



INFORMATIONAL MEMORANDUM

TO: Planning and Community Development Committee

FROM: Derek Speck, Economic Development Administrator

CC: Mayor Ekberg

DATE: March 1, 2022

SUBJECT: Economic Development Plan

ISSUE

Staff plans to issue a Request for Qualifications (RFQ) to select a consultant to help the City create an economic development plan and welcomes input from the Committee on the project scope and outreach.

BACKGROUND

One of the strategies in the Economic Development chapter (“Element”) of the City’s Comprehensive Plan is to create an economic development plan to further achieve the City’s vision for its economy. In late 2021 the Council amended the 2022 budget to include \$150,000 to create that plan.

DISCUSSION

The City’s Comprehensive Plan, Strategic Plan, Zoning, Capital Improvement Plan, other infrastructure plans, and the Parks, Recreation and Open Space (PROS) Plan provide significant vision and strategy related to economic development. The Comprehensive Plan even includes a chapter on economic development and a copy is attached with this memo to provide examples of the types of issues that may be related.

Even with the many existing plans that relate to the City’s economy, creating an economic development plan would provide an opportunity to review and update the City’s vision for its economy and provide additional context, options, and guidance for staff and policy makers. Due to the close relationship between the Comprehensive Plan and a new economic development plan, the City’s Economic Development staff would coordinate closely with the City’s Community Development staff.

Staff anticipates the scope of the project would be:

1. **Basic Plan:** This work includes hiring a consultant to conduct research, analysis, writing, graphic design, and producing a document. It would also include standard community outreach such as an online survey, a limited phone survey, and some public meetings.
2. **Expanded Outreach:** This work may include multiple community-based organizations or firms to assist with outreach to various groups based on culture, language, age, etc. It would include tailoring those contracts to work with those groups on outreach methods appropriate for each group. These methods may include surveys, conversations, interviews, focus groups, or other ways. As appropriate, methods would include interpretation, translation, childcare, and participation incentives.

It is important to note that the City plans to engage with our community on many projects this year and we need to be sensitive to “survey fatigue” or confusion. Economic Development staff adjust the outreach to coordinate with these other efforts.

Staff would determine the specific outreach process in coordination with the consultant, once they are selected.

3. Improved Business Contacts Database: This purpose of this component is to improve our business contacts database which would improve outreach needed to develop the Plan but would also improve ongoing outreach. The component would include a combination of purchasing a software tool and contacting our businesses to update and/or collect their contact information, including the language their local management prefers. This database could help other departments with their business outreach (for example, in emergencies) and staff would coordinate with those other departments. There would be an ongoing maintenance cost but we do not yet have an estimate for that.

Staff anticipates issuing the RFQ in March and completing the project this year. It is likely the consultant contract will exceed the \$40,000 threshold and will return to Council for approval.

FINANCIAL IMPACT

The City Council included \$150,000 in the 2022 budget for creating the economic development plan and creating the contacts database. Staff anticipates this will be sufficient funding to complete the project.

RECOMMENDATION

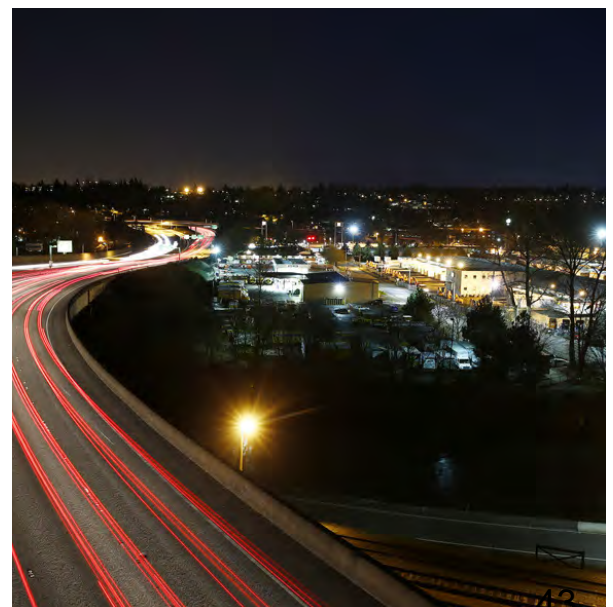
Information Only. Staff welcomes input from the Committee.

ATTACHMENTS

Economic Development Element from the Comprehensive Plan

CHAPTER TWO ECONOMIC DEVELOPMENT

TUKWILA COMPREHENSIVE PLAN



ECONOMIC DEVELOPMENT

WHAT YOU WILL FIND IN THIS CHAPTER:

- A description of Tukwila's economic setting,
- A discussion of issues that affect economic development in the City, and
- Goals and policies for enhancing the community's economic well-being.

PURPOSE

The overriding goal of this element is enhancing the community's economic well-being. Through policy recommendations, the Economic Development element identifies a means of stimulating economic improvement for business and the community as a whole. It lays out a direction and strategies for dealing with economic variables and adjusting to economic forces that cannot be predicted or controlled. It is a key component integrating all elements of the Comprehensive Plan, suggesting ways in which the City and its partners can use effective economic strategies in order to achieve the goals of the Plan.

There are three primary ways in which local economic activity can be affected:

- ❖ Land use and utility planning that determine, within the local infrastructure capacity, the space available for residential and nonresidential development;
- ❖ Directly or indirectly influencing private-sector decisions as to location, operation and development of business real estate; and
- ❖ Helping coordinate public and private sector efforts to enhance the employability and job progression of the residential population.

The Economic Development element presents a focused approach to enhancing our City's economic well-being. This approach can be summarized as follows:

- ❖ Sustain moderate growth
- ❖ Target high salary industries
- ❖ Improve and support the opportunities for education, skills training and job acquisition for Tukwila residents
- ❖ Provide capacity to meet Tukwila's employment targets as set by the Countywide Planning Policies
- ❖ Encourage growth into certain areas through the use of zoning and developmental regulations
- ❖ Encourage the retention and growth of existing local firms
- ❖ Encourage entrepreneurs, local startups and businesses to establish in Tukwila
- ❖ Provide efficient and timely administration of City services

The City of Tukwila emphasizes the following activities in order to accomplish its economic development goals:

- ❖ Responding to specific requests for assistance from local firms
- ❖ Supporting the development of new businesses and expansion of current businesses that are minority-, veteran- and women-owned.
- ❖ Expanding efforts to engage with and understand the economic development needs and priorities of traditionally under-represented groups in Tukwila neighborhoods
- ❖ Emphasizing business development to encourage existing businesses to expand
- ❖ Maintaining public works and utilities so the City's infrastructure can meet both existing and future needs of the economic sector
- ❖ Supporting job enhancement programs to increase residents' employability through coordination of private and public sector activities

The following are potential tools available to the City to enhance economic development in the City:

- ❖ Industrial revenue bonds for certain areas
- ❖ Multi-family property tax exemption
- ❖ Targeted government and private resources
- ❖ Targeted local, State and federal funds
- ❖ Use of infrastructure investment to attract new firms and development to designated areas
- ❖ Funded, staffed and administered economic development work group
- ❖ Timely, predictable customer -oriented permitting and City services
- ❖ Lodging tax for tourism promotion

In this way, local government can play an important role in the economic vitality of the community. The policies developed in this element are aimed at implementing that role.

ECONOMIC SETTING

The following statistics help set the background for economic development policies. The Economic Development Background Memo contains additional supporting information, including employment and housing growth targets per the Countywide Planning Policies.

POPULATION, INCOME AND REVENUE

In 2003, the population of Tukwila was 17,270; estimated 2011 population was 19,210. The City's daytime population is estimated between 150,000 to 170,000. Taxes collected in 2003 were estimated to be \$28.2 million, which increased to \$42.4 in 2013.

During the same period the assessed valuation of the City grew from \$3.34 billion to \$4.47 billion. In 2002, there were 7,628 housing units; by 2013, this number had increased to 8,039 units.

In 2010, the median age of Tukwila residents was 33.6 years; nearly 8% of all citizens were older than 65; and 24% of the residents were under 18. In 2010, residents of color were 50.1% of the population. Foreign-born residents account for 36.2% of the population, and over 70 languages are spoken in the Tukwila School District.

The median household income in the City in 2010 was \$44,271, below King County's median income of \$66,174. Adjusting for inflation, Tukwila's median income fell between 2000 and 2010. Tukwila's 2000 adjusted median income (in 2010 dollars) was \$53,127. Thus, real median income in the City fell 16.67% from 2000 to 2010.

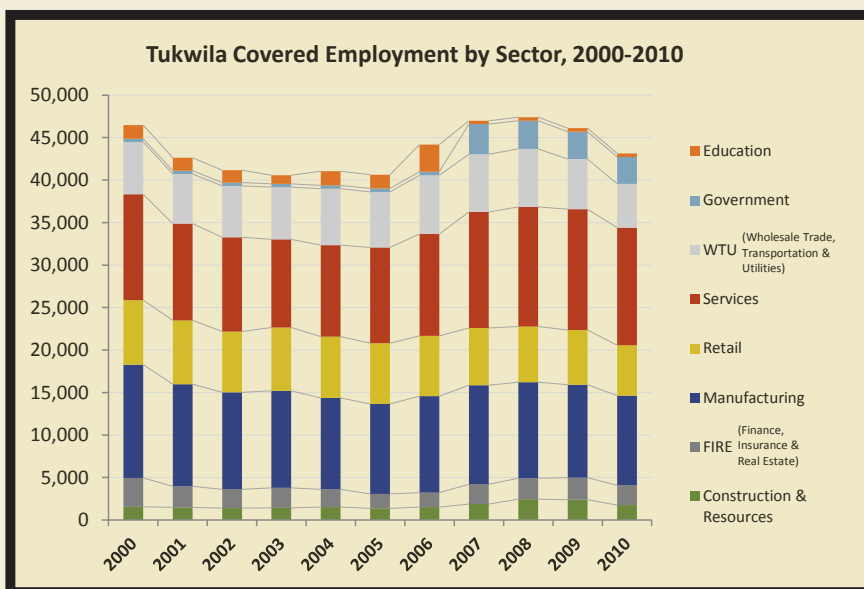
EMPLOYMENT

In 2000, Tukwila had nearly three times as many jobs as it had residents, but that number fell to 2.27 in 2010. There were over 2,575 licensed businesses of all types in Tukwila in 2013. The total number of jobs in Tukwila has declined since 2000. In 2000, the City had approximately 48,000 jobs. By 2013, the total number of jobs in the City had fallen 17% to just over 40,000.

Employment within Tukwila is distributed among a number of different sectors. Service composes the largest percentage of jobs with 32% of all jobs.

Manufacturing is next with 25% of jobs in the City. In 1991, 56% of all jobs in the City were related to manufacturing. In 2002, the number of jobs in manufacturing dropped to 28%. Manufacturing continues to decrease in the City. This trend likely reflects the diminished presence of jobs with Boeing and other manufacturing firms in the City's industrial areas.

In 2010, retail accounted for 14% of jobs in Tukwila. Warehousing, transportation, and utilities made up 12%.



Employment within Tukwila is distributed among a number of different sectors. Services composed the largest percentage of jobs in 2010, with 32% of all jobs. Manufacturing (25%); Retail (14%); and Warehousing, Transportation and Utilities (12%) also make up sizable shares of Tukwila's employment.

The share of each sector relative to each other did not change significantly between 2000 and 2010. All sectors, with the exception of Construction, showed slight decreases. The finance, Insurance and Real Estate (FIRE) sector decreased the most with a 3.7% decrease. Retail and Manufacturing also saw decreases of 2.3% and 2.4%, respectively.

SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

The SBDC at Highline specializes in providing business and training services to entrepreneurs and existing businesses, in order to be successful in today's economy. The center provides:

- Knowledgeable, trusted and confidential one-on-one advice on all aspects of your business.
- A link to 23 other SBDC centers in the Statewide network for additional advice.
- Guidance on the purchase of an existing business or a franchise.
- Assistance in finding the best sources of capital to grow your business.
- A proven pathway to breakout growth for established businesses ready to take their business to the next level.
- Benchmarking your company's performance with others in your industry to uncover improvement opportunities.
- Matching you with resources that can best accelerate the success trajectory of your business.
- Developing prospect lists through targeted database searches.
- Information about little-known training and funding to grow your business.
- A "can-do" attitude about anything you need to successfully grow your business

RETAIL SALES

While Tukwila remains a strong attractor of consumer spending, the City has experienced a significant reduction in taxable retail sales, once adjustments are made for inflation. When adjusted for inflation, taxable retail sales in 2013 were lower than they were in 2003. The City's sales tax decline began to occur roughly around the late 1990s. Competition for retail sales among regional retail centers has grown stronger over the last ten years.

ISSUES

Current and existing economic trends suggest a variety of issues and needs for economic development in the City of Tukwila:

- ❖ Provide access to the regional highway, transit and air transportation system in a way that does not handicap local property development and redevelopment efforts.
- ❖ Explore possible City actions to increase the median income of Tukwila's residents, including support for entrepreneurship, small business startups, and vocational training, particularly among low income or low English proficiency communities.
- ❖ Establish coordinated transit hubs throughout the City including, but not limited to, the Southcenter area, Tukwila South, Tukwila International Boulevard, Interurban Avenue South, and the Manufacturing Industrial Center that efficiently mix modes of travel and stimulate development of real estate associated with transportation facilities.



- ❖ Study and understand the factors causing the inflation-adjusted reduction in the City's overall taxable retail sales.
- ❖ Support further enhancement of commercial and residential areas in the City's neighborhoods.
- ❖ Foster environmental remediation (brownfield cleanup), land conversion and redevelopment in the Manufacturing Industrial Center (MIC) and Interurban Avenue areas.
- ❖ Increase the development, intensity and diversity of uses in the Southcenter area, including the development of housing and entertainment .
- ❖ Develop policies, programs, projects and plans that include input from diverse groups within the residential and business community, using innovative engagement models such as the Community Connector Program.
- ❖ Seek opportunities to join other organizational entities to accomplish effective public-private partnerships to promote economic development in the City
- ❖ Enhance regional recognition of Tukwila as an economic hub, promoting the success and diversity of its businesses and focusing on its positive business climate.
- ❖ Explore strategies to maintain a favorable and diverse tax base, to support the needs of our daytime and nighttime populations.
- ❖ Meet the needs of our residential neighborhoods while maintaining the economic health of our business community.
- ❖ Ensure that adequate public services are in place to support existing and proposed commercial, mixed-use and industrial developments.
- ❖ Fund infrastructure and services by maintaining a solvent and diversified revenue stream.

GOALS, POLICIES AND STRATEGIES

Community Well-Being

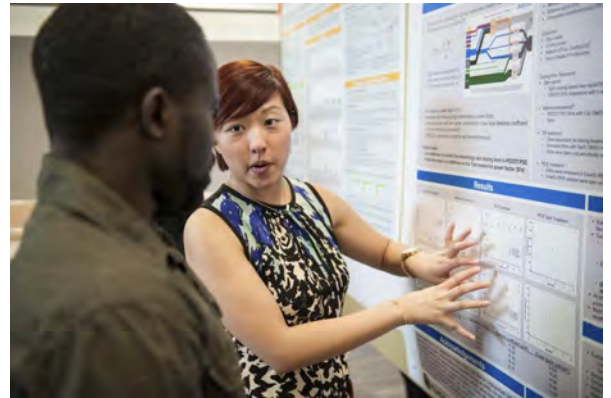
GOAL 2.1

Tukwila has a strong role as a regional business and employment center which allows it to enhance and promote the community's well-being.

POLICIES

- 2.1.1** Develop the tools needed to improve the economic development climate.
- 2.1.2** Strengthen Tukwila's engagement and partnership with other jurisdictions, educational institutions, agencies, economic development organizations, and local business associations to encourage business creation, retention and growth, and to implement interlocal and regional strategies.
- 2.1.3** Expand access to quality, healthy, affordable and culturally-appropriate food and groceries for Tukwila residents.
- 2.1.4** Monitor City actions and impacts on the local economy and review economic development incentives for all sizes of businesses.
- 2.1.5** Continue to fund economic development staff to serve as a single contact point and information source for the business community.
- 2.1.6** Leverage capital improvement funds to encourage in-fill, land assembly, redevelopment, and land conversion for family-wage jobs, but only if concurrent with substantial private actions.
- 2.1.7** Partner with the private sector to fund infrastructure as part of a sub-area plan, in order to encourage redevelopment and as an inducement to convert outdated and underutilized land and buildings to high-valued and/or appropriate land uses.
- 2.1.8** Consider non-financial ways (such as brokering and interlocal agreements) to assist industrial land owners to comply with State and federal government environmental remediation requirements.
- 2.1.9** Consider a public-private partnership to examine creating a small business incubator space in the City.

- 2.1.10** Improve Tukwila's image, participation and influence in regional forums, especially those that influence Tukwila's future and interests.
- 2.1.11** Promote understanding of the interdependencies and mutual interests among Tukwila businesses, residents and the City of Tukwila.
- 2.1.12** Promote an economic climate that supports business formation, expansion and retention, emphasizing the importance of the City's entrepreneurs and small businesses in creating jobs.
- 2.1.13** Seek funds from non-City sources for use by the City to directly encourage economic development.
- 2.1.14** Design and support human service programs, such as partnerships for interns and job training in higher wage industries, to enhance the economic well-being of the City's residents.
- 2.1.15** Promote Tukwila as a regional confluence of commerce, housing and entertainment.
- 2.1.16** Promote and preserve economic use of industrial lands outside the Manufacturing Industrial Center (MIC) through appropriate buffering requirements and use restrictions.
- 2.1.17** Include standards in the development regulations for industrial uses that adequately mitigate potential adverse impacts on surrounding properties and public facilities and services.
- 2.1.18** Actively promote development in the Southcenter area by supporting existing uses, proactively developing programs and incentives to attract new businesses, investing in infrastructure and public amenities, and encouraging business owners and developers to invest in the quality of both the built and natural environment.



Implementation Strategies

- Develop an Economic Development Plan.
- Consider preparing overall area environmental impact statements for the Interurban/West Valley Highway corridor and Tukwila International Boulevard area.
- Develop a freight mobility plan that addresses the efficient and safe movement of freight in the City, while also ensuring that impacts to adjacent land uses are reduced and, where possible, eliminated.
- Zoning regulations that facilitate commercial in-fill development and redevelopment consistent with the Comprehensive Plan vision.
- Take joint owner-City-regulatory agency environmental remediation actions to facilitate brownfield redevelopment and in-fill.
- Focus public infrastructure investment to provide capacity in areas targeted for growth.
- Create Local Improvement Districts to finance specific transportation and utility in-fill improvements.
- Identify and eliminate confusing or outdated regulations.
- Encourage redevelopment through an informed business and real estate community.
- Support collaborative marketing initiatives with businesses.
- Partner with a broad range of non-profits, businesses and public sector agencies to develop a facility for food-related workforce development and entrepreneurship training.
- Support environmentally sustainable practices by offering energy and resource conservation and solid waste and energy reduction assistance programs for businesses, property owners and managers.
- Encourage businesses to incorporate environmental and social responsibilities into their practices.
- Increase communication between the City of Tukwila and Tukwila businesses using innovative community engagement models.



- Support business skills training for entrepreneurs and small businesses through partnerships with universities, colleges, community colleges, community-based organizations and other third parties.
- Support the food economy, including production, processing, wholesaling and distribution, as a means to provide job training, employment opportunities and increased access to healthy food for the diverse community.
- Support public/private partnerships to enhance existing and future business activity in the Urban Center.
- Work with local chambers of commerce on business retention, business development, outreach and joint efforts to promote the City.
- Collaborate with local school districts to improve the educational opportunities for Tukwila school children.
- Consider providing information about City hiring processes and job openings at City-sponsored events and in City communications.



RELATED INFORMATION

[Comprehensive Annual Financial Report](#)

[King County Countywide Planning Policies \(2012\)](#)

[Economic Development Element Background Memo](#)