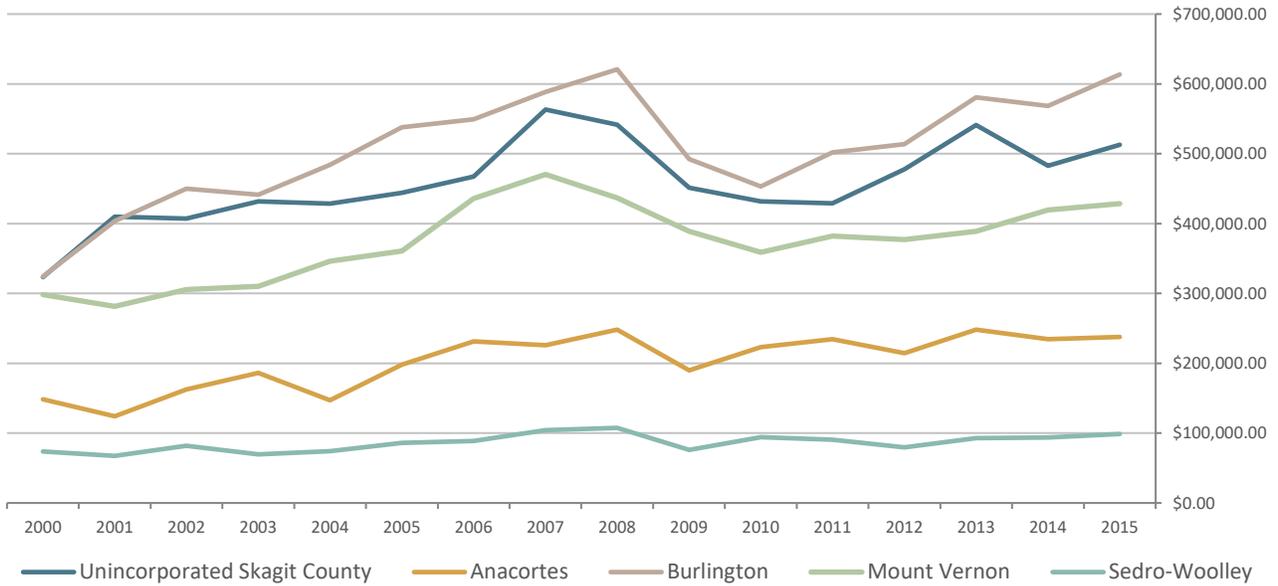
The above-cited E.D. Hovee & Company, LLC report is identified as **Appendix C** to the City's Land Use Element (Chapter 2) of the Comprehensive Plan.

TAXABLE RETAIL SALES

Taxable retail sales are a key indicator of economic activity. These data are derived from sales tax returns remitted to the state Department of Revenue each month. **Graph 3.0** shows the distribution of sales tax to Mount Vernon, unincorporated Skagit County, Anacortes, Burlington and Sedro-Woolley. Currently, and over time, Mount Vernon has collected less sales tax revenue than incorporated Skagit County and the City of Burlington.

Mount Vernon's neighbor to the north, Burlington, is somewhat of an anomaly in that it continually leads or nearly leads the entire state in per capita retail sales due to its expansive retail centers. This anomaly lead to further investigation regarding sales tax collections. **Table 3.1** evaluates the sales tax distribution and size of the population that the listed jurisdictions have in their care. Evaluated in this way **Table 3.1** shows that Mount Vernon collects less retail sales tax per person than all of the listed jurisdictions with the exception of the City of Sedro-Woolley.

GRAPH 3.0: SALES TAX DISTRIBUTIONS OVER TIME¹



¹ Washington State Department of Revenue, Local Sales and Use Tax Distributions. Retrieved August 1, 2016, from <http://www.dor.wa.gov>

TABLE 3.1: RETAIL SALES TAX COLLECTED TO POPULATION

| | 2015 SALES TAX DISTRIBUTION ¹ | 2015 POPULATIONS ² | RATIO PER PERSON |
|------------------------------|--|-------------------------------|------------------|
| Unincorporated Skagit County | \$512,665.99 | 49,220 | \$10.42 |
| Anacortes | \$237,766.42 | 16,310 | \$14.58 |
| Burlington | \$613,766.26 | 8,485 | \$72.34 |
| Mount Vernon | \$428,382.46 | 33,530 | \$12.78 |
| Sedro-Woolley | \$98,860.44 | 10,700 | \$9.24 |

¹ Washington State Department of Revenue, Local Sales and Use Tax Distributions. Retrieved August 1, 2016, from <http://www.dor.wa.gov>

² WA State Department of Financial Management. (April 1, 2015) Population of Cities, Towns and Counties Used for Allocation of Selected State Revenues. Retrieved August 1, 2016, from <http://www.ofm.wa.gov>

MAINTENANCE OF ROADS

Although city Public Works have kept major and minor arterial streets in excellent shape, the City has lagged behind due to funding in keeping secondary and residential streets in satisfactory condition. The City is currently looking at forming a Transportation Benefit District (TBD) to attend to street maintenance deficiencies on secondary streets. Congestion on College Way in the vicinity of I-5 is currently being addressed through the addition of two lanes under the I-5 overpass. This project is scheduled to be completed by 2018.

4.0

GOALS, OBJECTIVES & POLICIES

The City has created Goals, Objectives & Policies specific to the Economic Development Element. These Goals, Objectives & Policies guide the City's decision making process related to economic development and are as follows.

ECONOMIC DEVELOPMENT GOAL 1: HAVE A STRONG PROACTIVE POSITON TOWARDS ECONOMIC PROSPERITY THAT PROMOTES A POSITIVE CIVIC IMAGE AND ESTABLISHES MOUNT VERNON AS A PREFERRED PLACE FOR INVESTMENT.

OBJECTIVE 1.1: Provide an adequate job-producing land base to ensure an optimal number of jobs for citizens within the community, and to aid the community in paying for infrastructure and services.

Policy 1.1.1: Consider working towards an adequate supply of commercial and industrial lands and supporting infrastructure to accommodate the City's forecasted growth.

Policy 1.1.2: Consider creating a Mount Vernon specific definition for living wage jobs.

Policy 1.1.3: Consider establishing a target of living wage jobs-to-housing ratio for the City.

OBJECTIVE 1.2: Determine where the City's competitive advantages lie and identify clusters of companies that can power growth.

Policy 1.2.1: Maintain the City's focus on local companies that demonstrate high growth potential; and continue to embrace the growing health care cluster led by Skagit Regional Health.

Policy 1.2.2: Continue focusing on being a "connected" city by expanding and marketing the City's fiber optic loop. Consider establishing the city's system as a regional utility similar to that of the City of Anacortes' regional water system.

Policy 1.2.3: Continue focusing on high tech and value added agriculture as new clusters to power growth.

Policy 1.2.4: Focus on those areas that provide living wage jobs, such as: Management of Companies and enterprises, Utilities, Manufacturing, Finance and Insurance, Construction, Professional and Technical Services, Mining, Wholesale Trade, Government, Information, and Transportation and warehousing.

Policy 1.2.5: Continue to utilize EDASC's marketing and business recruitment talents to bring new companies to Mount Vernon.

Policy 1.2.6: Focus on education and job creation to help lower income citizens become upwardly mobile.

OBJECTIVE 1.3: To the extent possible, make local and regional planning inclusive and flexible.

- Policy 1.3.1: Consider using pilot programs to move faster and lessen risk of new initiatives.
- Policy 1.3.2: Regularly solicit input from local businesses through conversations with industry leaders.
- Policy 1.3.3: Continue to provide predictable, current, clear and concise regulations and permitting processes.
- Policy 1.3.4: Consider measuring the business pulse through an annual business attitudes survey.
- Policy 1.3.5: Consider establish a dashboard of economic metrics to measure progress and benchmark against other cities in the region. Metrics should include:
- Personal and household income
 - Income growth vs. Home price growth
 - Homes v. Jobs ratio
 - People v. jobs ratio
 - Median Home Prices
 - Unemployment rate
 - Public Safety measures
 - Police Calls for Service per 1000
 - Violent Crime per 1000 people
 - Educational Attainment
 - Retails sales tax revenue
 - Retail sales tax revenue per capita
 - Value of retail and commercial construction built each year
- Policy 1.3.6: When possible, seek out opportunities to collaborate and regionally plan with entities such as:
- Skagit County
 - Skagit Public Utility District #1(Water Utility)
 - Skagit Regional Health
 - EDASC
 - Skagit Valley College
 - Mount Vernon and Sedro Woolley School Districts
 - Puget Sound Energy(Electric utility)
 - WSDOT
 - Development Community
 - Engineering Community (Engineering Standards)
 - Citizen Focus Groups and Advisory Committees

OBJECTIVE 1.4: Ensure robust infrastructure and utilities exist to foster economic growth and prosperity.

- Policy 1.4.1: When feasible give priority to transportation system planning and improvements that ensure the efficient transport of goods and convenient access for workers of customers to and from places of business.
- Policy 1.4.2: Focus efforts on improvement of parking in the downtown as well as continue efforts to alleviate congestion on College Way.

- Policy 1.4.3: Focus efforts on operation and expansion of fiber optic broadband system.
- Policy 1.4.4: Encourage Skagit PUD to improve water service to the Cedardale Road area of South Mount Vernon

OBJECTIVE 1.5: Have a strong proactive position towards revitalization of the downtown as a preferred place to live, work, and play.

- Policy 1.5.1: Consider new library and fire station in the downtown to establish the city’s commitment to downtown revitalization.
- Policy 1.5.2: Encourage public/private partnerships to advance the revitalization of the downtown.
- Policy 1.5.3: Consider establishing metrics to measure the vitality of the downtown to include number of filled/empty storefronts.
- Policy 1.5.4: Encourage events, concerts and festivals to be held downtown throughout the year to establish the downtown as our social and cultural center and a source of community pride.
- Policy 1.5.5: Consider establishment of design guidelines for the historic sector of the downtown to preserve, protect, enhance and perpetuate elements of our distinctive and unique small town heritage.
- Policy 1.5.6: Consider establishing incentives for redevelopment throughout the city to include permit and impact fee and system development fee reductions.

OBJECTIVE 1.6: Enhance and support tourism in Mount Vernon

- Policy 1.6.1: Grow the city’s tourism through special events that are consistent with the community’s values.
- Policy 1.6.2: Promote tourism using multiple media outlets and highlight the community assets.
- Policy 1.6.3: Continue to emphasize the City’s connection to its rich history to strengthen our community identity.

OBJECTIVE 1.7: Expand the retail and office base within the City.

- Policy 1.7.1: Encourage retail business that increases the sales tax base of the City.
- Policy 1.7.2: Ensure an adequate amount of land is designated for retail/commercial uses based on site characteristics, market demand, community need, and adequacy of facilities and services.
- Policy 1.7.3: Provide for pedestrian, bicycle, and public transit access along identified transit arterials and encourage more intensive commercial development at major nodes in the street and transit network, to reduce dependency on automobiles.

OBJECTIVE 1.8: Sustain and expand the current industrial and manufacturing employment base.

- Policy 1.8.1: Protect the existing inventory of commercial and industrial parcels from conversion to non-industrial uses.