

CHAPTER 2 ECONOMIC ANALYSIS

I. ECONOMIC AND DEMOGRAPHIC CONDITIONS AND TRENDS

The greatest concentrations of people and jobs in Snohomish County are found within the Southwest County, which includes the cities of Bothell, Brier, Edmonds, Everett, Lynnwood, Mill Creek, Mountlake Terrace, Mukilteo and the Town of Woodway, and the Alderwood, Esperance, North Creek, Picnic Point, and Silver Firs unincorporated planning areas. In 1992, SW County accounted for 64% of total population and 79% of total employment in Snohomish County.

The Growth Management Act (GMA) requires that jurisdictions plan to accommodate targeted housing and employment growth within designated Urban Growth Areas (UGAs). Snohomish County and its cities worked together with the Puget Sound Regional Council (PSRC) to arrive at forecasts that each city will use to accommodate its fair share of regional growth. Southwest County is one of thirteen designated Urban Growth Areas within Snohomish County. The others include Monroe, Sultan, Gold Bar, Index, Snohomish, Lake Stevens, Granite Falls, Marysville, Smokey Point/Lakewood, Arlington, Stanwood and Darrington. The Southwest County UGA is targeted to receive 128,081 additional people and 82,968 additional jobs by 2012, which represents 58% of targeted population growth and 78% of targeted employment growth in Snohomish County for the same period.

The City of Mountlake Terrace occupies approximately 2,500 acres in Southwest Snohomish County, approximately halfway between the cities of Seattle and Everett. The City is bounded by Lynnwood on the north, Edmonds on the west, Shoreline and unincorporated King County on the south, and Brier on the east. Major transportation corridors serving the area include Interstate-5, which bisects the western third of the City, and SR-99.

Today, the City of Mountlake Terrace supports a mix of residential, commercial, warehousing/industrial, and institutional uses. The community is home to cafes, barber shops and beauty salons, small retail shops, business and professional services, special trade contractors, light manufacturing, and social and health services. Relative to all of SW Snohomish County, in 1992 the City of Mountlake Terrace supported 6.3% of area residents and nearly 3% of area jobs (Table 2-1).

While a vital and interesting city, businesses, property owners and residents perceive Mountlake Terrace as a place facing numerous challenges. During the stakeholder outreach, a number of issues were identified and include:

- ◆ Lack of an identifiable downtown;
- ◆ Traffic/circulation and access problems;
- ◆ Business district appearance and cleanliness;
- ◆ Lack of retail diversity; and
- ◆ Development regulations/building requirements.

Table 2-1. 1990 Population and Employment Estimates.

Area	1992 Population	% of SW County Total	1990 Employment	% of SW County Total
Snohomish County	494,300		162,477	
SW County	315,275	100.0%	128,187	100.0%
Mountlake Terrace*	19,833	6.3%	3,463	2.7%
Edmonds	30,895	9.8%	9,263	7.2%
Lynnwood	29,113	9.2%	21,509	16.8%
Mill Creek	8,309	2.6%	926	0.7%
Source: Snohomish County Planning & Development Services. *1999 Population Estimate: 20,400 (Source: Office of Financial Management)				

The following section identifies existing economic and development trends within Mountlake Terrace and the surrounding area. Information on economic and market conditions and trends was obtained from a number of sources, including various city and regional agencies, realtors, community groups, and businesses or property owners that have plans or interests in the area.

A. Local Area Demographic Overview

The following section summarizes regional and local factors that will ultimately affect development that could occur within Mountlake Terrace. It is important to understand and integrate likely economic and demographic changes that the region will experience as it matures. National and regional factors will also increasingly influence future regional real estate, land use and community growth issues. The purpose of this section is to describe and analyze some of the important trends and factors that influence Mountlake Terrace.

In general, population and employment growth targeted for Southwest Snohomish County and Mountlake Terrace will generate demand for additional housing and commercial space as well as recreation and entertainment uses. Population growth implies more spending power of residents and a greater need for goods and services. Increased employment in service industries, retail trade and FIRE (finance, insurance and real estate) will generate demand for new commercial retail and office space. Growth in wholesale trade, TCU (transportation, communication and utilities), manufacturing, processing, distribution and related businesses will generate additional demand for industrially zoned space. Population and employment projections are discussed below.

1. Population, Housing and Employment

Demographic characteristics for the Mountlake Terrace community are presented below. Information was obtained from the 1990 Census as well as other state and local resources as available.

a. Population Characteristics

In 1990, the City of Mountlake Terrace had a total estimated population of 19,320 residents, or 4% of the population of Snohomish County. The population of neighboring jurisdictions has been included for comparison purposes (Table 2-2).

Table 2-2. 1990 Population Comparison.

Area	Population	
	1990	% Snohomish County
Snohomish County	465,642	100.0%
Mountlake Terrace	19,320	4.1%
Edmonds	30,744	6.6%
Lynnwood	28,695	6.2%
Mill Creek	7,172	1.5%
Source: 1990 U.S. Census, Block Group Report, STF3.		

(1) 20-Year Population Growth Targets (Source: Snohomish County Tomorrow Steering Committee, 1995)

Table 2-3. 20-Year Population Growth Targets (1992-2012).

Snohomish County Urban Growth Areas	Additional Households	Additional Population
Incorporated Southwest County	22,699	53,402
Mountlake Terrace	947	2,272
Bothell	3,367	8,418
Brier	534	1,440
Edmonds	2,624	6,035
Everett	9,161	20,154
Lynnwood	1,729	3,977
Mill Creek	1,700	4,421
Mukilteo	2,596	6,491
Woodway	41	95
Unincorporated Southwest County	29,911	74,778
Total Southwest County	52,610	128,081
Total Snohomish County	87,978	219,944
Household estimates based on average household size of 2.7 people per household (PPH) for Brier, 2.6 PPH for Mill Creek, 2.5 PPH for Snohomish County and Unincorporated SW County, Bothell and Mukilteo, 2.4 PPH for Mountlake Terrace, 2.3 PPH for Edmonds, Lynnwood and Woodway, and 2.2 PPH for Everett.		
Source: Snohomish County Tomorrow Steering Committee, 1995; Puget Sound Regional Council Household Size Forecasts, 1995.		

The City of Mountlake Terrace is targeted to accommodate 2,272 additional residents by the year 2012 (based on accepted population targets). This represents 1.8% of targeted population growth in Southwest County and 1% of population growth countywide. The largest share of targeted population growth in Southwest County is expected in the cities of Everett (15.7%), Bothell (6.6%), Mukilteo (5.1%) and Edmonds (4.7%).

Household growth targets are based on household size estimates published by the Puget Sound Regional Council. Given targeted population growth, the City of Mountlake Terrace is intended to accommodate an additional 947 households over the next 20 years (1992-2012), or approximately 4.2% of the total household growth in incorporated Southwest County and 1% countywide.

(2) Age Characteristics

In general, residents within the City of Mountlake Terrace are somewhat younger than residents countywide and tend to be concentrated in age between 25 and 49. Compared with the county as a whole, Mountlake Terrace has larger concentrations of 18- 24 year olds and 25- 34 year olds, and lower concentrations of all other age groups (Table 2-4).

Table 2-4. Age Characteristics within Snohomish County, Mountlake Terrace and Neighboring Jurisdictions.

Age	Snohomish County	Mountlake Terrace	Edmonds	Lynnwood	Mill Creek
Under 18 Years	27.7%	26.7%	20.9%	24.8%	24.5%
18 to 24 Years	8.6%	10.5%	8.5%	11.1%	8.0%
25 to 34 Years	19.3%	22.3%	15.2%	21.3%	15.7%
35 to 49 Years	23.4%	22.5%	23.5%	21.6%	26.9%
50 to 64 Years	11.4%	10.9%	17.2%	11.4%	16.5%
65 and Older	9.5%	7.1%	14.6%	9.7%	8.4%

b. Housing Characteristics

In 1990, the City of Mountlake Terrace had 7,854 housing units, or 4.3% of the units in Snohomish County (Table 2-5). Compared with the county as a whole, Mountlake Terrace had a larger percentage of multi-family units (38.4% vs. 26.1%) and renter-occupied units (43.4% vs. 33.7%). There were slightly fewer people per unit in Mountlake Terrace than the county as a whole. In 1990, households in Mountlake Terrace averaged 3.11 people per housing unit. This compares with the countywide average of 3.13 people per housing unit. Housing characteristics within Snohomish County, Mountlake Terrace and neighboring jurisdictions are presented in Table 2-6.

Table 2-5. 1990 Housing Unit Comparison.

Area	Housing	
	1990	% County
Snohomish County	183,942	100.0%
Mountlake Terrace	7,854	4.3%
Edmonds	12,945	7.0%
Lynnwood	11,871	6.5%
Mill Creek	3,131	1.7%
King County	647,343	100.0%
Bothell	5,158	0.8%
Lake Forest Park	1,507	0.2%
Shoreline	n.a.	n.a.
n.a. not available. Source: 1990 U.S. Census, STF3A.		

Table 2-6. 1990 Housing Characteristic Comparison.

Housing Characteristic	Snohomish County	Mountlake Terrace	Edmonds	Lynnwood	Mill Creek
Total Units	183,942	7,854	12,587	11,469	2,928
Persons/Unit	3.13	3.11	2.88	3.06	2.93
Occupancy					
Owner Occupied %	113,775 66.2%	4,200 56.7%	8,459 67.2%	5,607 48.9%	1,827 62.4%
Renter Occupied %	57,938 33.7%	3,211 43.4%	4,169 33.1%	5,724 49.9%	1,064 36.3%
Unit Type					
% Single Family	73.9%	61.6%	66.2%	52.4%	60.9%
% Multi-Family	26.1%	38.4%	33.8%	47.6%	39.1%
Median Year Built	1974	1967	1968	1970	1984
Source: 1990 Census, STF3A.					

(1) 20-Year Housing Growth Target

The City of Mountlake Terrace is targeted to accommodate approximately 947 additional households by the year 2014. This represents approximately 4.2% of targeted household growth in incorporated Southwest County and 1% countywide. Additional household growth is targeted for the cities of Bothell, Brier, Edmonds, Everett, Lynnwood, Mill Creek, Mukilteo and Woodway, as well as unincorporated areas within the Southwest UGA. In total, Southwest County is targeted to accommodate 52,610 additional households by 2012. This represents approximately 60% of targeted household growth countywide (see Table 2-3).

(2) Household Income

Overall, estimated household income for residents within the City of Mountlake Terrace was less than the countywide average. In 1990, median household income within Mountlake Terrace was \$35,391, 4% below the countywide median of \$36,847. In 1996, median household income within Mountlake Terrace (census tracts 510-513) was estimated to be \$47,088, an increase of 33% over the 1990 median household income. Over the same period, median household income in Snohomish County increased from an estimated \$36,847 in 1990 to \$48,798 in 1996, an increase of 32.4% (Puget Sound Regional Council, 1998). Income comparisons for Snohomish County, Mountlake Terrace and neighboring jurisdictions are presented in Table 2-7.

Table 2-7. 1990 Income Characteristic Comparison.

Income Characteristics	Snohomish County	Mountlake Terrace	Edmonds	Lynnwood	Mill Creek
1990 Median	\$36,847	\$35,391	\$40,515	\$30,512	\$50,250
1996 Median	\$48,798	\$47,088	\$49,676	\$40,154	\$67,374
% Increase	32.4%	33.1%	22.6%	31.6%	34.1%
Poverty Status					
% Below	6.5%	6.6%	4.6%	9.1%	2.0%
% under age 18	8.5%	8.9%	7.2%	12.2%	2.7%
% age 65 +	6.5%	6.1%	3.6%	6.3%	3.0%
Source: 1990 Census, STF3A and Puget Sound Regional Council, 1998.					

The Puget Sound Regional Council (1995) prepared household income forecasts for Forecast Analysis Zones (FAZs) within the four-county Puget Sound region. The Mountlake Terrace FAZ includes the approximate area encompassed within the city limits of Mountlake Terrace. In 1990, it was estimated that 48.5% of households within the Mountlake Terrace FAZ earned incomes below the county median (21.5% were in the lowest 25% of households). By 2010, it is estimated that 51.6% of households within this FAZ will earn incomes below the county median (23.8% will be in the lowest 25% of households). The number of households earning incomes above the county median is expected to decrease from 51.5% to 48.4% of total households over the period 1990-2010, with those in the uppermost 25% of households decreasing from 20.2% to 20.1% of total households.

For the county as a whole, it was estimated that in 1990, 49.5% of households earned incomes below the county median (23.3% were in the lowest 25% of households). By 2010, it is estimated that 48.9% of households will earn incomes below the county median (23.0% will be in the lowest 25% of households). The number of households earning incomes above the county median is expected to increase from 50.5% to 51.1% of total households over the period 1990-2010, with those in the uppermost 25% of households increasing from 23.1% to 24.4% of total households (PSRC, 1998).

(3) Poverty Status

As shown in Table 2-7 the poverty level was slightly higher in the City of Mountlake Terrace in 1990 than occurred countywide. Within the City of Mountlake Terrace, 6.6% of the total population earned incomes below the poverty level, compared with 6.5% in Snohomish County. Children under 18-years of age comprised 36% of the population in poverty and 8.9% of the total population in that age group. In Snohomish County, children under 18 comprised 36% of the population in poverty and 8.5% of the total population in that age group. Among neighboring jurisdictions, the City of Lynnwood had the highest poverty rate in 1990, with children under the age of 18 the largest group affected.

Those aged 65 and older within the City of Mountlake Terrace comprised 6.6% of the total population in poverty and 6.1% of the total residential population in that age group. This compares with 9.6% of those in poverty and 6.5% of total population in that age group in Snohomish County over the same period.

c. Employment

The following section presents current employment and wage characteristics within the City of Mountlake Terrace as well as local and regional trends and forecasts.

(1) Current Employment and Wage Characteristics

The Washington State Employment Security Department recently compiled employment and wage data for the census tracts comprising the City of Mountlake Terrace. The data are for the first quarters of 1990 and 1994, the most recent date for which detailed census tract level data are available. The data for both years are presented in the Appendix. First quarter 1994 employment by two-digit standard industrial classification code (SIC) is presented in Table 2-8.

As of March, 1994, there were 371 businesses and 4,964 employees in the City of Mountlake Terrace (census tracts 510-513). Quarterly wages totaled \$33.4 million dollars, or approximately \$133.5 million for the year. In terms of wages, the average Mountlake Terrace employee earned approximately \$27,300 per year.

During the first quarter of 1994, over 52% of total employment in the City of Mountlake Terrace was in finance/insurance/real estate and service industries (31% and 21%, respectively). An additional 15% was in government and 14% in retail trade industries. Employment in mining/construction and manufacturing each comprised about 6% of total employment. The remaining 8% was in all other industries, with the smallest share of employment in agriculture/forestry/fishing (0.4%), transportation/communications/utilities (3.3%) and wholesale trade (3.8%).

Finance, insurance and real estate (FIRE) supported 31% of total employment within the City of Mountlake Terrace during the first quarter of 1994. The largest employer within this sector was Insurance Carriers, which supported 25.7% of total employment and 82% of FIRE employment. Real Estate industries employed 2% of total employees and 8% of FIRE employment. The average annual wage within the FIRE sector in Mountlake Terrace was \$41,000 in 1994 compared with the citywide average of \$27,300.

Table 2-8. City of Mountlake Terrace Covered Employment and Wages, First Quarter 1994.

SIC Industry	Units	Employees	% Total Employment	1st Quarter Wages
Ag/Forest/Fishing	9	22	0.4%	\$47,794
Mining/Construction	63	313	6.3%	\$2,073,816
General Bldg. Contractors	17	69	1.4%	\$516,160
Special Trade Contractors	46	244	4.9%	\$1,557,656
Manufacturing	20	272	5.5%	\$1,657,720
Printing & Publishing	6	48	1.0%	\$218,940
Ind. Machinery & Equip.	3	37	0.8%	\$241,492
Elec. & Other Elec. Equip.	3	155	3.1%	\$1,074,601
TCU¹	10	165	3.3%	\$720,687
Trucking & Warehousing	7	83	1.7%	\$196,333
Wholesale Trade	29	189	3.8%	\$1,686,241
Retail Trade	59	678	13.7%	\$2,619,647
Food Stores	14	288	5.8%	\$1,443,701
Auto Dealers/Service	5	25	0.5%	\$58,306
Eating & Drinking Places	23	266	5.4%	\$663,973
Misc. Retail	15	87	1.8%	\$425,684
FIRE²	42	1,555	31.3%	\$15,954,951
Insurance Carriers	4	1,277	25.7%	\$13,556,837
Real Estate	22	99	1.0%	\$334,432
Services	126	1,036	20.9%	\$3,203,705
Personal Services	9	24	0.5%	\$63,592
Business Services	24	101	2.0%	\$403,965
Motion Pictures	3	13	0.3%	\$25,171
Amusement & Recreation	11	223	4.5%	\$516,000
Health Services	16	112	2.3%	\$605,446
Social Services	10	416	8.4%	\$1,110,264
Engineering & Mng. Services	9	22	0.4%	\$108,944
Government	13	734	14.8%	\$5,415,138
TOTAL	371	4,964	100.0%	\$33,379,699
¹ Transportation, communication and utilities.				
² Finance, insurance and real estate.				
Source: Washington State Employment Security Department, 1999.				

The services sector was the second largest employer in the City of Mountlake Terrace with 20.9% of total employment. The largest employers within this sector were Social Services, which employed 8.4% of all employees and 40% of all service-related employees and Amusement and Recreation Services, which employed 4.5% of all employees and 22% of all service employment. Other large employers included Health Services (11% of services employment) and Business Services (10% of services employment). The average annual wage within the services sector in Mountlake Terrace was \$13,100 in 1994.

Federal, state and local government supported 14.8% of total employment within Mountlake Terrace in 1994. No breakdown of employment by government sector is available from the Washington State Employment Security Department. The average annual wage within the government sector in Mountlake Terrace was about \$30,000 in 1994.

Retail trade was the fourth largest employer in the City of Mountlake Terrace, accounting for 13.7% of total jobs. The largest employer within the retail trade sector was Food Stores, which employed 5.5% of all employees and 42% of all retail jobs. Another important retail employer was Eating and Drinking Places, which employed 5.4% of all employees and 39% of all retail jobs. The average annualized wage within the retail sector in the City of Mountlake Terrace during 1994 was \$15,600.

Table 2-9. 1995 Industry Employment Comparison.

Industry	1995 Employment by Zip Code and Industry							
	Mountlake Terrace		Edmonds		Lynnwood		Mill Creek	
	Emp	% of Total	Emp	% of Total	Emp	% of Total	Emp	% of Total
Agriculture	35	0.8%	125	2.9%	66	0.5%	121	2.8%
Construction	264	5.9%	342	8.0%	1,180	8.7%	776	17.9%
Manufacturing	295	6.6%	337	7.9%	1,305	9.6%	736	17.0%
TCU	111	2.5%	298	7.0%	313	2.3%	49	1.1%
Wholesale Trade	370	8.3%	131	3.1%	823	6.1%	363	8.4%
Retail Trade	651	14.6%	1,460	34.1%	5,625	41.4%	1,242	28.6%
FIRE	1635	36.6%	271	6.3%	1,095	8.1%	175	4.0%
Services	1101	24.7%	1315	30.7%	3,191	23.5%	878	20.2%
Total Covered Employment	4,462	100.0%	4,279	100.0%	13,598	100.0%	4,340	100.0%

Notes: zip codes are: Mountlake Terrace (98043), Edmonds (98020), Lynnwood (98036), Mill Creek (98012).
A * indicates data hidden to protect firm identity. Omission of an industry indicates there is no data for that industry.
TCU: Transportation/communication/utilities.
FIRE: Finance/insurance/real estate.
Source: Washington State Employment Security Department, 1999.

It should be noted that employment figures do not include sole proprietors, people working from home and other self-employed individuals. Census data for 1990 indicate that 440 people within Snohomish County worked at home, while only 18 people worked at home in the City of Mountlake Terrace.

The Employment Security Department also compiles employment and wage data by zip code. The most current data are for 1995. Tables 9 and 10 present employment and wage comparisons for the City of Mountlake Terrace and neighboring jurisdictions.

In 1995, the city of Shoreline had the greatest number of employed persons (nearly 14,800 employees), followed by Lynnwood (13,600 employees) and Bothell (11,100 employees). The City of Lake Forest Park employed nearly 6,000, while the cities of Mountlake Terrace, Mill Creek and Edmonds each had over 4,000 employed persons.

Service industries supported the greatest share of local employment in 1995. They were the largest employer in the cities of Bothell, Lake Forest Park and Shoreline, accounting for 40%-52% of total employment in those cities, and the second largest employer in Edmonds, Lynnwood, Mill Creek and Mountlake Terrace, accounting for 20%-31% of total employment. Retail trade industries were the largest employer in Edmonds, Lynnwood and Mill Creek, accounting for approximately 30%-41% of total employment, and the second largest employer in Lake Forest Park and Shoreline, accounting for 32%-34% of total employment.

Table 2-9, continued.

Industry	1995 Employment by Zip Code and Industry					
	Bothell		Lake Forest Park		Shoreline	
	Emp	% of Total	Emp	% of Total	Emp	% of Total
Agriculture	124	1.1%	120	2.0%	117	0.8%
Construction	716	6.4%	424	7.2%	1,490	10.1%
Manufacturing	1,567	14.1%	177	6.0%	230	1.6%
TCU	119	1.1%	*	*	126	0.9%
Wholesale Trade	670	6.0%	243	4.1%	410	2.8%
Retail Trade	1,544	13.9%	2,016	34.2%	4,657	31.5%
FIRE	573	5.2%	419	7.1%	1,217	8.2%
Services	5,800	52.2%	2,392	40.6%	6,520	44.2%
Total Covered Employment	11,113	100.0%	5,889	100.0%	14,767	100.0%

Notes: zip codes are: Bothell (98011), Lake Forest Park (98155), and Shoreline (98133).
A * indicates data hidden to protect firm identity. Omission of an industry indicates there is no data for that industry.
TCU: Transportation/communication/utilities.
FIRE: Finance/insurance/real estate.
Source: Washington State Employment Security Department, 1999.

Construction-related industries were the third largest employer in Edmonds, Mill Creek, Lake Forest Park and Shoreline, accounting for 7%-18% of total employment in those cities. Manufacturing was the fourth largest employer in Edmonds, Mill Creek and Mountlake Terrace, accounting for 7%-17% of total employment. Wholesale trade was the fifth largest employer in Mill Creek, Bothell and Shoreline, accounting for 3%-8% of total employment. The smallest employer, overall, was agricultural-related industries, which supported less than 1% to about 3% of total employment in each of the cities.

Table 2-10 presents a comparison of average annual wages by industry for Mountlake Terrace and neighboring jurisdictions. For all of the jurisdictions, total wages in 1995 exceeded \$1.3 billion. The average wage for all industries ranged from a low of \$18,900 in Lake Forest Park to a

high of \$25,100 in Edmonds. The average wage for all cities was \$23,000 per year. Some of the highest average annual wages were paid in construction, wholesale trade, and finance/insurance/real estate industries, while the lowest were paid in retail trade and service industries.

Table 2-10. 1995 Industry Wage Comparison.

Industry	1995 Wages by Zip Code and Industry							
	Mountlake Terrace		Edmonds		Lynnwood		Mill Creek	
	Avg. Wage	% of Total	Avg. Wage	% of Total	Avg. Wage	% of Total	Avg. Wage	% of Total
Agriculture	\$12,900	0.4%	\$63,400	7.4%	\$18,500	0.4%	\$18,100	2.4%
Construction	\$27,400	6.4%	\$30,300	9.7%	\$29,100	11.7%	\$26,900	22.4%
Manufacturing	\$26,000	6.8%	\$52,500	16.5%	\$27,100	12.0%	\$23,300	18.3%
TCU	\$33,400	3.3%	\$30,900	8.6%	\$30,800	3.3%	\$23,100	1.2%
Whole. Trade	\$27,900	9.2%	\$44,300	5.4%	\$29,100	8.1%	\$33,000	12.8%
Retail Trade	\$15,300	8.9%	\$13,200	17.8%	\$16,400	31.3%	\$16,700	22.2%
FIRE	\$35,400	51.5%	\$26,300	6.7%	\$28,700	10.7%	\$26,300	4.9%
Services	\$13,800	13.5%	\$22,700	27.8%	\$20,700	22.5%	\$16,900	15.9%
Average All Industries	\$25,200	100.0%	\$25,100	100.0%	\$21,600	100.0%	\$21,500	100.0%

Notes: zip codes are: Mountlake Terrace (98043), Edmonds (98020), Lynnwood (98036), Mill Creek (98012).
A * indicates data hidden to protect firm identity. Omission of an industry indicates there is no data for that industry.
TCU: Transportation/communication/utilities.
FIRE: Finance/insurance/real estate.
Source: Washington State Employment Security Department, 1999.

Employment growth by industrial sector for 1990 and 1994 for the City of Mountlake Terrace are presented in Table 2-11. Total employment within the City of Mountlake Terrace increased by 778 jobs, or approximately 18.6%, between the first quarter of 1990 and the first quarter of 1994. With the exception of manufacturing, and wholesale and retail trades, all other industries experienced job growth. Industries experiencing the greatest job growth included government (+406 jobs), services (+372 jobs) and finance, insurance and real estate (+141 jobs). Smaller job growth occurred in other sectors, while manufacturing, and wholesale and retail trade establishments lost a total of 268 jobs.

Table 2-10, continued.

Industry	1995 Wages by Zip Code and Industry					
	Bothell		Lake Forest Park		Shoreline	
	Avg. Wage	% of Total	Avg. Wage	% of Total	Avg. Wage	% of Total
Agriculture	\$19,700	0.9%	\$19,700	2.1%	\$22,500	0.8%
Construction	\$29,400	7.6%	\$27,100	10.3%	\$44,000	18.7%
Manufacturing	\$28,900	16.3%	\$30,500	4.8%	\$24,300	1.6%
TCU	\$30,200	1.3%	*	*	\$21,300	0.8%
Whole. Trade	\$38,200	9.2%	\$27,500	6.0%	\$30,600	3.6%
Retail Trade	\$16,000	8.9%	\$15,800	28.5%	\$18,500	24.6%
FIRE	\$38,700	8.0%	\$28,500	10.7%	\$24,600	8.6%
Services	\$22,900	47.8%	\$16,300	35.0%	\$22,300	41.4%
Average All Industries	\$25,000	100.0%	\$18,900	100.0%	\$23,700	100.0%

Notes: zip codes are: Bothell (98011), Lake Forest Park (98155), and Shoreline (98133).
A * indicates data hidden to protect firm identity. Omission of an industry indicates there is no data for that industry.
TCU: Transportation/communication/utilities.
FIRE: Finance/insurance/real estate.
Source: Washington State Employment Security Department, 1999.

Table 2-11. Changes in Employment, 1990-1994.

Industry	Mountlake Terrace Employment			
	1990	1994	Change	% Change
Agriculture	11	22	11	100.0%
Mining/Construction	226	313	87	38.5%
Manufacturing	405	272	-133	-32.8%
Trans/Com/Utilities	146	165	19	13.0%
Wholesale Trade	262	189	-73	-27.9%
Retail Trade	740	678	-62	-8.4%
Finance/Ins/Real Estate	1,414	1,555	141	10.0%
Services	664	1,036	372	56.0%
Government (Federal, State and Local)	318	724	406	127.7%
Total Covered Employment	4,186	4,964	778	18.6%

Source: Washington State Employment Security Department, 1999.

(2) Employment Trends and Forecasts

Employment forecasts are one measure of how the region and local area are expected to perform economically in the future. The expected composition and performance of specific industries provide insight into where growth is expected to occur, the types of labor skills and training that will be required, infrastructure needs, and other factors that can be planned for. Em-

ployment and wages also drive business and household purchases, which in turn generate additional spending. If the industries attracted to a region or area are typically high wage paying industries, the economic impacts will be substantially different than if the industries are typically low wage paying industries.

The employment growth target for the City of Mountlake Terrace is an additional 1,335 jobs by 2012, or approximately 2.5% of the total employment growth in incorporated Southwest County and 1.3% of the employment growth countywide (Table 2-12a). The largest share of job growth within incorporated SW County is targeted for the cities of Everett (77.8%), Lynnwood (24.8%), Bothell (8.9%) and Mukilteo (8.6%).

Table 2-12a. 20-Year Employment Growth Targets.

Snohomish County Urban Growth Areas	Additional Jobs
Incorporated Southwest County	70,245
Mountlake Terrace	1,335
Bothell	4,754
Brier	191
Edmonds	3,121
Everett	41,549
Lynnwood	13,227
Mill Creek	1,484
Mukilteo	4,578
Woodway	6
Unincorporated Southwest County	12,723
Total Southwest County	82,968
Total Snohomish County	106,618

Source: Snohomish County Tomorrow Steering Committee, 1995.

While the specific mix of likely future employment was not identified for the City of Mountlake Terrace, local area forecasts are available from the Puget Sound Regional Council. The following section presents employment trends and forecasts for Snohomish County and the Forecast Analysis Zone (FAZ) that comprises Mountlake Terrace. These forecasts give some indication about the general magnitude and composition of future employment.

Snohomish County and Mountlake Terrace FAZ

Employment forecasts for Snohomish County and the Mountlake Terrace FAZ are presented in Table 2-12b. According to the Washington State Department of Employment Security, the City of Mountlake Terrace supported 4,964 jobs in 1994. The Puget Sound Regional Council estimated that the Mountlake Terrace FAZ supported approximately 5,789 jobs (assuming that employment growth occurs in equal increments between 1990 and 2000). Thus, the City of Mountlake Terrace “captured” approximately 86% of the FAZ’s total employment. The employment forecasts are presented to give an idea of how local area employment is expected to grow and in what specific industrial sectors.

Employment in Snohomish County is expected to gain relative share of total employment in the Puget Sound region over the period 1990-2020, increasing from 11.7% in 1990 to 13.5% in 2020. Employment within the County is expected to increase by nearly 80% over the 30-year period, an increase of over 135,000 jobs. The Mountlake Terrace FAZ's share of total County employment is expected to decline slightly from 2.8% in 1990 to 2.7% in 2020. Employment within the city is expected to increase 67.7% over the period 1990-2020, an increase of over 3,000 jobs. On an average annual basis, employment in the Mountlake Terrace FAZ is expected to grow 1.7% per year, slightly lower than the County's expected growth rate of 2.0% per year.

Table 2-12b. Employment Forecast Comparison, Snohomish County and Mountlake Terrace FAZ.

Employment Sector	1990	2000	2010	2020
Snohomish County	169,350	233,999	276,790	304,657
Manufacturing	52,567	67,182	70,437	69,554
Whol Trade/Trans/Comm/Util	12,931	17,600	21,110	23,279
Retail Trade	35,476	44,973	53,290	61,609
FIRES	42,904	68,220	85,994	98,618
Government/Education	25,472	36,024	45,959	51,597
Mountlake Terrace (FAZ 7100)	4,818	7,246	7,551	8,080
Manufacturing	393	283	244	250
Whol Trade/Trans/Comm/Util	453	544	586	568
Retail Trade	769	867	1,067	1,475
FIRES	2,571	4,371	4,547	4,614
Government/Education	632	1,181	1,107	1,173
Source: Puget Sound Regional Council, 1998.				

Within Snohomish County, the greatest growth over the 1990-2020 period, over 40%, is expected in the finance/insurance/real estate/services sector, followed by retail trade and government/education (19% each), manufacturing (13%) and wholesale trade/transportation/communications/utilities (8%). Similar trends in employment growth are expected within the Mountlake Terrace FAZ. Over the period 1990-2020, the greatest employment growth, nearly 63%, is expected in the finance/insurance/real estate/services sector, followed by retail trade (22%), government/education (17%), and wholesale trade/transportation/communications/utilities (3%). Only the manufacturing sector is expected to lose employment (-4%). For comparison purposes, employment trends for neighboring jurisdictions are presented in Table 2-13.

The greatest job growth over the period 1990-2020 is expected in the City of Lynnwood, which is forecast to gain nearly 24,000 new jobs, or a rate of employment growth of 2.3% per year. This compares with the countywide growth rate of 2% per year. Other large gains are expected in Bothell (+9,300 jobs or 2.4% per year), Edmonds (+8,600 jobs or 2.2% per year) and Mill Creek (+6,000 jobs or 4.1% per year). Employment in both Lake Forest Park and Shoreline is forecast to increase less than 1% per year over the 30-year forecast period.

Table 2-13. Employment Forecasts for Neighboring Jurisdictions.

Employment Sector	1990	2000	2010	2020
Edmonds	9,345	15,497	16,450	17,972
Manufacturing	368	528	573	635
Whol Trade/Trans/Comm/Util	374	631	625	633
Retail Trade	2,709	3,344	3,724	4,215
FIRES	3,756	5,553	6,146	6,647
Government/Education	2,138	5,441	5,382	5,842
Lynnwood	24,225	31,416	40,320	47,957
Manufacturing	2,279	3,201	3,887	4,366
WholTrade/Trans/Comm/Util	1,125	2,719	3,331	2,528
Retail Trade	8,912	10,977	12,786	15,171
FIRES	7,546	10,924	16,059	20,106
Government/Education	4,363	3,595	4,257	4,661
Mill Creek	2,563	5,776	7,502	8,569
Manufacturing	115	219	312	362
WholTrade/Trans/Comm/Util	195	348	402	406
Retail Trade	810	1,835	1,992	2,156
FIRES	1,108	2,187	3,281	3,953
Government/Education	335	1,187	1,515	1,692
Bothell	8,898	15,382	17,677	18,241
Manufacturing	2,976	3,394	4,150	3,910
WholTrade/Trans/Comm/Util	880	1,658	1,919	2,044
Retail Trade	1,280	1,721	2,136	2,483
FIRES	2,512	6,853	7,669	7,886
Government/Education	1,250	1,756	1,803	1,918
Lake Forest Park	4,074	3,944	4,201	4,851
Manufacturing	69	79	69	67
WholTrade/Trans/Comm/Util	85	106	89	70
Retail Trade	690	681	736	890
FIRES	1,340	1,592	1,730	2,209
Government/Education	1,890	1,487	1,577	1,616
Shoreline	15,101	16,091	16,765	18,173
Manufacturing	191	223	224	261
WholTrade/Trans/Comm/Util	358	476	406	372
Retail Trade	4,490	4,242	4,375	4,519
FIRES	6,334	6,586	7,002	8,181
Government/Education	3,728	4,565	4,758	4,841

Notes: Edmonds/Esperance (FAZ 7015, 7025, and 7026); Lynnwood (FAZ 7205, 7206, 7515, and 7535); Mill Creek/Silver Lake (FAZ 7335); Bothell/Canyon Park (FAZ 5600, and 7415); Lake Forest Park (FAZ 6420 (1/2)); and Shoreline (FAZ 6410 and 6420 (1/2)).

Source: Puget Sound Regional Council, 1995.

B. Consumer Spending and Supportable Sales Capacity

The following section presents information on consumer spending patterns in the Seattle Metropolitan Statistical Area (MSA) and on taxable retail sales within the City of Mountlake Terrace, neighboring communities and Snohomish County. The information on consumer spending was obtained from the 1995 Consumer Expenditure Survey (Bureau of Labor Statistics) and the information on taxable retail sales was obtained from the Washington State Department of Revenue. The most recent Consumer Expenditure Survey was conducted in 1995. The results of the survey are summarized in Table 2-14 for selected average annual expenditures for all consumers in the United States, consumers in the Western United States, and for consumers in the Seattle MSA.

Table 2-14. 1995 Consumer Expenditure Survey, Selected Annual Expenditures.

Item	All CU's	% of Total	Western CU's	% of Total	Seattle MSA	% of Total
No. of Consumer Units (Cu) (000s)	103,123		21,442		1,065	
Income before taxes	\$36,918		\$40,027		\$44,007	
Age of reference person	48.0		46.6		44.8	
Average Annual Expenditures:	\$32,264		\$35,257		\$36,360	
Food at Home	\$2,803	8.7%	\$2,931	8.3%	\$2,780	7.6%
Cereals and Bakery Products	\$441	1.4%	\$448	1.3%	\$443	1.2%
Meats, Poultry, Fish and Eggs	\$752	2.3%	\$730	2.1%	\$621	1.7%
Dairy Products	\$297	0.9%	\$322	0.9%	\$306	0.8%
Fruits and Vegetables	\$457	1.4%	\$472	1.3%	\$456	1.3%
Food Away from Home	\$1,702	5.3%	\$1,752	5.0%	\$1,715	4.7%
Shelter	\$5,928	18.4%	\$7,358	20.9%	\$7,684	21.1%
Owned Dwellings	\$3,749	11.6%	\$4,469	12.7%	\$5,115	14.1%
Rented Dwellings	\$1,788	5.5%	\$2,447	6.9%	\$2,051	5.6%
Housekeeping Supplies	\$430	1.3%	\$445	1.3%	\$529	1.5%
Household Furnishings and Equip.	\$1,401	4.3%	\$1,642	4.7%	\$1,291	3.6%
Apparel and Services	\$1,704	5.3%	\$1,704	4.8%	\$1,467	4.0%
Transportation	\$6,014	18.6%	\$6,318	17.9%	\$6,778	18.6%
Health Care	\$1,732	5.4%	\$1,661	4.7%	\$1,520	4.2%
Entertainment	\$1,612	5.0%	\$1,907	5.4%	\$2,422	6.7%
Personal Care Products and Services	\$403	1.2%	\$433	1.2%	\$345	0.9%
Reading	\$162	0.5%	\$184	0.5%	\$237	0.7%
Education	\$471	1.5%	\$460	1.3%	4449	1.2%
Cash Contributions	\$2,964	9.2%	\$3,478	9.9%	\$3,988	11.0%

Source: Bureau of Labor Statistics, 1995 Consumer Expenditure Survey.

In general, the data indicate (by geographic region) the percent of average annual before-tax income that is spent on various items such as food, transportation, health care and entertainment. Historic expenditure data, as well as the complete results of the 1995 Consumer Expenditure Survey for all expenditure categories, are included in the Appendix.

1. Expenditure Potential

As indicated in Table 2-14, for all consumers in the United State, just over 87% of before tax income was spent on food, housing, transportation and other goods and services in 1995. This compares with 88% of average before-tax household income in the Western United States and 83% in the Seattle MSA. Given the average before-tax income of \$44,007 in the Seattle MSA in 1995, \$36,360 was spent on various goods and services. The greatest share of consumer spending was on housing (32.8%), transportation (18.6%) and food (12.4%). Within the housing category, the largest share of total expenditures was for shelter (21.1%), followed by utilities (5.1%), furnishings (3.6%) and housekeeping supplies (1.5%). Within the transportation category, the largest share of total expenditures was for vehicle purchases (7.8%), followed by vehicle expenses (6.1%) and gas and oil (2.7%). Food at home consisted of expenditures on meats, poultry, fish and eggs (1.7%), followed by fruits and vegetables (1.3%), cereals and bakery products (1.2%) and dairy products (0.8%).

In 1996, median household income within the City of Mountlake Terrace was estimated to be \$47,088, which compares with median household income of \$48,798 in Snohomish County. The estimated mean household income was \$50,883 in Mountlake Terrace, compared with \$56,850 in Snohomish County. Based on 1995 average annual expenditures in the Seattle MSA (the percentages given in Table 2-14) and 1996 income and household estimates, total consumer spending potential in the City of Mountlake Terrace in 1996 ranged from approximately \$300.7 million to \$325.0 million. This compares with consumer spending potential of \$8.0 billion to \$9.3 billion countywide for the same period. Consumer spending potential in neighboring communities ranged from \$277.4 million in the City of Bothell to \$921.8 million in the City of Shoreline. Tables 15 and 16 present spending potential based on 1996 median household income estimates for Mountlake Terrace, Snohomish County and selected neighboring jurisdictions.

Based on 1996 income and household estimates, total household income (before taxes) for Mountlake Terrace was approximately \$363.9 million. This compares with total household income of approximately \$1.1 billion in Snohomish County. Total spending potential in Mountlake Terrace in 1996, based on median household income, was approximately \$300.6 million compared with \$8.0 billion in Snohomish County. Assuming that consumer spending patterns in Mountlake Terrace and Snohomish County are similar to the Seattle MSA, annual spending potential on food at home totaled \$22.9 million and \$613.2 million, respectively, in 1996. Of these totals, spending on meat, poultry, fish and eggs was \$5.1 million and \$136.9 million, respectively. Spending on food away from home totaled \$14.2 million and \$378.3 million, while spending on apparel and services totaled \$12.1 million and \$323.6 million. Spending on personal care products and services totaled \$2.9 million in Mountlake Terrace and \$8.3 million in Snohomish County.

Table 2-15. Consumer Expenditure Potential for Mountlake Terrace and Snohomish County.

Item	Seattle MSA	Mountlake Terrace		Snohomish County	
	1995	1996 Consumer Spending Potential			
	% Total Spending	By Type	Total (\$Millions)	By Type	Total (\$Millions)
Number Of Households	1,065,000	7,728		198,931	
Median Income before taxes	\$44,007	\$47,088		\$48,798	
Average Annual Expenditures: EXPENDITURES:	82.6%	\$38,906	\$300.7	\$40,318	\$8,021.0
Food at Home	7.6%	\$2,975	\$23.0	\$3,083	\$613.2
Cereals and Bakery Products	1.2%	\$474	\$3.7	\$491	\$97.7
Meats, Poultry, Fish and Eggs	1.7%	\$664	\$5.1	\$689	\$137.0
Dairy Products	0.8%	\$327	\$2.5	\$339	\$67.5
Fruits and Vegetables	1.3%	\$488	\$3.8	\$506	\$100.6
Food Away from Home	4.7%	\$1,835	\$14.2	\$1,902	\$378.3
Shelter	21.1%	\$8,222	\$63.5	\$8521	\$1,695.0
Owned Dwellings	14.1%	\$5,473	\$42.3	\$5,672	\$1,128.3
Rented Dwellings	5.6%	\$2,195	\$17.0	\$2,274	\$452.4
Housekeeping Supplies	1.5%	\$566	\$4.4	\$587	\$116.7
Household Furnishings & Equip	3.6%	\$1,381	\$10.7	\$1,432	\$284.8
Apparel and Services	4.0%	\$1,570	\$12.1	\$1,627	\$323.6
Transportation	18.6%	\$7,253	\$56.0	\$7,516	\$1,495.1
Health Care	4.2%	\$1,626	\$12.6	\$1,685	\$335.3
Entertainment	6.7%	\$2,592	\$20.0	\$2,686	\$534.3
Personal Care Products & Serv	0.9%	\$369	\$2.9	\$383	\$76.1
Reading	0.7%	\$254	\$2.0	\$263	\$52.3
Education	1.2%	\$480	\$3.7	\$498	\$99.0
Cash Contributions	11.0%	\$1,229	\$9.5	\$1,274	\$253.5
Source: Bureau of Labor Statistics, 1995 Consumer Expenditure Survey; and PSRC 1996 Household Income Estimates, 1998.					

Data on consumer spending potential for neighboring jurisdictions are presented in Table 2-16. In general, a higher median household income and greater number of households generates considerably greater potential consumer spending in the cities of Edmonds, Mill Creek and Shoreline. While residents of Bothell and Lake Forest Park have greater median household incomes than residents of Mountlake Terrace, the lower number of households results in lower spending potential.

Table 2-16. Consumer Expenditure Potential for Neighboring Jurisdictions.

Item	1996 Consumer Spending Potential					
	Edmonds	Lynn-wood	Mill Creek	Bothell	Lk. Forest Park	Shoreline
Number Of Households	18,613	17,959	9,564	6,589	6,117	19,863
Median Income before taxes	\$49,676	\$40,154	\$67,374	\$50,952	\$49,755	\$56,170
	Total (\$Mill)	Total (\$Mill)	Total (\$Mill)	Total (\$Mill)	Total (\$Mill)	Total (\$Mill)
Avg. Annual Expenditures:	\$764.0	\$595.8	\$532.4	\$277.4	\$251.5	\$921.8
Food at Home	\$58.4	\$45.6	\$40.7	\$21.2	\$19.2	\$70.5
Cereals and Bakery Products	\$9.3	\$7.3	\$6.5	\$3.4	\$3.1	\$11.2
Meats, Poultry, Fish and Eggs	\$13.0	\$10.2	\$9.1	\$4.7	\$4.3	\$15.7
Dairy Products	\$6.4	\$5.0	\$4.5	\$2.3	\$2.1	\$7.8
Fruits and Vegetables	\$9.6	\$7.5	\$6.7	\$3.5	\$3.2	\$11.6
Food Away from Home	\$36.0	\$28.1	\$25.1	\$13.1	\$11.9	\$43.5
Shelter	\$161.4	\$125.9	\$112.5	\$58.6	\$53.1	\$194.8
Owned Dwellings	\$107.5	\$83.8	\$74.9	\$39.0	\$35.4	\$129.7
Rented Dwellings	\$43.1	\$33.6	\$30.0	\$15.6	\$14.2	\$52.0
Housekeeping Supplies	\$11.1	\$8.7	\$7.7	\$4.0	\$3.7	\$13.4
Household Furnishings and Equip	\$27.1	\$21.2	\$18.9	\$9.8	\$8.9	\$32.7
Apparel and Services	\$30.8	\$24.0	\$21.5	\$11.2	\$10.1	\$37.2
Transportation	\$142.4	\$111.1	\$99.2	\$51.7	\$46.9	\$171.8
Health Care	\$31.9	\$24.9	\$22.3	\$11.6	\$10.5	\$38.5
Entertainment	\$50.9	\$39.7	\$35.4	\$18.5	\$16.8	\$61.4
Personal Care Products and Services	\$7.2	\$5.7	\$5.1	\$2.6	\$2.4	\$8.7
Reading	\$5.0	\$3.9	\$3.5	\$1.8	\$1.6	\$6.0
Education	\$9.4	\$7.4	\$6.6	\$3.4	\$3.1	\$11.4
Cash Contributions	\$24.1	\$18.8	\$16.8	\$8.8	\$7.9	\$29.1

Source: Bureau of Labor Statistics, 1995 Consumer Expenditure Survey; and PSRC 1996 Household Income Estimates, 1998.

2. Supportable Sales Capacity

The Urban Land Institute (ULI) collects and analyzes data on receipts and expenses in shopping center operations throughout the United States and Canada. These data are published in the *Dollars and Cents of Shopping Centers*. There are three general types of shopping centers that are currently and/or could potentially be located in the Mountlake Terrace area. These include the neighborhood center, community center and convenience center, which are briefly summarized below.

A **neighborhood shopping center** provides for the day-to-day living needs of the immediate neighborhood and typically includes the sale of convenience goods (e.g. food, drugs and sundries) and personal services (e.g. laundry, dry cleaners, barber, shoe repair, etc.). The neighbor-

hood center--built around a supermarket as the principal tenant—ranges in size from 30,000 to 100,000 square feet of gross leasable area (GLA). The typical size is about 50,000 square feet.

A **community shopping center** generally provides a wider range of goods and services, including men’s, women’s, and children’s clothing, and hardware and appliances, in addition to the convenience goods and personal services provided by the neighborhood center. The community center usually has a greater variety of merchandise available – in sizes, styles, colors and prices. The community center--built around a junior department store, variety store, or discount department store as the major tenant, in addition to a supermarket—ranges in size from 100,000 to 450,000 square feet. The typical size is about 150,000 square feet GLA. According to ULI, the community center is the most difficult to estimate for size and pulling power.

Convenience centers are oriented toward personal services and convenience goods such as food stores, food service, drugstores, flower shops, beauty shops, hair salons, and cleaners, similar to those of a neighborhood center. Convenience centers are typically 20,000 square feet or less GLA and are not anchored by a supermarket, but usually contain a convenience market or mini-market as a primary tenant.

Table 2-17 presents a comparison of sales per square foot for the various types of centers. The data reflect how well the tenants in each type of center are doing. Tenants in convenience centers are not doing as well overall as community and neighborhood centers. Sales declined for convenience centers (0.1%), while they increased for community and neighborhood centers (0.5% and 9.7%, respectively). According to ULI, the lack of growth in sales for convenience centers suggests that neighborhood and community centers are providing more inclusive services and may reflect overbuilding in the convenience center market.

Table 2-17. Comparison of Median Tenant Sales per Square Foot for U.S. Convenience Centers, Community Centers and Neighborhood Centers.

Type of Center	1995	1997
Convenience Centers	\$167.45	\$165.05
Community Centers	\$197.73	\$198.71
Neighborhood Centers	\$197.17	\$216.22
ULI, 1997. Dollars & Cents of Convenience Centers: 1997.		

Table 2-18. 1997 Sales per Square Foot Comparisons for U.S. Convenience Centers, Community Centers and Neighborhood Centers.

Type of Center	Average	Median	Lower 10%	Upper 10%
Convenience Centers	\$186.14	\$165.05	\$89.60	\$343.75
Community Centers	\$210.23	\$198.71	\$116.78	\$370.81
Neighborhood Centers	\$228.76	\$216.22	\$103.04	\$403.17
Source: ULI, 1997 Dollars & Cents of Shopping Centers; ULI, 1997 Dollars & Cents of Convenience Centers.				

Table 2-18 presents a comparison of sales per square foot for convenience, community and neighborhood centers. Overall, tenants in neighborhood centers generate the highest sales per square foot of any of the centers. The once exception, in 1997, was the lower 10% of tenants in community centers performed relatively better than their counterparts in neighborhood centers in terms of sales per square foot.

Table 2-19. US Convenience Shopping Centers, Composition by Tenant Classification Group.

Tenant	% Total GLA of Mall Shops	% Total Sales	% Sales to % GLA
General Merchandise ¹	2.6%	8.4%	3.28%
Food	6.3%	17.4%	2.76%
Food Service	21.2%	26.0%	1.23%
Clothing and Accessories	4.7%	5.0%	1.06%
Women's Wear	0.9%	*	*
Children's Wear	0.1%	*	*
Men's Wear	0.7%	2.2%	3.17%
Family Wear	0.6%	*	*
Shoes	0.3%	3.0%	8.72%
Home Furnishings	0.8%	*	*
Home Appliances/Music	5.5%	23.4%	4.30%
Building Materials/Hardware	2.4%	2.1%	0.87%
Automotive	2.4%	*	*
Hobby/Special Interest	3.8%	1.0%	0.26%
Gifts/Specialty	3.0%	*	*
Jewelry	0.8%	*	*
Liquor	0.9%	*	*
Drugs	2.6%	*	*
Other Retail	6.9%	4.2%	0.61%
Personal Services	19.9%	9.5%	0.48%
Recreation/Community	3.9%	*	*
Financial	5.2%	*	*
Offices (non financial)	6.8%	*	*
Total	100.0%	100.0%	
¹ Excludes department stores. *Less than 0.05 percent. Source: ULL, 1997 Dollars & Cents of Convenience Centers.			

Table 2-19 identifies the most common types of tenants in convenience centers and their typical space requirements, relative contribution to total sales and ratio of sales to leasable area. The food and food service groups (generally represented by convenience markets and fast food/carry outs, respectively) occupy about 27.5% of the available GLA but account for about 43.4% of sales. The percentage of sales generated in these two categories continues to decline, however. This change seems to indicate increasing specialization within convenience centers

and greater diversification of tenant types that appeal to a broader range of clientele and increase the drawing power of convenience centers.

Personal services occupy about 20% of the available GLA but only account for 9.5% of sales. Tenants with high sales volumes relative to gross leasable area are home appliances/music which account for 5.5% of available GLA but account for over 23% of sales; general merchandise (excluding department stores) which accounts for 2.6% of available GLA but accounts for over 8% of sales; and shoe stores which occupy 0.3% of available GLA and account for 3% of sales.

Table 2-20 identifies median sales volume tenants for convenience, community and neighborhood shopping centers. Food service and personal service groups typically generate high median sales volumes in convenience centers (e.g. fast food, insurance, dry cleaners) and community shopping centers compared with neighborhood centers, where computers/software, clothing and supermarkets are the top sales volume tenants.

Table 2-20. High Median Sales Volume Tenants.

Convenience Shopping Center	Community Shopping Center	Neighborhood Shopping Center
Chinese Fast Food	Newspapers/Magazines	Computer/Computer Software
Insurance	Sunglasses	Men's Wear
Liquor/Wine	Steak/Roast Beef	Supermarket
Dry Cleaner	Japanese Fast Food	Specialty Apparel-Unisex
Computer/Software	Cookie Shop	Jewelry
Video Tape Rentals	Bagels	Cosmetics/Beauty Supplies
Automotive	Service Station	Women's Specialty
Pizza	Travel Agent	Mexican Fast Food
Tanning Salon	Supermarket	Drugstore
Sandwich Shop	Computer/Computer Software	Hamburgers

Source: ULI, 1997 Dollars & Cents of Shopping Centers; ULI, 1997 Dollars & Cents of Convenience Centers.

Table 2-21 presents median GLA and sales per square foot by tenant class. The largest median sales per square foot in both neighborhood and community centers are generated by supermarkets (\$321 and \$379, respectively), followed by fast food/carryout (\$284 and \$361, respectively) and drug stores (\$241 and \$247, respectively). Tenants with the lowest sales volumes included video tape rentals (\$79 and \$96, respectively) and variety stores (\$87 and \$97, respectively). The estimated capacity - in square feet - of the Mountlake Terrace community to support various retail uses is based on the expenditure potential data presented in Table 2-15 and on median sales per square foot data for neighborhood shopping centers in the United States, as reported in *Dollars & Cents of Shopping Centers* (Urban Land Institute, 1997) and presented in Tables 18 and 21. Results are presented in Table 2-22.

Based on the median sales per square foot for all tenants in community and neighborhood centers (\$198.71 and \$216.22, respectively) and average annual expenditures within Census Tracts 510, 511, 512 and 513 (\$300.7 million), the Mountlake Terrace community could support approximately 1.4 million to 1.5 million square feet of commercial development. According to re-

cent Metroscan data (1996), there are currently about 665,600 gross square feet of commercial development within the community; 154,100 gross square feet in areas zoned for Community Business (BC), 192,900 gross square feet in areas zoned Community Business/Downtown (BC/D), 256,900 gross square feet in areas zoned General Commercial (CG), and 61,700 gross square feet in areas zoned Freeway/Tourist (F/T). Based on these rough estimates, it appears that the community could support more commercial development than is currently present. Given that Mountlake Terrace households are spending an estimated \$300.7 million per year on food, housing, apparel, health care, entertainment, personal care and other expenses, a portion of these expenditures are occurring outside the area.

Table 2-21. Median GLA and Sales per Square Foot Characteristics of Neighborhood and Community Shopping Centers.

Tenant Classification	Neighborhood Center		Community Center	
	Median GLA	Median Sales per SF	Median GLA	Median Sales per SF
Supermarket	31,229	\$321.39	42,465	\$378.84
Restaurant w/Liquor	3,375	\$175.82	4,278	\$210.41
Fast Food/Carry Out	1,360	\$283.62	1,238	\$361.22
Drug Store	9,176	\$241.00	11,153	\$247.29
Variety Store	6,400	\$86.90	26,803	\$97.38
Hardware	7,984	\$107.99	7,857	\$121.08
Home Accessories	2,400	\$176.00	4,821	\$166.54
Furniture	5,000	\$128.63	7,471	\$141.84
Books	2,455	\$142.60	2,905	\$161.16
Misc. Retail	1,612	\$172.91	2,180	\$163.09
Personal Care	1,200	\$139.22	1,271	\$124.98
Apparel	2,975	\$123.42	3,616	\$146.31
Video Tape Rental	3,156	\$79.46	5,000	\$96.32
Medical and Dental	1,461	\$142.56	1,498	N/A
Other Services	1,137	\$85.40	1,281	\$172.55

Source: ULI, 1997 Dollars and Cents of Shopping Centers.

Based on taxable retail sales data, the area defined by Census Tracts 510-513 (which includes Mountlake Terrace) generated \$114.5 million in taxable retail sales in 1996. During the same period, there were approximately 7,728 households and median household income (before taxes) was about \$47,088 (of which \$38,906 represented average annual expenditures). Based on consumer spending patterns in the Seattle MSA, total spending potential within Census Tracts 510-513 was approximately \$300.7 million in 1996.

Using taxable retail sales and estimated expenditure potential for Census Tracts 510-513, a rough estimate of uncaptured spending potential can be calculated (Table 2-23). Gross business sales would be a preferred base against which to measure expenditure potential; however, gross business sales data are not readily available. It should be kept in mind that taxable retail sales will generally be less than gross sales because not all sales are subject to sales tax. For instance,

approximately 34.8% of gross food store sales are subject to the sales tax (the number for food store sales in Table 2-23 has been adjusted to reflect this relationship). Therefore, the uncaptured spending potential is likely overstated, but does give some indication of the magnitude of spending that is occurring outside the area. It is likely that much of the neighborhood spending occurs in adjacent communities, including Lynnwood, and Shoreline.

Table 2-22. Mountlake Terrace Neighborhood Supportable Sales Capacity.

Goods and Services	Median Sales per Square Foot	
	Sales per Square Foot	Sales Capacity (SQ FT) Mountlake Terrace
Food at Home	\$321.39	71,527
Apparel	\$123.42	98,288
Food Away from Home ¹	\$229.72	61,734
Reading (Books)	\$142.60	13,743
Household Operations	\$107.99	44,029
Household Furnishings and Equipment ²	\$152.32	70,085
Personal Care Products and Services ³	\$190.11	15,006
Total ⁴	\$216.22	1,390,540

Sales capacity estimates are based on estimated spending potential divided by sales per square foot factors.
¹Represents the median of sales per square foot for restaurant w/liquor and fast food/carryout presented in Table 2-21.
²Represents the average of sales per square foot for home accessories and furniture presented in Table 2-21.
³Represents the average of sales per square foot for drug stores and personal care stores presented in Table 2-21.
⁴Based on median sales per square foot for tenants in neighborhood centers presented in Table 2-18.

Source: ULI, 1997 Dollars & Cents of Shopping Centers.

The estimated uncaptured spending potential, while rough, indicates that opportunities exist for commercial growth and development in most consumer expenditure categories (i.e. consumer spending potential is greater than taxable retail sales). As indicated by the data, only one consumer expenditure category -- home furniture and furnishings -- had taxable retail sales greater than estimated spending potential. This indicates that the local retailers within this category attract or "capture" sales from outside the city. For comparison purposes, Table 2-24 presents estimates of uncaptured spending potential for the cities of Edmonds and Lynnwood. As can be seen from the data, Lynnwood captures a significant amount of retail sales in all consumer expenditure categories while there is considerable "leakage" out of Edmonds. Other neighboring jurisdictions exhibit similar patterns of consumer spending potential and taxable retail sales. The City of Shoreline captures considerable consumer expenditures in food stores and eating and drinking places, while the City of Bothell captures sales in home furniture and furnishings. The cities of Lake Forest Park and Bothell exhibit considerable leakage in most categories of consumer expenditures.

Table 2-23. Estimated Uncaptured Spending Potential for Selected Consumer Expenditures in Mountlake Terrace.

Business SIC Classification (Consumer Expenditure Category)	1996 Taxable Retail Sales	Estimated Expenditure Potential	Uncaptured Spending Potential
Food Stores (Food at Home)*	\$25,096,647	\$22,987,958	\$2,108,689
Apparel and Accessories (Apparel and Services)	\$46,637	\$12,130,696	(\$12,084,059)
Eating and Drinking Places (Food Away From Home & Alcoholic Beverages)	\$9,843,208	\$17,240,968	(\$7,397,760)
Home Furniture & Furnishings (Household Furnishings & Equipment)	\$24,978,338	\$10,675,343	\$14,302,995
Auto Dealers, Service Stations & Repair (Vehicle Purchase, Gasoline and Motor Oil)	\$1,232,670	\$31,819,302	(\$30,586,632)
Personal Services (Personal Services)	\$942,200	\$2,852,822	(\$1,910,622)
Total	\$62,139,700	\$97,707,089	(\$35,567,389)
*Estimate for food store sales has been adjusted to reflect that approximately 34.8% of gross sales in this industry are subject to sales tax. The taxable retail sales estimate has been increased about 65% to get at an estimate of gross business sales.			
Source: Bureau of Labor Statistics, 1996; Washington State Department of Revenue, 1999.			

Table 2-24. Estimated Uncaptured Spending Potential in Neighboring Jurisdictions.

Business SIC Classification (Consumer Expenditure Category)	Uncaptured Spending Potential	
	Edmonds	Lynnwood
Food Stores (Food at Home)*	\$19,167,040	\$112,788,359
Apparel and Accessories (Apparel and Services)	(\$20,239,154)	\$83,693,980
Eating and Drinking Places (Food Away From Home & Alcoholic Beverages)	(\$10,647,652)	\$27,727,374
Home Furniture & Furnishings (Household Furnishings & Equipment)	(\$20,385,842)	\$99,158,486
Auto Dealers, Service Stations & Repair (Vehicle Purchase, Gasoline and Motor Oil)	(\$1,262,699)	\$169,211,418
Personal Services (Personal Services)	(\$4,171,859)	\$2,889,576
*Estimate for food store sales has been adjusted to reflect that approximately 34.8% of gross sales in this industry are subject to sales tax. The taxable retail sales estimate has been increased about 65% to get at an estimate of gross business sales.		
Source: Bureau of Labor Statistics, 1996; Washington State Department of Revenue, 1999.		

In addition to “uncaptured” spending potential, other factors that would support commercial development include population growth and increasing household incomes within the Mountlake Terrace area. Development in close proximity to existing commercial developments that

attract local shoppers (QFC, Mountlake Terrace Market) could increase the potential for success as well.

C. Mountlake Terrace Budget Trends

As indicated earlier, one of the driving forces behind the economic development study and public outreach efforts is the need for the City to find additional sources of public revenues or face reductions in the delivery of public services to compensate for projected future budget deficits. Over the period 1996-1999, revenues from the collection of taxes, fees, and state shared revenues grew 6.3%, or approximately 2% per year (see the budget tables in the Appendix), from \$13.5 million in 1996 to \$14.3 million in 1999. Expenditures, including municipal court, legal, executive and administrative services, public safety, community development and parks and recreation, increased 21.4%, or approximately 6.7% per year, from \$11.1 million in 1996 to \$13.5 million in 1998. When adjusted for inflation, revenues grew at a rate of just 0.1% per year compared with a growth rate for expenditures of 4.7% per year.

Sources of revenues experiencing the greatest real growth over the 1996-1999 period included development fees (increased at an average rate of 7.3% per year), property taxes (5.7% per year), and local retail sales taxes (1% per year). The smallest growth occurred in utility taxes (0%), while revenues declined in the areas of recreation fees (-4.0% per year), state shared revenues (-1.5% per year), and water/sewer revenues (-1.3% per year). Sources of expenditures experiencing the greatest real growth over the 1996-1999 period included non-department expenditures – expenditures on facility maintenance, legal services, animal control, retirement benefits and library GO bond debt service – which increased 686%, or nearly 100% per year. Municipal court expenditures also experienced substantial real growth (49% per year). The smallest real average annual increases occurred in police services (2.2% per year), fire services (5.6% per year), and administrative services (5.9% per year). Real declines in expenditures occurred in community development (-0.5% per year), legislative/executive (-17.7% per year), and recreation and parks (-36.2% per year).

On a per capita basis, in 1998 the City of Mountlake Terrace generated \$619 in General Fund revenues per person. This compares with \$507 per person in Edmonds and \$841 per person in Mill Creek during the same year. Property tax collections, which are typically a primary source of revenues for local jurisdictions, were just about \$100 per person in Mountlake Terrace in 1998. This compares with \$181 per person in Edmonds and \$441 per person in Mill Creek. Sales tax revenues in the City of Mountlake Terrace were \$116 per person compared with \$86 per person in Edmonds and \$151 per person in Mill Creek.

In terms of expenditures, public safety typically generated the highest per capita expenditures within Mountlake Terrace and neighboring jurisdictions. In Mountlake Terrace, police and fire expenditures averaged \$251 per person in 1998. This compares with \$243 in Edmonds and \$416 in Mill Creek. Per capita expenditures on cultural and recreation services were \$107 in Mountlake Terrace, and \$76 and \$118 in Edmonds and Mill Creek, respectively. General government expenditures averaged \$76 per person in Mountlake Terrace, \$84 in Edmonds and \$156 in Mill Creek.

II. CURRENT REAL ESTATE MARKET CONDITIONS

The real estate climate in the near future will be a major factor in the evaluation of business retention and redevelopment potential within Mountlake Terrace. Toward this end, current and recent vacancy rates are presented as a framework for the analysis and to provide the market context in which future development will be taking place.

A. Historic Trends

1. Commercial Office Market

a. Snohomish County Market

Information on vacancy rates within the Snohomish County office market is presented in Table 2-25 below. The Snohomish County market is geographically large and includes the cities of Arlington, Edmonds, Everett, Lynnwood and Mountlake Terrace. Office space in the Snohomish County market comprises approximately 4.4% of total office space within the Puget Sound region with just over 2.4 million square feet in 58 buildings. In comparison, the Northend market, which includes the area north of the Ship Canal to the King/Snohomish County line and includes the University District and Northgate, comprises 2% of the office space in the region with 1.1 million square feet in 24 buildings. The Downtown Seattle office market comprises 49% of the regional market with over 27 million square feet in 214 buildings, while the Eastside office market comprises 28.6% of the regional market with nearly 16 million square feet in 292 buildings.

As of the third quarter of 1998, Snohomish County office vacancies were 7.06%, down from a high of 12.5% during 1995. Vacancy rates in various subarea markets ranged from 2.6% in Mountlake Terrace to 9.5% in Everett during the same period. Overall office vacancy in the Puget Sound Region was 4.4% for the same period. This is the lowest regional vacancy rate since 1990.

At the end of the third quarter 1998, there were approximately 173,000 square feet of vacant office space in the Snohomish County office market. For the Puget Sound area as a whole (King, Pierce and Snohomish Counties), there were approximately 2.4 million square feet of vacant office space, resulting in an overall vacancy rate of 4.44%.

According to CB Richard Ellis data, during the first quarter of 1998, the vacancy rate for Class A space in the Snohomish County market was 5.19%, the vacancy rate for Class B space was 7.67%, and the vacancy rate for Class C space was 9.56%. This compares with vacancy rates in the Puget Sound Region of 3.16%, 5.71% and 7.84%, respectively.

Asking lease rates vary by geographic location and class of space. Within the Snohomish County office market, average lease rates range from \$18-\$24 for Class A space, \$14.5-\$17.5 for Class B space, and \$12-\$14 for Class C space. Office market asking lease rates are presented in the Appendix.

Table 2-25. Regional Office Market Vacancy 1992-1998.

Market Area	Year End						3 rd Qtr
	1992	1993	1994	1995	1996	1997	1998
Downtown	15.35%	12.98%	10.89%	7.59%	6.30%	5.02%	4.99%
Northend	7.11%	4.34%	7.66%	10.04%	10.22%	4.69%	2.90%
Southend	22.19%	38.28%	38.28%	28.39%	27.08%	10.84%	7.78%
Tacoma/Federal Way	10.92%	9.71%	12.01%	13.92%	11.95%	6.45%	5.65%
Eastside	9.70%	8.50%	7.33%	5.60%	5.08%	2.32%	1.79%
Snohomish County	6.63%	9.37%	11.92%	12.50%	8.73%	7.31%	7.06%
Puget Sound Region	15.55%	15.42%	12.39%	9.69%	8.48%	4.99%	4.43%

Notes: Inventory includes existing single- and multi-tenant non-owner/user buildings in the Puget Sound area, 10,000 square feet and larger, excluding government-owned and medical buildings.
Downtown: the Central Business District, Waterfront, Denny Regrade, Lower Queen Anne, Pioneer Square, Lake Union and the Canal.
Northend: the area north of the ship Canal to the King/Snohomish line, includes U District and Northgate.
Southend: Auburn, Kent, Renton, SeaTac, South Seattle and Tukwila.
Tacoma/Federal Way: Federal Way, Tacoma, Fife and Puyallup.
Eastside: Bellevue CBD, I-405 Corridor, SR-520 Corridor, I-90 Corridor, Bel-Red Road Corridor, Redmond and Kirkland.
Snohomish County: Arlington, Edmonds, Everett, Lynnwood and Mountlake Terrace.

Source: CB Richard Ellis, 1999.

b. Mountlake Terrace

Most of the large commercial office space within Mountlake Terrace is located in the northwest quadrant of the City, west of I-5, and in Gateway Place, east of I-5 and north of 244th Street SW. Large office uses in these areas include the Hall Creek Office Center, 220th Business Center, Nelson Business Park, Premera Blue Cross campus and the Safeco Insurance offices in Gateway Place. Smaller office uses are located along 56th Avenue West, 228th Street SW, Cedar Way and 212th Street SW. Most of these smaller uses include law offices, medical and dental offices, and other professional services. Office lease rates for Class B and C space typically range from \$12-\$17/square foot/year in the area. The asking rate for new Class A office space is \$22.50/square foot/year.

c. Neighboring Jurisdictions

There are a number of commercial office developments proposed for the communities surrounding Mountlake Terrace. In Bothell, development proposals include construction of a two-story 12,068 square foot office building; a 63,900 square foot high-tech office building; and a 4,852 square foot Washington Federal Savings Bank. Other commercial developments include over 380 multi-family residential units in three projects. A 5,000 square foot medical building and hospital expansion are planned for Edmonds; a three-story, 34,000 square foot office building and 7,400 square foot bank are proposed in Lynnwood. Other commercial developments include a 9,900 square foot Kindercare learning facility and 42,000 square foot YMCA proposed in Mukilteo.

2. Retail Market

a. Northend Market

The Northend retail market is quite extensive and includes the area north of the Ship Canal up to and through Snohomish and the northern counties. Retail space in the Northend market comprises almost 26% of total retail space within the Puget Sound region, the second largest retail market, with over 15 million square feet in 113 buildings. In comparison, the Southend market, which goes south from the West Seattle Bridge and includes south King County and Pierce and Thurston counties, comprises nearly 47% of the retail space in the region with 27.5 million square feet in 184 buildings. The Downtown Seattle retail market comprises nearly 8% of the regional market with 4.6 million square feet in 59 buildings, while the Bellevue/Eastside retail market comprises 20% of the regional market with nearly 12 million square feet in 94 buildings.

As of the second half of 1998, Northend retail vacancies were 4.48% compared with 4.3% for the region. Downtown Seattle had the lowest overall retail vacancy rate of 2.52%, followed by Bellevue/Eastside with 4.02% and the Southend with 4.89%. Within the Northend market, the lowest vacancy rates were for Regional and Power Centers (1.4% and 1.5%, respectively), while the highest vacancy rates were for Strip/Specialty and Freestanding Centers (9.7% and 8.3%, respectively).

Asking retail lease rates vary by geographic location and type of project. Within the Northend retail market, average lease rates were \$13.03 for all types of development compared with \$12.25 for the Puget Sound Region. The highest average asking lease rates (\$23.48 and \$16.61) were for Regional and Power centers (e.g. Alderwood Mall and Aurora Village Mall, respectively). The lowest average asking lease rate was for freestanding retail developments (\$8.88). Retail market asking lease rates are presented in the Appendix.

Developments in the Northend market in the second half of 1998 included infill development at existing Power Centers (e.g. Aurora Village Mall), a new Fred Meyer in Everett, a flagship Scan/Design store in Lynnwood, G.I. Joe's is moving into the Ernst space at James Village, Barnes & Noble is developing its own space at Golde Creek Plaza, and the Lake Forest Park Towne Center added Third Place Books. Everett Mall has a 3 to 5 year expansion plan to make interior improvements and to add a 14-screen cinema and hotel. University Village opened several new stores and progress was made on Roosevelt Square's expansion. Recently, an expansion plan was approved for Northgate Mall that will double its size over the next 15 years to include new stores, offices, a hotel, theater and residences.

In 1992, Richard Morrill of the Department of Geography at the University of Washington published a report on the geographic patterns of retail trade and services in the Seattle Metropolitan Area (SMA). The report is based on 1982 and 1987 Census data on retail trade and services by place and by zip code. The findings of the report are summarized below.

The geographic pattern of retail trade largely reflects residential and household income growth. In King and Snohomish Counties, the dominant retailing centers are inner suburban malls and arterial strip developments (along I-5, I-405 and SR-99) from Richmond Highlands and Lynnwood, through Kirkland, Redmond and Bellevue, to Renton and Southcenter/Tukwila. Subur-

ban outliers include Federal Way, Auburn, Everett and Marysville. In 1992, the largest retail sales by zip code were in Lynnwood (\$996 million). Bellevue was a close second with \$992 million. Of the top ten areas in terms of retail sales, Downtown Seattle ranked 9th (\$588 million). In terms of growth in retail sales between 1987-1992, however, Downtown Seattle ranked 7th (an increase of \$174 million). Over the same period, Redmond experienced the largest growth in retail sales (an increase of \$361 million). In terms of service receipts, the Seattle CBD was the dominant service center with \$3 billion in revenues in 1987. Bellevue was ranked second with \$1.8 billion in service receipts. As with retail sales, Downtown Seattle faces increasing competition from edge cities – Bellevue, Kirkland and Redmond.

Table 2-26. Regional Retail Availability Rates.

Market Area	Number of Buildings	Building SQFT	Available SQFT	% Available	Planned or Under Const SQFT
Downtown	59	4,558,469	114,678	2.52%	635,000
Northend	113	15,152,425	678,490	4.48%	998,000
Southend	184	27,509,392	1,344,928	4.89%	307,749
Bellevue/Eastside	94	1,1810,071	475,340	4.02%	3,133,845
Puget Sound Area	450	59,030,357	2,613,436	4.43%	5,074,594
Source: CB Richard Ellis, 1999.					

Retail trade and services are generally concentrated in four dominant centers: Downtown Seattle, Downtown Bellevue, Lynnwood, and Southcenter/SeaTac. Over the period 1982-1987, retail sales in these centers increased 72% from approximately \$1.9 billion to \$3.4 billion. The largest growth in retail sales over the five-year study period occurred in Downtown Bellevue (an increase of 109%) and Lynnwood/Alderwood Mall (75%). While Downtown Seattle and Southcenter/SeaTac experienced healthy retail sales growth over the same period (67% and 43%, respectively), both areas actually lost relative share of total retail activity. Table 2-27 presents retail sales activity for the four centers over the period 1982-1987.

The pattern of service activities was somewhat different than that for retailing. Services generally include legal, health, engineering, business, hotels, amusements, personal, and auto and other repair services. Downtown Seattle was clearly the dominant service center with 55% of total service capacity. Service revenues were approximately double those for retail sales. Downtown Bellevue was also important, with over 26% of service activity; service receipts were equal to retail sales. Lynnwood/ Alderwood Mall was relatively weak in providing services, with just 4% of total service receipts.

While these four centers dominated retail and service activity over the five-year study period, substantial growth also occurred in the more affluent and newer suburban areas – Overlake/Redmond, Kirkland and Federal Way. The SR-99 corridor (Aurora Avenue and Evergreen Way) also experienced retail expansion. However, service activities in these areas were generally much smaller than retail trade when measured by dollar receipts. Services were generally strong in Kirkland and Redmond, largely due to the presence of Microsoft and other software and technology-based companies which are classified as service industries.

Table 2-27. 1982 and 1987 Retail Sales, Dominant Centers (\$ Millions).

Market Area	Retail Sales						Service Receipts	
	1982	% Total	1987	% Total	82-87 Change	% Change	1987	% Total
Seattle CBD	\$497	25.4%	\$828	24.6%	\$331	66.6%	\$1,712	55.1%
Bellevue CBD	\$442	22.6%	\$924	27.4%	\$482	109.0%	\$816	26.3%
Lynnwood/ Alderwood Mall	\$504	25.7%	\$880	26.1%	\$376	74.6%	\$128	4.1%
Southceter/ SeaTac	\$515	26.3%	\$737	21.9%	\$222	43.1%	\$451	14.5%
TOTAL	\$1,958	100.0%	\$3,369	100.0%	\$1,411	72.1%	\$3,107	100.0%

Source: Morrill, 1987.

Table 2-28a. 1982 and 1987 Retail Sales, Smaller Centers (\$ Millions).

Market Area	Retail Sales						Service Receipts	
	1982	% Total	1987	% Total	82-87 Change	% Change	1987	% Total
Burien	\$218	10.6%	\$263	10.1%	\$45	20.6%	\$142	10.5%
Queen Anne/Westlake	\$186	9.0%	\$241	9.3%	\$55	29.6%	\$244	18.1%
University Dist.	\$251	12.2%	\$268	10.3%	\$17	6.8%	\$176	13.0%
Bothell	\$131	6.4%	\$244	9.4%	\$113	86.3%	\$107	7.9%
Everett	\$211	10.2%	\$232	8.9%	\$21	10.0%	\$132	9.8%
Ballard	\$182	8.8%	\$217	8.4%	\$35	19.2%	\$75	5.6%
Riverton	\$147	7.1%	\$211	8.1%	\$64	43.5%	\$80	5.9%
West Seattle	\$164	8.0%	\$202	7.8%	\$38	23.2%	\$71	5.3%
SE Seattle	\$193	9.4%	\$192	7.4%	\$-1	-0.5%	\$88	6.5%
Marysville	\$100	4.9%	\$177	6.8%	\$77	77.0%	\$38	2.8%
Edmonds	\$128	6.2%	\$173	6.7%	\$45	35.2%	\$97	7.2%
Greenwood	\$149	7.2%	\$173	6.7%	\$24	16.1%	\$101	7.5%
TOTAL	\$2,060	100.0%	\$2,593	100.0%	\$533	25.9%	\$1,351	100.0%

Source: Morrill, 1987.

A third category of centers includes more traditional downtown areas and central business districts characterized by the absence of shopping malls. These areas experienced slower retail growth over the study period, but generally had stronger, more established service sectors than the newer suburbs (see Tables 2-28a and 2-28b).

Table 2-28b. 1987 and 1992 Retail Sales, Smaller Centers (\$ Millions).

Market Area	Retail Sales						Service Receipts	
	1987	% Total	1992	% Total	87-92 Change	% Change	1992	% Total
Burien	\$263	11.2%	\$267	8.9%	\$4	1.5%	\$287	16.4%
Queen Anne/Westlake	\$241	10.3%	\$311	10.3%	\$70	29.0%	\$290	16.6%
University Dist.	\$268	11.4%	\$377	12.5%	\$109	40.7%	\$133	7.6%
Everett	\$232	9.9%	\$256	8.5%	\$24	10.3%	\$258	14.7%
Ballard	\$217	9.2%	\$278	9.2%	\$61	28.1%	\$111	6.4%
Riverton	\$211	9.0%	\$253	8.4%	\$42	19.9%	\$121	6.9%
West Seattle	\$202	8.6%	\$225	7.5%	\$23	11.4%	\$118	6.8%
SE Seattle	\$192	8.2%	\$259	8.6%	\$67	34.9%	\$122	7.0%
Marysville	\$177	7.5%	\$307	10.2%	\$130	73.4%	\$63	3.6%
Edmonds	\$173	7.4%	\$223	7.4%	\$50	28.9%	\$92	5.3%
Greenwood	\$173	7.4%	\$252	8.4%	\$79	45.7%	\$150	8.6%
TOTAL	\$2,349	100.0%	\$3,008	100.0%	\$659	28.1%	\$1,745	100.0%

Source: Morrill, 1987, 1992 Economic Census.

b. Mountlake Terrace

Retail developments are located throughout Mountlake Terrace, with the largest concentrations in the northwest quadrant (west of I-5), Gateway Place, and in commercial nodes located at 52nd Avenue West and 212th Street SW, 44th Avenue West and 228th Street SW, 44th Avenue West and 212th Street SW, and in the downtown business area along 56th Avenue West.

The majority of retail shops are small, ranging in size from 700 to 4,000 square feet, and include a variety of convenience stores, a bakery, small restaurants, taverns, beauty parlors and barber shops, auto repair, rental, photo/pharmacy, swap/pawn shop and other conveniences. Several small malls (around 6,000 square feet) are also located in the community and include 52nd Square Shopping Center and the Highlander Shopping Center. Larger retail establishments, ranging in size from 20,000 to 90,000 square feet include local shopping centers like Melody Hill Village, Terrace Village, West Plaza, and Cedar Plaza. There are also several large grocery stores (QFC, Mountlake Terrace Market and Albertsons).

Retail rents are typically \$10-\$14/square foot, with the lower end more reflective of market conditions in Mountlake Terrace. Asking rates for newer retail developments are generally higher, in the area of \$12-\$16/square foot.

Several projects are currently in the planning stages. These developments have the potential to benefit the retail market by bringing new people to the area. In addition to the commercial office projects identified earlier, other projects in the Mountlake Terrace area include:

- ♦ Construction of the 30-unit Ballinger Point II planned unit development (PUD) at Lakeview Drive and 230th Street SW;

- ◆ Future construction of the 18-lot Sarah Laine formal plat at 48th Avenue West and 218th Street SW; and
- ◆ Construction of the 18-attached unit Brookglen development at Cedar Way and 239th Street SW.

c. Neighboring Jurisdictions

There are a number of retail developments proposed for the communities surrounding Mountlake Terrace. Proposed developments in Bothell include a drug store, two retail/commercial buildings and a daycare on 19.5 acres; a three-building mini-storage facility on three-acres; a 140,000 square foot Fred Meyer; a 22-room hotel; and a Hilton Hotel. In Edmonds, development proposals include construction of a second floor addition to the Harbor Square Athletic Club; a 10,000 square foot parking garage; a three-story, 22,946 square foot mixed commercial/residential building; and over 50 additional hotel rooms. Development proposals in Lynnwood include construction of a 30,000 square foot retail building; a four-story Fairfiled Inn; and a 4,875 square foot McDonalds. In Shoreline, a 24-room hotel addition is planned, and a 110-unit Alzheimers care facility is planned in Mill Creek.

3. Industrial Market

a. Snohomish County Market

The Snohomish County industrial market is quite large and includes the area from the I-5/I-405 interchange to Marysville and Arlington. Industrial space in the Snohomish County market comprises 3% of total industrial space within the Puget Sound region, with nearly 6 million square feet in 129 buildings. In comparison, the Seattle Close-In market, which extends south from the King/Snohomish line to Tukwila and includes Lake Union, the Ship Canal, the area south of the Kingdome, Harbor Island, and south along the Duwamish, comprises 40% of the regional market with 74.2 million square feet in 2,264 buildings. The Kent Valley industrial market comprises 45% of the regional market with 84.5 million square feet in 1,195 buildings, while the Eastside industrial market comprises 8% of the regional market with nearly 21 million square feet in 358 buildings.

As of the third quarter of 1998, Snohomish County industrial availability rates were the highest at 9.1% compared with 4.3% for the region. The Seattle Close-In market had the lowest overall availability rate of 1.9%, followed by the Eastside with 4.5%, Tacoma/Fife with 5.2%, and the Kent Valley with 5.9%. Snohomish County also had the highest vacancy rates for industrial space, 8.3% w/o high tech and 35.6% with high tech, compared with 4.2% and 7.4% for the region, respectively.

Asking industrial lease rates vary by geographic location and type of project (e.g. with or without high-tech and age of structure). Within the Snohomish County industrial market, average lease rates for new buildings were \$0.50-\$0.65 per square foot for the building shell plus an additional \$0.95-\$1.10 per square foot for office space. Older buildings went for \$0.32-\$0.40 per square foot for the building shell plus an additional \$0.75-\$0.85 for office space. High-tech space went for \$0.80-\$1.10 per square foot. These rates are comparable to the Eastside market and

slightly higher than the Seattle Close-In market. Industrial market asking lease rates are presented in the Appendix.

Developments in the Snohomish County market in the third quarter of 1998 included ground breaking for the 49,736 square foot Village Way Business Park in Monroe, completion of the more than 51,000 square foot, high-tech Beverly Park Business Center in Mukilteo, as well as workforce reductions at the JanSport facility in Everett and Raytheon Corporation in Mukilteo.

Table 2-29. Regional Industrial Availability Rates.

Market	Number of Bldgs	Million Sq. Ft.		Availability		Projects	
		w/o High Tech	w/ High Tech	w/o High Tech	w/ High Tech	Number of Projects	Under Const. Or Planned
Seattle Close-In	2,264	72.96	1.22	1.83%	3.56%	3	0.53
Kent Valley	1,195	82.71	1.83	5.74%	13.72%	42	6.13
Tacoma/Fife	83	7.51	0	5.16%	n.a.	6	1.74
Eastside	358	15.61	5.15	4.26%	5.19%	25	4.83
Snohomish County	129	5.80	0.17	8.29%	35.62%	14	1.1
Puget Sound Area	4,029	184.6	8.38	4.12%	7.44%	90	14.30
n.a. data not available.							
Source: CB Richard Ellis, 1999.							

Detailed information on asking lease rates for new and older buildings, including with and without high tech, operating expenses, and current market purchase values are included in the appendix.

b. Mountlake Terrace

Most of the industrial, warehousing and related services and facilities for these industries are located in the northwest quadrant of the City, west of I-5. Existing facilities in the area are centered around 66th Avenue West and 220th Street SW and include Hansen Brothers Moving and Storage, Sellen Construction, Sno-King Sheet Metal, Duncan and Arrow Recycling, and the Terrace Industrial Center. Existing facilities range in size from 2,400 to over 100,000 square feet. Average size is nearly 25,000 square feet.

Current asking lease rates for available warehouse space range from approximately \$0.50-\$0.74 per square foot per month. One project is currently planned in the area and involves expansion of the Southwest Recycling and Transfer Station on 61st Place and 213th Street SW.

c. Neighboring Jurisdictions

Industrial developments are proposed for the communities surrounding Mountlake Terrace. Proposed developments in Bothell include a three-building, 171,558 square foot industrial park; 40,000 square foot expansion of Immunex; and construction of warehouse/ office facilities.

B. Taxable Retail Sales

In 1997, the City of Mountlake Terrace had total taxable retail sales of \$113.6 million (Table 2-30). Retail trades generated the greatest share of taxable retail sales (44%) followed by services (18%), contracting (13%), wholesaling (12%), transportation/ communication/utilities (7%) and manufacturing and finance/insurance/real estate (2% each). Agricultural services (other) generated nearly 1% of total taxable retail sales in Mountlake Terrace.

Table 2-30. 1997 Taxable Retail Sales Comparison (\$ Millions).

SIC	Edmonds	% of Total	Lynnwood	% of Total	Mill Creek	% of Total	MLT	% of Total
Retail Trade	\$240.0	58%	\$1,054.8	75%	\$45.1	44%	\$49.9	44%
Services	\$40.7	10%	\$106.6	8%	\$10.1	10%	\$20.8	18%
Contracting	\$85.5	21%	\$89.6	6%	\$26.7	26%	\$14.5	13%
Mfg.	\$5.9	1%	\$12.6	1%	\$1.8	2%	\$2.5	2%
TCU	\$15.2	4%	\$24.2	2%	\$5.1	5%	\$8.2	7%
Wholesaling	\$18.3	4%	\$92.1	7%	\$7	7%	\$14.1	12%
FIRE	\$4.8	1%	\$16.6	1%	\$5.1	5%	\$2.6	2%
Other	\$4.7	1%	\$4.6	0.3%	\$2.6	3%	\$0.98	0.9%
Total	\$415.3	100%	\$1,400.9	100%	\$103.5	100%	\$113.6	100%

D - not available due to disclosure requirements.
Source: Washington State Department of Revenue, 1999.

The relative importance of specific industry contributions to taxable retail sales in the City of Mountlake Terrace and neighboring jurisdictions is presented in Table 2-30. As would be expected, retail sales generate the largest share of taxable sales in all jurisdictions. Service and contracting industries are also important contributors to taxable retail sales in the area.

Table 2-31. 1990 and 1997 Taxable Retail Sales for Mountlake Terrace (\$ Millions).

Standard Industrial Classification		1990	1997	90-97 Change	Average Annual Growth
14 & 90's	Other Business	\$0.4	\$1.0	\$0.6	15.1%
15-17	Contracting	\$22.1	\$14.5	-\$7.6	-6.0%
19-39	Manufacturing	\$3.3	\$2.5	-\$0.8	-3.4%
40-49	Trans/Comm/Utilities	\$5.3	\$8.2	\$2.9	6.5%
50-51	Wholesaling	\$20.2	\$14.1	-\$6.1	-5.1%
52-59	Retail	\$25.6	\$49.9	\$21.3	8.3%
70-89	Services	\$8.4	\$20.8	\$12.2	16.3%
Total	All Industries	\$89.9	\$103.5	\$23.7	3.4%

D - not available due to disclosure requirements.
Source: Washington State Department of Revenue, 1998.

In terms of retail performance, businesses in the Mountlake Terrace planning area fared relatively poorly between 1990 and 1997 compared with the performance of neighboring jurisdictions. Taxable retail sales within Mountlake Terrace grew by over \$23 million dollars or approximately 3.4% per year between 1990 and 1997 (Table 2-31). This compares with average annual growth rates of 3.2% to 9.4% within neighboring jurisdictions over the same period (Table 2-32).

Within the Mountlake Terrace community, some of the largest increases in taxable sales occurred in the retail industry (i.e. building materials, general merchandise, food, auto dealers, apparel, eating and drinking places, furniture, etc.). Businesses in this industry generated an additional \$21.3 million in taxable sales between 1990 and 1997, or 90% of the total increase in taxable retail sales. The largest share of this increase (95%) occurred in furniture/furnishings/equipment, primarily in electronics/equipment (94%) and furniture (1%). Annual gains in taxable sales occurred in the following retail categories: apparel/accessories (13.3%), eating/drinking places (4.2%), and miscellaneous retail stores (2.9%). Other retail industries actually lost taxable sales on an annual basis, including lumber/building materials (-3.1%), general merchandise (-4%), food (-3%), and auto dealers/gas stations (-2.3%). (See the detailed taxable retail sales tables in the Appendix).

Taxable retail sales for service industries, which include business and personal services, auto repair and other repair services, and legal, educational and professional services, grew by just over \$12 million between 1990 and 1997, or about 16% per year. The largest share of this increase (45%) was in business services, followed by other services (38%). Smaller gains were made in auto repair services (12%) and personal services (4%).

Finance, insurance and real estate industries also performed well, growing by over \$1.2 million, or at an average rate of 9.4% per year.

Table 2-32. 1990 and 1997 Taxable Retail Sales for Neighboring Jurisdictions (\$ Millions).

Standard Industrial Classification		Average Annual Growth			
		Mountlake Terrace	Edmonds	Lynnwood	Mill Creek
14 & 90's	Other Business	15.1%	17.7%	17.1%	23.4%
15-17	Contracting	-6.0%	9.8%	2.0%	11.8%
19-39	Manufacturing	-3.4%	-2.1%	-1.6%	21.2%
40-49	Trans/Comm/Utilities	6.5%	4.1%	5.9%	12.1%
50-51	Wholesaling	-5.1%	0.3%	-0.3%	20.4%
52-59	Retail	8.3%	8.3%	3.2%	5.4%
70-89	Services	16.1%	6.9%	8.8%	7.8%
Total	All Industries	3.4%	7.6%	3.2%	9.4%
D - not available due to disclosure requirements.					
Source: Washington State Department of Revenue, 1999.					

A number of industries fared poorly, experiencing annual losses in taxable retail sales over the period 1990-1997. These include: contracting (-6%), manufacturing (-4%), and wholesaling (-5.1%).

While not shown in the tables above, both the cities of Bothell and Lake Forest Park in King County fared relatively well in terms of growth in taxable retail sales over the period 1990-1997. The average rate of growth in taxable retail sales for those jurisdictions was 10% and 5.4%, respectively.

C. Summary of Land Use

The following section provides an overview of land uses within the City of Mountlake Terrace. This summary is intended to provide a picture of current parcel utilization, including vacancy, redevelopment potential, and other characteristics. Data are from 1996 Snohomish County Assessor's records as reported by Metroscan.

1. Parcel Characteristics

The City of Mountlake Terrace includes a variety of residential, office, retail/service, warehousing/industrial and entertainment facilities. Based on 1996 Metroscan data, within the City of Mountlake Terrace, there are a total of 5,296 parcels totaling 1,890.36 acres (Table 2-33). Average parcel size is 15,548 square feet, while the median is 8,359 square feet. The median is the middle number in a series (50% of values are above the median and 50% are below). Because the median parcel size is less than the average or mean, it indicates that there are many small parcels and a few very large parcels within the planning area.

The majority of the land base within the City of Mountlake Terrace (73.3%) is zoned for residential use; 60.6% single-family residences including mobile homes, and 12.7% multi-family residences. Nearly 14% of the land base is zoned for parks, recreation and open space. Commercial zoning designations comprise 13% of the land base and include commercial business, general commercial, freeway/tourist and light industrial and office park zoning designations. Less than 1% of the land base is designated for public facilities and services.

According to the Metroscan data, in 1996 there were 112 vacant parcels totaling 110.14 acres within the City (Table 2-33). For the purpose of this study, vacant parcels are defined to be those parcels approximately 5,000 square feet or larger in size that do not have access or environmental constraints as identified in the Metroscan data. A field survey of vacant parcels conducted as part of this study indicates that a number of these parcels are no longer vacant and others are located in environmentally sensitive areas (e.g. steep slope or wetland areas).

The majority of vacant parcels (76 or 68%) are in areas designated for residential development; 50% (56 parcels) are in single-family zones and 18% (20 parcels) are in multi-family zones. A field survey of vacant parcels in designated residential zones indicates that many have been developed or are currently undergoing development. For example, a number of parcels along 48th Avenue West designated as vacant in the Metroscan data have new homes or new homes are under construction.

Table 2-33. Summary of Parcel Characteristics.

Zoning Designation	Number of Parcels	Acres	% of Total
All Designations	5,296	1,890.36	100.0%
Commercial Business	22	20.63	1.1%
Commercial Business/Downtown	172	53.50	2.8%
General Commercial	14	13.86	0.7%
Freeway/Tourist	16	23.21	1.2%
Light Industrial/Office Park	67	135.01	7.1%
Special Development District	19	52.08	2.8%
RUD/L	4	38.9	2.1%
RUD/M	3	31.46	1.7%
Low Density Multi-Family	106	71.57	3.8%
Medium Density Multi-Family	103	98.08	5.2%
Single Family Residential 7200	4,112	859.63	45.5%
Single Family Residential 8400	514	274.51	14.5%
Mobile Home Park	6	11.93	0.6%
Public Facilities & Services	8	15.66	0.8%
Park & Recreation	37	263.3	13.9%
Source: Metroscan, 1996.			

Within commercially zoned areas, there are 28 vacant parcels, or 25% of the total vacancies. Of those, 18 parcels (16%) are in the area designated for light industrial and office park development. Vacant parcels in the area zoned for light industrial and office park uses range in size from 0.2 acres to 9.4 acres, with an average size of 1.7 acres and a median size of 0.79 acres. The parcels are in varied ownership. While vacant land represents the best opportunity for new development, many of the largest contiguous parcels are located in areas with identified landslide and erosive soils hazards or in areas with possible wetlands. There are also a number of developments underway or proposed on several of the vacant parcels. The largest is the 7-story Mountlake Terrace Corporate Center currently under construction at 61st Avenue West and 219th Street SW. Other plans call for construction of a 30,000 square foot office at 66th Avenue West and 220th Street SW on a previously vacant parcel.

There are few vacant parcels in other areas designated for commercial development. Within Commercial Business zones, there are currently two vacant parcels; one is 0.3 acres and one is 0.63 acres in size. In the area designated Commercial Business/ Downtown, there are six vacant parcels totaling 3.46 acres. The parcels range in size from 0.17 acres to 1.22 acres, with an average size of 0.58 acres and a median size of 0.43 acres. Similar to other areas of the City, field survey of these parcels indicates that several have been developed since 1996. The Cascade Elite Gymnastics Center was recently completed at 56th Avenue West and 231st Street SW and a previously vacant lot on 55th Avenue West is being used for outdoor storage. A vacant parcel on 244th Street SW near 56th Avenue West was recently sold and owners of a vacant parcel on 56th Avenue West and 232nd Street SW are actively seeking a tenant.

Table 2-34. Vacant and Underutilized Parcels by Zoning Designation.

Zoning Designation	Vacant Parcels	Acres	Underutilized Parcels	Acres
All Designations	112	110.14	46	40.06
Commercial Business	2	0.93	2	0.94
Commercial Business/Downtown	6	3.46	9	4.13
General Commercial	1	2.03	--	--
Freeway/Tourist	1	3.10	--	--
Light Industrial/Office Park	18	30.57	6	7.98
Special Development District	8	6.07	2	2.40
RUD/L	--	--	--	--
RUD/M	--	--	--	--
Low Density Multi-Family	9	11.10	5	7.40
Medium Density Multi-Family	11	8.62	5	4.09
Single Family Residential 7200	21	7.62	11	9.55
Single Family Residential 8400	35	36.64	6	3.57
Notes: Vacant parcels include those approximately 5,000 square feet or larger that contain no structures and do not have access or environmental constraints as indicated in the Metroscan data. Underutilized parcels are defined as those with a ratio of building value to total value of 25% or less. Source: Metroscan, 1996.				

Within the area zoned for Freeway/Tourist development (i.e. Gateway Place), there was one vacant parcel in 1996. Current plans for that site call for development of a 6-story office building and parking garage.

In addition to vacant parcels, underdeveloped or “underutilized” parcels represent future commercial capacity through redevelopment. For the purposes of this study, parcel utilization is calculated as the ratio of property improvement value (building value in the Assessor’s data) to total assessed value. A ratio of 25% or less was chosen to represent parcels with near-term redevelopment potential (referred to as underutilized parcels). This figure is *only* one indicator of redevelopment potential and does not reflect the actual or economic function of a particular parcel of land, location, or property owner’s objectives, as discussed below. It is not intended as a prediction of what parcels will redevelop. It is used here as an estimate of near-term redevelopment potential (in addition to vacant land) in Mountlake Terrace.

In Mountlake Terrace, there are few non-residential parcels that are considered “underutilized”. Currently, there are 46 parcels totaling 40.06 acres that have a ratio of improvement value to total assessed value of 25% or less (Table 2-34). The largest number of underutilized parcels (27 parcels totaling 24.61 acres) is in single-family or multi-family residential use. A total of 17 underutilized parcels totaling 13.05 acres are in commercially designated zones. According to the Metroscan data, three of these parcels are currently used surface parking for adjacent businesses. Ownership, willingness to sell, marketability and other factors will affect redevelopment potential.

There are currently 9 parcels totaling 4.13 acres in Commercial/Business-Downtown zone that have a ratio of improvement value to total assessed value of 25% or less. These parcels are located throughout the downtown commercial area along 56th Avenue West between 244th Street SW and 230th Street SW. The parcels are in various private ownerships and are generally not in close proximity to one another, making parcel assembly difficult. Redevelopment on these parcels will depend on a number of factors, including market pressures, financing availability, owner's willingness to redevelop, etc.

2. Zoning Policies and Development Regulations

a. Current Zoning

In 1996, the City provided for more alternatives in the downtown area by establishing a new zoning district, BC-Downtown. The BC-Downtown district has more permitted uses than the Community Business (BC) district, and establishes commercial frontages with setbacks established at the sidewalks.

The maximum structural coverage in the BC zone is 35 percent, which can be increased to 60 percent with understructure parking. The building height maximum in the BC zone is 35 feet. The parking requirements are listed by use.

The landscaping and parking requirements are presented in separate sections of the zoning code. There is a specific parking requirement for the BC-Downtown district: 3 units per 1,000 square feet of building, provided on- or off-site.

b. Potential Zoning Considerations

Mixed-use development is allowed within the BC-Downtown district, which allows residential development on upper floors if retail uses are located on the ground floor. This type of development encourages 18-hour activity in the downtown area, providing more pedestrian traffic to businesses. Residential development also may improve safety in the downtown area, since there are more eyes on the street.

Auto sales are allowed in the BC - Downtown district, which may be contrary to the vision that the citizens of Mountlake Terrace are trying to achieve. Auto sales are often visually obtrusive, consume much land, and are not pedestrian friendly. However, auto sales typically generate substantial tax revenue and are therefore financially beneficial.

Selected manufacturing uses are also allowed in the BC - Downtown district. These uses may bring in more revenue to the city; however, these types of development must be reviewed carefully for their impact on existing business, due to their potential noise, odor, and truck traffic.

The maximum structural coverage in the BC zone is quite low, restricting the size of potential development or expansion. Although Lake Forest Park also imposes this restriction, other comparable cities, such as Burien, Auburn, and Kent, do not specify a maximum structural coverage. Lifting this requirement could encourage future development or expansion in the downtown area.

The maximum building height of 35 feet is also quite low for a downtown district. Other comparable cities allow a maximum building height of 45 to 60 feet, or 4 stories, in their downtown districts. A low building height could restrict growth potential, although it would be consistent with the character of existing development.

3. Comprehensive Plan Goals and Policies

The City of Mountlake Terrace Comprehensive Plan was adopted in December of 1996. The Comprehensive Plan provides a vision of the future and a long-range, comprehensive, flexible guide for controlled growth and development. The allocation of available land among competing uses is a large factor in the city's decision making process.

The goals and policies put forth in the comprehensive plan emphasize the retention of existing businesses and the importance of compatibility of new development. The following policies highlight the community's vision for new development and economic development in the City.

a. Land Use

Policy LU-1.4 The City of Mountlake Terrace shall encourage changes that promote livability, pedestrian orientation, protection of cultural resources and high quality design, and limit stress factors such as noise and pollution and traffic congestion.

Policy LU-5.6 Make community acceptance of commercial, industrial and institutional development proposals a consideration in the decision making process.

Policy LU-1.6 The City shall strive to respect the character of existing residential neighborhoods and non-residential areas when developing land development regulations. The regulations shall provide for planning and design processes implementing strategies to:

- a. require all new residential and commercial development to achieve a high level of pedestrian and public transit compatibility;
- b. encourage infill development;
- c. enhance the existing community character.

Policy LU-1.7 Infill development shall be encouraged so as to promote the efficient use of existing public facilities. Infill development shall be within the character of the adjacent community.

b. Economic Development

Policy LU-18.1 Foster a variety of businesses representing a full range of services to their respective district.

Policy LU-18.2 Private businesses to be replaced by other uses should be offered the incentive and assistance to re-establish themselves at a suitable location within the City if the service will continue to be for the benefit of the community.

Policy LU-19.1 The City should direct public policy primarily toward the preservation and improvement of established business districts and as a secondary measure toward the creation of new business.

Policy LU-19.2 The total amount of land zoned for all business and commercial uses should be scaled to a demonstrated demand and need.

Policy LU-19.3 Business districts should be regulated by design policies that support public services and a healthy economic climate without destroying the integrity of adjacent residential neighborhoods.

Policy LU-20.1 The City shall zone property appropriately so as to encourage and attract a wide range of employment generating businesses and industries.

Policy LU-21.1 The City shall encourage the local economy by providing a predictable development atmosphere and emphasizing diversity in the range of goods and services through a combination of regulatory techniques, incentives, and land use planning.

Policy LU-21.2 The City will continue to coordinate and seek assistance from the Snohomish County Economic Development Council, State Department of Community, Trade and Economic Development, trade commissions, and other entities in the economic development arena.

Policy LU-21.3 Beautification efforts shall be encouraged by the City, including but not limited to landscaping and signage at entrances to the City as well as at freeway exit ramps.

Policy LU-21.4 The City should form a partnership with downtown businesses in the commercial core for management of parking and landscape maintenance.

D. Transportation and Capital Facilities

The following section provides an overview of current infrastructure within the City of Mountlake Terrace. This summary is intended to provide information regarding traffic patterns, access and basic capital facility capacity. Information was gathered from the 1996 City of Mountlake Terrace Comprehensive Plan, traffic count data from 1994 to 1998 at selected intersections, and the capital facilities plan.

1. Transportation and traffic

A preliminary review of the City of Mountlake traffic circulation was completed based on the City Main Arterial Map as well as City Ordinance Number 2200 (providing for the adoption of a transportation capital facilities and improvement program for 1999 and 2004). Below is a synopsis of findings in relation to traffic circulation issues.

a. Natural Barriers

There are two barriers to east-west traffic movement in Mountlake Terrace. These two barriers are I-5 and the ravine located east of 52nd Avenue West. These barriers create an impediment to east-west traffic movement effectively splitting Mountlake Terrace into three sections; west of I-5, between I-5 and the ravine (approximately 48th Avenue W) and east of the ravine (east of 48th Avenue W) with limited east-west access between them.

There are five locations to cross I-5: the interchange at 244th Street SW (southern City boundary), the half interchange at 236th Street SW, the overpass at 228th Street SW, the interchange of 220th Street SW, and the underpass at 212th Street SW (north City boundary). Existing traffic counts in the area of these locations show large volumes of traffic using each of these roadways for both the entire daily count as well as the PM peak hour counts. (see Figure 1)

In addition to I-5, the other barrier to east-west traffic movement is a ravine running northeast from 52nd Avenue W and approximately 234th Street SW. There are only two streets that traverse this ravine east-west; 216th Street SW, and 221st Street SW (both local streets) which connect 48th Avenue W and 52nd Avenue W. The predominance of traffic from the east side of Mountlake Terrace north of 236th Street SW must utilize 212th Street SW or 28th Street SW to access the east side.

One improvement that should be considered in the next 20 years is the construction of the remaining half-interchange at 236th Street SW. Additional upgrades to 236th Street SW may be necessary to accommodate the anticipated traffic. It should be noted the construction of a full interchange at this location will not conform to WSDOT access control for freeways requiring a minimum of one mile between interchanges (the current interchange at 244th Street SW is less than a mile in distance), but a deviation could be requested. However, the present location of the park & ride lot at 236th Street SW makes further interchange improvements at this location difficult and unlikely.

It was suggested in the *Downtown Revitalization Committee Final Report* (July 1993), that the City of Brier has considered opening access along 236th Street SW (removing the existing barricade), providing access to the City of Brier and areas to the east.

Another suggestion contained in the *Downtown Revitalization Committee Final Report* (July 1993) is the connection of either 232nd or 230th SW to 48th Avenue W. Constructing this connection would provide a direct route between the I-5 corridor and 48th Avenue W. However, this barrier was installed to reduce neighborhood impacts due to pass-through traffic. The impacts from this connection may not be acceptable.

The current Transportation Improvement Program (TIP), covering the years 1999-2004, shows the predominant funds (not earmarked for maintenance and safety issues) are programmed for projects located east of 44th Avenue W (e.g., 220th Street SW reconstruction from 39th to 43rd Avenues W, 60th Avenue reconstruction from 212th to 213th Streets SW, 48th Avenue Reconstruction from 214th to 220th Streets SW, and 222nd from 39th to 44th Avenues W) with one project (pedestrian connection to the InterUrban Trail) located west of I-5, and an upgrade to 230th Street SW from 56th to 60th Avenues W.

INSERT FIGURE 1: City of Mountlake Terrace Traffic Counts

b. Downtown Development

The Mountlake Terrace Downtown core is located south of 220th Street SW on 56th Avenue W. To the north, 56th Avenue W dead-ends at I-5 near 214th Place SW. There are two streets connecting to the east off 56th Avenue W, 216th Street SW and 218th Street SW; both connecting with 52nd Avenue W at “T” intersections. Without sufficient pass-by trips¹, it can be difficult to attract drivers and patrons to new and existing development, resulting in lower traffic to the downtown core area.

To increase pass-by trips in the downtown area, 56th Avenue W could be connected to a through street. If it is possible to transverse I-5 located to the north of the end of 56th Avenue W and connect with 212th Street SW, more drivers would use 56th Avenue W, thereby taking them by the downtown core and resulting in recognition of the services provided. An alternative to transversing I-5 would be to skirt the ravine from the existing roadway, angling to the east, and connecting with 52nd Avenue W south of 212th Street SW. Either alternative will produce more pass-by trips increasing the recognition of services and the probability drivers will use these services.

Additionally, the *Downtown Revitalization Committee Final Report* (July 1993—comments section) suggested the installation of signs on adjacent streets, directing drivers to the downtown area, as well as the services provided there.

It may also be beneficial to extend the commercial base to the south, towards 224th Street SW, providing an increase in tax base, as well as additional services needed in Mountlake Terrace. This may also provide an anchor of new development that may increase use of neighboring services.

Lastly, the *Downtown Revitalization Committee Final Report* (July 1993) suggests the reconfiguration of certain intersections (mainly the intersections of 220th and 236th Streets SW with 56th and 58th Avenues W) to improve turning movements at these locations. While this is a good idea, without recognition of other improvements making this a quicker route, or recognition of services available, only small increases in traffic along 56th and 58th Avenues W can be anticipated. There is no easy way to improve east-west access through Mountlake Terrace. The possibility of removal of the existing barricade located on 236th Street SW at the City of Brier boundaries, as well as the construction of a connection between the north terminus of 56th Avenue W to either 212th Street SW or 52nd Avenue W are possibilities that could be examined.

Improvement to “gateway” intersections (e.g., the intersections of 220th and 236th Streets SW with 56th and 58th Avenues W) by providing left turn lanes, signal coordination, etc. may increase the number of pass-by trips on certain streets increasing the likelihood that drivers will utilize services on those streets.

2. Capital Facilities

The City is primarily built out with modest potential for infill development. According to the 1996 City of Mountlake Terrace Comprehensive Plan Capital Facilities Element, the City has sufficient capacity to provide water service at buildout. The City is in the process of replacing

¹ Pass-by trips are trips that access services located on the roadway they are traveling predominantly because of the location and convenience of the service.

older steel pipes with larger ductile or cast iron pipes. This will increase flow potential as well as reduce water losses due to leaks.

The City of Edmonds provides wastewater treatment for the City of Mountlake Terrace. Maintenance of the collection system is performed by Mountlake Terrace city staff and the system is considered to be in good condition. A capacity analysis of the West Sewer Trunk System revealed no major capacity problems with this section of the sewer system. The City has purchased enough future capacity in the sewage treatment plant to exceed build-out estimates.

The City is in the process of establishing a stormwater utility, including numerous capital improvements to the system, which will serve to control the surface water runoff of existing and future development.

III. BUSINESS CHARACTERISTICS

In 1998, there were a total of 571 business licenses issued within the boundaries of the City of Mountlake Terrace. Of the total, 358 are Commercial business licenses and 213 are Home business licenses. In general, the area includes a mix of goods and services, including auto service, light manufacturing and warehousing, eating places, business and personal services, health and social services and a variety of small retail shops. The number of business licenses by standard industrial classification (SIC) are presented in Table 2-35 below and in the Appendix.

Table 2-35. 1998 Mountlake Terrace Commercial and Home Business License Characteristics.

	Standard Industrial Classification	# Business Licenses	% Total
1-9	Agriculture/Forestry/Fishing	16	2.80%
7	Agriculture Services (e.g. landscaping, pet care)	15	2.63%
15-17	Construction	43	7.53%
15	General Building Contractors	17	2.98%
17	Special Trade Contractors	26	4.55%
20-39	Manufacturing	20	3.50%
20	Food & Kindred Products	2	0.35%
23	Textile Mill Products	2	0.35%
25	Furniture & Fixtures	2	0.35%
27	Printing & Publishing	7	1.23%
28	Chemicals & Allied Products	1	0.18%
32	Stone, Clay, Glass and Concrete Products	2	0.35%
36	Electronic Equipment	2	0.35%
39	Misc. Manufacturing	2	0.35%
40-49	Transportation/Communication/Utilities	10	1.75%
41	Local & Interurban Passenger Transit	1	0.18%
42	General Warehousing & Storage	7	1.23%
47	Transportation Services	2	0.35%
50-51	Wholesale Trade	18	3.15%
50	Wholesale Trade-Durable Goods	6	1.05%
51	Wholesale Trade-Non Durable Goods	12	2.10%
52-59	Retail Trade	89	15.59%
52	Building Materials & Garden Supplies	4	0.70%
54	Food Stores	16	2.80%
55	Automobile & Motorcycle Dealers	7	1.23%
56	Apparel & Accessories	2	0.35%
57	Furniture & Home Furnishings	1	0.18%
58	Eating & Drinking Places	29	5.08%
		# Business	

	Standard Industrial Classification	Licenses	% Total
59	Misc. Retail	30	5.25%
60-67	Finance/Insurance/Real Estate	63	11.03%
60	Depository Institutions	3	0.53%
61	Non-Depository Institutions	7	1.23%
63	Insurance Carriers	6	1.05%
64	Insurance Agents, Brokers and Service	12	2.10%
65	Real Estate	35	6.13%
70-89	Services	279	48.86%
70	Hotels & Other Lodging Places	1	0.18%
72	Personal Services	46	8.06%
73	Business Services	71	12.43%
75	Auto Repair, Services & Parking	10	1.75%
76	Misc. Repair Services	12	2.10%
78	Motion Pictures/Video Rental	7	1.23%
79	Amusement & Recreation	23	4.03%
80	Health Services	28	4.90%
81	Legal Services	8	1.40%
82	Educational Services	8	1.40%
83	Social Services	39	6.83%
86	Membership Organizations	3	0.53%
87	Engineering & Management Services	23	4.03%
95	Administration of Housing Programs	2	0.35%
99	Non-Classifiable Establishments	31	5.43%
	Total All Classifications	571	100.0%
Source: City of Seattle Office of Management & Planning, Data Viewer.			

Service-related businesses comprised nearly half (49%) of total business licenses in 1998. Within this category, Business Services represented the greatest share (25.4%) of business licenses in the Services category. This category and includes cleaning services, graphic design, commercial photography, and printing and publishing. Within Mountlake Terrace, the most common businesses in this category are computer services (25 business licenses), cleaning and janitorial services (15 business licenses) and commercial art, graphic design and photography (12 business licenses). Area businesses in this category include SignTech, Comp USA, Sno-King Service and Supply, Emerald City Janitorial, Asaro Design and Imagine It Graphics.

Personal Services was the second largest category within Services (16.5% of business licenses in this category) and include such things as laundry, dry cleaning and garment tailoring/alterations, hair salons, portrait studios, carpet cleaners and a wide variety of other services. Within Mountlake Terrace, the most common businesses in this category are laundry, cleaning and garment services (15 business licenses), beauty salons and barber shops (20 business licenses), and massage and tanning services (8 business licenses). Area businesses in this category include Cedar Plaza Dry Cleaning, Maytag Laundry, The Sewing Studio, Tybrina's Trendsetters, Belynda's Exclusives International Hair, Cousin's Hair Design, Terrace Village Barber Shop, Tina's Hair Design and Tanning, and Hands from Heaven.

Social and Health Services comprised 24% of total business licenses in the Services Category (14% and 10%, respectively). Services within these categories include individual and family counseling, child day care and adult family care, doctors, dentists, and health practitioner services. Within Mountlake Terrace, the most common businesses in these categories are child day care (18 business licenses), adult family home care (12 business licenses), counseling (8 business licenses), health practitioners (7 business licenses) and doctors, dental and vision clinics and home health care services (6 business licenses each). Area businesses in these categories include Cottage Daycare, Growing Tree Daycare, Kangaroo Korner, Valdez Adult Family Home, Gateway Family Home, Helping Hands Home health Care, Alderwood Recovery, Christian Life Counseling, Sun Alliance Healthcare Services, Medalia Healthcare, Terrace Village Chiropractic, Puget Sound Kidney Center, and Family Dental and Vision.

Retail Trade-related businesses comprised nearly 16% of total business licenses in 1998. Miscellaneous Retail represented the greatest share (34%) of business licenses within this category. Businesses within this category include drug stores, liquor stores, cards, gifts and books, and mail-order businesses. Area businesses in this category include Bartell's, Augsburg Fortress Publishers Misty's Hallmark Shop, Dollars & Party Store, The Nature Nook, Corner Creations Frame Shop, and Harvy's Bike Shop.

Eating & Drinking Places was the second largest category within Retail Trade (33%), and includes local cafes, restaurants and taverns. Local restaurants and cafes comprise the largest share of this category (16 business licenses), followed by espresso shops (5 business licenses) and pubs and/or taverns (4 business licenses). Area businesses within this category include Bravo Espresso, Luscious Latte, Espresso Break, Dairy Queen, Little Caesars Pizza, Café on the Terrace, Theo's, The Olive Tree Café, Sharkey's Pub, O'Houlie's Pub and the Spot Tavern.

Food Stores was the third largest category within Retail Trade (18%), and includes local grocery stores, convenience markets and bakeries. The largest share of this category is grocery stores (11 business licenses) and bakeries (2 business licenses). Area businesses include QFC, Albertson's, Mountlake Terrace Market, 44th Street Market, Fast Eddies, Seven Eleven, Double D Meats, Gai's Northwest Bakery and Countryside Doughnuts.

Finance, Insurance and Real Estate businesses comprised 11% of total business licenses in Mountlake Terrace in 1998. The primary businesses in this category include real estate brokers (56% of business licenses within this category) and insurance agents and brokers (19% of business licenses in this category). Area businesses in these categories include apartment and condo rental groups (e.g. Terrace East Apartments, Northern Lights Apartments, Terrace Park Apartments, Hillcrest Villa Apartments and Ballinger Point Condominiums), RE/MAX Sno-King Realty, Washington Commercial Real Estate Services, State's West Life Insurance, Premera Blue Cross, and American States Insurance.

Construction businesses comprised nearly 8% of total business licenses. Special Trade Contractors and General Building contractors represented the 60% and 40% of business licenses within this category, respectively. Area businesses in these categories include Forces Air Heating and Fireplace, Olympic Mechanical, Electri-City, Northwest Energy Services, S&K Painting, Sellen Construction, Moon Construction, LaFave General Contracting and Construction Associates.

The remaining industry classifications each include 5% or less of business licenses within Mountlake Terrace, including Non-Classifiable Establishments (5.4%), Manufacturing (3.5%), Wholesaling (3.2%), Agriculture/Forestry/Fishing (2.8%), Transportation, Communications and Utilities (1.8%), and Administration of Housing Programs (0.4%). Businesses within the Manufacturing category include pasta manufacturing, outerwear distribution, embroidery manufacturing, printing and related services, and manufacture of cleaning products and electrical controls. Wholesaling businesses include equipment sales, wholesale food and clothing distribution, book wholesaling and hardware and nursery sales. Businesses within Agriculture/Forestry/Fishing typically include veterinary clinics and related pet care services, gardening, landscape services, and salmon fishing guide services. Businesses within the Transportation/ Communications/ Utilities category include ambulance service, limousine service, local trucking companies, warehousing and storage, and travel agencies. The Administration of Housing Programs refers to public housing services provided by the Housing Authority of Snohomish County.

IV. OPPORTUNITIES AND CHALLENGES

A. Past Planning and Outreach Efforts

Past and ongoing planning efforts for the City of Mountlake Terrace have identified a number of issues and concerns within the community. Area residents, businesses and property owners have participated in surveys and data gathering projects. Issues and concerns have been identified and recommendations have been developed. The following section summarizes planning efforts for Mountlake Terrace and the primary issues and concerns identified over the last 10 years.

1. City of Mountlake Comprehensive Plan

The City of Mountlake adopted its updated Comprehensive Policy Plan in December, 1996. The Comprehensive Plan provides a broad policy framework to guide decisions as to where growth should be encouraged over the next 20-years. One of the Comprehensive Plan's primary goals is to encourage much of the City's future growth in areas best equipped to handle it (i.e. areas with infrastructure, services and zoning capacity in place).

While there is no specific economic development element of the City's Comprehensive Plan, several elements of the Plan address economic development as it relates to land use, housing, capital facilities, utilities and transportation. The primary economic and business development goals of the City's Comprehensive Plan are to:

- ◆ Stimulate expansion of business activity and retail diversification by fostering a variety of businesses and services;
- ◆ Preserve and improve existing business districts;
- ◆ Promote a wide range of employment opportunities to strengthen the City's economic base; and
- ◆ Promote a strengthened downtown commercial core and interdependent local economy.

Within this framework of economic development goals, several policies directly address the importance of community acceptance of commercial, industrial and institutional development proposals as a consideration in the decision making process, and the need to protect predominantly single family residential uses, which largely define the community, from intrusions by other uses.

2. Community Priority Study

In September of 1994, a community priority study was conducted for the City Council by the Gilmore Research Group. The study was undertaken in an attempt to gather resident's opinions as to which departments and projects should have priority for funding. The study consisted of a telephone survey of 408 residents, 18 years or older, from a total sample population of 1,200 residents. A final report was published in October, 1994.

The survey included a series of questions regarding what respondents felt were the most important issues facing the city, a number of attitude statements that respondents could agree or disagree with, and several sets of questions about specific city departments (e.g. Police, Fire and Emergency Medical Services, Parks and Recreation). Overall, the general theme supported by the survey responses was that residents favored more services, but not at any increased cost. While residents were supportive of the Parks and Recreation Department and favored increased programs and access, they preferred not to take funding away from existing police or fire protection programs to support expanded park and/or recreation programs.

In response to specific questions regarding issues facing the City, the most important issue on residents' minds was crime (31%), followed by the condition of the downtown business district (8%), growth and population (6%) and youth issues (6%). Of the total responses received, 23% "didn't know" what the most important issue facing the city was. When questioned about what should be done to address the most important issues, hiring more police officers was most important (9%), followed by attracting more business to the area (7%), more youth programs (5%), better city planning (4%), and fewer multi-family housing units (3%).

The majority of survey respondents (93%) agreed with statements concerning the importance of maintaining local parks and recreation programs; 91% considered the park system an important contributor to the quality of life in Mountlake Terrace, while 83% agreed with a need for community services and programs for special needs groups such as teens. Over half the respondents (51%) were in favor of beautifying the downtown business district.

In response to questions regarding specific departments, most (82%) felt that the Police Department was doing a good to excellent job. Most of the respondents (85%) approved of the City's desire to combine fire and emergency medical services with neighboring cities to improve service levels. In regards to sidewalk placement and funding, 76% of respondents indicated that money should be spent near schools without sidewalks.

3. Downtown Revitalization Committee

In response to the Governor's Institute on Revitalization held in March, 1992, the City of Mountlake Terrace Planning Commission was presented with a resolution to adopt the Main Street approach to revitalizing the City's downtown commercial area. In August, 1992, The City Council adopted a similar resolution and appointed 15 members to a Downtown Revitalization Committee. The Committee met for nine months and produced a draft report for the Planning Commission in March, 1993, and a final report in July, 1993.

The Committee developed a series of recommendations/strategies for revitalizing the City's downtown commercial area. These included:

- ◆ Create a positive image of downtown Mountlake Terrace;
- ◆ Beautify the downtown area;
- ◆ Develop a promotional campaign to attract investors;
- ◆ Develop and implement a "buy local" advertising campaign;
- ◆ Be prepared for what we are asking for;
- ◆ Encourage economic development of other areas of the city and surrounding area;

- ◆ Develop a unified design concept and recommended design guidelines for new construction and existing businesses;
- ◆ Conduct further study of access issues related to the downtown commercial area;
- ◆ Provide a bike path system that links the downtown area with surrounding residential neighborhoods and communities;
- ◆ Provide on-street parking in the downtown area for shoppers where feasible; and
- ◆ Expand the availability of commercially-zoned land in the vicinity of downtown.

These specific recommendations and strategies were developed with input from the residential and business community. Public input was gathered through a consumer survey and two town meetings. In November, 1992, approximately 9,000 surveys were distributed to area residents and businesses as an insert in the *City Happenings* newsletter. Of the total, 854 were returned. Highlights of the survey are summarized below.

A majority of respondents (91%) indicated that they would actively support downtown businesses if more goods and services were available. The goods and services most frequently identified as desirable for the downtown commercial area included restaurants (64%), variety store (58%), bookstore (53%), specialty foods (51%) (e.g. bakery, ice cream), entertainment (45%), hardware store (41%), specialty retail shops (39%) (e.g. gifts, antiques, used clothes), deli (37%), senior center (31%), clothing store (27%), and youth center (27%).

The most important changes needed in the downtown commercial area, according to respondents, were: greater variety of stores (69%), streetscape improvements (64%) (e.g. trees, flowers), improved building facades (49%), central design theme (47%), benches (44%), public trash receptacles (39%), better landscape maintenance (37%), pedestrian plaza (26%), more bus shelters (25%), and secure bike racks (25%).

The Downtown Revitalization Committee also identified a number of transportation and land use issues that could affect the success of any future revitalization efforts. The most important transportation issues identified by the Committee were access to the downtown area from surrounding neighborhoods (particularly east/west access); intersection improvements at key intersections to facilitate improved traffic flow; creation of a distinctive business loop that connects the downtown area with the freeway and neighboring communities; and bicycle and transit improvements. Key land use issues addressed by the Committee dealt with the need to increase the amount of commercially zoned land available in the downtown commercial district and to provide incentives to developers.

4. Park and Recreation Public Opinion Survey

The City of Mountlake Terrace Park and Recreation Plan was updated in 1993, outlining the choices that are available and the means for implementing preferred actions of most benefit to Mountlake Terrace residents. The planning process was overseen by a citizen Planning Task Force that included representatives of the Mountlake Terrace City Council, Park and Recreation Advisory Board, Edmonds School District and various park and recreation interest groups. The Planning Task Force conducted a series of intercept surveys asking park users and school students a series of questions. In addition, the planning process also incorporated a telephone survey of Mountlake Terrace resident households.

a. Intercept Survey

An intercept survey of park users and school students was distributed at City park facilities during the Spring of 1993 at the beginning of the park planning process. The survey was designed to determine who used facilities and why, opinions about facility conditions, and possible improvement priorities. A total of 313 completed surveys were returned. A similar survey was distributed and returned by 59 students from Mountlake Terrace school facilities.

The largest user group responding to the survey was associated with the Recreation Pavilion (163 surveys), followed by the Library (27 surveys), Ballinger Golf Course (22 surveys), the Mickey Corso Community Clubhouse (16 surveys), Terrace Creek Park and Ballinger Park Boat/Fishing Access (13 surveys each), and Evergreen Playfield (12 surveys). Approximately 33% of all respondents were City residents, the remaining 67% lived in Seattle (15%), Brier (9%), unincorporated Snohomish County (9%), Edmonds (7%), Bothell (5%), Lynnwood (4%), and other places (18%). Consequently, survey results are likely to reflect the opinions of non-residents to a greater degree than residents.

Generally, survey respondents indicate heavy use of regional facilities (e.g. Pavilion, Lake Ballinger and Terrace Creek) and light use of more local or neighborhood facilities. A relatively high percentage indicated they did not use the golf course or clubhouse facilities. The majority of respondents ranked Mountlake Terrace park and recreation facilities of the highest quality, especially the swimming pool at the Recreation Pavilion and the natural areas at Veterans Memorial Park. Most respondents would support development or more indoor facilities, natural areas and trails, and oppose more picnic facilities or baseball/soccer fields.

For most survey respondents (77%), facility quality/reputation was an important factor in why they used Mountlake Terrace facilities, followed by time of day or day of week when facilities/programs were available (74%), distance from home (68%), and amount of fees/charges and amount of crowding (55% each). Facilities receiving the most frequent use included the Recreation Pavilion (77% used the facility 12 or more times per year), followed by the Library (31%), Evergreen Playfield (17%) and Lake Ballinger (12%).

For comparison purposes, 89% of survey respondents indicated they never used the Terrace Ridge Park, followed by Forest Crest Playfield (86% never used the facility), Matt Hirvela Bicentennial Park (86%), Jack Long/Water Tower Park (78%), Firefighters Memorial Park (77%), Mickey Corso Community Clubhouse (74%), Pavilion racquetball course (72%), Ballinger Playfield (70%), Ballinger Park Golf Course (65%), Veterans memorial Park (65%) and Terrace Creek Park (58%). The major reasons given for never or seldom using the facilities were not knowing the location of the facilities (38%), followed by not knowing the services available (36%), services or facilities were not available or convenient (25%), programs were too crowded (13%), or facilities were poorly maintained or of poor quality (10%). However, some of the least used facilities received the highest quality ratings for natural areas and trails (89% Veterans Memorial Park and 76% Terrace Creek Park), indicating that the activities favored at those facilities are more passive than active.

In terms of park and recreation facility priorities, most respondents (66%) would support more indoor recreation facilities, trails (63%) and natural areas (61%) and oppose more baseball/soccer fields (52%).

b. Telephone Survey

In addition to the intercept survey, a phone survey of 100 registered city voters was conducted in the Fall of 1993. The principle objective of the telephone survey was to determine what and how often city residents used different park facilities. The results of the survey indicate that the most frequently used facilities by Mountlake Terrace residents are the Evergreen Playfield Complex, Lower Terrace Creek Park and the Recreation Pavilion swimming pool, while the least frequently used facilities are Terrace Ridge/Powerline Park and the racquetball courts at the Recreation Pavilion.

Respondents indicated support for projects that would develop picnic facilities at Lower Terrace Creek Park(61%), athletic fields at Terrace Park School (60%), and trail facilities around Lake Ballinger (56%), but would oppose projects that would redevelop the Ballinger Golf Course into an executive play 3-hole course (61%), landscape the property line along Evergreen Playfields (52%), or construct additional tennis courts at Ballinger Playfields (56%).

In response to questions of possible financing methods, most respondents favored the use of grants (67%) or joint ventures with other public or private groups (56% and 49%, respectively) and opposed assessment of development impact fees (47%), bond issues (42%) or user fees and charges (50%). When asked their willingness to pay to finance facilities, 62% were willing to pay more than \$6 per month for existing facilities and 54% were willing to pay more than \$6 per month for new facilities.

B. Community Resident and Business Survey

As part of the public outreach for the Economic Development Market Analysis Study, a spectrum of stakeholders were interviewed for opinions on economic development, physical development in the city, and possible suggestions. These stakeholders included residents and business owners within the City. The questionnaires for each are attached.

1. Community Residents

In order to understand the impact of economic development on individuals residing in Mountlake Terrace, ten city residents were contacted for individual interviews. The length of residency in the City of Mountlake Terrace ranged from 8 years to 47 years, with a mean of 25 years.

The questionnaire for City residents dealt with quality of life, purchase location of goods and services, perceptions of economic development in Mountlake Terrace, need for new commercial development, desired type and location of new commercial development, and needed actions to better the community.

a. Quality of Life – *What do you like most about the quality of life in Mountlake Terrace?*

Each of the residents interviewed have resided in Mountlake Terrace for a significant period of time. Changes have occurred during their residency in the City, but eight of the residents still appreciated the unique aspects of Mountlake Terrace. These qualities included its small-town atmosphere (“knowing your neighbors” and “quiet city”) and its convenient location to Interstate 5, Seattle and public transit.

Unfortunately, four residents noted a decline in the quality of life, mentioning a lack of street maintenance and a deterioration of city parks. A deterioration of private property was also noted, with an increase in unkept houses and rental property. Two other residents also noted a decrease in quality of life as traffic has increased.

b. Purchase of Goods and Services – *Where do you buy most of your goods and services today?*

Eight of the residents interviewed purchased the majority of their goods and services outside of the city. Over half of these residents did “buy local” for groceries; however, most other goods and services were purchased in adjacent communities. Three respondents mentioned the Lynwood business area as their primary shopping area, while others mentioned Shoreline (Aurora Village), Northgate Mall, and Edmonds.

c. Perceptions of Economic Development – *What is your view of economic development in Mountlake Terrace?*

Economic development was viewed as positive by all residents interviewed, recognizing the importance of an expanded tax base. However, six of the respondents noted that there is currently “no reason for people to come to Mountlake Terrace”. It was mentioned that the downtown area is not convenient for residents or others coming to the city. These residents recognized, however, that other areas of the city are doing well, including development on the county line as well as on 212th and 220th Avenues.

d. Level of Service – *Would you accept a lower level of service in order to keep property taxes low?*

Each of the respondents emphatically responded no to the concept of accepting a lower level of service in order to maintain low property taxes. Two respondents noted that the City has already lowered levels of service on several public facilities, and that the City can’t cut much more. They mentioned that services have been cut to a level that any additional reduction of services would be detrimental.

e. New Commercial Development – *Is new commercial development needed in Mountlake Terrace to serve residents’ needs?*

Seven of the residents interviewed recognize the importance of new commercial development to the economic vitality of the community. One respondent questioned, however, whether the development would occur. Two respondents mentioned that the needs of Mountlake Terrace

residents are being met by adjacent jurisdictions while two others mentioned that the City should seek out businesses that are interested in investing in the community. Finally, two residents noted that the City needed more population, including condominiums, to achieve a critical mass that would attract additional businesses.

f. Type and Location of New Development – *What new type of development would you accept? Where?*

Six of the residents interviewed mentioned 220th Street or the King County line as prime location for commercial development, since traffic is already there and the area could potentially accommodate more infill commercial development. Two other residents mentioned 212th/44th Street and 236th Street as potential areas for new commercial development. Finally two residents mentioned 56th Street for potential new commercial development, but cautioned that opposition could be raised by existing residents along that corridor.

Residents listed several types of business that they would like to see located in Mountlake Terrace, including restaurants, a drug store, an office building, a garden center, service businesses, convenience retail, and fast food. Six of the residents interviewed mentioned the need for additional restaurants in the community. Two residents mentioned that they would like to see businesses grouped together.

g. Community Betterment – *In your view, what does Mountlake Terrace need most in order to be a better community?*

When asked what the City could do to make the community better, seven of the respondents mentioned that the city has historically not pushed for business and the building permit process is perceived as onerous. One respondent suggested changing the zoning code to allow for aggressive redevelopment of old housing, particularly along the King County line. Another respondent noted the need for redevelopment of the downtown area since this person did not perceive it as a viable area for residential uses. Finally, two respondents mentioned the need for an advertising program for the downtown area.

2. Business Owners and Proprietors

A total of 20 business and property owners were contacted by phone to participate in the survey. Of the total, 11 surveys were fully completed, 1 was partially completed, 6 participants did not respond, 1 chose not to participate, and 1 moved outside the area. The questionnaire dealt with business tenure, the importance of the customer base in Mountlake Terrace to business success, perceptions of the business environment in Mountlake Terrace, planned business improvements, and business owners' perceptions about what should be done to assure a vital business community.

A variety of businesses were surveyed, including medical professionals, beauty care providers, architects, realtors, a health food distributor, a printing and mail service provider, an industrial manufacturer, and restaurateurs. A summary of the completed survey results is presented below.

a. Business Tenure – Number of years at present location?

In terms of number of years at their present location, businesses have been in the community from 6 months to 19 years; six (55%) have operated their business for 4 or more years in Mountlake Terrace. Two businesses (18%) have been in the community for 19 years and one for just 6 months (1%).

b. Local Business Support – What % of your business is from local (Mountlake Terrace) residents?

In responding to the percentage of business they receive from local (i.e. Mountlake Terrace) customers, 5 respondents (45%) have a regional rather than a local customer base (i.e. 5% or less of their customer base is Mountlake Terrace residents), and 2 respondents (18%) didn't know.

c. Business Environment – How does your firm view its business environment? What opportunities and/or constraints are present?

In responding to how they view their business environment, most businesses (91% - 10 respondents) felt that the business environment was positive, while only one firm (1%) felt that the business environment was fair. For four of the businesses (36%), location near I-5 and other major transportation corridors was a major factor in locating in Mountlake Terrace. In response to what opportunities and/or constraints may be present, 3 of the businesses (27%) noted that existing City regulations were problematic. Two firms (18%) identified site/location conditions that were constraints to their businesses, and one (1%) noted that the City had a development-friendly environment.

d. Business Expansion and Investment – Do you plan to expand or otherwise invest in your business at this location over the next 5 to 10 years?

Five of the businesses surveyed (45%) plan to expand or otherwise invest in their businesses over the next 5 to 10 years. Four of the respondents (36%) have no plans to expand or invest and 2 of the businesses (18%) are uncertain.

e. New Business Development – Would you like to see new businesses attracted to the community? If so, what types?

Regarding new business development, nine of the respondents (81%) indicated the desire to see new businesses attracted to the community. Specific recommendations included more restaurants (45% - 5 respondents), a hardware store (18% - 2 respondents), and businesses that serve employee needs (18% - 2 respondents). Individual recommendations included a sports store, fabric shop, daycare, dry cleaner, bank, reprographics, and office supply. Other types of desirable businesses were professional and financial services, and software and training.

Two respondents (18%) indicated that they did not know where downtown Mountlake Terrace was located; two (18%) indicated they were disappointed by the selection of goods and services available in Mountlake Terrace; one (1%) didn't patronize downtown Mountlake Terrace; and one (1%) had the perception of Mountlake Terrace as a "drive-through to someplace else" city.

f. Business Associations – Are you actively involved in the South Snohomish County Chamber of Commerce?

Eight of the respondents (73%) were not members of the South Snohomish County Chamber of Commerce. Other business organizations were identified including Rotary (18% - 2 respondents) and the Snohomish County EDC (1% - 1 respondent).

g. What Actions Are Needed – What do you feel should be done, if anything, to assure your business's continued vitality in the community?

Respondents identified a number of issues related to maintaining a vital business community in Mountlake Terrace. The most common issue identified by respondents (64% - 7 respondents) was related to past difficulties or negative perceptions about working with the City's building department. Specific individual comments addressed:

- ◆ Concerns regarding the development environment and ability to work cooperatively with the City's building department/permitting staff;
- ◆ City's permitting fees /length of time for permitting;
- ◆ Need for coordination with private sector business community;
- ◆ City's sign regulations and enforcement; and
- ◆ Need to attract younger families with children.

C. Citizen Questionnaire and Community Open Houses

During May, 1999, the City conducted a series of four open house events with the community. City staff, including members of the City Council, Planning Commission, Citizen's Advisory Committee and other departments, were available to discuss economic development issues, relationships between zoning, taxes and economic development, and take input and suggestions on how the City should develop in the future. Meetings were informal, with a brief presentation by City staff about the reasons for conducting the economic development study and then participants met in small groups to discuss a series of questions regarding quality of life, where new development might be appropriate, and residential and commercial redevelopment opportunities.

D. Opportunities and Challenges for Future Development

The Mountlake Terrace neighborhood presents a number of opportunities and challenges for businesses wanting to expand their operations and for future developers. Potential opportunities and constraints within the planning area are summarized below.

1. Opportunities

On balance, there are probably more opportunities for real estate and economic development in the future for Mountlake Terrace when viewed on the basis of market factors. The qualities that make it an attractive area to do business include:

- ◆ New development and renovation projects currently underway;

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

Residential and commercial real estate activity in the last several years indicate that there are positive economic forces at work within Southwest Snohomish County and Mountlake Terrace. While not as robust as changes occurring in other Southwest Snohomish County communities like Edmonds, Mukilteo or Mill Creek, market activity in Mountlake Terrace has been positive. Retail activity, as measured by taxable retail sales, increased 26% over the last seven years.

Assessor's information indicates that there are a number of large properties that could accommodate commercial and/or residential development of economical size. Several properties with development and/or redevelopment potential are within easy walking distance of shopping, restaurants and services on 56th Avenue West and provide a source of capacity to attract and accommodate new development.

The size of parcels, size and condition of buildings, freeway access, transit availability and existing rent structure are all factors that provide an accommodating environment for small, sometimes family-owned and operated businesses to start and grow. Smaller spaces and buildings with deferred maintenance, can offer opportunities and an environment for new business or small specialized businesses.

2. Challenges

The following have been identified as issues or challenges facing future development in Mountlake Terrace:

- ◆ Limited vacant, developable land;
- ◆ Small parcels -- assembly problems;
- ◆ Community vision vs. property-owner vision;
- ◆ Low "visual quality" of many buildings and streetscapes;
- ◆ Transportation and access issues; and
- ◆ Development regulations/building requirements.

Property ownership patterns dominated by small parcel size and multiple ownership as well as deteriorated buildings and/or deferred maintenance of buildings are generally not conducive to commercial development. Future development may be hindered in that small parcel size may be inadequate to accommodate required parking and parcel assembly may be difficult.

With notable exceptions, local property owners have been slow to see development opportunities or aggressively pursue them, particularly in the downtown commercial area. The loss of businesses and deferred maintenance and neglect of commercial spaces and residential properties contribute to the rundown/tired appearance of the commercial center. In terms of redevelopment, however, it is important to understand the difference between property that currently

generates adequate, stable, low cost and low risk economic returns to business and/or property owners and redevelopment potential. There is always uncertainty associated with redevelopment that the property owner must face. This uncertainty is associated with sometimes complicated and costly regulatory and development processes; interactions with neighborhood groups who have different visions for the neighborhood and can impose long and costly project delays through the development review process; and risk and uncertainty of financial returns compared with the status quo. The property and/or business owner must weigh the potential cost all these factors with the expected return from redevelopment.

A number of perception issues surfaced during various community outreach efforts conducted on behalf of the City. The unattractiveness of many of the buildings and lack of basic maintenance and cleanliness foster many residents' perceptions of a rundown and unsuccessful business district.