

CITY OF LAKEWOOD
ECONOMIC VITALITY STRATEGY
September 2014

Introduction

The economic vitality of Lakewood is critical to its citizens, businesses and the City's future. Economic development fosters economic vitality by attracting new investment, expanding and growing a diverse business base, redevelopment of key parcels, creating new jobs and growing the economy of the community. This work is in concert with the priority areas of focus and business sectors that are consistent with the City Council Priorities as well as Comprehensive Plan and Zoning. The Strategy outlines the City Council Priorities as well as Strategic Focus areas and implementation steps to achieve a sustainable model for economic development and vitality. The strategy reflects an integrated approach with other City departments as well as community organizations, business and development communities, investors, and other partner organizations around projects of mutual interest and benefit.

City Center, the Pacific Highway Corridor, Woodbrook and Tillicum are each geographic areas in the City. These areas require different types of businesses or sectors and tools and strategies to foster growth and redevelopment. This is of great benefit in working with economic development projects as there are an array of development types and opportunities for those businesses seeking to grow and expand in Lakewood as well as those looking to bring a new venture to the community.

Lakewood's Competitive Advantages

Lakewood has many competitive advantages. It is a vibrant community with an array of recreational, cultural and entertainment opportunities for its residents and those living in neighboring communities and military bases.

Economic development is a priority in Lakewood, and the community has invested in supportive infrastructure. Community improvements continue to be made to enhance livability in Lakewood and create a desirable environment for citizens and visitors as well as to retain and grow existing businesses and attract new investment and business to the City.

A significant competitive advantage is Lakewood's location and the access this community has to populations beyond its borders. There are six exits on the I-5 freeway, the north-south corridor from Canada to California. Lakewood is an easy driving distance between two large metropolitan areas, Seattle and Portland, and we sit just 40 miles south of I-90, the northern most coast-to-coast highway in the United States. There is convenient access to three ports – Port of Seattle, Port of Tacoma and Port of Olympia.

Two military bases are Lakewood's eastern and southern borders, with Joint Base Lewis McChord (JBLM) being one of the top five bases in the United States. This proximity to military provides access to over 55,000 soldiers and their families plus adding a military contractor population to work on JBLM or Camp Murray, and lodge in City hotels, and buy goods and services from local companies.

Lakewood has numerous lakes, parks and golf courses for citizens and visitors to enjoy. The efforts of City civic and community leaders have been honored by America's Promise Alliance, the nation's largest partnership organization dedicated to youth and children, as a six time recipient of their "100 Best Communities for Young People".

Sound Transit's commuter rail is close to the I-5/SR512 intersection on Pacific Highway and provides the ability to live in Lakewood and commute to locations north of Lakewood, such as the Sea-Tac International airport and Seattle.

Lakewood's rich and diverse International District offers a wider variety of cultural retail, markets and restaurant options.

Council Goals & Priorities

The following goals were adopted July 7, 2014:

1. Our City is Fiscally Responsible
2. Our City Provides First-Rate Public Safety Services
3. Our City Promotes Economic Development
4. Our City is Dedicated to Maintaining and Improving Public Infrastructure and Facilities
5. Our City is Committed to Honest, Open, and Transparent Government

In addition, the City Council identified the following as the key objectives to pursue:

- Infrastructure Improvements
- Fiscal Responsibility
- Focus on "Low Hanging Fruit" (i.e., promote positive image and attributes of Lakewood, continue to move forward with current infrastructure improvements and develop implementation strategy for unfunded infrastructure improvements, CSRT, economic development opportunities, gateway improvements, etc.)
- Public Safety Cost/Benefit Analysis

Strategic Focus Areas

1. Develop a Vision for City Center

Lakewood City Center - The Central Business District (CBD), as defined by zoning, is perhaps the most inclusive definition for City Center. The CBD is comprised of the Towne Center (that includes the Lakewood's City Hall), the Colonial Center, the retail areas along Lakewood Drive, 100th Street, Bridgeport Way and along Gravelly Lake Drive and north to Fairlawn. The area of the CBD includes retail, restaurants, medical services, a variety of office and professional services such as banking, credit unions and the Chamber of Commerce offices. Housing, schools and other zone types surround much of the CBD zoning. Three of the roads from the CBD lead to the Interstate and others connect to Tacoma and University Place.

The ED team works directly with businesses and in partnership with property owners, to grow and attract new retail, restaurants, professional service and medical service companies to the City Center, as well as new and unique housing options. Utilizing comprehensive demographic and psychographic profile data drives the ability to stay current on market trends and companies looking in the region. Opportunities are maximized, and staff is better positioned to attract retailers and other businesses to vacant or transitional properties.

Central Business District (CBD) zoning lists 42 allowed uses (Appendix #1). These range from various types of residential models to medical and health care services, government facilities, professional offices, personal services, pet sales and services, business services, retail, eating and drinking establishments, motor vehicle service, food stores, lodging and a number of other use types. Staff are partnering with property owners at the Colonial Center and other areas in the CBD around opportunities for desirable retail or other use types. This strategy adds to the City's vibrancy and enlarges the customer base for this sector while enriching and diversifying the economic vitality of the Central Business District. A recently and newly identified need includes that for Class A office space that could incorporate nicely into the CBD.

In the areas of the City Center where multifamily and mixed use projects could be located, staff work with property owners, investors and developers to facilitate those opportunities for redevelopment and new businesses.

A way-finding system to provide greater exposure to the Central Business District (CBD) is in discussion with ownership groups in the CBD. As tourism opportunities or amenities grow in the City, those can be added to the way-finding system. Staff continues the work with stakeholder businesses on location for the signs and design.

Tools and resources available from local financial institutions, Federal, State and City sources are brought together to provide funding opportunities and incentives to encourage positive and progressive development. This includes foreign direct investment (FDI) connections, and a regional EB5 center to attract FDI to projects.

Utilizing Media Strategy and Key Messages, projects are promoted as they transition, such as new businesses and destinations in the community. These become some of the “proof points” around the City’s message.

2. Pacific Highway Corridor

Pacific Highway and Interstate-five (I-5) are Lakewood’s front door and a highly visible focus area for development and redevelopment. The City has provided infrastructure from SR-512 to Gravelly Lake Drive on Pacific Highway. The infrastructure was provided in a series of projects that brought curbs, gutters, sidewalks, street trees, new pavement and, in some areas, sewers to this corridor.

This area has varied zoning. Starting at SR-512 and Pacific Highway south to the Gravelly Lake interchange, the zoning is Commercial Two (C-2), Transit-Oriented Commercial (TOC), and Commercial One (C-1). C-1 has 46 different allowed uses. A few examples for this category are community and cultural services, daycare and health facilities, various types of government facilities, lodging, retail, grocery, professional offices, motor vehicle sales, service and repair, as well as restaurants and amusement and recreation. (C-2) allows 47 different use types, virtually most of them the same as C-1. TOC allows 31 different types of uses, transportation, multifamily dwelling, outdoor recreation, health services, amusement and recreation, community and cultural services, business services, lodging, eating and drinking establishments, convenience commercial, food stores, motor vehicle services and repair, personal services, professional offices and sales of general merchandise. The entire list of use types is provided in the appendix.

Consistent with zoning and opportunities along this corridor, ED staff engages with the real estate community, property owners, the development community, professional organizations as well as businesses inside and outside the region. This results in growing the economic viability of the region. We incorporate and inform this focus with the data from the Pacific Highway Corridor Study, the Hotel Study, Fiscal Benefits Analysis for Retail Development, trending and International Council of Shopping Centers studies of the highway locations.

Staff execute on opportunities by bringing the “tool kit” of the financing programs, media outreach and visibility for the project when appropriate, expedited permitting and other value proposition resources to businesses that will encourage and foster this community for expansion and attraction of business.

In 2008-2009, economic development commissioned a market study to assess the economic development potential of the Pacific Highway Corridor (Appendix #2). The study identified a potential for new hotels in the area. Subsequently, a hotel study was then commissioned to support the findings (Appendix 2A). These reports have been instrumental in securing new businesses to the area, including the Candlewood Suites and Marriott hotel properties. This work continues in meetings with businesses and real estate and the development community around emerging opportunities and specific projects.

The development community has responded, staff continues work with active quality projects for growth and redevelopment of the corridor. Pacific Highway will be a key development and redevelopment area for the City.

3. Woodbrook

Woodbrook Business Park (formerly American Lake Gardens) lies east of I-5 and is accessed by the Thorne Lane interchange at the southern border of Lakewood. The area is a rectangular shape and is surrounded by Joint Base Lewis McCord (JBLM), some residential, and is adjacent to I-5. It is an area that is in transition. It had been residential but was rezoned Industrial early after the City’s formation.

The Woodbrook Business Park Report (2009, Appendix #3) provides recommendations, process and examples to guide the transition of this focus area to Industrial Business Park (IBP, Appendix #3A). Since the report was completed, the City has brought sewer service to Woodbrook; roads were replaced simultaneous with the sewer construction to a standard for auto traffic. As industrial uses locate in the IBP, roads will need to be brought to industrial standard. In 2012, the City approved a zone change for the Woodbrook Middle School site from Public Facilities to IBP. The zoning will take effect when the school is considered excess by the Clover Park School District (2015-2018). With the addition of the school’s 30 acres, IBP zoning in Woodbrook will grow to nearly 150 acres.

Consistent with zoning and allowed uses, the area is promoted with the real estate community, property owners, the development community and organizations as well as businesses within and outside the region. The plan is to grow investment and attract companies to locate in the

IBP; work with investors and developers to provide information on properties in transition; and market the park in coordination with other industrial land and buildings in Lakewood.

Types of industries and companies

The first new business/industrial building, Olympic Moving and Storage (40,000 sq. ft.), opened in Woodbrook in the spring of 2013. This company is a military contractor and one of the business/industry groups identified by the Woodbrook Business Park Report. City staff worked with this firm and incorporated the media strategy announcement and a story about the company and the Woodbrook Industrial Park.

The second project is a 440,000 sq. ft. building that has completed SEPA, been approved by the Hearing Examiner for a Conditional Use Permit (CUP) and is ready to proceed. The project allows for warehousing and/or manufacturing. The property has been submitted to Tacoma Pierce County Economic Development Board/State Department of Commerce for site developers.

The ED team has worked on both of these projects and continues working with other property owners, as properties are listed on the market, to foster the transition and redevelopment to current zoning.

IBP zoning allows and supports 31 different use types; a complete list is included in the appendix. The list is expansive and includes outdoor recreation, public maintenance facilities, transportation, business services, convenience commercial, coffee kiosks, eating and drinking establishments, motor vehicle service and repair, pet sales and services, professional offices, sales of general merchandise, secondary manufacturing and assembly, flex space, food and related products, industrial service, motion picture production studios, research, development and laboratories, warehousing, distribution and freight movement as well as commercial and industrial accessory uses. This provides a wide list of prospective business opportunities that can be attracted to this area and transform this community to its primary permitted use.

4. Tillicum

The Tillicum neighborhood area is at the most southern part of Lakewood. It is a rectangular area west of the I-5 freeway, accessed by Thorne Lane and Berkley Street freeway interchanges, and with the western boundary of American Lake. A comprehensive report titled the Tillicum Neighborhood Plan was adopted by City Council in June-2011 and contains a detailed history

and timeline of the changes and events to current time. This document is available on the City's website at:

http://www.cityoflakewood.us/documents/community_development/current_project_documents/tillicum_plan_cc_adopted_version.pdf

The Tillicum Plan has clear implementation guidelines for the redevelopment of the area which has a low income population, a high income population, and few middle income citizens. There is a business district along Union Avenue and a block or two on Berkley. Other businesses are in areas of the neighborhood, such as the larger grocery store. The southern border is along Camp Murray.

Habitat for Humanity has purchased numerous parcels in Tillicum and is in process of developing 40 new homes. This will grow the level of home ownership and investment in this neighborhood.

In 2011, when the City of Lakewood brought new sewer lines to Tillicum, redevelopment became possible. McDonalds Corporation was the first project to redevelop. The company purchased an adjacent lot for a full service McDonalds to allow for a larger footprint on Union Avenue. Jack in the Box and Popeye's have both opened new stores on Union Avenue. More development, with a new overpass and street improvements at the Berkley/Union interchange, will provide additional options for redevelopment.

In each of the above circumstances, staff has combined the work on projects with the media strategy to support the transformation of Tillicum with new housing, restaurants, retail, and other service businesses. Other projects and sites are in the process of transition. Staff meets with businesses to discuss possible projects and determine what resources might be needed to foster the transition and assist the redevelopment in this neighborhood. Several existing businesses, primarily on Union Avenue, have met with staff and are interested in expansion.

The zoning in the primary business area of Tillicum is Neighborhood Commercial 2 (NC2). NC2's primary permitted uses total 41 use types (Appendix #4). NC2 zoning allows single and multifamily residential and some other residential use types along with community and cultural services, daycare facilities and social services. The business types range from utility facilities to garden supply and nurseries to business services, convenience commercial, eating and drinking establishments, food stores, personal services, pet sales and services, private training schools, professional offices, limited manufacturing and assembly as well as residential, commercial and

civic accessory uses. Some of these uses are present today as this area transitions and redevelops; this inclusive zoning will allow a more diverse neighborhood district.

5. Springbrook

The Springbrook neighborhood is located on the East side of I-5 on Bridgeport Way at exit 125. It takes you to the entrance of Joint Base Lewis McChord North and the McChord gate. The area primarily consists of multifamily residents. It is also home to Centerforce, an expanding company that serves over 200 disabled individuals with employment and training opportunities.

Springbrook is an area where infrastructure is needed to support redevelopment. The City Public Works department received a grant to upgrade Bridgeport Way from I-5 to the McChord gate. Additionally, the Lakewood Water District will construct a water line that runs along Seattle Avenue, under I-5 connecting to Bridgeport Way. Both projects will be completed in 2015. Currently, a 160 unit new multifamily “Springbrook Apartment” complex is planned for the former Fir Acres mobile home park.

The Springbrook area is considered a “food desert” and in need of grocery and other services. While some new multifamily has been developed, there is still a need to redevelop much of the area.

6. International District

The International District runs from Lakewood’s northern boundary on South Tacoma Way to just a few blocks north of the SR-512 interchange. While not a priority strategic focus area, the district has a robust economic vitality. While predominately Korean, there are many other ethnic restaurants and citizens in this area providing a richly diverse cultural experience. Signage in the district is often in multiple languages. With the addition of H Mart in spring 2013, there are now three Asian, or International markets, in the International District. The businesses along South Tacoma Way attract customers regionally, from out of state and internationally.

There are properties in transition in this area which, when redeveloped, would foster a more positive image for the City and provide potential destinations for new customers and businesses.

City staff work with businesses and organizations in this district as opportunities present themselves and give visibility to those prospects; working to find investors to transition sites

and change out past business practices. As transition occurs there is an opportunity to support that effort with news releases, or partner with the Korean media with cooperative media outreach and news releases which are then translated into other languages and reach into Canada by radio and beyond with the Korean newspapers.

Elements to Support Geographic Strategic Focus Areas

1. Business Retention and Expansion (BRE)

One of the pillars of successful economic development and vitality is attention to local business. Staff meets with businesses in Lakewood in the course of each week to thank them for choosing Lakewood for their business and learn about their business. Is it growing? Are they in an expansion mode? Do they Import or export? Are they hiring and able to find the right talent? How many employees does the company have? Is this the headquarters? All these can be topics of a meeting. Staff provides information to the business about resources in the county and beyond such as Workforce Central, Procurement Technical Assistance, and a variety of other resources that would foster business to thrive and grow.

In addition to one-on-one meetings, City staff partner with the Economic Development Board for Tacoma Pierce County and/or the Pierce County Economic Development Department on some primary Industry business BRE meetings. The business community appreciates the outreach, and it builds a positive relationship where businesses have a point of contact if something does arise. We come away with valuable information to assist the city in serving our businesses more effectively.

2. Media and Promotion Strategy for Recruitment and Attraction

Indispensible to the entire strategy is promotion and media. It is a bit of an awareness and re-imaging campaign, delivered around opportunities to focus on business and tourism events that can be delivered in a newsworthy way. The media and promotion strategy provides key messages to promote Lakewood's image as a safe, great place to live and work as well as an attractive business and tourism location. The strategy promotes tourism opportunities in Lakewood, and in turn can help grow the interest in adding other tourism businesses.

When launching a redevelopment in a market, often the redevelopment "early adopter" will come from outside that market. This becomes the catalyst for others to invest and spawn further development. The City works with new businesses that locate or expanding businesses in the focus areas during the project phase and introduce the media strategy as a benefit of

being a business in Lakewood. The goal is to build our reputation as a business friendly City and to provide additional media coverage for the business while promoting our specific messages.

The ED team works closely with the City Communications Managers in developing and implementing media outreach, as well as managing messaging. The team works with other agencies such as the military, local businesses, and the Convention + Visitor Bureau to define our presence in Pierce County and the larger Puget Sound area, and in certain cases beyond.

Promotion of the City's image is consistent with agreed upon Key Messages (Appendix #5). Partnering and collaboration with other organizations, non-profits and businesses are a way to "tell our story."

We are a City that is diverse, livable, and vibrant, with a talented and trained workforce, a great environment to grow local businesses, and attract businesses that align with our priorities for business growth, creation of jobs and economic vitality.

Our media strategy promotes the City as a great destination for an array of tourism events and amenities, again with Key Messages around community attributes and livability.

The Video tour book is one component of the City's media strategy and is located on the front page of the City of Lakewood website. The video is a series of shorter segments on specific topics; the welcome, quality of life, real estate and relocation, education, economic development downtown and Towne Center.

Additional video products are being developed in concert with the media strategy. They will showcase the City's areas of advantage with a clear message about what Lakewood is like today with an eye toward the City's future. The #IamLakewood campaign includes a series of videos of business owners, as well as business showcase stories. An economic development video comprised of 3, 90 second spots will be developed and completed in Q1 of 2015. Social media is and will be a large part of the media strategy going forward. An online marketing brochure, concentrating on three areas for development – Retail Trade, Industrial/Manufacturing, and Housing will also be online in Q1 2015. Other products include an economic development online newsletter with economic indicators, and possibly a blog and/or other social media placements of critical and timely information.

3. Relationships

The ED team's success depends on the collective knowledge, expertise and experience of the local, regional, state, and global partners. It is through the continued involvement, development and nurturing of those partnerships that staff are able to remain relevant, competitive and build a prosperous future for the City of Lakewood.

Industry & Employment Sectors

Industry and employment in Lakewood is largely comprised of health care & social services (23.8%), educational services (14.3%), retail trade (12.7%), accommodations & food services (9.3%), transportation/warehousing (7.9%), and finance/insurance/real estate services (4.6%). Construction jobs (3.8%) and professional, scientific & technical services jobs (3.6%) follow but are on the rise. The City has a number of wholesale trade (3.4%), manufacturing (3.1%), and arts & entertainment (2.4%) jobs. The rest is comprised of other services other than public administration (5.4%), public administration jobs (2.2%), administration/waste management (2.0%), information (.7%), management of companies (.5%), utilities (.2%), and agriculture (.1%).

Given the areas of focus and strategic location of Lakewood, it is expected that retail trade will continue to expand. At the same time our potential for growth in manufacturing, transportation/warehousing and professional, scientific & technical services will align with the region to support growth in the areas of aerospace, life sciences and biotech particularly in support of military services.

How Do We Measure Success?

The outcomes of the team's efforts are measured both in numbers and goodwill. Aligning with the City's guiding principles of service, teamwork, integrity, and respect is a good framework from which to build. Companies create jobs not government. The ED team's job is to provide the best possible environment for businesses to exist, prosper and expand. Project management and communication with companies and partners through completion is not the end of the work. Creating lasting relationships and support to business and partners is the goodwill that is created. By the numbers, the team tracks business outreach efforts, retail sales tax, income levels, real estate trends, and businesses sited. From a county level, tracking the economic impact of new projects is tracked, aligning the work within the region to be competitive and to offer new sources of revenue to businesses. The ED team works with community development to determine net number of new business licenses, permit activity, and investments. There is work on a daily basis to respond to client needs providing technical

and financial assistance, ideas for development, connection to resources, and pertinent data to assist in decision making and to attract new businesses. The body of the team's work is large and comprehensive, striving to provide open communication and to improve on reporting methods that assist executive leadership and council in making good decisions for the community.