

CHAPTER 8

ECONOMIC DEVELOPMENT

Introduction

Auburn's economic base drives and shapes the community and region. Auburn residents and the surrounding region benefit from the jobs and services Auburn's economic base offers. Through the payment of sales, property and other taxes, the City of Auburn can fund and provide services and public facilities which Auburn residents demand and/or require.

It is clearly in the City's best interest to maintain and expand our economic base in unison with implementing all of the goals of this Comprehensive Plan. This section of the plan will help to define the City's goals and policies in this vital area.

Issues & Background

Historic Trends

Historically, a variety of factors have shaped Auburn's economy. At the turn of the 20th century, the City offered services to support agriculture and the railroads. Downtown offered a full range of services and retail opportunities. In later years, automotive sales became a significant factor.

As urbanization of the region expanded to include Auburn, the vitality of Downtown Auburn was impacted by new shopping malls located outside the community and by changing retail trends. At the same time, Auburn's importance as the home of large industrial and warehousing operations increased. This same period saw the growth of retail along commercial "strips" such as Auburn Way and 15th Street NW. Large retailers such as Fred Meyer and many major supermarket chains located in the community.

The development of the SuperMall in the 1990's led to Auburn becoming a major player in the regional retail market. Auburn shoppers no longer needed to leave the City to visit retail malls for many of their purchases. During that same decade, Emerald Downs and the Muckleshoot Casino

also contributed to commercial recreation facilities in Auburn and associated employment growth.

Today, Auburn provides over 38,000 jobs for residents throughout the region. Auburn has a strong industrial sector that includes Boeing, the General Service Administration (GSA) and numerous warehouse and distribution facilities. Auburn Regional Medical Center and the growing medical office community also provide a significant number of jobs. The retail and service sectors are expanding as small businesses are created. Educational uses such as the Auburn School District and Green River Community College also add to the area's employment base.

While development has continued throughout the City, Downtown Auburn remains the heart and soul of the community. With its historical character and pedestrian oriented development pattern, Downtown Auburn reflects many of the qualities being sought by other communities. Given its urban center designation, Auburn Station, and the incentives the City has in place, Downtown Auburn remains poised for continued revitalization.

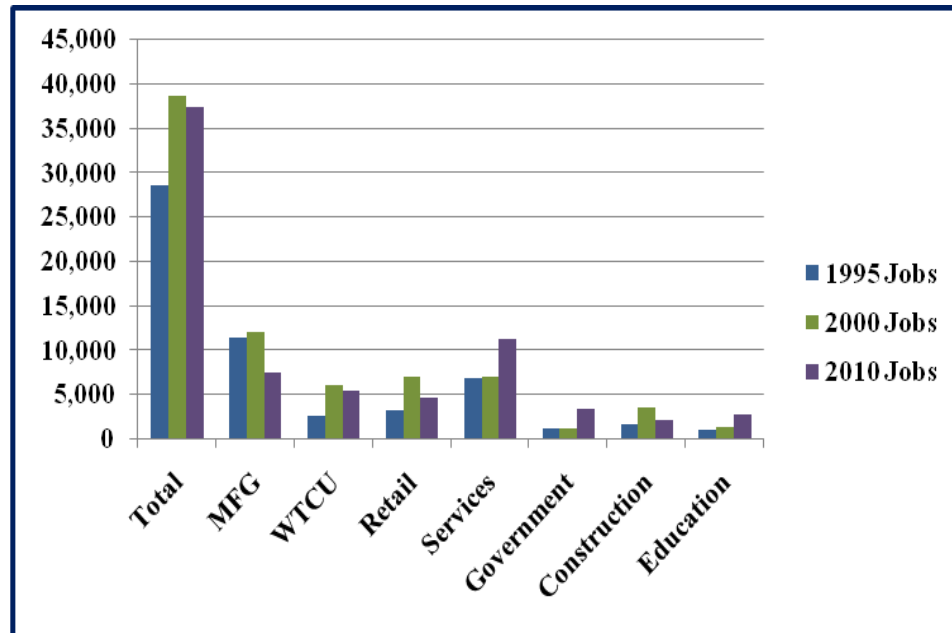
EMPLOYMENT GROWTH

EMPLOYMENT

Auburn provides over 38,000 jobs for residents throughout the region. Auburn has a diverse industrial sector that includes Boeing, the General Services Administration (GSA) and numerous warehouse and distribution facilities. Auburn Regional Medical Center and the growing medical office community also provide a significant number of jobs. The retail and service sectors continue to expand as companies locate in Auburn and as small businesses are created. Educational uses such as the Auburn School District add to the employment base.

Between 1995 to 2000, the number of jobs located in Auburn increased 34% compared to an overall increase of 22% throughout the rest of King County. Manufacturing jobs remain the largest category in Auburn, despite the loss of nearly 2,000 manufacturing jobs since 1990. The remaining job categories all experienced job growth. Retail jobs increased substantially along with jobs in warehousing, transportation, and communication industries. Figure 8.1 compares the type of jobs located in Auburn since 1995.

Figure 8.1
Jobs Located in Auburn 1995-2010



Source: Puget Sound Regional Council; covered employment data.

It is expected that Auburn's employment base will continue to grow into the future. To the year 2031, the King County Countywide Planning Policies have assigned Auburn's job base to increase by 19,350 jobs. It should be noted that this number is not a maximum, but the City's most recent assigned share of future projected growth in the County.

Retail Sales

Auburn's business community is keeping pace with both Auburn's population growth and its increase in more affluent households. Between 1995 and 2003, retail sales in Auburn increased 59% or roughly 8% per year. As shown in Figure 8.2, Auburn is the sixth largest retail center in Pierce and King Counties outside of Tacoma, Seattle and Bellevue.

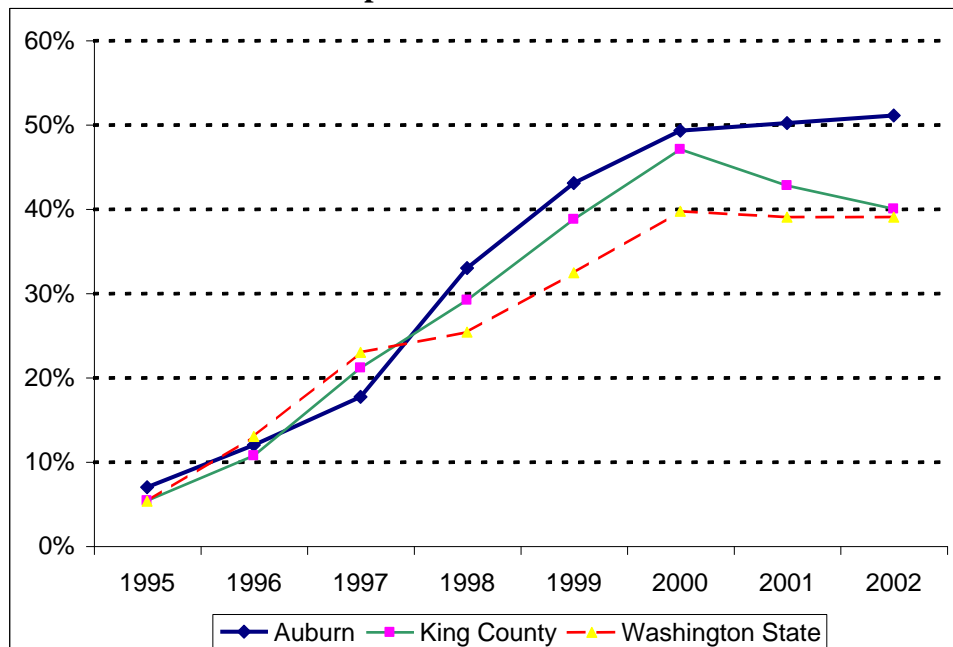
Figure 8.2
City Retail Sales (Outside of Seattle/Tacoma/Bellevue)

	Yr 1995	Rank '95	Yr 2003	Rank '03
Kent	1,507,693,474	2	2,005,340,826	1
Tukwila	1,572,309,882	1	1,798,012,039	2
Renton	1,117,803,594	4	1,763,639,632	3
Redmond	1,345,470,014	3	1,640,192,690	4
Puyallup	788,047,838	8	1,474,074,155	5
Auburn	910,528,894	6	1,450,240,653	6
Kirkland	1,032,278,016	5	1,356,322,041	7
Woodinville	276,251,793	12	1,356,322,041	8
Federal Way	885,908,414	7	1,179,841,030	9
Issaquah	473,022,152	10	1,008,655,951	10

Source: State of Washington Department of Revenue

Beginning in 1997, retail sales in Auburn began increasing at a rate faster than the rest of King County. In the Year 2000, retail sales in King County fell whereas sales in Auburn remained steady. At the end of 2002, retail sales continue to remain steady and higher than the rest of King County. Figure 8.3 illustrates this comparison between Auburn, King County and Washington State.

Figure 8.3
Comparison of Retail Sales



Source: Washington State Dept of Revenue

STREAMLINED SALES TAX

The State of Washington recently adopted streamlined sales tax (SST) legislation. Prior to SST, sales tax collection in Washington State was based on the site of origin, rather than on the site of delivery. Under the SST tax structure, sales tax is collected at the site of delivery rather than from those areas from which they were shipped. This change in tax structure will put Auburn at a disadvantage and negatively impact its tax revenue.

Specifically, Auburn and similar cities have historically invested in infrastructure to support businesses engaged in warehouse and distribution activities that ship goods to other destinations. Another concern for Auburn and similar cities that have invested in infrastructure include how the debt that has already been extended for such infrastructure will be paid and how the loss of a significant source of revenue will affect bond ratings.

Based on the potential passage of SST, the Auburn City Council approved Resolution No. 3782 in November 2004. Resolution No. 3782 outlines an approach and actions the City will take related to land use planning, zoning and other matters in the event a streamlined sales tax proposal or other similar proposals that change the tax structure are adopted.

Because of the State of Washington's implementation of sales tax mitigation payments to cities such as Auburn, the impact resulting from streamlined sales tax has been somewhat lessened. However, the continued availability of these payments is not certain due in part to the State's current and anticipated fiscal challenges. In addition, the amount of payments does not equal the total loss in revenue to the City. The City's economic development strategies are dependent upon the City being able to continue a strong public investment program in infrastructure and services. The City's ability to continue this public investment is contingent upon maintaining solvent public revenue streams, particularly sales tax. Sales tax comprises the largest source of monies to the City's General Fund, approximately 30 percent in 2010. The City anticipates that current and long-term fiscal challenges facing the State of Washington will likely result in the dissolution of the current sales tax revenue mitigation program. The eventual loss of the aforementioned sales tax revenue will directly and adversely affect the City's ability to adequately fund the capital infrastructure and services necessary to support the realization of the City's economic development strategies. This is especially applicable to industrial areas supporting warehouse and distribution centers that are origin based in nature.

2005 ECONOMIC DEVELOPMENT STRATEGIES

In 2005 the City of Auburn brought together a focus group of diverse business and community interests that identified several economic development areas within the City. The focus group's effort is reflected in an *Economic Development Strategies* document that includes strategies and actions needed to affect necessary change for specific strategy areas within the city. Implementation of these strategies is intended to enable the City to achieve the City's economic development potential. Implementation of actions and strategies in the *Economic Development Strategies* is appropriate and reflected in various elements of the Auburn Comprehensive Plan.

Since the development of the Economic Development Strategies document, additional economic development strategy areas have been identified to include the SE 312th Street/124th Avenue SE corridor within the recently annexed portion of Lea Hill and M Street SE between Auburn Way North and Auburn Way South.

Goals and Policies

ECONOMIC DEVELOPMENT GOALS AND POLICIES

GOAL 17. ECONOMIC DEVELOPMENT

To ensure the long-term economic health of the City and the region through a diversified economic base that supports a wide range of employment opportunities for Auburn's residents and those of the region and through the promotion of quality industrial and commercial development which matches the aspirations of the community.

Objective 9.1. Promote a diversified economic base capable of withstanding changes in interest rates, inflation, tax structure and market conditions.

ED-1 City promotion of new industry shall be directed at attracting business that diversifies the City's tax base, offers secure, quality employment opportunities, is sensitive to community values and promotes the development of attractive facilities.

ED-2 Emerald Downs, the Muckleshoot Casino, and the SuperMall of the Great Northwest offer opportunities for economic diversification that should be optimized by the City.

ED-3 The importance of Downtown Auburn as a unique retail environment and subregional center of commerce should be considered in the City's economic plan.

ED-4 The adoption of Streamline Sales Tax (SST) shall constitute an emergency for the purposes of amending the Comprehensive Plan outside of the normal amendment cycle in order to, among other items, implement the intent of Auburn City Council Resolution No. 3782, if needed. As a result of the implementation of mitigation payments by the State of Washington, the City has not determined an emergency exists, however, the City reserves the right to make this determination and implement all necessary policies and measures should these mitigation payments cease or other policies, actions or events occur that the City believes constitute an emergency.

Objective 9.2. Produce commercial and industrial siting policies which are based on the assessment of local needs and the availability of transportation and other infrastructure required to serve it.

ED-5 Development of industrial areas should be based on performance standards appropriate for the site and with appropriate flexibility within those standards to accommodate changing market conditions.

ED-6 Revitalize depreciated and/or obsolete commercial and industrial sites through innovative regulations that redesign the site in accordance with modern design standards and industrial/commercial uses.

ED-7 Uses which serve regional needs and purposes (such as major industrial plants) must be separated from community serving uses in order to minimize traffic and other conflicts.

Objective 9.3. Develop effective land use polices and economic development strategies that provide long-term and stable employment, increase per capita income and reduce the tax burden of Auburn residents.

ED-8 Auburn should continue to provide an economic base not only for the Auburn area but also for the south King County and north Pierce County region.

ED-9 Implementation of economic development programs shall be consistent with the policies of this Plan.

ED-10 The City should develop a formal economic development strategy as an element of the Comprehensive Plan to specifically identify the types of businesses most consistent with community aspirations and lay out a program to attract those businesses.

- a. The City should work cooperatively with other governmental agencies in its economic development efforts, including the Muckleshoot Tribe, King County, Pierce County, the Port and the State.
- b. The City should implement its economic development strategy through a partnership with the private sector.
- c. Identified in the 2005 Economic Development Strategies documents are six strategy areas along with two additional strategy areas. These economic development strategy areas are targeted for population and employment growth to meet the City's 20-year (2031) growth target. Sub-area plans should be developed for these strategy areas. The economic development strategy areas are as follows:
 - Auburn Way North Corridor
 - Auburn Way South Corridor
 - Urban Center
 - Auburn Environmental Park and Green Zone
 - 15th Street SW/C Street SW/West Valley Highway/Supermall
 - A Street SE Corridor
 - SE 312th Street/124th Avenue SE Corridor
 - M Street SE between Auburn Way North and Auburn South

ED-11 Ensure that economic development strategies are reviewed regularly in order to be flexible and respond to changes in the market.

ED-12 The City should work with the private sector, school districts and Green River Community College to develop programs to provide training. Consideration of special needs of economically disadvantaged citizens and neighborhoods and people with physical impairments and developmental disabilities should be included in these programs.

ED-13 Support continued development of the Sound Transit Commuter Rail system, as an important means of expanding the City's and the region's economic base.

ED-14 City infrastructure plans and programs should take into consideration economic development plans and programs.

- ED-15 Implement the recommendations of the City's 2005 Economic Development Strategies brochure including the addition of the SE 312th Street/124th Avenue SE corridor and M Street SE between Auburn Way North and Auburn Way South. The City's 20-year housing and employment growth shall be concentrated to these economic development strategy areas.
- ED-16 Warehouse and distribution land uses are not a preferred long-term economic development and land use priority for industrial zoned areas in the City due to the loss of sales tax revenue associated with the State's implementation of streamlined sales tax legislation in 2008, no substantive contribution to an increase in per capita income for Auburn residents, no reduction in the tax burden of Auburn residents, low employment densities, lower property values and land use inefficiencies.
- ED-17 Increases in manufacturing and industrial land uses should be the City's preferred economic development and land use priority for industrial zoned areas of the City currently dominated by warehouse and distribution land uses. The City should revise current comprehensive policies and regulations to provide for and require the conversion of existing warehouse and distribution land uses to manufacturing and industrial land uses.
- ED-18 To reduce economic impacts resulting from the redevelopment of properties from warehousing and distribution uses to manufacturing and industrial uses the City should develop and implement a limited term transition plan that contains among other things both incentives for conversion and disincentives for not converting.
- ED-19 To support continued sales tax revenue growth opportunities in the City, those areas currently dominated by existing and warehouse land uses that abut existing commercial retail areas and could take advantage of this proximity to realize substantive value by changing to commercial retail uses should be considered for changes in comprehensive plan and zoning designations that would facilitate the conversion of these properties to commercial retail land uses.
- ED-20 Regulatory and financial incentives will be identified and implemented where appropriate to provide increased opportunities and encouragement for the establishment of new or expanded manufacturing and industrial uses and jobs in the City.

Objective 9.4 Maintain an adequate supply of land to support future economic development and assure the availability of economic opportunities for future generations.

ED-21 Economic development programs should be viewed as a way to shape the character of the City's future economy rather than merely respond to market trends as they occur.

ED-22 Land suitable for large scale development in the Region Serving Area of the City should be identified and designated for economic development.

a. The integrity of large, contiguously owned properties suitable for industrial use should be conserved by use of appropriate industrial subdivision standards.

b. The City should identify and resolve any environmental constraints affecting such land by means of the appropriate environmental review procedures as early as feasible.

c. The need to support such land with the necessary infrastructure should be considered in the development of the City's public facility plans.

d. Innovative and flexible development regulations should be utilized to enable the development of environmentally constrained sites while protecting those characteristics.

Objective 9.5 Utilize the City's unique environmental opportunities and planned infrastructure to build on and support economic development efforts.

ED-23 Integrate the Auburn Environmental Park (AEP) into the City's economic development efforts by encouraging compatible high tech businesses to locate in its vicinity. Amend regulations to establish appropriate land uses for that area as well as develop strategies and incentives to promote the area as a "Green Zone" for economic development.

ED-24 Utilize the future extension of I Street NE as an economic development opportunity. Development of I Street NE should establish it as stand alone corridor and not a "back side" to Auburn Way North. Conditional use permit applications for commercial uses and nursing homes along this corridor and whose impacts can be adequately mitigated should be supported.

ED-25 Use the M Street SE underpass and development of M Street SE and R Street SE bypass connection as an opportunity to create and encourage the clustering of complementary business and services in that area.