



**CITY OF EDGEWOOD
COUNCIL STUDY SESSION AGENDA**

Tues., June 05, 2018 – 7:00 PM ♦ City Hall – 2224 104th Avenue East ♦ Edgewood, WA

1. CALL TO ORDER

Pledge of Allegiance & Roll Call

2. COUNCIL BUSINESS

A. Discussion (*Letter for discussion enclosed*) - Segregation Applications for Sewer LID Dist.
No. 1- Edgewood View Point and NorthWood Estates

B. Discussion - Economic Development

C. Review/Discussion - WSDOT MOU – 167 Extension Project

3. OTHER COUNCIL ITEMS

4. ADJOURN

*Study Sessions are meetings for Council to review upcoming and pertinent business of the City,
no action is taken by the City Council. Study Sessions are open to the public, but public input
is reserved for the regular Council meetings*



May 31, 2018

Addressee
Addressee
City of Edgewood, WA

RE: City Council Resolution No. 18-0408 & 18-0409; Local Improvement District (LID) No. 1.

Dear Homeowners:

This letter is to inform you that the above referenced City Council Resolutions are currently under consideration and will impact your property.

As the developer of your (*Northwood/View Point*) Community, Lennar has petitioned Resolutions No. 18-0408 and 18-0409 to the City Council to equitably divide the capital sewer costs among the benefited properties under the Local Improvement District ("LID") No. 1.

LID No.1 was adopted by the City Council in 2008 to finance a \$21 million sewer project to meet Comprehensive Plan density objectives required by the Growth Management Act.

Your property is among those benefited from the sewer improvements, and will be subject to an annual assessment. The projected cost of the annual assessment is \$500-\$1000.00 per year, but the exact costs will depend upon your specific property.

To date, Lennar has paid the underlying LID assessment costs, and will do so for the 2018. As such, your LID assessment obligation would not become due until August 2019.

Please refer to your Title report and Master Disclosure documents for further reference relating to this LID assessment, as well as the following resources:

Information regarding LID. No.1 can be found
at: http://www.cityofedgewood.org/government/public_works/lid_1.php

City of Edgewood Comprehensive Plan can be found at:
http://www.cityofedgewood.org/government/planning_and_land_use/comprehensive_plan.php

City Council Hearing on these Resolutions will be held on June 26, 2018 at 7PM.

Please direct questions or concerns to _____ at 253-000-0000.

Salutation
Salutation
Salutation



City Of Edgewood Council Agenda Summary Sheet

SUBJECT: Discussion of the City of Edgewood's economic development policies.		Agenda Item #:	N/A
		For Agenda of:	June 5, 2018
		Department:	Comm. Dev.
		Prepared by:	Darren Groth
EXHIBITS (list): ☒ 1) Staff Report with attachments			
Approval of Materials:			
Mayor, Daryl Eiding	☐	Expenditure Required:	\$0
Asst. City Administrator, Dave Gray	☐	Amount Budgeted:	\$0
City Attorney, Carol Morris	☐	Appropriation Required:	\$0
City Clerk, Rachel Pitzel	☐	Timeline: N/A	
Community Development Director, Darren Groth	☒		
Public Works, Jeremy Metzler	☐	BARS:	
Fiscal Note/Consideration: N/A			
SUMMARY STATEMENT: <u>Buxton</u> In 2014, the City contracted with Community Attributes Inc. (CAI) to draft a preliminary economic development strategy for the city to help inform an understanding of the City's economy, real estate market, and demographics. In 2015, the City contracted with 3 Square Blocks and CAI to produce a report in September 2016 on a "rooftop-mix" model that evaluated the types of retail and commercial development that would be supported by the demographics and physical space of Edgewood. In essence, the 2016 report suggested the City should not attempt to attract big-box retail, since the Edgewood market within a five mile radius of Town Center includes plenty of that style of retail. The 2016 report also points to the need for smaller scaled retail for grocery, boutique goods and services, destination styled retail, and entertainment offerings. In addition to these report, City Staff has identified the need for data analytics to steer the city to targeted retail attraction that best fits the vision of the City's Comprehensive Plan. While the 2014 and 2016 efforts provided some data and general scenarios for targeted development, the City is not positioned to capitalize on the data without assistance, e.g., staffing, consulting, or other.			
<u>Economic Development Advisory Board</u> In 2012, City Council adopted Ordinance Number 12-0381, which established an Economic Development Advisory Board (EDAB). The EDAB was created to assist and advise City Council in connection with issues and programs involving economic policy, commercial business, land development policy, and business retention. The board is an advisory body with power to recommend policy to City Council. While the board was created in 2012, the EDAB has not met for some time and, due to term expirations, apparently no longer had any assigned members as of June 30, 2017. This item is being presented for discussion to help determine how to proceed with the EDAB.			
COUNCIL COMMITTEE REVIEW AND RECOMMENDATION: N/A			
RECOMMENDED ACTION: Receive a briefing, hold a discussion, and give staff direction regarding the proposal to partner with the Buxton Company and how to proceed with the EDAB.			
ALTERNATIVES TO RECOMMENDED ACTION: 1) No action; 2) Direct staff to implement prior economic study; 3) Remand discussion to an existing Council Committee; or 4) Fill EDAB to address these matters.			



CITY OF EDGEWOOD

STAFF REPORT for ECONOMIC DEVELOPMENT DISCUSSION

Date: June 5, 2018

Title: Staff Report for Economic Development Discussion

Attachments:

- 1) September 2016 CAI Report
- 2) Buxton Retail Recruitment & Retention Solution
- 3) Case Study – Waxahachie, TX
- 4) Case Study – Caribou, ME
- 5) LSMx Success Story - Annex Brands
- 6) EDAB Summary

Discussion

General Economic Policy

In 2014, the City contracted with Community Attributes Inc. (CAI) to draft a preliminary economic development strategy for the city to help inform an understanding of the City's economy, real estate market, and demographics. In 2015, the City contracted with 3 Square Blocks and CAI to produce a report in September 2016 (Attachment 1) on a "rooftop-mix" model that evaluated the types of retail and commercial development that would be supported by the demographics and physical space of Edgewood. Also in 2015, as part of the Comprehensive Plan update process, the City developed preliminary strategies for economic development over the next 20 years. The strategies were organized around the following four themes:

1. Capitalize on the opportunities presented by Town Center;
2. Promote Edgewood as a unique destination, highlighting its small town amenities and pastoral character;
3. Take advantage of Edgewood's strategic location; and
4. Continue to define "economic development" for Edgewood.

An explicit goal of the Comprehensive Plan is to study the potential for new land use designations within the City in response to changing community conditions. One specific way to perform this study is to consider the potential for economic development, including recruitment of businesses that provide family-wage jobs and support for locally-owned businesses.

As time goes by, the data and assumptions contained in the 2014 and 2016 studies no longer respond to the changing community conditions. Without dedicated staff or outside assistance to implement the recommendations in those studies, the plans remain largely unfulfilled. One big hurdle to implementation is the expertise needed to foster a strategy that ensures a connection between the built environment, the social and cultural wellbeing of a community, and sustainable growth. We gleaned data from the prior studies without a roadmap or plan to achieve business recruitment or retention.

Buxton

The purpose of the discussion regarding Buxton is to tactically develop business relationships that tap into an established partner's database to help the City understand our resident's consumer profiles and to identify the specific retailers and restaurants who seek a market with household purchasing habits like ours. With a strategic economic development plan, the City's economic growth can be sustainable and measurable. Without one, our economic future is the destiny of others—it's reactive to their needs and not the interests of our community and our sustained economic growth.

Within their Retail Recruitment & Retention Solution proposal (Attachment 2), Buxton proposes to partner with the City of Edgewood in a six step process (Pages 3-4). In addition to the steps Buxton will provide to the City, staff will have access to Buxton's application called SCOUT. The SCOUT application is a web-based platform, which is accessible on any Windows or iOS enabled device, and is designed to provide access to the data and solutions that will assist in making better business decisions. The SCOUT application will enable the City to perform the following functions without devoting additional staff time or resources to another consultant.

- Identify retail matches
- Run variable reports
- View city limit maps
- Run healthcare reports
- See aerial views
- View physician intelligence
- Run comparable reports
- Run demographic reports

The tools described in Buxton's proposal are verifiable because City staff has previous experience working with Buxton. The prior experience was considered when discussions resumed regarding available tools to help market Edgewood to prospective businesses, which resulted in the idea that a company like Buxton could assist the City with vital economic development recruitment. City staff performed a comparison of three companies that perform municipal economic development assistance. The companies were Buxton, Retail Strategies, and The Retail Coach. Each company provided unique benefits; however, the solutions offered by Retail Strategies and The Retail Coach were more akin to augmenting an existing Economic Development department with their ability to encourage retail relationships, facilitate development, and act as a "broker" to finalize and close a deal.

Staff found that no other firm could match Buxton's experience in the retail world or their strategic partnerships with businesses looking for growth, which was the initial mission for Buxton's founding. Both Retail Strategies and The Retail Coach were found to be respectable firms; however, neither could provide the following.

1. In-house proprietary software mapping platform for Retail Recruitment & Business Retention services that does not rely on ESRI GIS or another off-the-shelf platform that comes with costs passed to the City.
2. Strategic Partnerships with retail and data companies, e.g., VISA (this specific partnership was named by Buxton and was not verified by City staff). Buxton was the only firm that owned and maintained their own data. The data provided by other companies is similar to the report provided by CAI, which can be easily acquired by anyone with time and search capabilities. Buxton proposed to provide Edgewood a data driven approach to bring in more successful retail concepts.
3. Expertise working directly with over 3,500 retailers for Site Selections over the past 20+ years.
4. Buxton's claim that since they are not in the business of facilitating a real estate transaction for a commission, they do not get back-end brokerage fees if they bring in retail. They allow their partners to build relationships between the community and the businesses.
5. An ability to provide a focus and the tools to support our existing businesses. Buxton's references stated they are able to ensure we have the proper mix of emerging, regional, and national retailers that complement one another through synergistic partnerships. To that point, Buxton will also provide their proprietary LSMx marketing tool (www.Mylsmx.com).
6. An account management team that has worked directly with retailers in guiding them in their site selection process.

Several client testimonials and case study references are attached to this staff report to augment the information provided above.

Economic Development Advisory Board

A discussion regarding the City's Economic Development Advisory Board (EDAB) may be necessary to finalize a decision on an agreement with Buxton. At the very least, the City may want to know how to best guide Buxton if the partnership is created. To that end, the information in Attachment 6 is intended to summarize the role and ordinance prescribed scope of the EDAB. As codified in Edgewood Municipal Code (EMC) Chapter 2.32, membership, powers, and organization is specified and limited in scope.

CITY OF EDGEWOOD

RETAIL DEMAND ASSESSMENT

Technical Analysis

September 2016

Presented by Community Attributes to the City of Edgewood





*Community Attributes tells data rich stories about communities
that are important to decision-makers.*

Principal: Chris Mefford

Project Manager: Mark Goodman

Lead Analyst: Sudarshan Sampath

Community Attributes Inc.
1411 Fourth Ave, Suite 1401
Seattle, Washington 98101
www.communityattributes.com

1. Background & Research Topics

What We're Doing	3
Key Retail Trade Area Considerations	5

2. Retail Trade Area

Definition of a Retail Trade Area	7
Defining the Retail Trade Area in Edgewood	8
Demographics within Edgewood's Retail Trade Area	12

3. Retail Sales & Trade Capture

Retail Sales in Edgewood	19
Neighboring Retail Centers	21
Trade Capture	24

4. Retail Growth Scenarios

Population Growth	27
Regional and Local Forecasts	28
Historical, Current and Near-Term Growth Trends	29
Retail Growth Assessment	30
Trade Capture Growth Assessment	31
Retail Typologies	32

5. Key Takeaways

Current Retail Conditions	34
Retail Growth	35
Implementation Considerations	36

1. Background & Research Topics

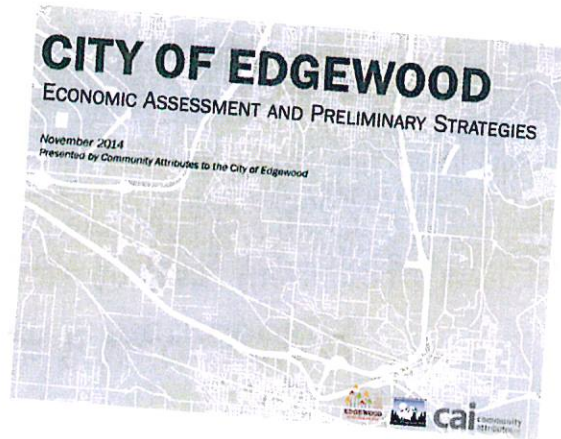
What We're Doing

Background

The City of Edgewood is re-examining its current Town Center regulations. As part of this process the City seeks to understand the potential impacts that code changes may have on development feasibility. Specifically, the City needs an assessment of overall retail demand within its Primary Trade Area and to quantify what impact current and future population growth will have on the demand for retail space in the City. This in turn will help guide policy-level decisions related to development code requirements in the City's town center and beyond.

Previous Work

In 2014, Community Attributes Inc. (CAI) helped draft a preliminary economic development strategy for the City to help inform an understanding of the City's economy, real estate market and demographics. This economic development strategy was also designed to act as a tool that could be leveraged to trigger the development of the City's economic development vision.



Key Research Topics

1. Retail Trade Areas

An overview of the retail landscape in Edgewood as well the key attributes of its retail trade area.

- > A retail trade area is defined as the geographic area from which customers are most likely to come.

2. Retail Sales and Edgewood's Trade Capture

Analysis of retail sales and overall retail trade capture in the City of Edgewood.

- > Edgewood's retail trade capture is also compared with neighboring cities retail trade capture to understand where Edgewood falls short.

3. Retail Growth Scenarios

Analysis of what retail in Edgewood could look like in the future and how much of that new retail could be supported by Edgewood's natural population growth.

- > Focus on current retail trade capture as well as forecasted and realized population growth in the primary trade area

What We're Doing

Approach & Methodology

Trade Capture Analysis. The approach leverages an analysis of total taxable retail sales in Edgewood as well as a comparison of per capita sales within Edgewood's primary trade area against neighboring cities per capita taxable retail sales. Also calculated is the average per capita retail sales across King, Pierce and Snohomish Counties which provides a baseline estimate of what the average resident in those counties typically spends in retail.

To evaluate trade capture the tri-county (King, Pierce, Snohomish) average per capita spending power by major retail category is established. This is compared to spending per capita in the City of Edgewood's primary retail trade area to evaluate the types of retail sales Edgewood the City is lacking. It also provides a basis to compare the Edgewood to other Cities and retail centers.

To further understand and leverage the trade capture analysis, the population forecast for Edgewood's primary trade area through 2040 is analyzed. In conjunction with the trade capture analysis, the population forecast helps calculate how much retail can be supported through anticipated population growth. The types of new retail establishments Edgewood could potentially plan for are described within a retail typology framework, which shows how much retail could be supported in terms of square feet along with examples of the size and form they might come in.

Data Sources

The taxable retail sales data for Edgewood and surround cities used in this analysis is taken from the Washington Department of Revenue. City population estimates are from the Washington Office of Financial Management (OFM).

The population forecast is calculated using the Puget Sound Regional Council's (PSRC) Land Use Vision small area forecasts. The annualized growth rate of the PSRC forecast is applied to calculate the expected population growth in the Edgewood primary trade area through 2040.

Hoover's business directory data for Edgewood is used in order to have a baseline understanding of Edgewood's current retail offerings and mix compared to other nearby Cities.

Study Limitations

The analysis is not an appraised valuation. Community Attributes is not a licensed appraiser and this analysis is not intended to be used as a valuation of property in the City of Edgewood. The analysis is an attempt to inform future policy decisions related to zoning requirements in the City's commercially zoned areas.

The analysis seeks to ground the planning effort in the realities of market conditions, while striving to identify opportunities consistent with the City's vision for the study area.

Key Retail Area Considerations

The following are important considerations in defining a specific location or a city's retail trade area. They represent criteria that both retailers and developers may consider when evaluating a new location or expansion option. For the purposes of the analysis and planning for future retail development it is important to consider Edgewood's relevant position and qualities in light of the attributes described.

- > **Population of the community:** Generally the larger a community's population, the bigger the trade area.
- > **Proximity of other competing business districts:** Typically there is a cut-off point where customers are drawn to the competing center instead of your community.
- > **Mix of businesses :** A critical mass of a variety of businesses pulls customers from a further distance than a more limited mix of businesses.
- > **Destination attractions:** A significant destination business (such as a large discount department store) or community attraction can expand a trade area—drawing customers from a long distance. However, a single business's trade area cannot be matched to the whole community. Rarely do other businesses match the pull of a prominent destination business.
- > **Traffic patterns:** Each region has distinct traffic patterns strongly affected by its network of streets and highways, as well as major landforms such as rivers, lakes, and mountains.

2. Retail Trade Area

Definition of a Retail Trade Area

As the previous criteria emphasize, retail trade areas are dependent on a number of factors as well as the type of retail and geography one is considering. Defining a communities retail trade is valuable in that it provides a focused area from which customers and spending power are likely to be drawn from. Below is a definition of a retail trade area.

RETAIL TRADE AREAS:

The concept of a retail trade area has been used by analysts and practitioners in retail site evaluation and other market studies for a very long time...Retail trade area analysis focuses on locating and describing the target market. This knowledge is critical for both marketing and merchandising purposes, as well as for choosing new retail locations. In site evaluation, trade area analysis is combined with many operational requirements of the retail chain (Jones, Simmons 1993).

or put simply

A trade area is the geographic region that generates the majority of customers for a given commercial district retail location. It can also be thought of as the geographic area from which customers are most likely to come.

For the purposes of evaluating retail in Edgewood, retail trade areas are defined by the location of the City's retail locations and drive times from those sites (**see Exhibits 1-3**). The 5 minute drive time can be considered the City's Primary Trade Area and the 10 minute drive time can be considered the City's Secondary Trade Area. *It is important to note that trade areas vary greatly depending on their size, offerings and the patrons that they serve.*

Defining the Retail Trade Area in Edgewood

Exhibits 1 through 3 on the following pages illustrate the geographic concentrations and relative mix of retail in Edgewood and serve to define the City's retail trade area. The maps and associated boundaries provide context and build towards the City's estimated trade areas found in **Exhibit 3**. The trade area boundaries drive trade capture analysis and retail growth scenarios found later in the analysis.

Maps on following Pages:

> **Exhibit 1. Drive Times, Edgewood, 2016**

Illustrates the relative drive times from the Edgewood's town center (5 and 10 minute drive times).

> **Exhibit 2. Retail Land Use Concentrations, Edgewood, 2016**

Illustrates retail parcels in and around the City of Edgewood and highlights locations where shoppers are likely traveling to.

> **Exhibit 3. Retail Trade Areas, Edgewood, 2016**

The City's primary and secondary trade areas are shown and are based both the location of existing retail concentrations and the drive times from the City's center.

Exhibit 1. Drive Times, Edgewood, 2016

Exhibit 1. illustrates the 5 and 10 minute drive times around the City of Edgewood. The 5-minute drive time around Edgewood represents the City's Primary Trade Area.

Many retail establishments that draw shoppers are under-represented within Edgewood's Primary Trade Area. For example, Food and Beverage Stores (which includes Grocery Stores) represent only 5% of all retail sales in Edgewood.

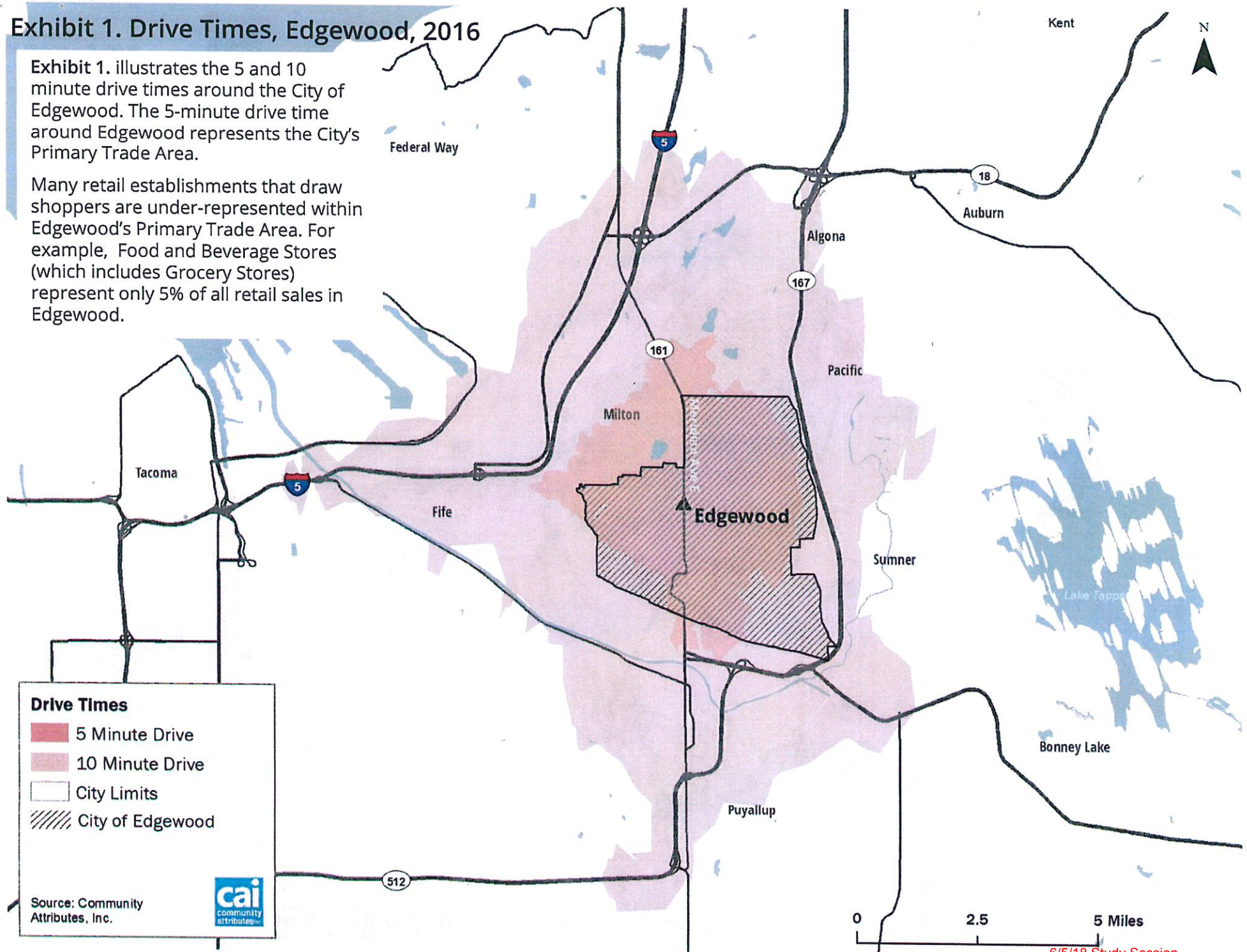


Exhibit 2. Retail Land Use Concentrations, Edgewood, 2015

Exhibit 2. is a map of local retail establishments and along the 5- and 10-minute drive times.

Most of the major retail centers lie outside of Edgewood's projected 5-minute drive time area. This means residents need to drive 10 minutes or more to find a variety of retail establishments.

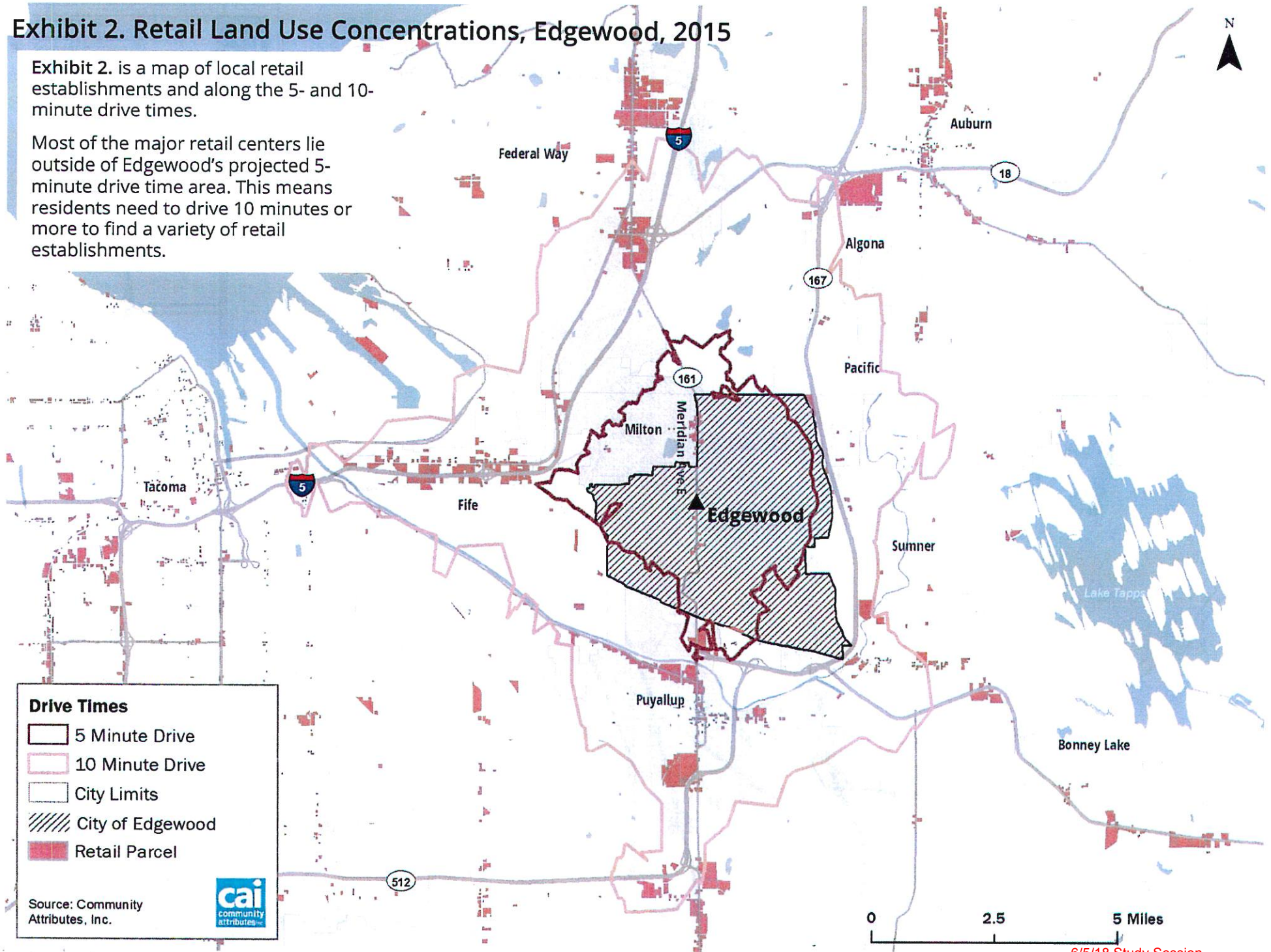
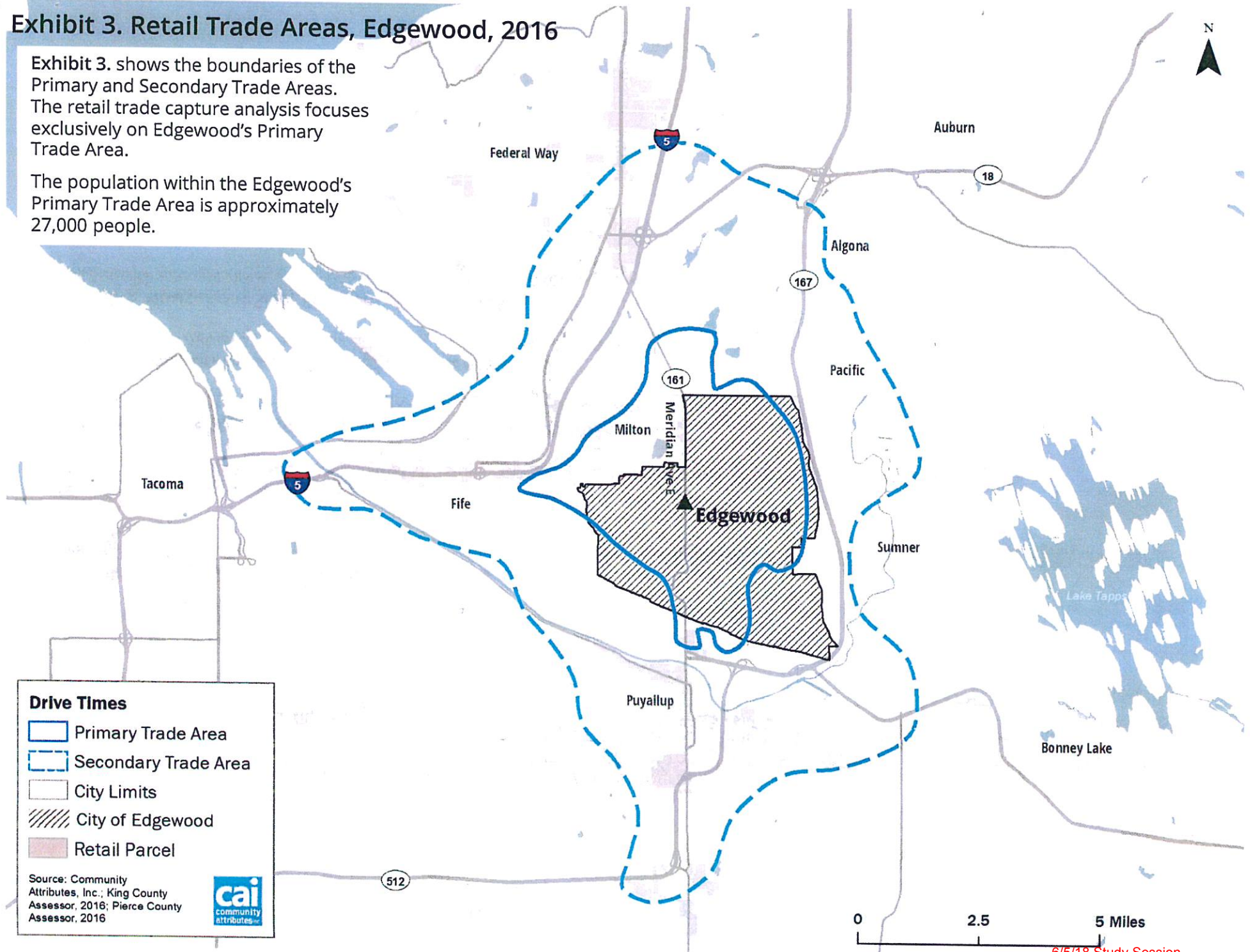


Exhibit 3. Retail Trade Areas, Edgewood, 2016

Exhibit 3. shows the boundaries of the Primary and Secondary Trade Areas. The retail trade capture analysis focuses exclusively on Edgewood's Primary Trade Area.

The population within the Edgewood's Primary Trade Area is approximately 27,000 people.



Demographics within Edgewood's Retail Trade Area

Exhibits 4 through 8 on the following pages illustrate important demographic indicators when that related to the City's retail trade area and overall market. Such indicators were also analyzed as part of the City's 2014 Economic Analysis and Preliminary Strategies report. The indicators provide important insight into the types of household living within the primary trade area and also shed light on the spending power of local residents.

Maps on following Pages

- > **Exhibit 4. Population Density, Edgewood Area, 2016**
Population density illustrates the relative concentration of people and spending power within a given area and is an important consideration for many retailers.
- > **Exhibit 5. Housing Units Density, Edgewood Area, 2016**
Similarly to population density, this illustrates the concentration of consumers near existing retail destinations.
- > **Exhibit 6. Household Median Income, Edgewood Area, 2016**
Median household incomes provides insights into household spending power.
- > **Exhibit 7. Median Home Values, Edgewood Area, 2016**
Median home values provides an additional perspective on potential household spending power.
- > **Exhibit 8. Household Size, Edgewood Area, 2016**
Household size provides perspective on household makeup and where family household may be more heavily concentrated.

Exhibit 4. Population Density, Edgewood Area, 2015

Exhibit 4. illustrates the population density per acre within the City of Edgewood's 5 and 10 minute drive times. Also includes are the population density of neighboring cities such as Milton, Puyallup and Federal Way

The population density within the City of Edgewood is relatively low as compared to it's surrounding communities but is rapidly changing with new multifamily development projects being delivered.

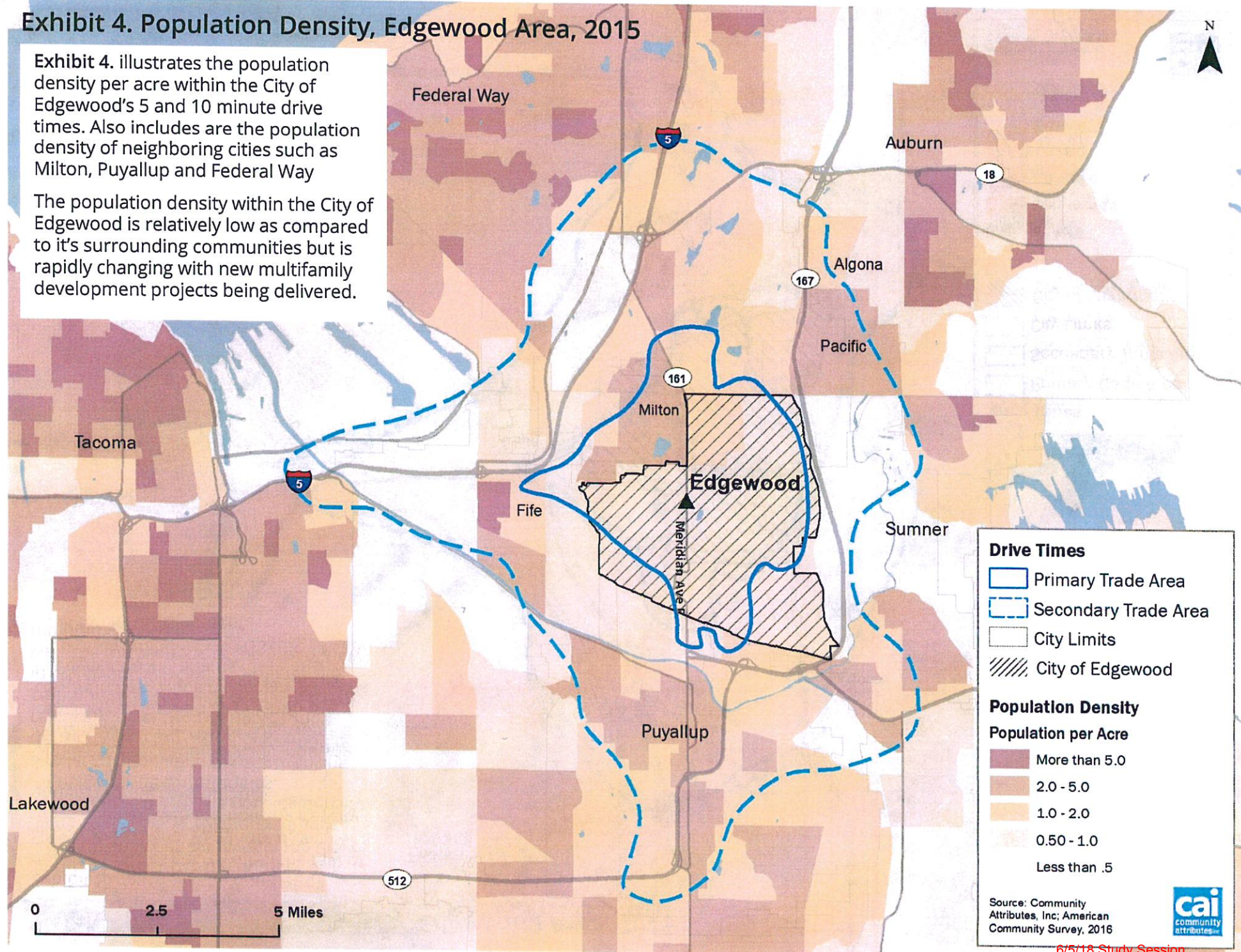


Exhibit 5. Housing Units Density, Edgewood Area, 2015

Exhibit 5. describes the number of housing units per acre within the City of Edgewood's 5 and 10 minute drive times coupled with the housing density of neighboring communities.

Similar to population density, housing density within the City of Edgewood is relatively lower than its neighboring communities. Housing density patterns in Edgewood will change dramatically with the forthcoming occupancy of new multifamily development.

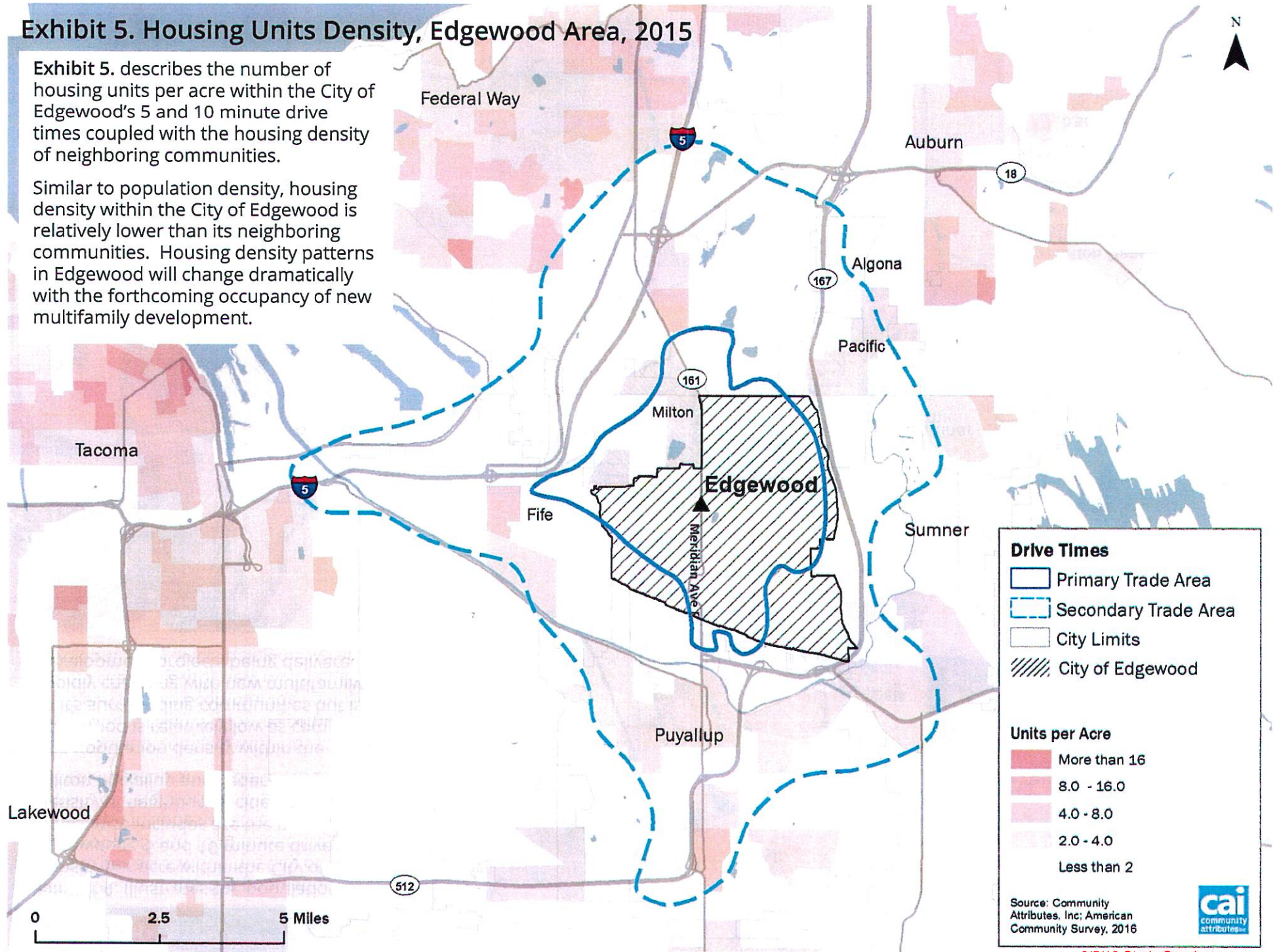


Exhibit 6. Household Median Income, Edgewood Area, 2015

Exhibit 6. shows the household median income within the City of Edgewood and neighboring cities.

Edgewood has a relatively higher household median income as compared to Milton, Puyallup and Federal Way.

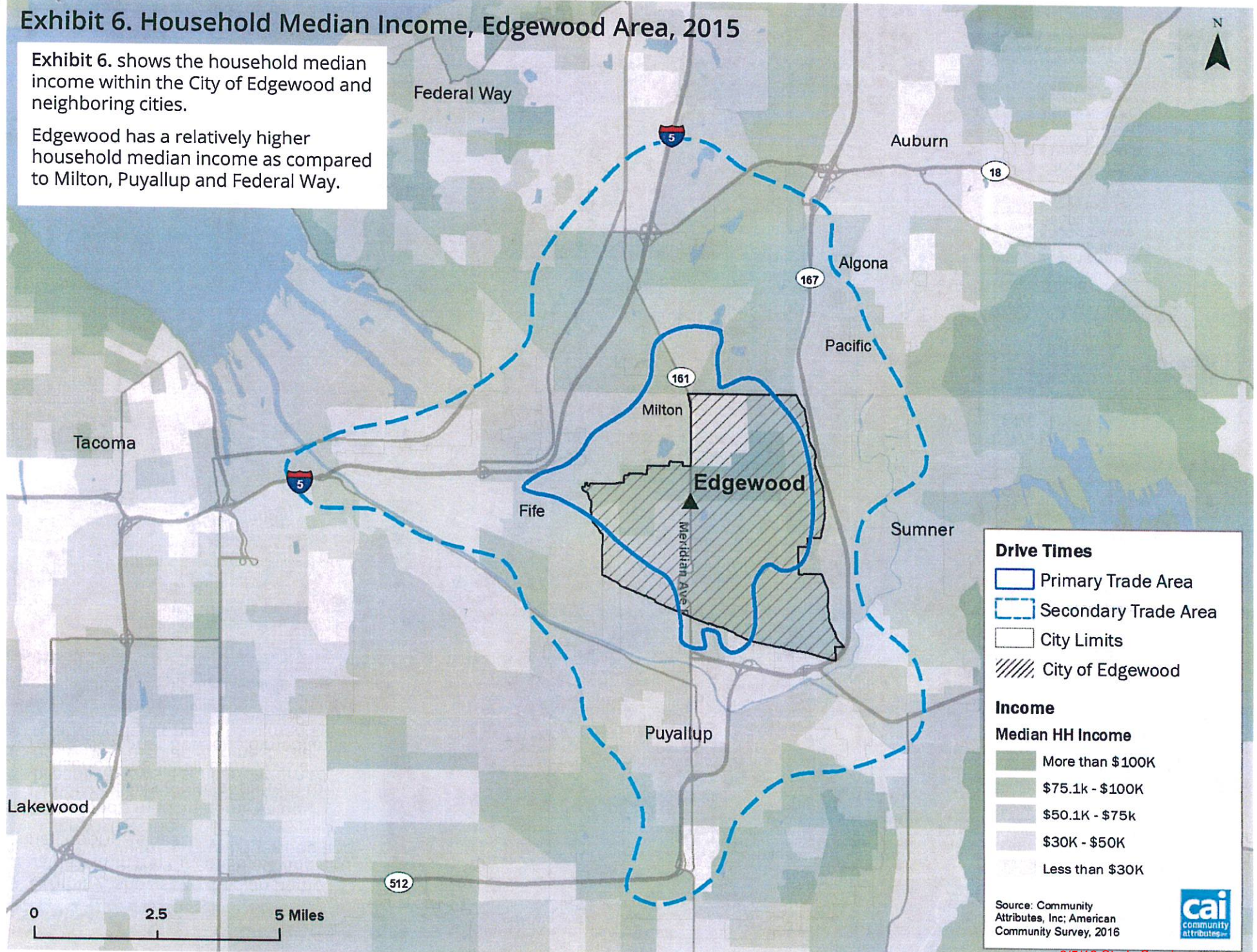


Exhibit 7. Median Home Value, Edgewood Area, 2015

Exhibit 7. shows the median home value within the City of Edgewood and neighboring cities.

Edgewood's median home value broadly follows a similar pattern to household median income. has a relatively higher household median.

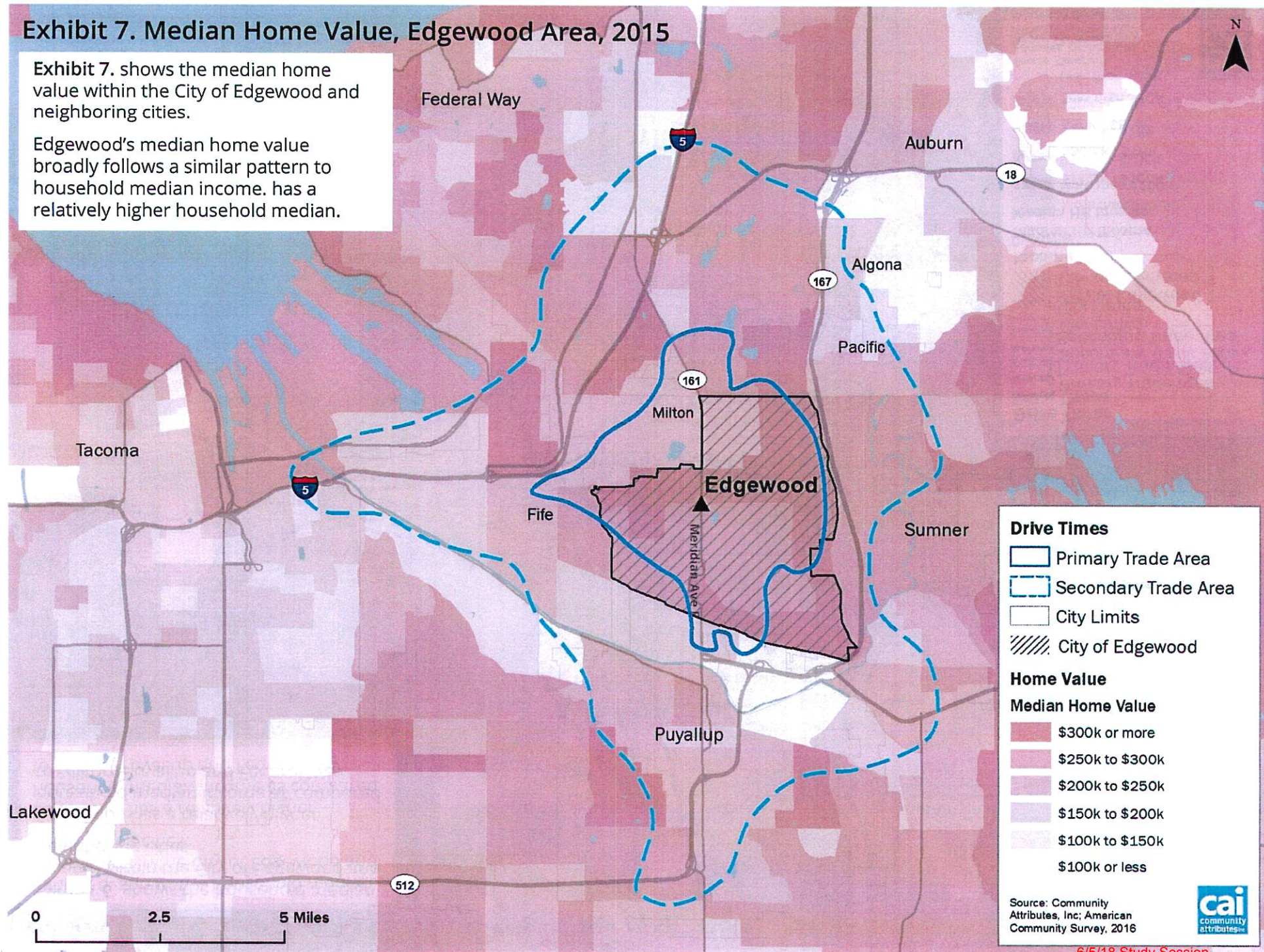
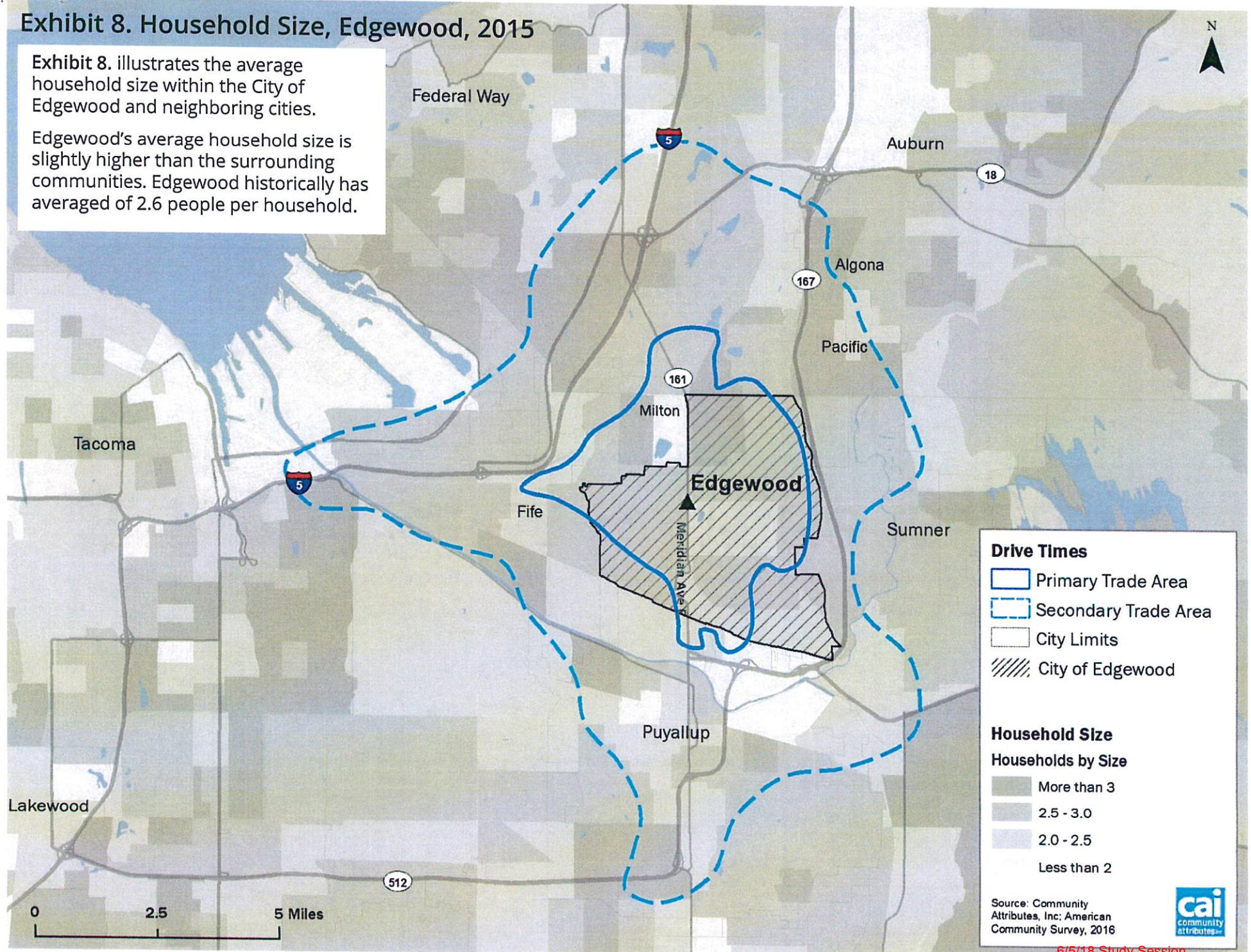


Exhibit 8. Household Size, Edgewood, 2015

Exhibit 8. illustrates the average household size within the City of Edgewood and neighboring cities.

Edgewood's average household size is slightly higher than the surrounding communities. Edgewood historically has averaged of 2.6 people per household.



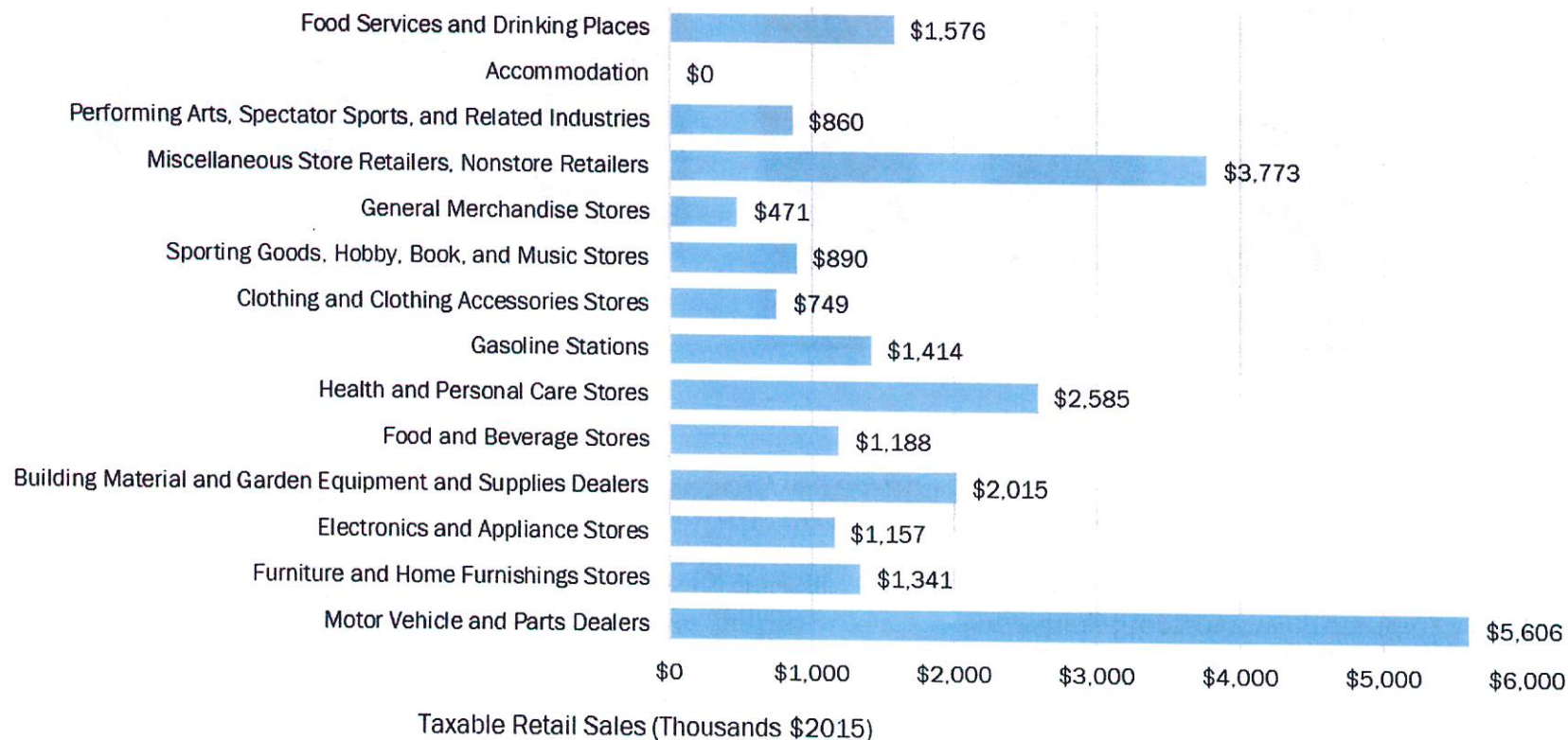
3. Retail Sales & Trade Capture

Retail Sales in Edgewood

Exhibit 9 shows all taxable retail sales in Edgewood in 2015. The largest sales come from Motor Vehicle and Parts Dealers and Miscellaneous Store Retailers. The other major categories include Miscellaneous Store Retailers/Non-store Retailers which is often representative of online sales, as well as Health and Personal Care Stores likely representing the City's Walgreens Store.

Many retail establishments that draw shoppers are underserved within Edgewood's primary trade area. For example, Food and Beverage Stores (which includes Grocery Stores) represent only 5% of all retail sales in Edgewood.

Exhibit 9. Retail Sales, Edgewood, 2015 (Thousands)



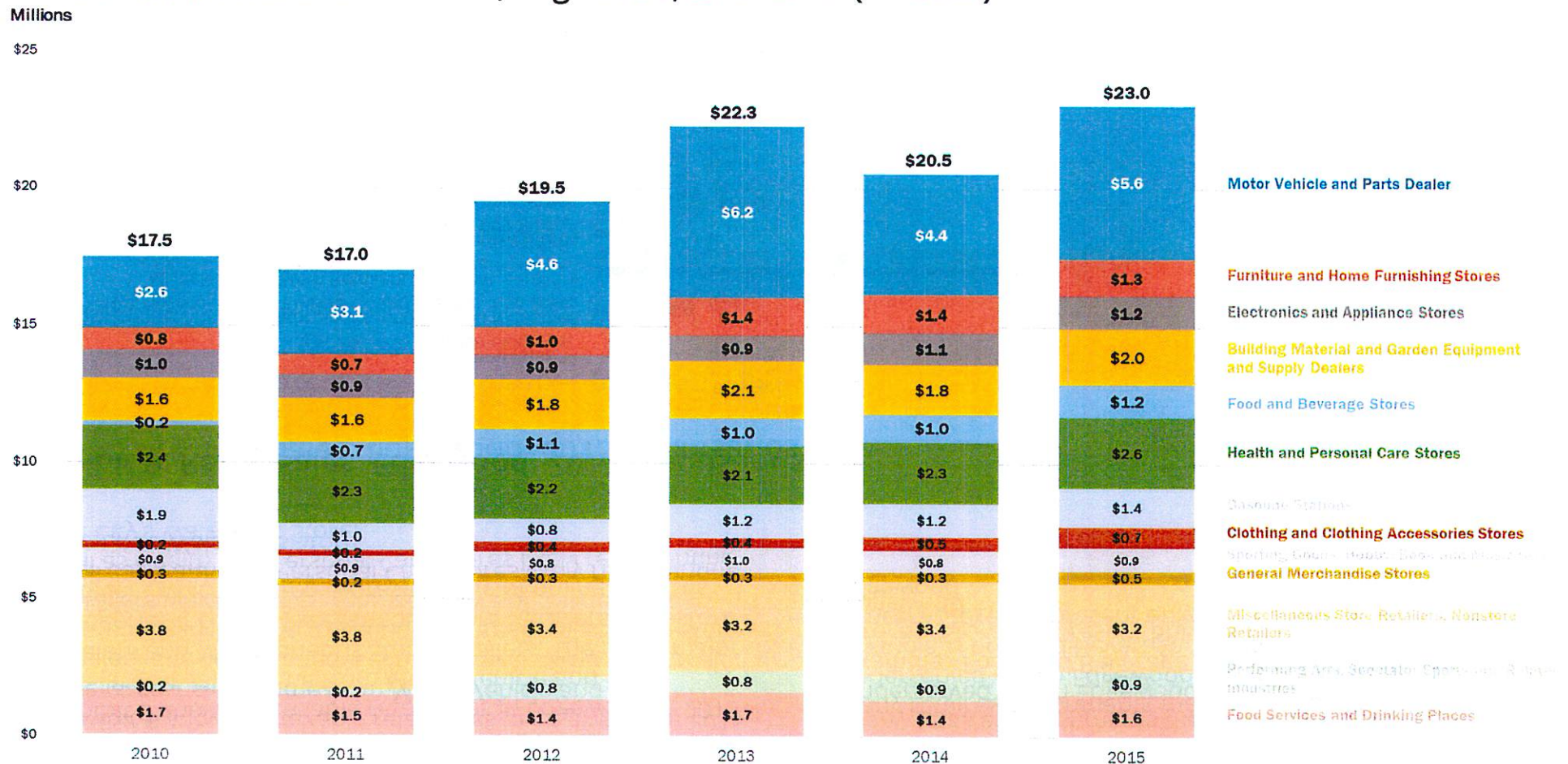
Source: Washington Department of Revenue, 2016.

Retail Sales in Edgewood

Exhibit 10 shows the historical trend of taxable retail sales in Edgewood from 2010 through 2015. Motor Vehicles and Parts have been the largest source of retail sales for the past 5 years. Any variations in the sales of Motor Vehicles and Parts have had the single largest impact on total retail

sales in Edgewood. Most other categories of retail sales have remained relatively steady, with Furniture and Home Furnishing Stores showing standing out as a growth category since 2010.

Exhibit 10. Historical Retail Sales, Edgewood, 2010-2015 (Millions)



Source: Washington Department of Revenue, 2016.

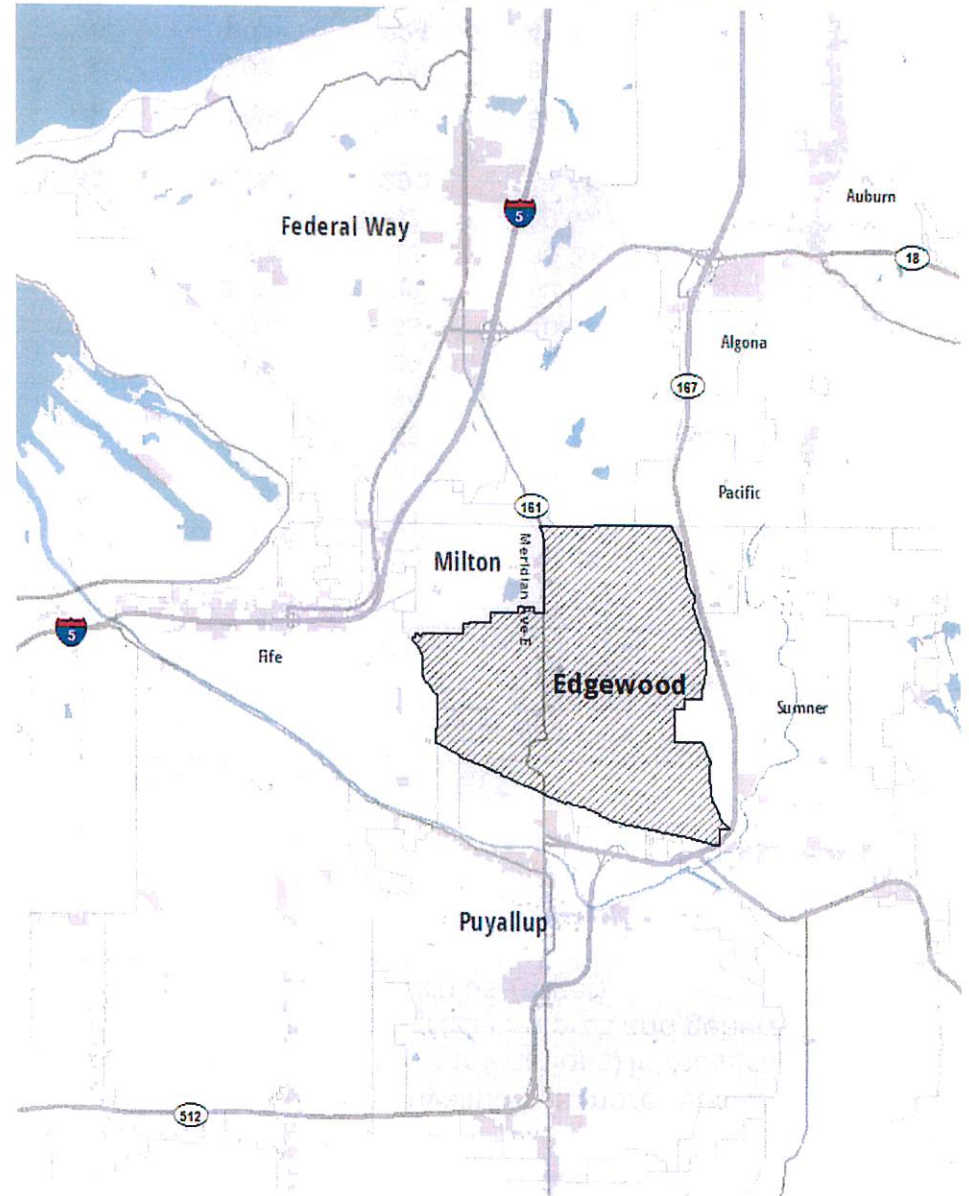
Neighboring Retail Centers

Federal Way, Milton and Puyallup are three adjacent municipalities that directly impact the retail environment in the City of Edgewood. Sumner is also a retail destination for some residents within Edgewood. Important attributes to consider include:

- > The aforementioned neighboring retail centers are located within Edgewood's Primary and Secondary Trade Area
- > The neighboring retail centers are larger and more diverse in terms of retail offerings than the City of Edgewood
- > These neighboring retail centers are drawing customers from the City and its environs
- > These areas are also home to potential future retail customers

The retail attributes of these cities illustrate Edgewood's position within the local market and provide context for potential opportunities for growth.

Exhibit 11. Neighboring Retail Centers



Neighboring Retail Centers

Exhibit 12 illustrates the estimated number of retail establishments by major retail category. Milton serves as the community retail center for Edgewood, although both City's have limited retail offering when compared to Puyallup and Federal Way.

When looking at retail offerings amongst the Cities, Federal Way and Puyallup expectedly have more diverse and

numerous offerings. Puyallup has more retail locations (in terms of bricks and mortar locations) in most categories, including restaurants, grocery stores and general merchandise stores (such as Target).

Exhibit 12. Retail Mix by Number of Establishments, Competing Retail Centers

Retail Establishment Type	Edgewood		Milton		Federal Way		Puyallup	
	Retail Stores	% of Total Regional Retail	Retail Stores	% of Total Regional Retail	Retail Stores	% of Total Regional Retail	Retail Stores	% of Total Regional Retail
Motor Vehicle and Parts Dealers	6	4.5%	4	3.0%	31	23.3%	92	69.2%
Furniture and Home Furnishings Stores	2	3.1%	4	6.2%	32	49.2%	27	41.5%
Electronics and Appliance Stores	0	0.0%	3	7.0%	21	48.8%	19	44.2%
Building Material and Garden Equipment and Supplies Dealers	3	4.7%	5	7.8%	21	32.8%	35	54.7%
Food and Beverage Stores	2	1.5%	3	2.3%	55	41.7%	72	54.5%
Health and Personal Care Stores	3	3.3%	3	3.3%	34	37.8%	50	55.6%
Gasoline Stations	2	5.1%	1	2.6%	20	51.3%	16	41.0%
Clothing and Clothing Accessories Stores	7	5.4%	0	0.0%	53	40.8%	70	53.8%
Sporting Goods, Hobby, Book, and Music Stores	5	5.6%	2	2.2%	29	32.6%	53	59.6%
General Merchandise Stores	0	0.0%	4	9.3%	13	30.2%	26	60.5%
Miscellaneous Store Retailers, Nonstore Retailers	6	2.7%	10	4.4%	67	29.6%	143	63.3%
Subtotal	28	3.4%	39	4.7%	292	35.4%	465	56.4%
Performing Arts, Spectator Sports, and Related Industries	5	2.6%	5	2.6%	71	36.6%	113	58.2%
Accommodation	0	0.0%	3	6.0%	31	62.0%	16	32.0%
Food Services and Drinking Places	5	1.0%	20	4.0%	224	44.4%	256	50.7%
Subtotal	10	1.8%	23	4.1%	255	45.5%	272	48.6%
Total	46	2.6%	67	3.7%	702	38.9%	988	54.8%

Source: Hoovers, 2016.

Neighboring Retail Centers

Exhibit 13 shows the taxable retail sales of retail in Edgewood, Milton, Federal Way and Puyallup.

Edgewood's total taxable retail sales for 2015 are significantly smaller than the neighboring city of Milton, despite having a larger population.

Both Federal Way and Puyallup have much larger taxable retail sales than both Edgewood and Milton. The per capita retail expenditure of Milton, Federal Way and Puyallup are all higher than the Puget Sound's average per capita retail expenditure.

Exhibit 13. Retail Mix by Taxable Retail Sales, Competing Retail Centers, 2015 (millions)

Retail Establishment Type	Edgewood	Milton	Federal Way	Puyallup
Motor Vehicle and Parts Dealers	\$5.6	\$22.1	\$81.4	\$701.8
Furniture and Home Furnishings Stores	\$1.3	\$2.5	\$23.7	\$23.6
Electronics and Appliance Stores	\$1.2	\$1.1	\$48.1	\$42.5
Building Material and Garden Equipment and Supplies Dealers	\$2.0	\$0.8	\$87.4	\$91.7
Food and Beverage Stores	\$1.2	\$13.4	\$53.7	\$27.3
Health and Personal Care Stores	\$2.6	\$2.5	\$28.9	\$26.7
Gasoline Stations	\$1.4	\$1.1	\$16.9	\$14.9
Clothing and Clothing Accessories Stores	\$0.7	\$0.4	\$41.8	\$62.2
Sporting Goods, Hobby, Book, and Music Stores	\$0.9	\$0.4	\$45.3	\$50.4
General Merchandise Stores	\$0.5	\$2.1	\$277.3	\$304.2
Miscellaneous Store Retailers, Nonstore Retailers	\$3.8	\$5.5	\$79.7	\$94.1
Subtotal	\$13.1	\$26.1	\$631.0	\$671.6
Performing Arts, Spectator Sports, and Related Industries	\$0.9	\$0.0	\$32.4	\$10.1
Accommodation	N/A	N/A	\$27.2	\$17.7
Food Services and Drinking Places	\$1.6	\$13.7	\$193.1	\$165.7
Subtotal	\$1.6	\$13.7	\$220.3	\$183.4
Total	\$23.6	\$65.6	\$1,037.0	\$1,632.9

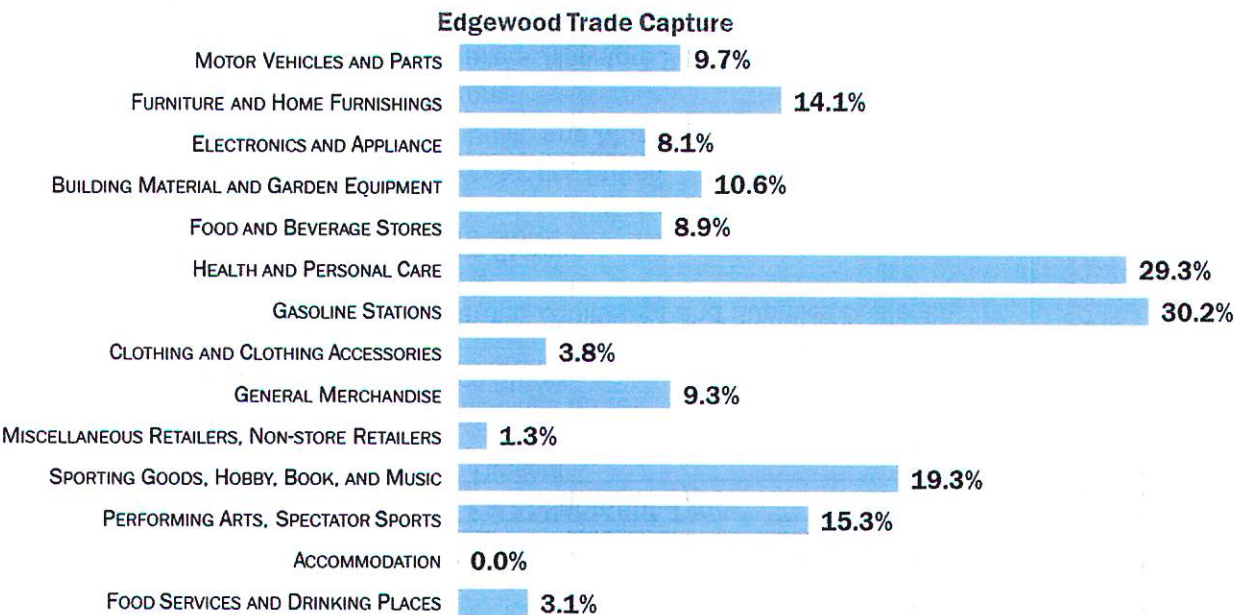
Source: Washington Department of Revenue, 2016.

Trade Capture

Exhibit 14 represents the trade capture rate of each major retail category in Edgewood. This provides a representation of the average capture of spending power of people within Edgewood's primary trade area for 2015.

The trade capture analysis indicates that Edgewood captures very little of the it's residents retail dollars. As indicated by the total retail sales analysis, trade capture in Health and Personal Care as well as Gasoline are two categories where trade capture in relatively high.

Exhibit 14. Retail Trade Capture, Edgewood, 2015



TRADE CAPTURE EXPLAINED. Trade capture can be interpreted in the following manner: if a neighborhood retail corridor had a trade capture rate of exactly 100%, then sales in that neighborhood would be equivalent to all trade area residents conducting all of their retail spending within their neighborhood retail corridor.

In reality, the trade capture rates for Edgewood represent the percentage of Primary Trade Area retail spending power captured by Edgewood retail businesses.

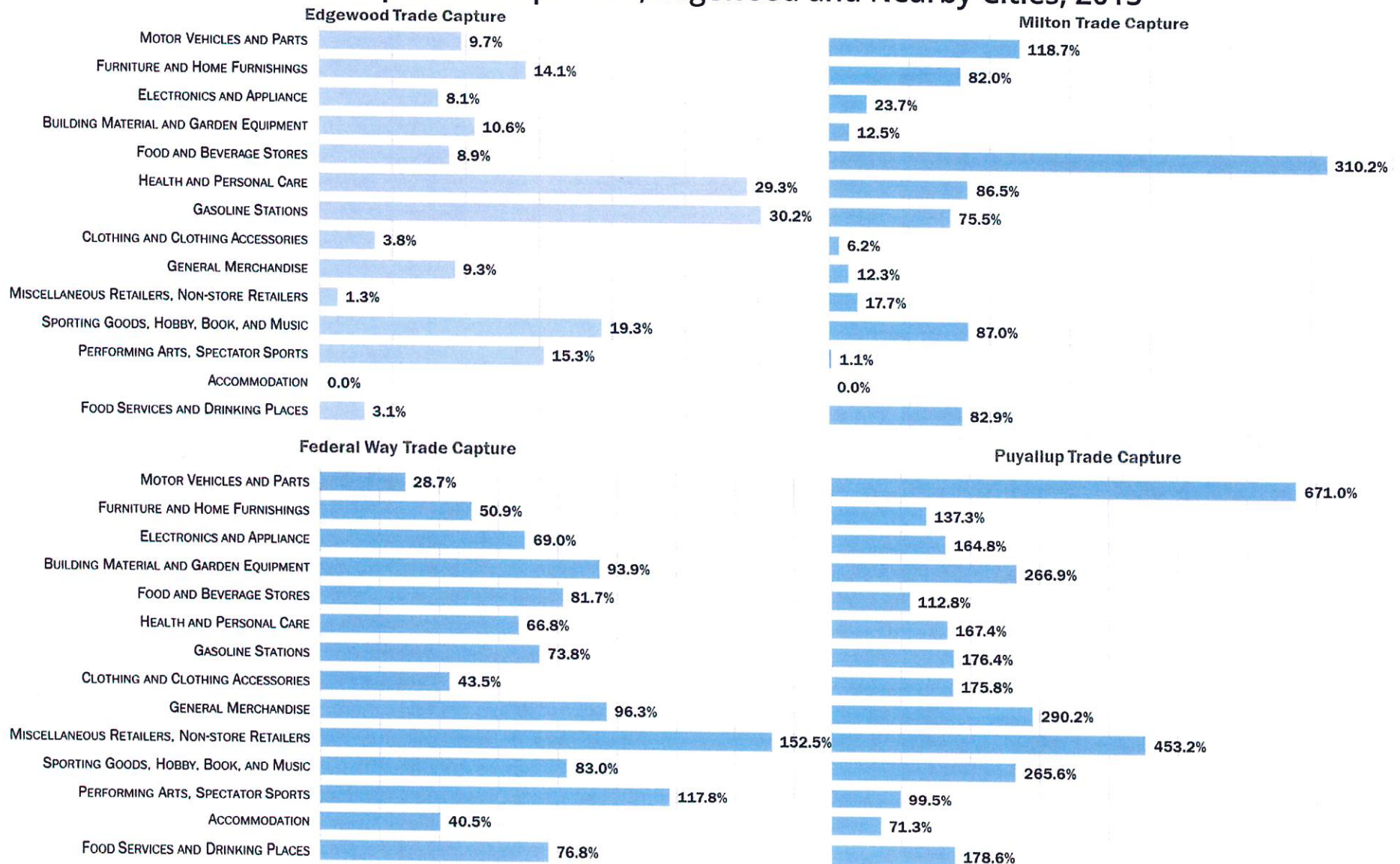
Source: Washington Office of Financial Management , 2016; Washington Department of Revenue, 2016; Community Attributes Inc., 2016

Exhibit 15 on the following page represents the trade capture rate of each major retail category for each of the three neighboring retail centers.

Compared to Milton, Edgewood captures a significantly lower percentage of most community serving retail dollars. In contrast, Federal Way and Puyallup capture significantly more retail dollars.

Trade Capture

Exhibit 15. Retail Trade Capture Comparison, Edgewood and Nearby Cities, 2015

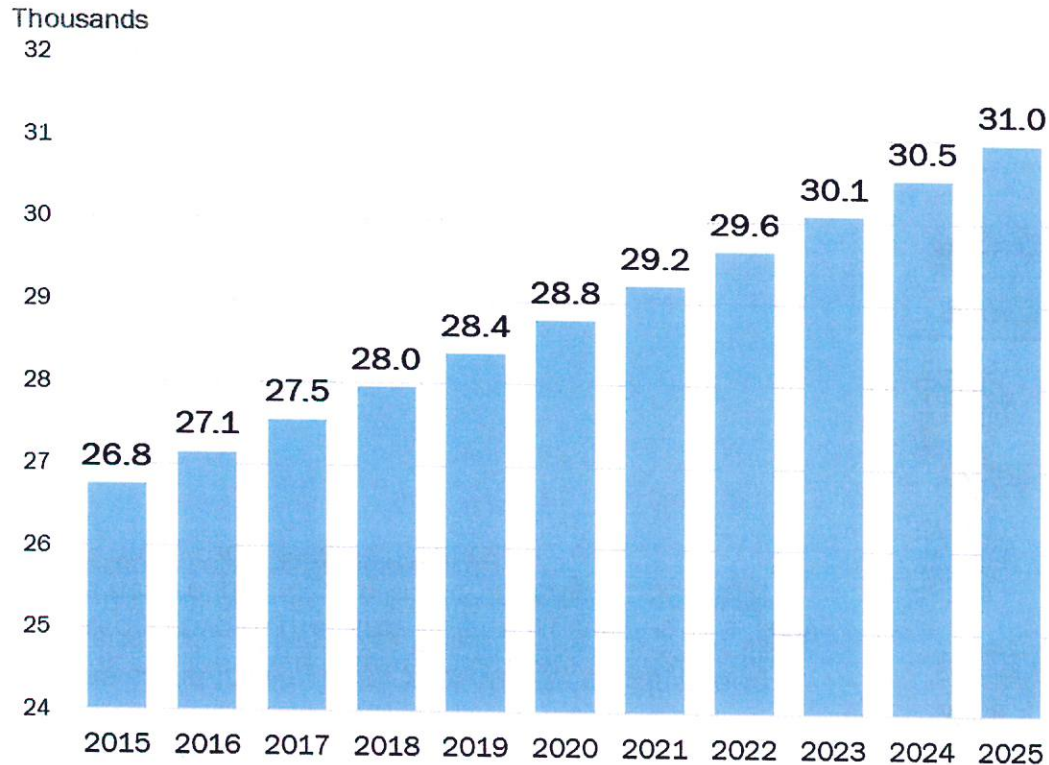


Source: Washington Office of Financial Management, 2016; Washington Department of Revenue, 2016; Community Attributes Inc., 2016

4. Retail Growth Scenarios

Population Growth

Exhibit 16. Forecasted Population, Edgewood Primary Trade Area, 2015-2025



Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; Community Attributes Inc., 2016.

Exhibit 16 represents the current and projected population growth within the Primary Trade Area of Edgewood from 2015 through 2025

The annualized projected population growth rate through 2025 is approximately 1.5%

Edgewood's current and projected growing population suggests there is potential opportunity to expand Edgewood's retail offerings

Regional and Local Forecasts

Exhibit 17. shows the current and forecasted population of Edgewood's Primary Trade Area along with neighboring cities. Also included is the current and forecasted population of Seattle, Tacoma and Everett. The forecasted annualized population growth rate in Edgewood is estimated to be 1.5% from 2015 through 2025 before slowing down from 2025 through 2040. The population growth of Edgewood is faster than neighboring Milton and Federal Way but is slower than the growth rate in Puyallup and Pierce County.

Given the comparative faster growth rate of Edgewood compared to two of the three neighboring cities, it is likely that the natural population growth of Edgewood could support more retail establishments.

Exhibit 17. Population Growth Calculations, Puget Sound Region, 2016

Population	2015	2020	2025	2030	2035	2040
Edgewood*	26,756	28,785	30,968	32,534	33,567	35,288
Milton	7,385	7,614	7,851	7,860	7,863	7,917
Puyallup	38,950	42,467	46,302	51,069	58,347	68,736
Federal Way	90,760	94,073	97,506	100,012	102,521	104,477
CAGRS						
	2015-2020	2020-2025	2025-2030	2030-2035	2035-2040	
Edgewood	1.5%	1.5%	1.0%	0.6%	1.0%	
Milton	0.6%	0.6%	0.0%	0.0%	0.1%	
Puyallup	1.7%	1.7%	2.0%	2.7%	3.3%	
Federal Way	0.7%	0.7%	0.5%	0.5%	0.4%	
Seattle	662,400	687,891	714,363	732,529	757,461	782,640
Tacoma	202,300	223,971	247,963	271,628	296,918	324,797
Everett	105,800	117,964	131,526	142,702	154,871	167,671
CAGRS						
	2015-2020	2020-2025	2025-2030	2030-2035	2035-2040	
Seattle	0.8%	0.8%	0.5%	0.7%	0.7%	
Tacoma	2.1%	2.1%	1.8%	1.8%	1.8%	
Everett	2.2%	2.2%	1.6%	1.7%	1.6%	

*Representative of Edgewood's Primary Trade Area

Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; Community Attributes Inc., 2016.

Historical, Current and Near-Term Forecast

Exhibit 18 illustrates the historical, current and near-term forecasts for total population, household population and housing units in the Edgewood Primary Trade Area through 2025

Historically, the Primary Trade Area population per household has consistently been 2.4 residents per housing unit since 2000. Applying this 2.4 people per household ratio to the projected household population provides an estimated 12,879 housing units by 2025.

Much of this forecasted growth is occurring now. Currently there are approximately 1,750 units under construction, recently completed or proposed in the City of Edgewood

With recent and forthcoming increases in population it is much more likely that Edgewood can support modest additions to its retail offerings.

The table on the following page illustrates the potential for retail growth and conceptualizes what retail growth may look like in the future (**Exhibit 19**). Population growth forecasts for Edgewood's primary trade area suggest an additional 3,800 more residents in the area by 2025. New residents help naturally support more demand for new retail options. Similarly, new office and institutional uses drive daytime populations thereby increasing the demand for retail types such as restaurants, cafes and coffee shops.

Exhibit 18. Historical, Current & Near-term Population and Housing, Edgewood Primary Trade Area, 2015-2025

Primary Trade Area	2000	2010	2015	2025
Total Population	22,483	25,904	26,756	30,968
Household Population	22,385	25,853	26,705	30,909
Housing Units	9,479	11,046	11,307	12,879

Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; CoStar, 2016; Community Attributes Inc., 2016.

Retail Growth Assessments

Given Edgewood's relatively low estimated retail capture, initial investments into retail space will be supported by the current population. However, further retail development will require an incremental increase in trade capture. For example, development of 100,000 square feet of net new retail space will require an increase in trade capture of approximately 3%, meaning that residents within the primary

trade capture would need to spend 3% more to justify the additional retail development. This suggests that relatively small increases in spending habits could support significantly more retail within Edgewood's primary retail trade area.

Exhibit 19. Retail Growth Calculations, Edgewood, 2016

	Additional Retail Sq Ft Desired			
	50,000	100,000	250,000	500,000
Retail Sales Required (per sf per year)			\$300	
Total Sales Required (per year)	\$15,000,000	\$30,000,000	\$75,000,000	\$150,000,000
% from Primary Trade Area			50%	
Additional Sales Req'd from Primary Trade Area Residents	\$7,500,000	\$15,000,000	\$37,500,000	\$75,000,000
Increased Sales from Pop. Growth w/n Primary Trade Area	\$5,102,000	\$5,102,000	\$5,102,000	\$5,102,000
Net New Retail sf from Pop. Growth (all Trade Areas)	34,000	34,000	34,000	34,000
New Trade Capture Required (in Sales)	\$2,400,000	\$9,900,000	\$32,400,000	\$69,900,000
Additional Sales per Capita in Trade Area	\$70	\$300	\$1,000	\$2,150
Primary Trade Area (10 Minute Drive Area)				
Current Trade Capture	8.3%	8.3%	8.3%	8.3%
Trade Capture Target	9.0%	11.2%	17.8%	28.6%
Primary Trade Area Population				
Population 2015	26,756			
Population 2030	32,534			
Growth	5,778			
CAGR	1.31%			

Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; Community Attributes Inc., 2016.

Trade Capture Growth Assessments

Exhibit 20 focuses on the necessary trade capture growth as Edgewood adds additional retail within its Primary Trade Area

Modest gains in retail offerings will easily be supported by Edgewood's current and projected population growth within its Primary Trade Area.

However, despite Edgewood's low trade capture it is important to note that residents within Edgewood's Primary Trade Area already shop at established retail centers outside of Edgewood. As such it may be unrealistic

to expect those set patterns to change drastically with additional retail offerings in Edgewood.

It is important for the City to consider current spending patterns and the ability to encourage current residents to stay within the City to shop (rather than traveling to Milton, Puyallup or Federal)

Exhibit 20. Trade Capture Growth, Edgewood, 2016

	Additional Retail Sq Ft Desired			
	50,000	100,000	250,000	500,000
Current Trade Capture	8.3%	8.3%	8.3%	8.3%
Trade Capture Target	9.0%	11.2%	17.8%	28.6%

Source: Washington Office of Financial Management, 2016; Puget Sound Regional Council, 2016; Community Attributes Inc., 2016.

Retail Typologies

Exhibit 21 provides context for the aforementioned square footage scenarios in terms of potential retail offerings. The three scenarios show (50,000 sf, 100,000 sf and 250,000 sf) are based on the aforementioned square footage and trade capture scenarios described in **Exhibits 19 and 20**. The examples provide context for how retail may develop in the

City and what may be realistic and/or desirable for the City to plan for. Development of 100,000 square of retail for example, would likely occur within a larger neighborhood retail center with smaller retail spaces being potentially developed as part of other mixed use developments.

Exhibit 21. Retail Typologies

Retail sf Growth	Location Examples	Retail Equivalent	Avg Unit Size
50,000	Small neighborhood center combined with mixed use development retail tenants	1 small grocer	15,000
		2 family restaurants	3,000
		2 boutique shops	2,000
		1 small general retailer	25,000
100,000	Large neighborhood Center plus mixed use development retail tenants	1 boutique grocer	15,000
		1 major grocer	50,000
		2 family restaurants	3,000
		2 boutique shops	2,000
250,000	Power center anchored by 1 or more big box general merchandise retailer plus mixed use development retail tenants	1 small general retailers	25,000
		1 small grocer	15,000
		1 major grocer	50,000
		5 family restaurants	3,000
		5 boutique shops	3,000
		1 small general retailers	25,000
		1 Big box	125,000

Source: Community Attributes Inc., 2016; International Council of Shopping Centers (ICSC), 2016

5. Key Takeaways

Key Takeaways- Current Conditions

Below are findings and takeaways related to current retail conditions within the City of Edgewood. The findings correlate directly with current sales and trends within the City's primary trade area as well as demographic trends and growth patterns within the City. The findings inform the retail trade capture and growth scenarios analysis and associated conclusions, which are included on the following page.

- > The City's Primary Trade Area is largely defined by a 5-minute drive time from the planned town center and encompasses a majority of the City of Edgewood, Milton and also includes portions of unincorporated Pierce County.
- > There are approximately 27,000 people that live within the City's Primary Trade Area – which includes portions of Milton and other surrounding communities, meaning the primary retail trade area for the City's town center is accessible to a relatively large number of people.
- > Geographically, Edgewood has relatively high concentrations of high income households when compared to the surrounding area. In addition, home values are relatively higher as well.
- > Edgewood offers limited retail services and residents are traveling elsewhere to shop for basic goods and services
 - Within the City's Primary Trade Area there are limited retail offering outside of the neighborhood retail center located in Milton, meaning many households are likely travelling to retail centers in Federal Way and Puyallup for basic retail services.
- > Edgewood is currently experiencing a historically fast rate of population and housing growth, at a faster rate than forecasted for the City and in new forms of development such as high density multifamily housing.
- > The Primary Trade Area's demographic characteristics will likely evolve as the community continues to grow and new housing products are added to the City.
- > With 1,750 housing units proposed, under construction or recently completed, Edgewood's population gains would support a modest increase in retail.

Key Takeaways- Retail Growth

Below are findings and takeaways related to future population and retail growth in the City of Edgewood and its primary trade area. The findings and analysis can be leveraged to inform future policy decisions and provide a baseline from which the City can plan for future retail growth.

- > In terms of retail trade capture, Edgewood is underperforming, per capita, when compared to Milton, Puyallup and Federal Way
- > There is opportunity to improve trade capture based on:
 - There is limited competing retail in the primary trade area.
 - Current and projected population growth in the City and region.
- > Edgewood can support modest additional retail establishments without large changes in current retail spending and trade capture rates.
- > It is likely unrealistic to expect major changes in the retail spending patterns of residents within Edgewood's Primary Trade Area – meaning major increased in trade capture rates. This is because:
 - Both Federal Way and Puyallup both contain established retail centers
 - Neighboring Milton is an established neighborhood retail center located adjacent to the City.
- > With recent and planned growth in housing units in Edgewood, the City's Primary Trade Area Population likely can support additional retail beyond what currently exists.
 - In the range of 25,000 to 50,000 square feet without major changes to retail trade capture rates.
- > The City could set policies and goals to support and encourage more retail - 100,000 square feet of new retail would require a relatively modest increase in trade capture (approximately 3%).
 - Such a scenario, while impactful on the community and overall development patterns
 - The City will need to evaluate what an appropriate amount is and how it fits within the City's designated zones and planning areas.

Implementation Considerations

While trade capture rates are low and there is opportunity for increased retail trade capture in the City, other factors are important to consider when evaluating retail potential and zoning code requirements. The following represent important factors for the City to consider when considering retail growth and future policy changes.

- > The number and size of available properties within the City's commercial areas.
- > Property ownership patterns and overall willingness to sell or redevelop their land.
- > Competition from neighboring communities like Milton where ambitious retail and town center developments are desired and/or planned.
- > Ability to leverage City owned land to encourage and/or facilitate retail development.
- > Alignment of future zoning code requirements (retail square footage required for example) with realistic retail typologies and square footages that the City may hope to achieve (see retail square footage findings for potential retail square footage amounts).
- > Encouragement and facilitation of retail development in concentrated areas within the City's Town Center or other desirable locations.



Proposal

RETAIL RECRUITMENT & RETENTION SOLUTION

Edgewood, WA

Prepared by: Jacob Davis
Expiration: June 30, 2018

Buxton[®]

OUR VALUE PROPOSITION

Since our founding in 1994, Buxton has been a leading force in retail site selection and development. We are recognized for creating solutions that provide results. Buxton began as a service to help retailers make informed site selection decisions by understanding their customers and precisely determining their markets. Buxton soon realized that the company's expertise in retail site and market analysis could also be leveraged to benefit communities desiring retail expansion.



More than simply providing data, Buxton supplies custom marketing materials and strategies targeting the unique site requirements of retailers, developers, and commercial real estate brokers. Buxton clients achieve outstanding success using our tools for retail identification, selection, and recruitment. Clients benefit from Buxton's unique understanding of site selection from the retailer's point of view.

- **Grow Your Community.** Create new, permanent jobs that will satisfy your citizens' desire to shop at home; retain dollars currently spent outside of your community and maximize revenue growth to fund city services
- **Leverage Buxton's Retail Industry Expertise.** Establish credibility with decision makers by providing factual evidence to support your site and gain a competitive position by leveraging our experience:
 - 4,000+ total clients from the retail, restaurant, healthcare, and public sector industries
 - 800+ public sector clients nationwide
 - 40+ million square feet of retail space recruited
 - 500+ cumulative years of retail management and economic development experience
- **Access Your Buxton Solution with Ease.** Utilize your best-in-class retail recruitment solution via SCOUT™ with the touch of a button from any mobile device; gain answers to your retail recruitment and site analysis questions and have the big picture in the palm of your hand
- **Develop a Long-Term Partnership.** Receive personal guidance and ongoing insight into key industry topics

SCOPE OF SERVICES

Buxton is pleased to present this proposal to the City of Edgewood, WA. The purpose of this proposal is to outline and review your community development objectives and how Buxton's solutions will enhance your ability to effectively meet those objectives.

City of Edgewood's Objectives:

1. **Understand current retail and restaurant economic condition**
2. **Recruit new retailers and restaurants**
3. **Retain existing retailers and restaurants**

Retail Recruitment and Retention Solution: Your Community Profile

Our solution is a total marketing strategy that enables community leaders to understand the consumer profile of their residents and to identify specific retailers and restaurants who seek a market with household purchasing habits just like yours. This solution provides you with the ability to actively pursue identified retailers, making a compelling case for their expansion to Edgewood, WA by utilizing custom marketing packages that Buxton will create for you. You will have access to the same analytical information and insights retailers depend on today to make site selection decisions. This knowledge will provide you with instant credibility and the ability to differentiate your community.

Step 1 – Research Your Community

Buxton uses over 250 consumer and business databases that are updated regularly and compares your potential sites to the universe of all competing sites operating in the U.S. We define your current retail situation and those in any neighboring communities that impact your retail environment.

Step 2 – Define and Evaluate Your Trade Area

Customers shop by convenience, measuring distance based on time, not mileage. We will conduct a custom drive-time analysis to determine your trade area using our proprietary methodology and knowledge of individual retail clients' actual trade areas. Your drive-time trade area will be provided to you as a map that accurately depicts your consumer shopping patterns.

Step 3 – Profile Your Trade Area's Residential Customers

Your community profile will analyze every household in your drive-time trade area. Based on more than 7,500 categories of lifestyles, purchase behaviors, and media reading and viewing habits (psychographics), the households in your trade area are assessed to gain an understanding of the types of retailers that would be attracted to your site.

Step 4 – We Match Retailers and Restaurants to Market Potential

Buxton will match the consumer profile of your community's trade area against the customer profiles of 5,000+ retailers in our proprietary database. We will identify the similarity between the two profiles analyzed using Buxton's proprietary retail matching algorithm to determine if your site presents an attractive opportunity for each retailer. We then qualify the list of matched results to verify that a retailer is currently operating or expanding, that they operate in similar sites, and that your site affords adequate buffer from competition and cannibalization to be realistically considered.

Step 5 – We Create Marketing Packages

Buxton will assemble individualized marketing packages for up to twenty (20) targeted retailers. We will notify each retailer's key real estate decision maker by letter, informing them that they have been qualified by Buxton as a potential viable fit for your site and should expect to be contacted by a representative of the city.

Your marketing packages will be delivered to you in SCOUT and include a:

1. Map of the retail site and trade area
2. Map of the retailer's potential customers
3. Retailer match report that compares the site's trade area characteristics and consumer profile with the retailer's sites in similar trade areas

Step 6 – We Provide Business Retention Tools

Buxton will provide reports through SCOUT that can be used to support business retention efforts by helping local business owners to make better business decisions. In addition, Buxton is pleased to offer the City of Edgewood access to LSMx. **LSMx**, which stands for **L**ocal **S**tore **M**arketing powered by Buxton, is a customer acquisition solution designed specifically for small business owners and franchisees. The City of Edgewood can also leverage this tool to support local businesses and entrepreneurs, foster an environment that encourages private-public partnerships, and strengthen the business climate in their community. Upon execution of the LSMx Addendum, the City of Edgewood will have access to up to 25 complimentary *LSMx monthly subscriptions/license codes to distribute to local retailers, restaurants and service providers.

Solution Deliverables:

- SCOUT Touch access
- Drive time trade area maps
- Retail site assessment
- Retailer specific marketing packages (for up to twenty (20) retailers)
- Mobile tablet device at completion with pre-loaded findings
- *LSMx subscriptions (for up to twenty-five (25) monthly license codes)

Multi Year Deliverables:

Years 2 and 3 of this agreement will include a Retail Recruitment model refresh, retail marketing packages, *LSMx subscriptions, and full access to SCOUT and SCOUT Touch.

**LSMx deliverables are subject to the City of Edgewood executing the LSMx Addendum and the terms and conditions described therein.*

Access and Use Your Retail Recruitment and Retention Solution via SCOUT Touch

Buxton's Retail Recruitment and Retention solution will allow you to actively recruit retailers to your community and support existing businesses with the push of a button in SCOUT Touch, providing you with crucial information about your community, your trade areas, your residents, and much more. SCOUT is a web-based platform that is accessible on any Windows or iOS enabled device with an Internet connection. It is designed to give decision-makers in your community access to the data and solutions that will assist them in making better business decisions. The Retail Recruitment and Retention solution includes one (1) mobile tablet device that will be provided at completion and pre-loaded with all key findings. This mobile tablet device, possession of the City of Edgewood, enables four (4) SCOUT users with the ability to run demographic and trade area profile reports, and view maps and other data elements.

In Buxton's SCOUT Touch you will be able to:

- Identify retail matches
- Run variable reports
- View city limit maps
- Run healthcare reports
- See aerial view
- View physician intelligence
- Run comparable reports
- Run demographic reports

Support local business retention and expansion efforts with reports contained in the SCOUT reporting suite, including but not limited to:

Consumer Propensity Report

Quantifies likelihood of consumers of a given trade area to consume various goods and services or possess certain attitudes and opinions. This report can help local entrepreneurs, business owners and store managers better optimize their merchandise/product offerings or their local marketing strategies.

Create Profiles Report

Profiles a specific trade area to determine the likes/dislikes, spending behavior, and marketing preferences of the households and workers within that geography. This report can help local businesses evaluate a market's retail potential or enhance marketing efforts.

Retail Leakage and Surplus Report

Quantifies the potential surplus or leakage in a trade area. This guide can help businesses understand how well the retail needs of residents are being met, uncover unmet demand and opportunities, and measure the difference between actual and potential retail sales.

Count Base Daytime Population Report

Examines the workforce in the study area and provides a count of the workforce population by industry. This report allows retail and restaurant owners to gain insights about how the population in the trade area differs during work hours so local businesses can cater to different types of workers.



SUPPORT

SCOUT Technical Requirements

SCOUT can be accessed at the following URL: www.buxtonco.com

SCOUT is a web-based application accessible on any desktop, laptop, or mobile tablet device that has an Internet connection. When operating SCOUT, Buxton's recommended hardware configuration is 4-core CPU, 4 GB RAM (or higher). Examples include most modern-day laptops or desktops purchased within the last 3 years, iPad Pro 2017 or newer, Microsoft Surface Pro 2 or newer, or Samsung Galaxy Tab S3. The recommended browser for accessing SCOUT is the latest version of Chrome.

Buxton's Helpdesk

(1-817-332-3681) is available during normal office hours (8:00 AM-5:30 PM CST, excluding weekends and public holidays). Buxton's Helpdesk team will be available to support all educational, functional, and technical inquiries and will respond to all requests within twenty-four (24) hours of submission.

Buxton's Helpdesk

Monday – Friday: 8:00 am – 5:30 pm CST

1-817-332-3681

TERM, FEES, AND DELIVERY

Annual Fee	\$50,000
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Agreement Term	Three (3) Years
-----------------------	------------------------

Year 1 Fee (50% invoiced upon execution of this agreement; 50% invoiced upon targeted retailer identification)	\$50,000
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Year 2 Fee (Invoiced 1 st anniversary of this agreement)	\$50,000
--	-----------------

Year 3 Fee (Invoiced 2 nd anniversary of this agreement)	\$50,000
--	-----------------

Delivery	The City of Edgewood, WA will have access to retail match lists and marketing packages within sixty (60) business days of execution.
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Your SCOUT access will be enabled within ten (10) business days of the execution of this agreement. The City of Edgewood, WA will have access to retail match lists and marketing packages within sixty (60) business days of execution. The initial term of this agreement is for three (3) years with services invoiced annually. However, at any time during this initial 3-year term, the City of Edgewood may cancel services for the following year by providing written notice to Buxton at least sixty (60) days in advance of a yearly renewal. If the City of Edgewood cancels services prior to the expiration of the initial term, the City of Edgewood will be invoiced 10% of the total remaining balance. All service fees associated with this agreement are due in net ten (10) days of the date of the invoice. Execution of this agreement will act as full consent that Buxton may include the City of Edgewood on its client list and in presentations and public relations efforts. Additionally, Buxton may issue a press release announcing the City of Edgewood as a client. When doing so, Buxton will not reveal information that is confidential and proprietary to the City of Edgewood.

Buxton

Signature

Printed Name

Title

Date

Please provide us with a primary point of contact for invoice receipt.

Name:

Phone:

Email:

Preferred Method of Receipt: Email OR U.S. Mail

City of Edgewood, WA

Signature

Printed Name

Title

Date

Please provide us with a primary point of contact.

Name:

Phone:

Email:

PROJECT TIMELINE



Edgewood, WA

LSMx Addendum

Business Retention Supplement

Buxton[®]



Prepared by Jacob Davis

May 17, 2018

City of Edgewood, WA

2224 104th Avenue East

Edgewood, WA 98372

This Addendum is entered into between the City of Edgewood, WA ("City of Edgewood"), Buxton Company ("Buxton"), and LSMx, Inc. ("LSMx") (each a "Party" and collectively the "Parties"). This Addendum is attached to and made part of the Agreement between Buxton and the City of Edgewood, dated _____ ("Buxton Agreement").

The purpose of this Addendum is to provide the City of Edgewood with access to LSMx software subscriptions for the Term of the Buxton Agreement, unless terminated earlier as set forth in the Buxton Agreement. The Parties acknowledge that this Addendum and each of its provisions is expressly contingent upon the Buxton Agreement and associated fees remaining in full force and effect.

Background

LSMx, which stands for **L**ocal **S**tore **M**arketing powered by Buxton, is a proprietary customer acquisition solution designed specifically for small business owners and franchisees. Local governments and economic development agencies can also leverage this tool to support local businesses and entrepreneurs, foster an environment that encourages private-public partnerships, and strengthen the business climate in their community. For each month of the Term of the Buxton Agreement, the City of Edgewood will have access to up to 25 complimentary LSMx monthly subscriptions.

Deliverables and Terms

- Up to 25 LSMx subscriptions will be provided at no additional charge to the City of Edgewood for designation of access at the City of Edgewood's sole discretion to local retail, restaurant and service provider subscribers (each a "subscriber") during the Term of the Buxton Agreement.
- Any default or termination under the Buxton Agreement will also constitute a default and termination under this Addendum. In the event that the Buxton Agreement is terminated, the 25 monthly subscriptions will be canceled, at which time, each Subscriber will have the option of continuing their subscription at standard rates. Standard rates will be the prevailing rate at the time of cancelation.
- All fees associated with advertising campaigns executed via the LSMx software by the subscriber are at an additional cost to the subscriber. Each subscriber executing advertising campaigns within the LSMx software are responsible for such costs via the credit card information they provide in the LSMx software.
- If the City of Edgewood requests services not specified in this Addendum, the parties shall enter into an additional Addendum setting forth the additional services, fees, and other mutually agreed upon terms.
- The Parties to this Addendum expressly agree to the following terms and conditions:

- Each subscriber will be subject to the applicable terms and conditions contained in the LSMx software license agreement accessed via the LSMx software.
- The LSMx software is provided to each subscriber under a non-exclusive, non-transferable, limited, non-sublicensable, revocable license to access and use the LSMx software.
- The LSMx software is not being sold to the City of Edgewood or a subscriber and it is not available for resell.
- The LSMx software license does not convey any rights in or to the LSMx software or any patent, copyright, trademark or any other intellectual property rights of LSMx. LSMx retains all right, title, and interest in and to the LSMx software (including any upgrades, improvements, modifications, derivatives, and refinements to the LSMx software).

The parties hereby agree to and accept the terms of this Addendum as of the date written below.

Buxton Company

By: _____
 Name: David Glover
 Title: Chief Financial Officer
 Date: _____

City of Edgewood, WA

By: _____
 Name: _____
 Title: _____
 Date: _____

LSMx, Inc.

By: _____
 Name: David Glover
 Title: Chief Financial Officer
 Date: _____

LSMx, **L**ocal **S**tore **M**arketing powered by Buxton, is a simple, but powerful, customer acquisition solution, that allows local business owners to easily see and understand:

- Who and where their best potential customers are coming from
- How far their most valuable customers are willing to drive to their location
- How many potential customers are near or around them

LSMx:

- Alerts users about upcoming local events that could be driving business
- Shows where specific competitors are in relation to potential customers
- Highlights traffic congestion that might interfere with performance

Key Differentiator

LSMx completely executes marketing campaigns to the potential customers users see right from their mobile device in just minutes. Local businesses can target the potential customers that LSMx identifies with any or all the following marketing channels:

- Direct Mail
- Email
- Facebook
- Google
- Mobile Banner Ads

Benefits to the City of Edgewood

- Encourages private-public partnerships
- Supports local businesses
- Provides local businesses with resources (analytics, application, marketing automation, marketing execution) normally reserved for much larger entities
- Supports business retention
- Supports localization efforts
- Supports increase in local tax income because businesses can be more successful

WAXAHACHIE USES BUXTON ANALYTICS AND PARTNERSHIP WITH DEVELOPER TO SPUR RETAIL DEVELOPMENT

The city of Waxahachie, Texas, had a challenge. City leaders wanted to recruit additional retail and restaurants to support their growing community, located approximately 30 miles south of downtown Dallas, but retailers kept saying the city's population was too small.



Waxahachie believed its true retail trade area was larger than the population living within city limits, but needed third party validation to present a convincing case.

CLIENT:

- Waxahachie, TX

POPULATION:

- Approximately 33,000

CHALLENGE:

- Validating retail trade area

Partnering with Buxton for Objective Analysis

The city turned to customer analytics firm Buxton to analyze the trade area and determine its retail potential.

"We knew [Buxton is] well respected by retailers," notes Waxahachie Economic Development Coordinator Cassandra Carroll, explaining that the city wished to work with someone retailers trusted.

Working with Buxton provides Waxahachie with information that retailers trust.

Partnering with Buxton gave the city the trade area confirmation it sought, as well as a retail "match list" of retailers and restaurants that would be a good fit for the community. Waxahachie used the match list to develop its own wish list of retailers to pursue.

Partnering with a Developer to Attract Retailers

While Waxahachie was in the process of pursuing retailers using Buxton's match reports, Hunt Properties, Inc. approached the city in November of 2014 and expressed interest in building a new retail development.

Waxahachie provided Hunt with all the information it had access to through its partnership with Buxton, including the retail match list, wish list, and trade area consumer demographics/psychographics. Hunt welcomed the information, and even remarked that they wished every community could provide this type of data.

With retail goals clearly defined, Waxahachie and Hunt began courting retailers for the new Waxahachie Marketplace. Hunt handled the majority of retailer outreach while Waxahachie continued retailer conversations that were already in process.

The Vision Becomes Reality

The retail recruitment process for Waxahachie Marketplace moved quickly, with eight retailers confirmed by the summer of 2015. Academy will anchor the 19.32 acre development, which will boast 227,000 sq. ft. of retail space. McAlister's Deli,

Kirkland's, T.J. Maxx, Hancock Fabrics, Five Below and Ulta will join Academy in opening their first Waxahachie locations, and Tuesday Morning will relocate an existing store – at double the current square footage – to the development.

With Buxton's help, Waxahachie Marketplace has successfully recruited these retail clients:

Tuesday Morning[®]
SEEK THE UNIQUE

**five
BELOW**

TJ·maxx[®]

Academy[®]
SPORTS+OUTDOORS

KIRKLAND'S.

ULTA[®]
BEAUTY

**HANCOCK
FABRICS**
crafts & more

McALISTER'S[®]
DELI

Waxahachie continues to use Buxton's analytics to support its economic development initiatives. Whether running market comparisons for retailers the city would like to attract, or understanding the potential for a senior independent living development, the city has found Buxton's analytics to be a helpful tool.

To learn more about how Buxton's analytics can support your retail development efforts, contact us today.

Case Study

CARIBOU, MAINE USES ANALYTICS TO RECRUIT 300 JOBS DOWNTOWN

The Challenge

The city of Caribou, Maine, is the most northeastern city the United States, just 15 minutes west and 35 minutes south of the Canadian border. The city's economy was historically fueled by a nearby U.S. Air Force base, but when the base closed as part of a military realignment in 1994, nearly \$83 million in annual payroll left the community.



City leaders began working hard to bring back jobs, with a renewed focus on economic development following the 2012 arrival of City Manager Austin Bless.

The Opportunity

A local software development company was seeing a lot of success and invested in a building downtown. The company was so good, however, that it was acquired by another firm, who promptly relocated the company to its own corporate headquarters in another state. After trying unsuccessfully to sell the building, the company donated it to the city.

The building was perfect for a software development or other IT-related business, and the city set out to fill the vacant space. Sitel Operating Corporation, one of the world's leading outsourcing providers of call centers, had an existing location in the region and was considering relocating to Caribou. They were evaluating several locations, but Caribou knew that having Sitel downtown would provide a tremendous boost in jobs and economic activity.

LOCATION:

Northeastern Maine

POPULATION:

Approximately 8,000

CHALLENGE:

Fill vacant building downtown and create new jobs

BUXTON CLIENT SINCE:

2014

But how could Caribou convince Sitel that the vacant building downtown was the right location for their business?

The Solution

The proof that Caribou needed came from an unexpected source: Buxton's SCOUT platform. In January 2014, Caribou had partnered with Buxton to support retail development initiatives, but the city realized that the demographic and drive-time reports provided by Buxton could also be used to evaluate other types of sites.

"Being able to show the population numbers, the available workforce within the specific drive-time area of the site in our downtown was key."

Austin Bleess
City Manager

Caribou ran custom 15 minute and 5 minute drive-time reports to show the population around the downtown site and the other sites that Sitel was considering.

Seeing the data was eye-opening for Sitel. It helped them to understand what a 15 minute drive-time really meant in rural Caribou, as opposed to a metropolitan area, and showed them exactly where their workforce was concentrated.

The Results

Sitel decided to purchase the downtown building from the city of Caribou and on May 1, 2015 brought 300 new jobs to the location, with 200 more jobs expected. The growth in jobs downtown has benefitted other businesses in the area, as retailers and restaurants have seen increases in traffic.

Caribou's economy now has strong momentum and the city looks forward to welcoming more jobs and businesses in the near future.

To learn how Buxton can support your economic development efforts, contact us today.



Buxton®

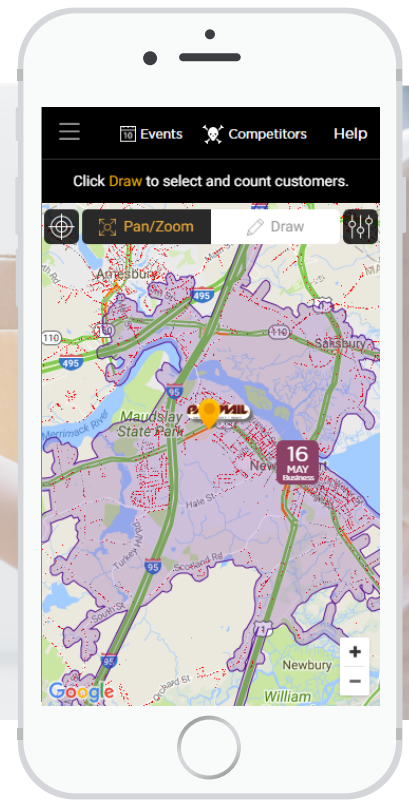
GET TO KNOW US. 1-888-2BUXTON | buxton@buxtonco.com | www.buxtonco.com

6/5/18 Study Session
Page 60 of 76



ANNEX BRANDS

LOCAL STORE MARKETING SUCCESS STORIES



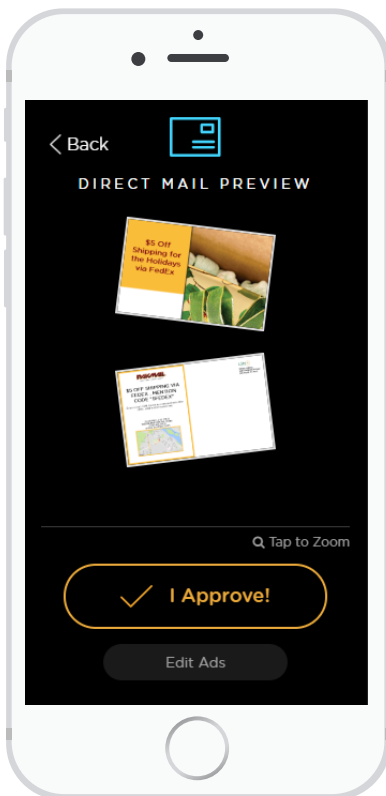
CAMPAIGN RESULTS

"Almost 400 Annex Brand locations tested marketing using LSMx with a significant number achieving a new customer acquisition cost **32% to 51% lower** than acquisition costs from previous marketing efforts. -Steve Goble, SVP Annex Brands Inc.

CAMPAIGN DETAILS

Created:	Utilizing LSMx on a Mobile Device
Offer:	\$5 Off Shipping Via FedEx Ground or Air
Duration:	46 Days
Locations:	380 Locations
Direct Mail Pieces:	Average 633 Per Location

Franchisees see strong results with LSMx because the tool utilizes your customer profile for targeted marketing. Your franchisees can easily see and count potential customers within their trade area. They can create and send corporate-approved ads with five (5) marketing channels all from their mobile device. Franchisees' campaign spend, results and usage can be monitored from your corporate portal.



Direct Mail



Email



Facebook



Google
Search



Banner
Ads



CITY OF EDGEWOOD

ECONOMIC DEVELOPMENT ADVISORY BOARD SUMMARY

Date: June 5, 2018

Title: Economic Development Advisory Board Summary

Discussion

In 2012, City Council adopted Ordinance Number 12-0381, which established an Economic Development Advisory Board (EDAB). The EDAB was created to assist and advise City Council in connection with issues and programs involving economic policy, commercial business, land development policy, and business retention. The board is an advisory body with power to recommend policy to City Council.

EDAB Membership

When planning for economic development, the goal is to create and maintain a strong, vibrant economy. Local economic development planning is part of a region's overall economic development strategy and involves intergovernmental coordination. As such, the EDAB can consist of up to three nonresident members. In fact, City Council shall reasonably endeavor to seek a diverse membership including members from the banking industry, real estate investment, real estate sales, commercial marketing, business professionals, and economic development specialists.

Members are appointed by the Mayor and confirmed by the City Council and serve two-year terms. The EDAB, however, has not met for some time and, due to the two-year term expiration, it appears no members have a term remaining as of June 30, 2017.

EDAB Powers

The EDAB is charged with assisting and advising the City Council regarding issues and programs involving economic policy, commercial business, land development policy, and business retention. Specifically, the EDAB is empowered to performing the following eight tasks:

1. Facilitate cooperation and coordination between various business groups on business issues;
2. Make recommendations to the city council and to city staff for programs in which the city could or should participate to enhance commercial and mixed use development opportunities in the city, which programs may be in cooperation with any appropriate private, public, civic or community agency, group or association of or in the city, county, state or federal government;

3. Recommend ways and means of obtaining private, local, county, state or federal funds and other participation for the promotion of business development projects within the city;
4. Work with city staff, city council boards or commissions, task forces and other city/community based groups, as directed by the city council, on relevant issues and projects;
5. The board shall periodically have the responsibility of advising and making recommendations, to council, on economic policy;
6. The board shall periodically recommend projects or planning tools necessary to carry out its vision and develop the long-range capital budget necessary to support the recommendations;
7. The board shall, on a regular basis, be available for citizens' input concerning any matter which the board is considering or may consider;
8. The board shall make recommendations to the council regarding adoption of or amendments to all economic development plans

While this list of powers is robust and would help set policy, many of these items overlap with the powers already granted to the Planning Commission. In fact, in many instances, it would be probable that City Council would receive two recommendations regarding ways to implement development policy.

For example, if an economic policy recommendation is to attract multi-story medical development in the Town Center, both advisory bodies would likely be asked for ways to achieve such a goal. The advisory discussions could lead to a conclusion that relaxed building heights would be necessary to attract and develop a multi-story medical development. If so, a decision would have to be made by City Council which body would best devise a strategy to achieve the desired building height.

If the strategy results in the need for code modifications, then the City would have to follow the required process to amend the EMC. The need for multiple steps in this process is a core topic for City Council discussion and is presented herein to help identify some of the necessary talking points to reestablish or reconvene a separate EDAB.



City Of Edgewood Council Agenda Summary Sheet

SUBJECT: Execution of the Local Funding and Phasing Memorandum of Understanding for the Puget Sound Gateway Program SR 167 and SR 509 Completion Projects.	Agenda Item #: N/A	For Agenda of: June 5, 2018
	Department: Public Works	Prepared by: Jeremy Metzler, PE
EXHIBITS (list): ☒ A: DRAFT Resolution 18-0xxx ☒ B: WSDOT Local Funding and Phasing Memorandum of Understanding		
Approval of Materials:		
Mayor, Daryl Eiding	☐	Expenditure Required: \$0
Asst. City Administrator, Dave Gray	☐	Amount Budgeted: \$0
City Attorney, Carol Morris	☐	Appropriation Required: \$0
City Clerk, Rachel Pitzel	☐	Timeline: Adoption <u>no later than</u> June 26, 2018
Community Development Director, Darren Groth	☐	
Public Works, Jeremy Metzler	☒	BARS: N/A
Fiscal Note/Consideration: No direct costs associated with this MOU, but subsequent agreement(s) may result in reduced long-term capital improvement costs.		
SUMMARY STATEMENT: The completion of State Route (SR) 167 between Tacoma and Puyallup is an integral component of the Washington State Department of Transportation (WSDOT) Puget Sound Gateway Program, and it is expected to become a vital connection for commuter and freight traffic in the region, some of which currently utilizes the SR-161 / Meridian Avenue corridor through Edgewood.		
In 2015, the State Legislature directed WSDOT to develop the Gateway Program as a coordinated corridor in collaboration with affected stakeholders. Further direction was given in 2017 to develop a Memorandum of Understanding (MOU) with local project stakeholders no later than July 1, 2018, identifying a schedule for stakeholders to provide local matching funds. As the project is expected to provide traffic relief and other benefits to Edgewood, there is interest and support for participating in the MOU. As currently planned, WSDOT will perform wetland mitigation, restoration, and enhancement on the Mortenson Farm property, being the upper reaches of the proposed Surprise Lake Tributary Riparian Restoration Program. In lieu of a monetary contribution, the MOU identifies Edgewood's match as \$500,000 of "ROW in lieu" (i.e., value of an easement over City-owned property for said wetland work). Staff is also working with WSDOT on accommodating the regional stormwater improvements identified in the City's Capital Improvement Plan at little to no cost.		
COUNCIL COMMITTEE REVIEW AND RECOMMENDATION: N/A		
RECOMMENDED ACTION: Staff recommends that the City Council adopt a resolution authorizing the Mayor to execute the MOU as presented.		
ALTERNATIVES TO RECOMMENDED ACTION: 1) Do not adopt 2) Forward to Study Session for further review		

RESOLUTION NO. 18-0xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDGEWOOD, PIERCE COUNTY, WASHINGTON AUTHORIZING THE MAYOR TO SIGN THE LOCAL FUNDING AND PHASING MEMORANDUM OF UNDERSTANDING, WHICH PROVIDES FOR THE CITY'S PARTICIPATION AS A LOCAL AGENCY PARTNER IN THE WASHINGTON STATE DEPARTMENT OF TRANSPORTATION (WSDOT) PUGET SOUND GATEWAY PROGRAM, SHOWING THE CITY'S ANTICIPATED CONTRIBUTION (OR "MATCH") TO BE UP TO \$500,000 OF RIGHT OF WAY IN LIEU FOR THE SR 167 STAGE 2 PROJECT.

WHEREAS, in July 2015, the State of Washington funded the Gateway Program, which is comprised of two projects: the State Route 167 and State Route 509 Completion Projects; and

WHEREAS, these projects provide essential connections to the ports of Tacoma and Seattle, to ensure that people and goods move more reliably through the Puget Sound Region; and

WHEREAS, WSDOT is the lead project sponsor, and is responsible for the planning, design and construction of the Gateway Program, as well as for overall financial management; and

WHEREAS, in 2017, WSDOT negotiated a Memorandum of Understanding (MOU) with local project stakeholders, identifying a schedule for stakeholders to provide local matching funds; and

WHEREAS, in lieu of a monetary contribution, Edgewood's match in the project is \$500,000 of "ROW in lieu" (the value of an easement over City-owned property for wetland work); and

WHEREAS, the City Council reviewed the WSDOT MOU at their June 5, 2018 Study Session; and

WHEREAS, because the project is expected to provide traffic relief and other benefits to Edgewood, the City Council is interested in supporting the project and participating in the MOU;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The Mayor is authorized to execute the Local Funding and Phasing Memorandum of Understanding for the Puget Sound Gateway Program (attached hereto and incorporated herein by this reference as Exhibit A) on behalf of the City.

**PASSED BY THE CITY COUNCIL OF THE CITY OF EDGEWOOD,
WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 12TH DAY OF
JUNE, 2018.**

Daryl Eiding, Mayor

ATTEST:

Rachel Pitzel, City Clerk

DRAFT

Puget Sound Gateway Program SR 167 and SR 509 Completion Projects

Local Funding and Phasing Memorandum of Understanding

1. Participating Parties

In addition to the Washington State Department of Transportation (WSDOT), the following Local Agency Partners constitute those parties currently participating in this Memorandum of Understanding pertaining to the local contribution requirement for the Puget Sound Gateway Program (Gateway Program):

- Port of Seattle
- Port of Tacoma
- King County
- Pierce County
- City of Algona
- City of Auburn
- City of Des Moines
- City of Edgewood
- City of Federal Way
- City of Fife
- City of Kent
- City of Milton
- City of Pacific
- City of Puyallup
- City of SeaTac
- City of Sumner
- City of Tacoma

2. Background and Purpose of MOU

In July 2015, the Washington State Legislature and Governor Inslee acted to fund the Gateway Program through the Connecting Washington revenue package. The Gateway Program is comprised of two projects: the State Route 167 Completion Project and the State Route 509 Completion Project. These projects provide essential connections to the ports of Tacoma and Seattle and will help ensure that people and goods move more reliably through the Puget Sound region.

WSDOT is the lead project sponsor and is responsible for the planning, design and construction of the Gateway Program, as well as for its overall financial management. The program has been guided from its beginning by a Joint SR 167/SR 509 Executive Committee (Executive Committee), comprised of elected and appointed representatives of local jurisdictions served by the Gateway Program (Algona, Auburn, Burien, Des Moines, Edgewood, Federal Way, Fife, Kent, Milton, Pacific, Puyallup, SeaTac, Sumner, Tacoma, King County, Pierce County, Port of Seattle, and Port of Tacoma) as well as Federal Highway Administration, Washington State Transportation Commission, Washington State Department of Transportation, Puget Sound Regional Council, Sound Transit, Pierce Transit, and the Freight Mobility Strategic Investment Board.

Funding for the Gateway Program has been approved to come from the state gas tax, tolls, local contributions, and potential federal and state grants. Total funding for the Gateway Program, from the 2015 Connecting Washington transportation funding package, is \$1.875 billion, which includes local contributions of \$130 million. The program has been funded over a 16-year

timeline. Based on the legislative funding plan, major construction for a first stage would occur from 2019 through 2025, and a second stage from 2026 through 2030. Local contributions will be needed to construct both stage one and stage two projects.

In the 2017 Legislative session new language was enacted (Engrossed Senate Bill 5096 § 306(20)(b)) requiring development of a Memorandum of Understanding (MOU) between the Local Agency Partners and WSDOT. The legislature directed that:

The secretary of transportation must develop a memorandum of understanding with local project stakeholders that identifies a schedule for stakeholders to provide local matching funds for the Puget Sound Gateway project. Criteria for eligibility of local match includes matching funds and equivalent in-kind contributions including, but not limited to, land donations. The memorandum of understanding must be finalized by July 1, 2018. The department must submit a copy of the memorandum of understanding to the transportation committees of the legislature and report regularly on the status.

To this end, the Executive Committee of the Gateway Program convened a Funding and Phasing Subcommittee (Subcommittee) to develop a MOU that summarizes their planned future commitments and planned timing of those commitments to contribute to the SR 167 and SR 509 projects.

The Subcommittee goals include:

- Support efforts to build the Gateway projects on or ahead of schedule
- Create successful local partnerships
- Obtain sufficient local funding to build the Puget Sound Gateway projects
- Time grant-funding projects to support the project delivery schedule

The construct of local funding participation, when authorized by the legislative bodies of the relevant agencies through a series of forthcoming interlocal agreements, is based on the following projections:

	SR 167	SR 509	TOTAL
Port contributions	\$30 million	\$30 million	\$60 million
Federal INFRA grant	\$10 million	\$10 million	\$20 million
Local agency partner match	\$10 million	\$10 million	\$20 million
Other Grants (PSRC, FMSIB, TIB)	\$20 million	\$10 million	\$30 million
Total	\$70 million	\$60 million	\$130 million

3. Local Funding Strategy

A key element of the local funding strategy is to identify projects within the Gateway Program that provide clear and measurable benefits to local jurisdictions. In the Gateway Program, these are called “Local Nexus Projects,” designed to:

- Create a positive business case for Local Agency Partners by focusing on the parts of the program that are most relevant and important to local jurisdictions
- Leverage the potential to access significant grant funding to support local funding assumptions

In support of the local funding strategy, Local Agency Partners shall:

- Participate, co-fund match, and submit grant applications with support from Subcommittee staff, as identified in Section 6 of this MOU
- Combine local monetary and in-kind contributions and project funds to ensure fully-funded applications, as identified in Section 6 of this MOU
- Support the grant effort and avoid competition with the local projects in the year of application

The following Local Nexus Projects have been identified within the north (SR 509) and south (SR 167) segments of the Gateway Program:

Gateway North (SR 509)	Gateway South (SR 167)
188 th South Ramps	Meridian West Ramps
SeaTac Access, with Ramps to 28 th /24 th Avenue South	54 th Avenue East Ramps
Veterans Drive Extension	Interurban Trail
Lake to Sound Trail	Valley Avenue West Ramps
	Port of Tacoma Access/SR 509 Spur
	70 th Avenue E Bridge Relocation

If Local Nexus, INFRA, and any other pending grant projects become fully funded, these projects will contribute substantially toward the Legislative requirement for local match. Funding commitments will be achieved via an interlocal agreement from each signing party up to the amounts presented in this MOU. Local Agency Partner signatories to this MOU understand that once the local contribution requirements set forth in ESB 5096 (\$130 million) is achieved, that Local Agency Partners will not be required to commit to additional funds beyond what is outlined in this MOU. If additional grant funding or additional funds from other sources are obtained that fulfill the \$130 million local contribution requirement, the Secretary of Transportation and the Executive Committee will review and determine to either reduce local agency partner match payments, or recommend expanding scope of the Gateway Program, and amend each signing party's interlocal agreement accordingly.

4. Local Participation Policy

The Joint Executive Committee has agreed to a funding and phasing policy that structures local agency partner match requirements to be commensurate with the benefits accrued from the project at a local level. This policy states that:

All local agency partners accrue some benefit from the Puget Sound Gateway Program. Partners receiving fewer benefits, however, are not expected to contribute as much as partners who receive more benefits. Direct benefits are those that most quantifiable, but there are other components of value that include indirect, strategic and policy/social benefits. Both direct and indirect benefits will be assessed as part of the consideration of local contributions, because they are more easily quantifiable than strategic and policy/social benefits.

All Local Agency Partner signatories of this MOU expect to seek approval of interlocal agreements to contribute a match to be applied to Local Nexus Projects at a level that reflects their respective anticipated level of benefit, as identified in Section 6 of this MOU.

5. Benefit Assessment Methodology

The proposed financial participation by each partner is based on a general, qualitative assessment of the net benefits expected to be received by full completion of the Gateway Program. The assessment includes the following metrics, based on available project data and transportation modeling outputs:

- **Direct transportation linkages.** The location of direct access points for new limited access highways or other transportation infrastructure that benefits the community.
- **Effects on local sales taxes.** The impacts of the projects to sales tax receipts, both in terms of one-time construction sales taxes for the project, and ongoing sales taxes from impacts to commercial uses.
- **Travel time savings.** Overall travel time savings for local car and truck traffic associated with the projects.
- **Traffic diversion from local streets.** The diversion of, or increase in, traffic on local arterials due to the project, with associated positive impacts to traffic safety and local road maintenance.
- **Effects on local employment.** The potential effects of improved accessibility are reviewed, particularly in the context of access to new or potential employment uses.
- **Effects on developable residential lands.** The potential impacts of changes in traffic flow and accessibility on residential land development, with a focus on areas within the jurisdiction that are available for redevelopment.
- **Effects on developable employment lands.** The potential impacts of changes in traffic flow and accessibility on the development or redevelopment of commercial and industrial lands.
- **Achievement of local policy goals.** The alignment of the WSDOT Gateway Program with local plans and policies.
- **Environmental and social benefits.** Environmental and social benefits specifically linked to these projects, including upgrades to pedestrian and cycling infrastructure, and wetlands and riparian restoration.

The approach and findings of the benefits assessments have been provided to the Local Agency Partners.

6. Local Jurisdiction Anticipated Contributions to the Program

Based on results from the benefit assessment described in Section 5, contributions for each of the Local Agency Partners were determined by project stage in the tables below. Following execution of this MOU, interlocal agreements will be drafted for subsequent approval. Anticipated contributions only become binding commitments when embedded in interlocal agreements, and the conditions therein are approved by the proposed funding entity. Interlocal agreements between WSDOT and the respective Local Agency Partner must be in place for a project prior to issuance of the Request for Proposals (RFP) for any proposed construction contract. The Interlocal agreements will become binding commitments, within the statutory authority of the Local Agency Partner, and will define the schedule of local match payments expected over the duration of each construction project stage.

WSDOT will exercise due diligence to develop and construct each project on schedule within the Gateway Program to the best of its abilities. Local Agency Partners will participate in project development reviews and project meetings in support of the Gateway Program.

If grant pursuits identified in the Stage 1 and Stage 2 tables below are not achieved sufficient to meet the \$130 million local contribution, additional grants will be pursued from the funding programs listed or from other funding programs that may become available over the life of the Gateway Program. If Local Nexus Projects go to construction without planned grants, the Local Agency Partner match funds will still be provided by agreement with WSDOT. If it is determined that a Local Nexus Project cannot be fully funded, WSDOT will review options with the Executive Committee. If an official decision is determined by the Executive Committee and the Secretary of Transportation that the Local Nexus Project is not to be included in a construction project, the Local Agency Partner match may be withdrawn.

Stage 1 Grant Pursuits for Local Nexus Projects

Project	Estimated Construction Cost	Funding Program	Grant Target Amount	Target Due Mo/Year	Anticipated Construction Expenditure	Local Agency Partner Match	Partner Nexus
70 th Avenue E/Interurban Trail	\$32,245,600	FMSIB	\$5,000,000	Mar 2018	2019-2021	\$800,000 \$500,000 \$3,000,000	Fife Tacoma Port of Tacoma
		TIB	\$5,000,000	Aug 2018	2019-2021		
		State Capital & Transportation	\$1,400,000	Mar 2018	2019-2021		Fife
Veterans Drive/ SR516 Interchange	\$33,800,000	PSRC	\$4,500,000	Apr 2018	2021-2025	\$1,000,000	Kent
		TIB	\$5,000,000	Aug 2020	2021-2025	\$1,000,000	Kent
SeaTac Access	\$176,883,500	PSRC	\$4,500,000	Apr 2018	2021-2025	\$2,000,000 \$500,000	SeaTac (ROW in lieu) Des Moines

Port of Tacoma Access/509 Spur	\$323,042,000	PSRC	\$4,500,000	Apr 2018	2021-2025	\$1,500,000 \$3,000,000 \$800,000	Tacoma Port of Tacoma Fife
		FMSIB	\$5,000,000	Mar 2020	2021-2025		
All Gateway Program		INFRA	\$20,000,000*	Nov 2017	2019-2021		
SR 167 Stage 1		Port of Tacoma		Jan 2021	2021-2025	\$9,000,000	Port of Tacoma
SR 509 Stage 1		Port of Seattle		Jan 2021	2021-2025	\$15,000,000	Port of Seattle (expected in 2023-2025)
Total Stage 1			\$54,900,000			\$38,100,000	\$93,000,000

Stage 2 Future Grant Pursuits for Local Nexus Projects

Project	Estimated Construction Cost	Funding Program	Grant Target Amount	Target Due Mo/Year	Anticipated Construction Expenditure	Local Agency Partner Match	Partner Nexus
Meridian Avenue Interchange		TBD	\$3,000,000	2022	2026-2030	\$2,000,000	Puyallup
Valley Avenue Interchange		TBD	\$3,000,000	2022	2026-2030	\$2,000,000	Pierce County
188 th Street Interchange improvements		TBD	TBD	2023	2026-2030	TBD	
SR 167 Stage 2		TBD	\$4,000,000	2022	2026-2030	\$500,000 \$500,000	Edgewood (ROW in lieu) Sumner
		Port of Tacoma		Jan 2026	2026-2030	\$15,000,000	Port of Tacoma
SR 509 Stage 2		TBD	\$4,000,000	2024	2026-2030		
		Port of Seattle		Jan 2026	2026-2030	\$15,000,000	Port of Seattle
Total Stage 2			\$14,000,000			\$35,000,000	\$49,000,000
Total Stages 1 & 2			\$68,900,000			\$73,100,000	\$142,000,000

* – If no INFRA, apply for FHWA BUILD grant for Port of Tacoma Access (SR 509 Spur)

TBD – grant funding program pursuit to be determined in future

7. Terms and Termination

7.1. Amendments

This MOU shall be periodically reviewed and evaluated regarding the need for modifications or amendments by mutual determination of WSDOT and Local Agency Partners. Amendments to the MOU shall be required if program funding assumptions need to be adjusted that affect the ability to construct the identified Local Nexus Projects or the ability to achieve the \$130 million local contribution. Such amendments shall only be binding if they are in writing and signed by authorized personnel from all of the Local Agency Partners. Except as set forth in an amendment, the MOU will be unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict

between an amendment and the MOU or any earlier amendment, the terms of the most recent amendment will prevail.

If there is a conflict between subsequent Interlocal Agreements and the MOU or any earlier amendments, the terms of the Interlocal Agreements will prevail.

Changes that do not affect the ability to construct the identified Local Nexus Project or achieve the \$130 million local contribution shall be addressed through the Interlocal Agreement between WSDOT and the relevant Local Agency Partner.

7.2. Dispute Resolution

Should any signatory to this MOU object at any time to any actions proposed or the manner in which the terms of this MOU are implemented, the Executive Committee shall hear the dispute first and if the disputant(s) is/are not satisfied with the Committee's proposed decision, the Committee will send to the Secretary of Transportation its proposed solution and all documentation relevant to the dispute. The Secretary of Transportation shall provide the Executive Committee with his/her advice on how to resolve the dispute within thirty (30) calendar days of receiving adequate documentation. Prior to reaching a final decision on the dispute, the Executive Committee shall prepare a written response that considers any timely advice or comments regarding the dispute from the Secretary of Transportation, signatories and other interested parties, and provide them with a copy of this written response. WSDOT will then proceed according to this final decision.

7.3 Conditions for Termination of Participation

Subject to legislative appropriation and all applicable laws, each signatory shall ensure that the Gateway Program is carried out in accordance with the terms of the MOU and subsequent Interlocal Agreements. A signatory may terminate its participation in this MOU if its terms cannot be met and by providing written notice to the Secretary of Transportation and the Executive Committee a minimum of 180 calendar days before a project issues an RFP that relies on that local agency partner funding. Prior to providing written notice terminating participation, however, the signatories shall consult with WSDOT to determine whether an amendment to the MOU might be feasible. If a signatory terminates its participation, WSDOT will then consult with the Executive Committee to determine if project scope elements need to be removed if contributions are not realized in accordance with this understanding.

8. Period of Agreement.

This MOU will commence on (July 1, 2018 proposed date) and will dissolve when the \$130 million of local contribution have been secured, or when the Local Nexus Projects have been constructed and are complete.

9. Signatories

Stephen P. Metruck
Executive Director
Port of Seattle

Date

John Wolfe
Chief Executive Officer
Port of Tacoma

Date

Dow Constantine
County Executive
King County

Date

Bruce Dammeier
County Executive
Pierce County

Date

David E. Hill
Mayor
City of Algona

Date

Nancy Backus
Mayor
City of Auburn

Date

Michael Matthias
City Manager
City of Des Moines

Date

Daryl Eidinge
Mayor
City of Edgewood

Date

Jim Ferrell
Mayor
City of Federal Way

Date

Pat Hulcey
Councilmember
City of Fife

Date

Dana Ralph
Mayor
City of Kent

Date

Shanna Styron-Sherrell
Mayor
City of Milton

Date

Leanne Guier
Mayor
City of Pacific

Date

Kevin Yamamoto
City Manager
City of Puyallup

Date

Joseph Scorcio
City Manager
City of SeaTac

Date

William L. Pugh
Mayor
City of Sumner

Date

Elizabeth A. Pauli
City Manager
City of Tacoma

Date

Roger Millar
Secretary of Transportation
Washington State Department of Transportation

Date