



2010 State of the City Address

“A City on the Move”

Mountlake Terrace City Council

Jerry Smith, Mayor

Laura Sonmore, Mayor Pro Tem

Douglas McCardle, Councilmember

Michelle Robles, Councilmember

Rick Ryan, Councilmember

Kyoko Matsumoto Wright, Councilmember

John Zambrano, Councilmember

Presented by:

John J. Caulfield, City Manager

June 8, 2010

Introduction

Good afternoon and thank you for the opportunity to present this year’s State of the City Address for Mountlake Terrace, “A City on the Move”, where I will share with you some accomplishments from the past several years as well as a vision for this coming year and beyond.

I am pleased to report that our distinguished City is a place where the quality of life is very high. The vision for a vibrant Mountlake Terrace is coming alive and this vision is on the way to becoming a reality.

Our progress has been memorable--with several years of tremendous accomplishments. Each year our community grows stronger -- 2010 and beyond will be even better. This is an extraordinary time in our history and the bottomline is the Mountlake Terrace City Council is committed in continuing its leadership to build upon the community assets that make Mountlake Terrace a great place to live, work and play.

During perhaps the darkest, gloomiest economic periods experienced since the “Great Depression”, our community is in an enviable position of being to maintain basic municipal services as long as we continue with the prudent financial discipline our City Council has implemented, such as having a balanced budget, staying the course with our six-year financial forecast and a continued focus to live within our means.

This “Great Recession” is certainly taking its toll on all segments of our economy and will continue to do so for the foreseeable future. Even when the “Great Recession” is over and economic activity begins to improve, the financial crisis facing local government will continue for years.

The good news is that our City has become well accustomed to delivering much more for less; indeed, we have, thus far, more than adequately responded to this challenge. Our City has cultivated a new culture of strategic leadership that no longer subscribes to the old saying, ‘That’s the way we always did it.’ Rather we’ve become more efficient in our spending practices, delivering efficiency savings on a regular basis to combat the continued uncertainty.

Our residents and businesses can look to the City with confidence to provide the infrastructure and the range of services desired by our community. We have also been able to go above basic services and expand our capital improvement and economic development programs so that we are well-positioned to accommodate redevelopment and revitalization opportunities in the community when the economy improves.

We will also continue with a proactive financial approach to include preventative steps we implemented in mid-2008 to mitigate the impact of the recession. These steps will continue indefinitely.

Overview

Mountlake Terrace is known for its residential neighborhoods with towering evergreen trees, beautiful parks, trails, a scenic lake, first-class schools and close proximity to employment centers.

Our strategic location along I-5 between Seattle and Everett along with its strong demographics, significant purchasing power and terrific community amenities (recreation programs, great parks and schools, low crime) makes development and redevelopment in the community’s downtown and elsewhere very attractive.

We are home to a diverse population, which is well educated, active and friendly. We are fortunate to have 262 acres of recreational attractions including parks, playfields, two golf courses, fishing, a Recreation Pavilion with year-round swimming in an internationally acclaimed aquatics center.

Last November, a community satisfaction survey was conducted to help obtain attitudes and opinions about city services and quality of life issues. The results, which compare the 2009 and 2007 results along with how we compare to other cities on a national level, revealed that we continue to excel in some areas and had improved in many other areas.

The results show that our residents experience a good quality of life in Mountlake Terrace and they believe the city is an excellent place to live.

The survey indicated our citizens have strong trust in their local government. A majority rated the overall direction being taken by the city as good or excellent and higher than the benchmark. Additionally, those residents who had interacted with a city employee in the previous 12 months gave high marks to those employees.

We are a very safe community with low crime. In 2009, the City of Mountlake Terrace saw an 11% decrease in total crime that followed a 16% decrease in 2008. This is attributed to the City of Mountlake Terrace Police Department’s visible presence in the community coupled with focused and proactive enforcement efforts.

Our relationships and standing with our local, regional and national partners, particularly our state and federal delegation is very strong. We have a number of partnerships, in which we share services with other agencies and jurisdictions. Mountlake Terrace residents receive service from a wide range of groups including arts, community events and celebrations, beautification efforts, municipal court, jail, emergency operations, library, MTYAA, water supply, and sewage treatment.

In a time when the public desires quality services without tax increases and when local governments are forced to stretch the citizens’ tax dollars, we must rely upon these partnerships and also use available grants. The result -- our City can continue to provide a level of service its citizens are accustomed to through these partnerships, while keeping our costs in check.

Strategic Approach

The Mountlake Terrace City Council has developed a strategic approach to implement its community vision as an attractive, walkable city with a revitalized town center, pleasant neighborhoods, healthy environment, and ample opportunities for housing, education, business, recreation, and community involvement.

Council Goals

Earlier this year, the City Council adopted six goals that along with our Comprehensive Plan serve as the foundation for achieving our community’s vision. These goals build upon those that were adopted in 2006 to keep the community moving forward.

The Council focused much of their discussion on protecting the city’s finances, economic development, capital infrastructure needs, and community outreach.

Financial Summary

The City continues to hold its own financially, consistent with our six-year financial forecast and we thus far are meeting our bottom-line financial and operational objectives in 2010, just as we did in 2009 and 2008.

The City’s effectiveness in managing its financial resources during one of the most difficult economic times in several generations is a very positive reflection upon our organization. Our strategy includes: a balanced budget; a 6-year financial forecast; ability to maintain current levels of service; an aggressive and proactive capital improvement plan; strong reserves; implementation of sound financial and management policies; and after prioritizing our services based on life/health/safety/legal mandates and Council goals, the implementation of action strategies and preventative measures to ensure our costs do not exceed our revenues.

Though the City’s current financial position is better than most, our financial forecast shows challenges do exist. Compared to other communities, Mountlake Terrace collects below average sales and property tax revenues to fund basic municipal services. For example, our property taxes, together with sales tax and gambling tax, are still not enough to cover our most basic services of police and fire protection. Yet, our community receives a very high level of service for these limited resources.

Capital Infrastructure Improvements

You may have noticed increased public works projects the past few years. This is part of the City’s very aggressive \$66 million capital improvement plan that focuses on improving our infrastructure, particularly our streets, sidewalks, parks, open space, facilities, and water, sewer and storm water utilities.

A number of public investment projects are also underway that will benefit the revitalization and redevelopment of our downtown including: 1) downtown water main system replacement; 2) 230th Street Reconstruction; 3) Energy Conservation “Tool Kit”, a development review and inspection process in partnership with the private sector (UIG), that will result in more energy-

efficient development in the Town Center; and 4) Energy-Efficient Transportation Choices Project to plan for Sound Transit light rail and transit-oriented development near I-5 and 236th Street.

In addition, the city continues to proactively pursue state and federal funding to implement this unprecedented capital improvement plan to upgrade our aging infrastructure. The result is that the city has leveraged about \$4.1 million in outside federal and state funding for capital improvements in the last 20-plus months.

Yet, we are not done nor are we satisfied as we continue to actively pursue more funding to upgrade our aging infrastructure that for too long was neglected and not properly maintained.

Future projects for which we currently are pursuing funding include: a) Lakeview Trail, the creation of a bicycle and pedestrian route from the new Mountlake Terrace Transit Center and adjacent Freeway Station to the Interurban Trail along Lakeview Drive; b) federal funding to replace and upgrade our integrated regional 9-1-1 system along with a series of modern law enforcement tools to meet public safety obligations; c) Water Resources Development Act (WRDA) funds for future improvements in the Lake Ballinger/McAleeer Creek Watershed; d) storm water detention and water quality improvements in support of Civic Campus, Lake Ballinger/McAleeer Creek Watershed and Town Center; and e) school safety sidewalk projects along 214th St SW connecting to Mountlake Terrace High School and 54th Avenue connecting to Mountlake Terrace Elementary School.

These significant local investments are beginning to create positive changes in our community that will bring new relevance and vitality to our community.

Mountlake Terrace Civic Campus

On May 17, the City Council unanimously adopted an ordinance to place a capital bond proposal to build a new Civic Campus on the November ballot for voter consideration. Our community has a long history of funding civic projects through voter-approved levies.

If approved, the benefit to our community will be immediate as both our Town Center and Civic Campus will become regional references for a sustainable community and economic development. It will be the civic heart of our community and stimulate private reinvestment in our downtown.

As with most major policy issues in our community, a new Civic Campus has been the topic of study by numerous City Councils since the 1980s. The current City Council has followed a very deliberate and methodical process to move the city closer to final consideration, which included the appointment of an 11-member Citizen Task Force in 2008 to make recommendations on replacing the city’s aging public facilities.

Their efforts included providing a fresh perspective of the situation and numerous opportunities for public input. After six months of meetings and open houses, the Task Force recommended a new Civic Campus be built on the existing site and the Council seek voter-approval for its construction. Earlier this year, the old civic center was demolished after a July 2008 ceiling collapse made it unusable.

The new Civic Campus will provide for improvements to the existing Library, while adding a new community and senior activity center, public meeting places, new police station, emergency operation center, city offices, enhanced streetscapes, and a civic green with a spray fountain, ornamental garden and amphitheater that will connect to Veterans Memorial Park. It would also incorporate sustainable design standards such as green roofs and walls, and energy-efficient LEED Silver building techniques. Year-round events would include a farmers market, public safety fairs, senior activities, dance recitals, art shows, outdoor movies, and concerts.

The final cost estimate of \$37.5 million would be financed through voter-approved 30-year General Obligation Bonds. To minimize the impact to citizens in 2011 and 2012, while at the same time taking advantage of the favorable bidding climate, the property tax impact on the average home would be zero in 2011, \$3.48 per month in 2012 increasing to \$19.27 per month averaged from 2013 to 2040.

Economic Development

On the economic development front, the vision for a vibrant Mountlake Terrace is on its way to reality. We are “ready to go and open for business”. The City Council recognizes that in order to continue providing the services our community has come to expect and demand we need to broaden and diversify our revenue base, especially in our underdeveloped and underutilized commercial areas that include not only our Town Center, but also the 220th Street commercial corridor and Freeway/Tourist zone, which is one of the few areas along I-5 that is ripe and available for immediate redevelopment.

Several years ago, the City Council, after extensive community involvement, adopted our Town Center master plan for the city’s downtown, along with an environmental study that streamlines development review and new zoning codes that implement the vision.

The Town Center Plan, which is the centerpiece of the City’s economic development strategy, encourages a lively, walker-friendly downtown that will include more shops, restaurants, services, and outdoor areas for our residents. It will add new opportunities for urban living and mixed-use development with retail, residential and commercial uses. It preserves the residential character of nearby single-family neighborhoods by creating transition areas between commercial and single-family zones.

The City Council also revised most of its zoning code, which had largely not been updated for 20 to 25 years. We also made significant changes in our development services department to streamline and improve our permitting process.

What followed next was the adoption of a series of strategies to serve as the foundation as the City’s strategic approach to achieving its vision for 2010 and beyond:

- Housing Choices Program to encourage more housing choices, walkability and a livable community, May 2008;
- Transportation Master Plan (TMP) with, September 2007;
- Sustainability and Conservation Strategy, focusing on smart energy and green building practices, plus a focus on clean energy jobs, August 2008;
- Storm Water Comprehensive Plan, September 2008;

- Economic Vitality Strategy, October 2008;
- Recreation, Parks & Open Space Master Plan, June 2009; and
- Arts & Cultural Strategic Plan, October 2009.

Next Steps

The City will next begin to evaluate other options for Town Center infrastructure improvements that will build upon the public investments already underway.

While Washington State has a limited set of economic development financing tools to build infrastructure, our state is one of the few states in the nation that does not have “tax increment financing” (“TIF”) as a standard economic development tool. However, the Washington State Legislature has in recent years, created two versions of “TIF light” that have some similar characteristics that may be beneficial to our community.

1. Local Infrastructure Financing Tool (“LIFT”) -- this program provides a state sales tax credit in connection with “revenue development areas” but by statute is permanently applicable to only one city in any given county. (Mountlake Terrace is not such a city.)
2. Local Revitalization Financing (“LRF”) -- this is the newest economic development tool, adopted in 2009; it is somewhat complex and only a few jurisdictions can qualify in any given year; however, it has the advantage of providing sizeable funds for capital projects.

In the coming year, the City will review these tools as options to finance local public improvements in our Town Center (56th Avenue West Reconstruction between 230th to 236th, East/West Town Square Circulator, and Town Center Public Plaza) in partnership with private investment.

Also, the City Council at their recent annual retreat directed that an economic development program be included as part of 2011/2012 Biennial Budget to provide the continued leadership and strategic guidance concerning economic development community-wide. These additional improvements and resources will serve as a catalyst for transformation and stimulate more private reinvestment in our downtown.

Results

With the demolition of the old civic center and a variety of private, public and transit investment projects already underway, the revitalization of our downtown and community as a whole is beginning to take shape.

On March 30, the City approved the most significant project yet to be designed under the new Town Center Design Standards. The project is a 5-story mixed-use project and includes retail on the ground floor with residential units above near 56th and 236th within the Town Center. The project includes pedestrian activity areas, landscaping, parking, and open space that meets our new Town Center Design Standards.

Another proposed project, Vineyard Park, is a 4-story mixed-use project that will be located on the Distinctive Countertop and Electric City parcels. It too will have commercial space on the

ground floor with living units above. The developer, Urban Innovations Group (UIG), has also expressed interest in redeveloping the Roger’s Market site; however the development timeframe is currently uncertain given the economic climate and not likely until the economy improves.

The Mountlake Terrace Business Association recently opened the first ever Farmers Market in our community where shoppers can look forward to shopping in our downtown for farm-fresh fruits, vegetables, flowers, honey and other local farm products. The market, which operates from May through October on Thursday afternoons, is located on 58th Avenue between the corner of 232nd Street SW and the entrance to the future site of the Mountlake Terrace Civic Campus.

Another key partnership is with Community Transit and Sound Transit. The new Mountlake Terrace Transit Center, which is adjacent to our downtown and opened in early 2008, was constructed by Community Transit and features a five-level Parking Garage making it Snohomish County’s first public transit parking garage. The new facility expanded the parking capacity at the site from about 388 to approximately 880 parking spaces.

Sound Transit is constructing the long-awaited express bus station in the I-5 median that will connect via a pedestrian bridge to the new Mountlake Terrace Transit Center. When completed in early 2011, the Freeway Station will provide Mountlake Terrace with express bus service that will enable buses to pick up and drop off commuters inside the freeway median. Eventually, a light rail station, approved by the voters as part of Sound Transit 2, will be incorporated into this configuration and provide even more incentives for redevelopment of our downtown.

These examples are just a few of the City’s efforts to bring the private and public sectors together on economic development initiatives that will be catalysts for the redevelopment and revitalization of our community. In total, approximately 45 development projects are currently on the horizon. Several of the Town Center projects alone are projected to bring a combined \$65-\$100 million in private investment to our community.

The anticipated level of activity, even in an economic downturn as severe as this one, reflects very positively upon our community and City Council. Over the next 20 years, the Town Center efforts are expected to result in about 1,400 jobs, 465,000 square feet of retail and office, and 800 housing units in the downtown area.

Given the current economic climate coupled with very tight credit markets, it will take time for some of these projects to move forward. However, the work and partnerships the city is undertaking today will allow our community to be well positioned so that when the economy does improve, our City will be able to ride a wave of success that will benefit not only our community, but the region as a whole.

Conclusion

In closing, we are moving forward and the City is well positioned to face the future with a great deal of pride, a lot of optimism and great expectations. Imagine a community with a bustling and revitalized downtown. A place where businesses clamor to locate, bringing with them jobs, opportunity, and investment. Where seniors, small children, and families all safely and proudly

make their way to a better life in a city that is economically and socially strong -- as the ideal place to live, work, raise a family and do business.

The work we are doing will make this vision a reality. The path ahead is clear as our potential still exceeds our accomplishments. The outcome will be a vital and attractive Mountlake Terrace, not only for current generations, but also for future generations.

I would like to thank and recognize the City Council and our valued employees for their dedication and hard work. Our employees are doing a great job of meeting Council’s goals and being responsive to citizen needs -- from providing the basics, like public safety, water & sewer services, street maintenance, recreation & parks, administrative services, to going above and beyond the call of duty.

I would also like to thank the many citizens who have contributed to our success – whether you serve on an advisory board or commission, attend public meetings or just call occasionally with an issue or an idea -- you are what makes our community strong.

I’m proud of everything our City has achieved and I look forward to another successful year.

Mountlake Terrace’s best days are not behind us...but are in front of us.