



**SKAGIT COUNTY JAIL**  
**ENVIRONMENTAL IMPACT STATEMENT**  
**ECONOMIC ANALYSIS**

**DECEMBER 2013**

**PREPARED BY:**  
**PROPERTY COUNSELORS**

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# I. INTRODUCTION AND SUMMARY

## INTRODUCTION

Skagit County voters have approved the funding of a new jail to replace the existing overcrowded facility. The new jail would provide a courtroom, administrative space and beds for 400 inmate beds initially, with room to add another 400 beds. After several years of study and evaluation, the County has reduced the number of candidate sites to two: the Alf Christianson Seed site across Kincaid Avenue from the Courthouse in Downtown Mount Vernon, and the Truck City/Suzanne Lane site on Highway 99 in south Mount Vernon. The location of the two sites is shown in Figure 1 on the next page. The County is conducting environmental analysis of the two sites.

Two economic issues have been identified in the scoping process for the Environmental Impact Statement. The first issue is whether location of the facility on the Christianson site would provide a disincentive for development elsewhere in Downtown, particularly since the City has invested considerable energy and funds in a master plan and new infrastructure. The second issue is whether location of the facility on either site would negatively affect property values.

This report provides a discussion of these impacts and quantification where possible. The report is organized in three sections.

Introduction and Summary

Current Economic Conditions

Impacts of Alternative Sites

The findings and conclusions of the analysis are summarized in the remainder of this section.

**Figure 1.  
Location of Alternative Jail Sites**



<p>Project Location <b>WASHINGTON</b></p>	<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #d4edda; border: 1px solid #c3e6cb; margin-right: 5px;"></span> City Limits</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #f8d7da; border: 1px solid #f5c6cb; margin-right: 5px;"></span> Police Station</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #fff3cd; border: 1px solid #ffeeba; margin-right: 5px;"></span> Fire Station</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #d1ecf1; border: 1px solid #bee5eb; margin-right: 5px;"></span> Hospital</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #d4edda; border: 1px solid #c3e6cb; margin-right: 5px;"></span> Park</li> </ul>	<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></span> Municipal Building</li> <li><span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></span> Library</li> <li><span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></span> Post Office</li> <li><span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></span> School</li> <li><span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></span> Cemetery</li> <li><span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></span> Boat Launch</li> </ul>	<p>Skagit County Jail Draft EIS Skagit County and City of Mount Vernon</p> <p><b>Figure 1. Vicinity Map</b></p> <p>December 2013</p> <div style="display: flex; justify-content: space-around; align-items: center;"> </div> <p>Project No.: COMV0000-0011</p>
	<p>Data Sources: Skagit County, City of Mount Vernon, DEA Background: ESRI Service Layer World Terrain Base</p>		<p>This map was created by David Evans and Associates, Inc. (DEA). Accuracy and currency depend upon the source data at the time it is acquired. DEA makes no representation or warranty as to the correctness of the information depicted on this map. It is intended for limited planning purposes as agreed to between DEA and its client(s) and is not suitable for design, survey, construction, or other uses or for other projects. It is strictly forbidden to modify, sell, distribute or reproduce this map for any reason without the written consent of DEA.</p>

# **SUMMARY**

## **CURRENT ECONOMIC CONDITIONS**

### **SITE DESCRIPTIONS**

The two sites are similar in size and allowable uses. Both sites have excellent freeway visibility, with the Christianson site offering immediate freeway access. Local access to the Christianson site is constrained somewhat by the railroad to the west, proximity to the I-5 on-ramp to the north and east, and a residential neighborhood to the south. The land uses immediately surrounding the Christianson site include a broad range of uses while the Truck City site is surrounded by agricultural, commercial and industrial uses. Because of its Downtown location, the Christianson site is suitable for a higher density of commercial and industrial uses.

### **DOWNTOWN MOUNT VERNON MASTER PLAN AND OPPORTUNITY SITES**

The City adopted a Master Plan for Downtown and the Waterfront in 2008. The City intends to increase the density of Downtown development, building on and enhancing existing retail activity; creating a vibrant, attractive, and safe waterfront and Downtown with improved access to the Skagit River; providing new and improved public amenities; and stimulating mixed use redevelopment that will generate new jobs and create housing that preserves the character of Downtown Mount Vernon. The Master Plan identified opportunity sites for new development. These sites are vacant, underutilized or parcels created by the flood control work. The Christianson site was the largest of 11 opportunity sites, and was identified as suitable for hotel and office campus uses. The sum of the amount of potential development on these sites was less than the total potential demand projected for Downtown. The balance would have to occur on sites that aren't currently susceptible to demand for development.

### **MARKET DEMAND FOR ALTERNATIVE USES**

Economic impacts of development of either alternative jail site will depend partly on lost opportunities for private development on those sites. The opportunities for development will depend on market demand. Market demand was considered for Downtown in the 2008 Master Plan. While the recent national recession has slowed development activity in the region and Downtown, the previous projections of potential development are still realistic.

Demand for commercial and industrial space in South Mount Vernon is strong. There are 10 projects in various stages of permitting with the City for business park uses. Such development would likely occur on the Truck City site if it were not chosen as the site for a new jail.

Previous land needs analyses have concluded that there is a need for additional land to meet projected employment levels, and UGA expansion options are limited due to state

statues prohibiting expansion into the floodplain. Long-term demand for development will be constrained by this shortage.

## IMPACTS OF ALTERNATIVE SITES

### ALTERNATIVE DEVELOPMENT SCENARIOS

The alternative use scenarios for each site are identified as market-driven estimates of what could occur on either site given market demand, requirements of each potential use and the characteristics of each site. The scenarios for each site can be summarized as follows.

**Alf Christianson Seed Site.** This property was identified as an opportunity site in the previous Master Plan study. Likely uses for the site included a hotel and a campus style office park. The hotel use benefits from the freeway access and visibility and proximity to the businesses and amenities Downtown. The office park would also benefit from the freeway access and proximity to Downtown. The railroad limits the suitability of the site for large scale retail or residential uses.

**Truck City/Suzanne Lane Site.** The area on both sides of I-5 in South Mount Vernon is developing with commercial industrial uses requiring convenient automobile access and freeway visibility. The freeway access is not as immediate as the Christianson site, and there are fewer amenities and services. A planned business park with a mix of light industrial, warehouse distribution, and showroom uses would respond to current market trends in the area.

**Table 1.  
Summary of Alternative Development Scenarios**

	Alternative Development	
	Christianson Site	Truck City Site
<b>Description of Development</b>		
Site Area (acres)	7.8	10.4
Land Use (acres)		
Hotel (100 rooms)	2.0	-
Retail	0.5	-
Office Park	5.3	-
Business Park	-	10.4
<b>Total</b>	<b>7.8</b>	<b>10.4</b>
Hotel	52,272	-
Retail	5,445	-
Office Park	92,347	-
Business Park	-	135,907
<b>Total</b>	<b>150,064</b>	<b>135,907</b>

## **COMMUNITY ECONOMIC IMPACTS**

Community economic benefits include the business receipts, jobs, personal income and tax revenues resulting from a project or program. Three categories of impacts are considered: operation of the jail itself, negative effects on surrounding businesses, and lost opportunities to capture future development.

The jail will employ 136 to 148 full time equivalent employees at buildout with 800 beds. Overall, the level of employment on-site is much lower than either of the alternative scenarios for the two sites (368 and 260 for the Alf Christianson and Truck City sites, respectively). Depending on specific uses, average wages could be higher with the jail, but the total number of jobs and likely total wages would be less than that associated with commercial/industrial redevelopment. Lower density uses will provide less support for surrounding businesses for food services and convenience purchases.

Any negative effects of a jail on surrounding businesses are likely to be limited. Such impacts are related to consumer and business owner perceptions of increased crime, or to the design and appearance of the facility. Studies have found that correctional facilities have not contributed to community crime rates. The appearance of the facility can be addressed through the design process. To the extent that the facility can appear to be a typical new commercial, industrial or civic building, any adverse impacts can be minimized. In the case of the Christianson site, the issue is particularly important because this site represents the major gateway to the Downtown. The current renderings for this site indicate an overall appearance that is more industrial or big box commercial than office or downtown commercial.

If the siting of the jail precludes other development that wouldn't locate elsewhere in the City, the foregone activity is an impact of the site choice. Previous land needs analyses identified a need for adding to the available supply of developable commercial industrial sites within the City. In the absence of expansion of the UGA, development of a jail on either site would mean that opportunities for commercial and industrial development would be foregone. In the case of the Truck City site, there are sites on either side of I-5 that are developing or could develop as a business park of the form envisioned in the alternative development scenario in the near-term. Longer term, however, the City's growth is limited by the state statutes that prohibit expansion of the UGA into the floodplain.

In the case of the Christianson site, there would be a lost opportunity as well. The Master Plan for Downtown identified a level of potential demand that could be captured as the City creates an attractive mixed use environment along the river and in the Downtown. The Christianson site was identified as the largest of eleven opportunity sites in Downtown and suitable for a hotel and office campus development. The potential demand identified for new development exceeds the capacity for the eleven sites. The Christianson site is somewhat unique in that it is a large site at a freeway interchange. It is particularly well suited to a hotel or office campus development. Even if such a development were located on another opportunity site, the latter site wouldn't be

available to accommodate other potential development. While ultimately other properties will redevelop and capture a share of that demand, a portion will be foregone if the Christianson site is not available for private development.

### **VALUES OF ADJACENT PROPERTIES**

Reduced property values are a common concern of owners of properties adjacent to a proposed jail facility. There have been many studies of the impacts of correctional facilities on property values. Studies that compare trends in property values in target neighborhoods around a jail and control neighborhoods without such facilities find that there is no adverse impacts on property values. One exception is impacts on high-income areas. There is an apparent hierarchy of susceptibility of impact with high income/high amenity office or residential uses being most susceptible to impacts, with lower income and lower amenity commercial uses being less susceptible. The uses adjacent to the Christianson site are generally medium value office and low market value residential uses. These current uses are toward the bottom of this scale, although future development according to the Master Plan vision would be higher on the scale and therefore more susceptible to impacts. The uses around the Truck City site are industrial and have the least potential for impact. The uses around either site are unlikely to experience significant negative property value impacts.

### **SUMMARY OF IMPACTS**

The primary categories of economic impact of the two sites are the following.

- The major community economic impact is the potential loss of business activity under development alternatives because of the loss of major development sites in the face of shortages of commercial and industrial lands both city-wide and downtown. The potential loss of activity for the Christianson site is significantly greater because of the higher potential density of development and the higher economic value of that development.
- While it might be possible, (if unlikely, due to restrictions on expanding the UGA into the floodplain) to create new capacity for development sites comparable to the Truck City area, it would not be possible to create new sites with the gateway characteristics of the Christianson site.
- There aren't likely to be any significant impacts on property values on adjacent properties around either site. This result is dependent on the assumption that the design of the facility offers an appearance similar to newer commercial, industrial, or civic buildings, and that the building is secured to assure public safety.
- Similarly, there aren't likely to be any significant impacts on business activity on adjacent properties around either site. Again, this result is dependent on the assumption that the design of the facility offers an appearance similar to newer



commercial, industrial or civic buildings, and that the building is secured to assure public safety. In the case of the Christianson site, the issue is particularly important because this site represents the major gateway to the Downtown.

- There will be a loss of revenue to the City and other local taxing jurisdictions as a result of the foregone development opportunity on the Christianson site. Further, there will be a loss of current property tax revenues from either site as the jail facility would be exempt from property taxes.

The results are quantified where possible in the following table.

**Table 2.  
Summary of Economic Impacts of Alternative Jail Sites**

	Christianson Site	Truck City Site
<b>Community Economic Benefits</b>		
<b>Forgone Development Opportunity</b>		
<b>Gross Business Receipts</b>	(\$85,906,900)	(\$16,701,620)
<b>Jobs</b>	(368)	(260)
<b>Personal Income</b>	(\$16,754,750)	(\$11,050,000)
<b>Annual Local Tax Revenues</b>		
City	(\$342,326)	(\$76,988)
County	(80,891)	(14,992)
Transportation District	(43,270)	(935)
School District	(102,793)	(44,484)
Port District	(3,307)	(1,431)
Hospital District	(15,376)	(6,654)
<b>Total</b>	<b>(\$587,963)</b>	<b>(\$145,484)</b>
<b>Loss of Current Property Tax Revenue</b>		
City	(\$11,518)	(\$10,497)
Other Local	(\$39,842)	(\$36,309)
<b>Impact on Adjacent Properties</b>		
Property Value Changes	No Significant Changes with attractive design and operating procedures.	No Significant Changes with attractive design and operating procedures.
Business Gross Receipts Changes	No Significant Changes with attractive design and operating procedures.	No Significant Changes with attractive design and operating procedures.

## II. CURRENT ECONOMIC CONDITIONS

The existing economic conditions in Mount Vernon provide a baseline for estimating impacts of development of alternative sites. Existing conditions are presented in this section in terms of:

Site Descriptions

Downtown Mount Vernon Master Plan and Opportunity Sites

Market Demand for Alternative Uses

### SITE DESCRIPTIONS

The two sites under consideration for the Skagit County Jail are the Alf Christianson Seed Company Site at I-5 and Kincaid in Downtown Mount Vernon and the Truck City / Suzanne Court site on Highway 99 south of Downtown. The key characteristics of the two sites are summarized in the following table.

**Table 3.  
Comparison of Site Characteristics**

	<b>Alf Christianson Seed Company</b>	<b>Truck City/Suzanne Lane</b>
<b>Size</b>	7.8 acres	10.4 acres
<b>Ownership</b>	1 Ownerships	3 Ownerships
<b>Comprehensive Plan Designation</b>	Commercial Industrial (CI)	Commercial Limited Industrial (CL)
<b>Zoning</b>	C-2	C-L
<b>Local Access</b>	From Kincaid From E. Section/S. 6th No access across RR between Kincaid and Section	From Highway 99 From Suzanne Lane
<b>Freeway Access</b>	Adjacent to I-5 exit 225 (Kincaid St.)	1/2 mile to I-5 exit 224 (Anderson Road)
<b>Visibility</b>	High visibility from I-5 north and south.	High visibility from I-5 north and south.
<b>Surrounding Land Uses</b>	Older Single family residential to south. I-5 and residential to the east. Railroad tracks and commercial to the west. Government and commercial to the north.	Commercial, Industrial and Agricultural Recreational Vehicle Sales Equipment Sales Landscape Supply
<b>Proximity to Demand Generators</b>	Transit Center I-5 and SR536 traffic. Government Center Downtown Amenities	Highway 99 traffic. Commercial industrial development
<b>Proximity to Services</b>	Downtown stores and restaurants. Government Center.	Commercial support services.

The two sites are similar in size and allowable uses. The C-2 designation is intended to provide general commercial areas with a variety of uses requiring automobile access. The C-L designation is intended to provide for retail, limited industrial and manufacturing and business park uses. Both sites have excellent freeway visibility, with the Christianson site offering immediate freeway access. Local access to the Christianson site is constrained somewhat by the railroad to the west, proximity to the I-5 on ramp to the north and east, and a residential neighborhood to the south. The land uses immediately surrounding the Christianson site include a broad range of uses while the Truck City site is surrounded by commercial, industrial and agricultural uses. Table 4 provides a summary of land use by zoning designation for the area within a half mile radius each site. The total area shown for each site differs because parcels at the periphery may extend beyond the circle. The Christianson site has a broader range of uses including multifamily, while the Truck City site includes agriculturally zoned land.

**Table 4**  
**Site Comparison by Zoning Designation within Half Mile Radius (acres)**

Zoning	Alf Christianson Seed Site	Truck City/Suzanne Lane
Agricultural	-	228.3
Commercial Industrial	125.2	276.9
Public	78.6	2.2
Single Family Residential	159.87	80.04
Multi-family Residential	45.82	-
Other	13.74	13.59
Total	423.2	601.0

Source: Skagit County Assessor records. Property Counselors.

Each site differs in the level of development in the surrounding area. Table 5 provides a summary of the assessed value of land and improvements as well as the amount of buildings on properties within one-quarter and one-half mile of each site. As shown, building value is greater both in absolute terms and as a percentage of total value in the rings around the Christianson site. The amount of building area is greater as well.

**Table 5.  
Site Comparison Assessed Value and Building Area**

Alf Christianson Site: Half Mile Radius					Alf Christianson Site: Quarter Mile Radius				
	AV Improvements	Total Value	Improv. / Total	Building Area		AV Improvements	Total Value	Improv. / Total	Building Area
Agricultural	\$250,800	\$2,249,600	11%	3,278	Agricultural	\$248,300	\$2,247,100	11%	3,278
Industrial	11,523,100	22,049,700	52%	248,034	Industrial	10,740,400	18,365,300	58%	122,499
Commercial	186,286,871	226,735,636	82%	1,032,390	Commercial	27,619,471	37,610,136	73%	528,099
Public	37,347,800	48,640,700	77%	540,594	Public	26,236,700	31,112,200	84%	322,720
Single Family Residential	90,112,780	165,907,355	54%	1,468,054	Single Family Residential	26,053,430	48,296,855	54%	424,791
Multi-family Residential	18,851,700	31,422,150	60%	350,894	Multi-family Residential	7,029,000	11,467,250	61%	148,312
Mobile Home	6,600	104,700	6%	860	Mobile Home	6,600	104,700	6%	860
Unimproved Land	-	426,500	0%	-	Unimproved Land	-	385,500	0%	-
<b>Total</b>	<b>\$344,379,651</b>	<b>\$497,536,341</b>	<b>69%</b>	<b>3,644,104</b>	<b>Total</b>	<b>\$97,933,901</b>	<b>\$149,589,041</b>	<b>65%</b>	<b>1,550,559</b>
Truck City Site: Half Mile Radius					Truck City Site: Quarter Mile Radius				
	AV Improvements	Total Value	Improv. / Total	Building Area		AV Improvements	Total Value	Improv. / Total	Building Area
Agricultural	\$2,308,700	\$11,556,700	20%	34,154	Agricultural	\$1,274,000	\$8,117,900	16%	20,650
Industrial	8,147,400	12,462,900	65%	121,429	Industrial	2,529,900	5,217,700	48%	50,008
Commercial	34,405,800	87,654,300	39%	704,158	Commercial	16,188,200	44,011,200	37%	285,156
Public	946,700	3,253,200	29%	24,918	Public	-	-	-	-
Single Family Residential	12,712,700	22,161,800	57%	162,973	Single Family Residential	2,028,700	3,598,900	56%	36,953
Multi-family Residential	336,900	647,500	52%	4,807	Multi-family Residential	-	-	-	-
Mobile Home	813,500	3,967,900	21%	16,942	Mobile Home	93,200	312,600	30%	4,320
Unimproved Land	-	4,600	0%	-	Unimproved Land	-	4,600	0%	-
<b>Total</b>	<b>\$59,671,700</b>	<b>\$141,708,900</b>	<b>42%</b>	<b>1,069,381</b>	<b>Total</b>	<b>\$22,114,000</b>	<b>\$61,262,900</b>	<b>36%</b>	<b>397,087</b>

Source: Skagit County Assessor records. Property Counselors.

The assessed value of each site is similar:

	Alf Christianson Seed Site	Truck City/ Suzanne Lane Site
Building Value	\$305,500	\$99,000
Improved Land Value	3,765,300	3,610,800
Total Assesed Value	\$4,070,800	\$3,709,800

Source: Skagit County Assessor records. Property Counselors.

The two sites differ in terms of surrounding demand generators for other uses and services available to support those uses. The Christianson site is near a variety of activity generators and supporting uses, while the Truck City site is near other commercial/industrial businesses.

# MOUNT VERNON DOWNTOWN MASTER PLAN AND OPPORTUNITY SITES

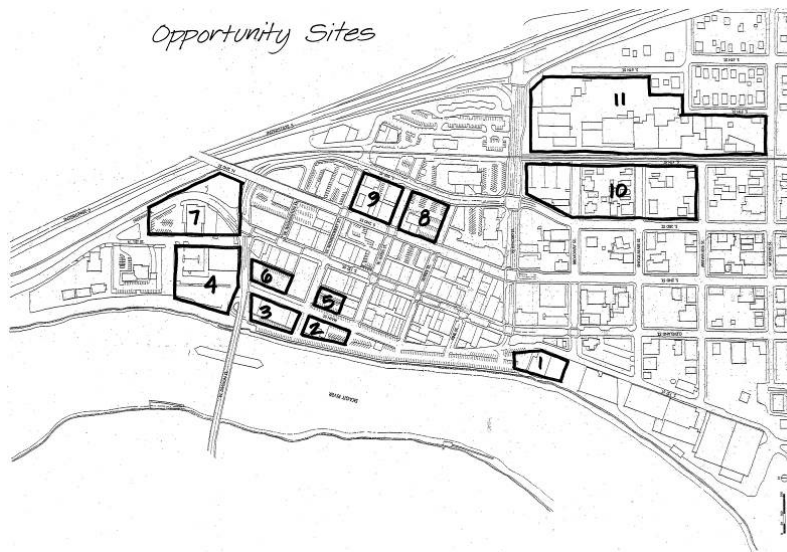
The Christianson site is located within Downtown Mount Vernon. The City adopted a Master Plan for Downtown and the Waterfront in 2008. The City intends to increase the density of Downtown development, building on and enhancing existing retail activity; creating a vibrant, attractive, and safe waterfront and Downtown with improved access to the Skagit River; providing new and improved public amenities; and stimulating mixed use redevelopment that will generate new jobs and create housing that preserves the character of Downtown Mount Vernon. Phase II of the plan is under construction and will provide a floodwall engineered to protect the historic downtown and remove it from the 100 year flood plain, as well as a riverfront park and trails.

A market study was prepared for the plan by Property Counselors that identified potential demand in Downtown to be:

	<b>Next 10 years</b>	<b>Subsequent 10 years</b>
Retail	125,000 square feet	155,000 square feet
Office	55,000 square feet	65,000 square feet
Residential	200 units	250 units
Lodging	100 rooms	100 rooms

The Master Plan also identified opportunity sites for new development. These sites are vacant, underutilized or parcels created by the flood control work.

**Figure 2.  
Master Plan Identified Opportunity Sites**



Potential development scenarios were identified for several of these sites as shown in Table 6.

**Table 6.  
Characteristics of Opportunity Sites**

<b>Site</b>	<b>Size (sq. ft.)</b>	<b>Potential Uses</b>
1	30,000	30 to 40 Residential Units or 35,000 to 50,000 SF Office
2	21,000	20 to 30 Residential Units or 10,000 to 20,000 SF Office 5,000 to 7,000 SF Retail
3	28,600	30 to 36 Residential Units or 15,000 to 30,000 SF Office 6,800 to 9,600 SF Retail
4	100,000	Hotel Retail or Office
5	13,000	12,000 to 20,000 SF Office 5,000 to 9,000 SF Retail
6	19,000	24 to 30 Residential Units or 18,000 to 36,000 SF Office 6,000 to 8,000 SF Retail
7	48,000	Retail and Office
8	39,000	Public
9	41,000	Public
10	240,000	Public
11	380,000	Hotel and Office Park

The analysis of the opportunity sites supports two conclusions: the Christianson site (Opportunity Site 11) was the largest opportunity site in Downtown; and the sum of amount of potential development on these sites was less than the total potential demand projected for Downtown. The balance would have to occur on sites that aren't currently more susceptible to demand for new development. Such sites would become more likely to develop over time as potential new development provides more return than the existing uses and improvements.

## **MARKET DEMAND**

Economic impacts of development of either alternative jail site will depend partly on lost opportunities for private development on those sites. The opportunities for development will depend on market demand. Market demand is considered in this section based on a

review of changes in market conditions since the market analysis that was done for the Downtown Master Plan.

## POPULATION AND EMPLOYMENT

The population of Mount Vernon has grown at a rate that is higher than that for the rest of the county.

**Table 7.  
Skagit County Population Trends  
2006-2013**

	2006	2007	2008	2009	2010	2011	2012	2013	Avg. Ann. Gr.
Anacortes	15,571	15,692	15,807	15,862	15,778	15,860	15,960	16,080	0.5%
Burlington	7,723	7,921	7,983	8,321	8,388	8,420	8,435	8,445	1.3%
Concrete	786	783	770	753	710	710	715	710	-1.4%
Hamilton	350	347	331	307	301	300	300	304	-2.0%
La Conner	839	910	908	884	891	885	895	890	0.8%
Lyman	444	442	437	440	438	440	440	440	-0.1%
Mount Vernon	29,029	29,753	30,630	31,448	31,743	31,940	32,250	32,710	1.7%
Sedro-Woolley	10,040	10,286	10,421	10,514	10,540	10,590	10,610	10,610	0.8%
Unincorporated	47,331	47,756	48,135	48,083	48,112	48,255	48,345	48,411	0.3%
<b>Total Skagit County</b>	<b>112,113</b>	<b>113,890</b>	<b>115,422</b>	<b>116,612</b>	<b>116,901</b>	<b>117,400</b>	<b>117,950</b>	<b>118,600</b>	<b>0.8%</b>

Source: Washington Office of Financial Management, Annual Population Estimates.

The City and County have adopted a population allocation for the Mount Vernon Urban Growth Area (UGA) in 2025 of 47,900. This allocation hasn't been updated since the previous market analysis.

Average covered employment in Skagit County was 46,000 in 2012. Government is the largest single sector followed by retail, manufacturing, health care, and accommodations/food services. Skagit County has a higher share of its total employment in those sectors than Whatcom or Snohomish counties. These results are consistent with a listing of the largest employers in the County. Skagit Valley Medical Center is the largest single employer, followed by Mount Vernon School District, Skagit Community College, and Skagit County. Janicki Machines is the largest private employer in the county. Other large private employers include Regence BlueShield operating a regional claims service center in Burlington; Draper Valley Farms, a food processor in Mount Vernon; and Walmart.



**Table 8.  
Major Employers in Skagit County 2011**

1. Skagit Valley Hospital	1,700+
2. Skagit Valley College	900-1,100
3. Mount Vernon School District	900-1,000
4. Skagit County	684
5. Janicki Machines	526
6. Sedro-Woolley School District	525
7. Burlington-Edison School District	468-600
8. Regence Blue Shield	472
9. Draper Valley Farms	403
10. Walmart	400+
11. Puget Sound Refinery	400

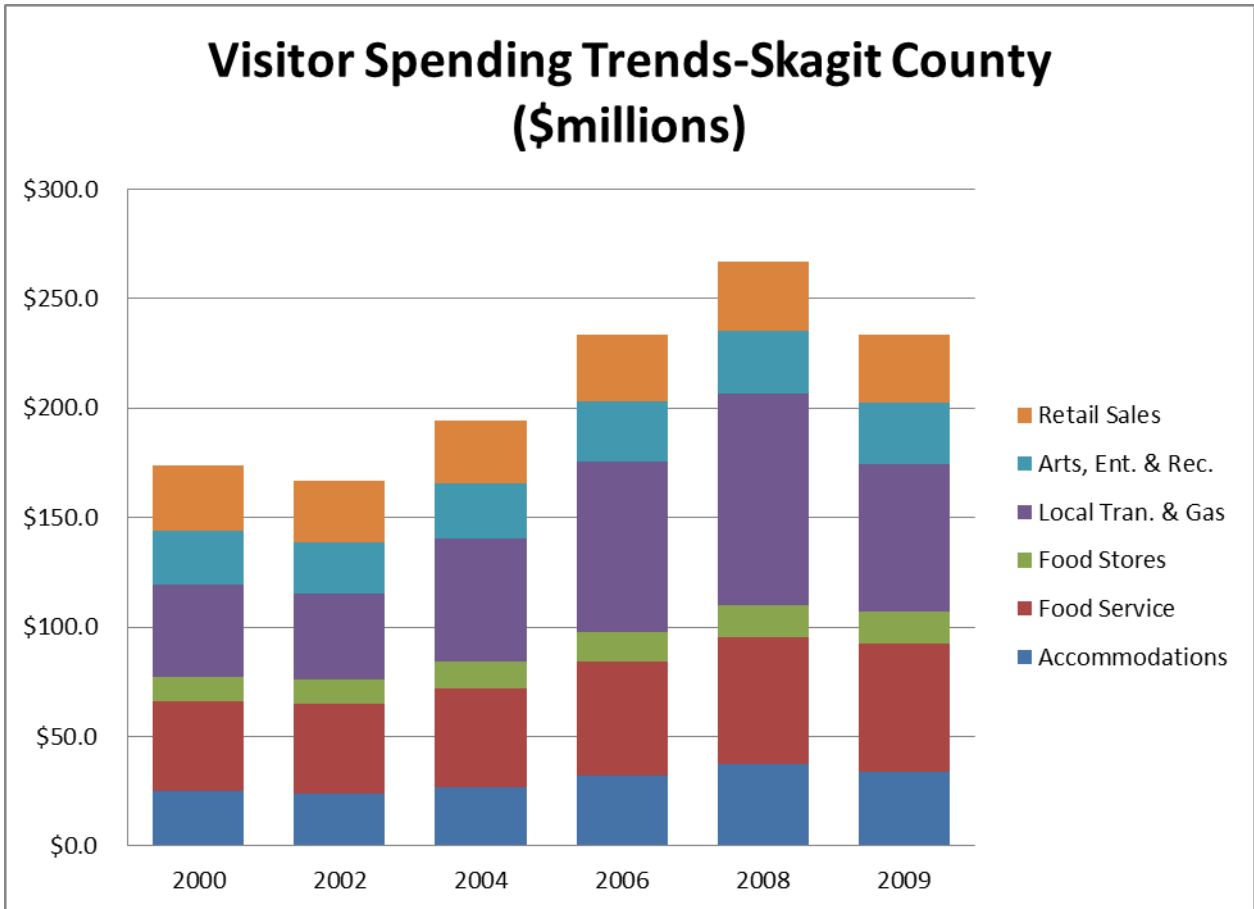
Source: Bellingham Business Monthly, February 2011.

The *Skagit County Profile* prepared by the Washington State Department of Employment Security summarizes employment conditions. “Skagit County’s peak employment level on an annual basis was reached in 2007, just before the recession. From peak-to-trough, Skagit County shed 3,700 jobs or over 7 percent. Relative to Washington State, Skagit County entered the recession early, experienced a greater decline and took longer to see initial green shoots signaling a recovering labor market. (Washington State and the US both began to recover in 2010; Skagit County’s recovery has lagged by a year). As of 2012, Skagit County is still lagging the state and the nation in its recovery. It will take time to rebuild the economy; the local outlook points to a slow yet steady recovery.

“During the recent period of recession and recovery, the peak unemployment rate in Skagit County (12.6) was reached in February 2010. The average unemployment rate that year was 10.7 percent. The unemployment rate has been falling slowly but consistently throughout 2012 and 2013. The unemployment rate in June 2013 was down to 8.7 percent.”

The visitor industry is important to Skagit County contributing to businesses throughout the economy, and particularly local transportation / gas, and food services. On a per capita basis, annual visitor spending was higher than the State-wide average at \$2,004 versus \$1,812.

**Figure 3.**



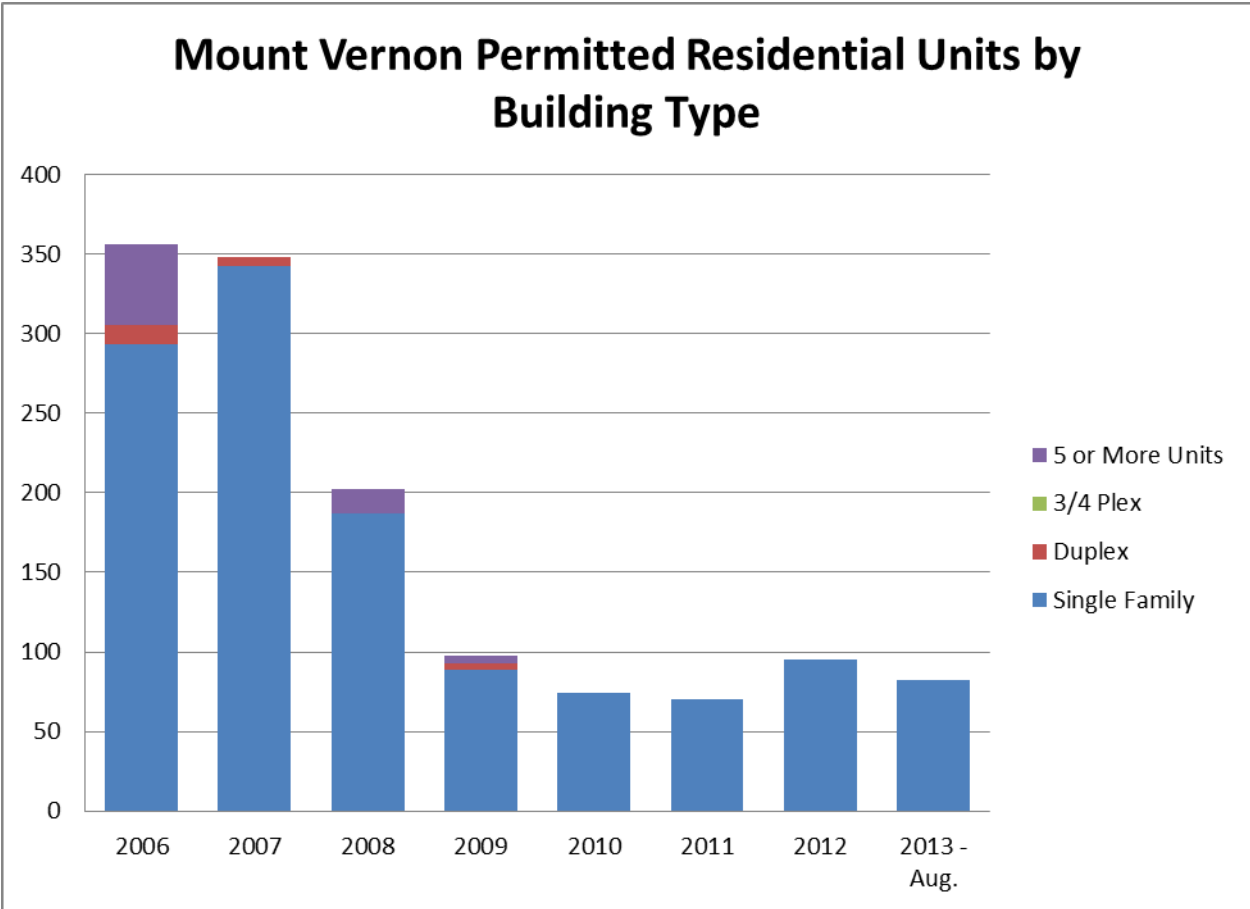
Source: Dean Runyan and Associates, *Washington State County Travel Impacts, 1991 to 2009*.

The local economy should grow with the ongoing national and state economic recovery. Principal concerns are the high degree of dependence on the resource/agricultural sector. Increasing housing prices in the Seattle-Everett metropolitan area are anticipated to fuel continued growth in Skagit County's population and employment, as new residents seeking less congestion and lower land and housing prices move to the area.

### **MULTIFAMILY RESIDENTIAL DEMAND**

While Mount Vernon continued to attract new single family residential development during the recession, there has been virtually no multifamily development. As shown in Figure 4, building permit activity in the City, there have been building permits issued for only two projects with 20 units in buildings with five or more units since 2006. One of those projects is Milwaukee Park Apartments, a 15 unit facility for low income residents with mental illness, developed by Compass Health in Downtown Mount Vernon.

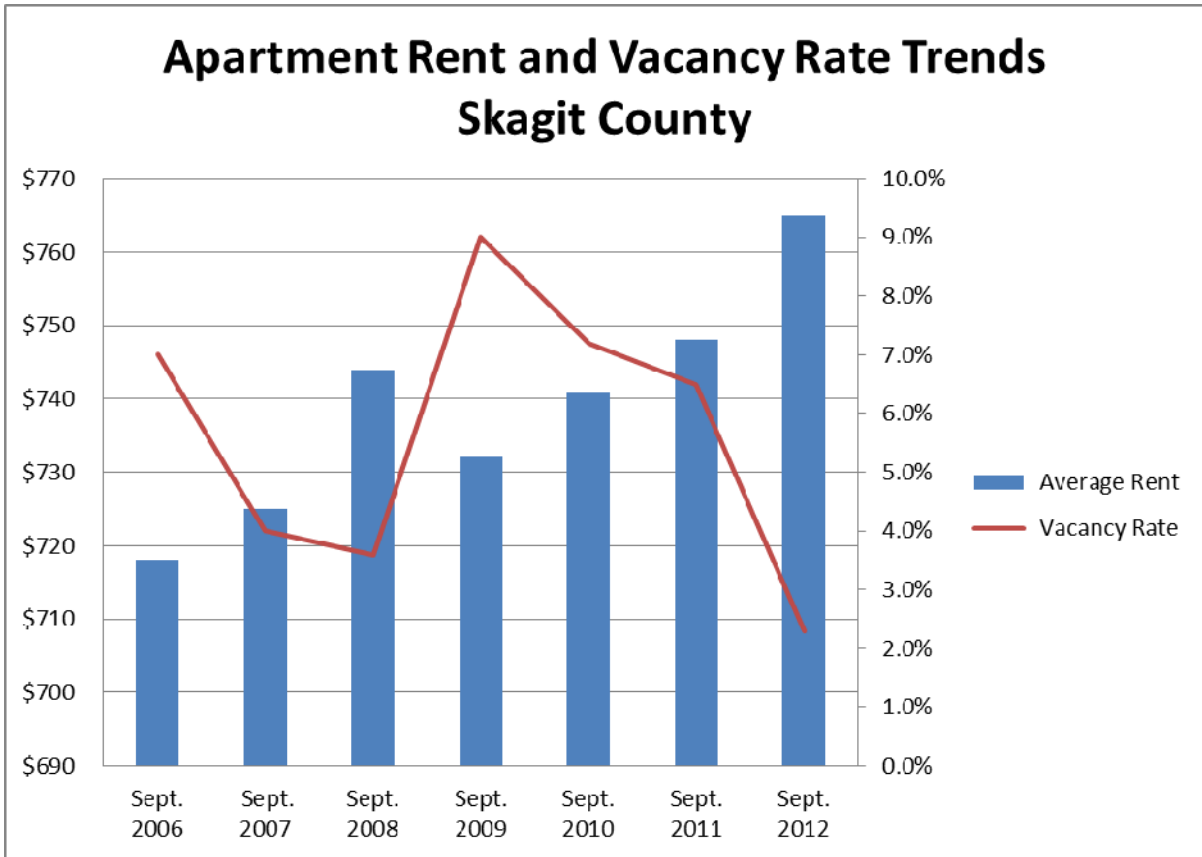
Figure 4.



Source: US Census Bureau, Building Permits Survey.

With population growth fueling demand, and limited increases in supply, vacancy rates have fallen since 2009. At the same time average rents have increased.

**Figure 5.**



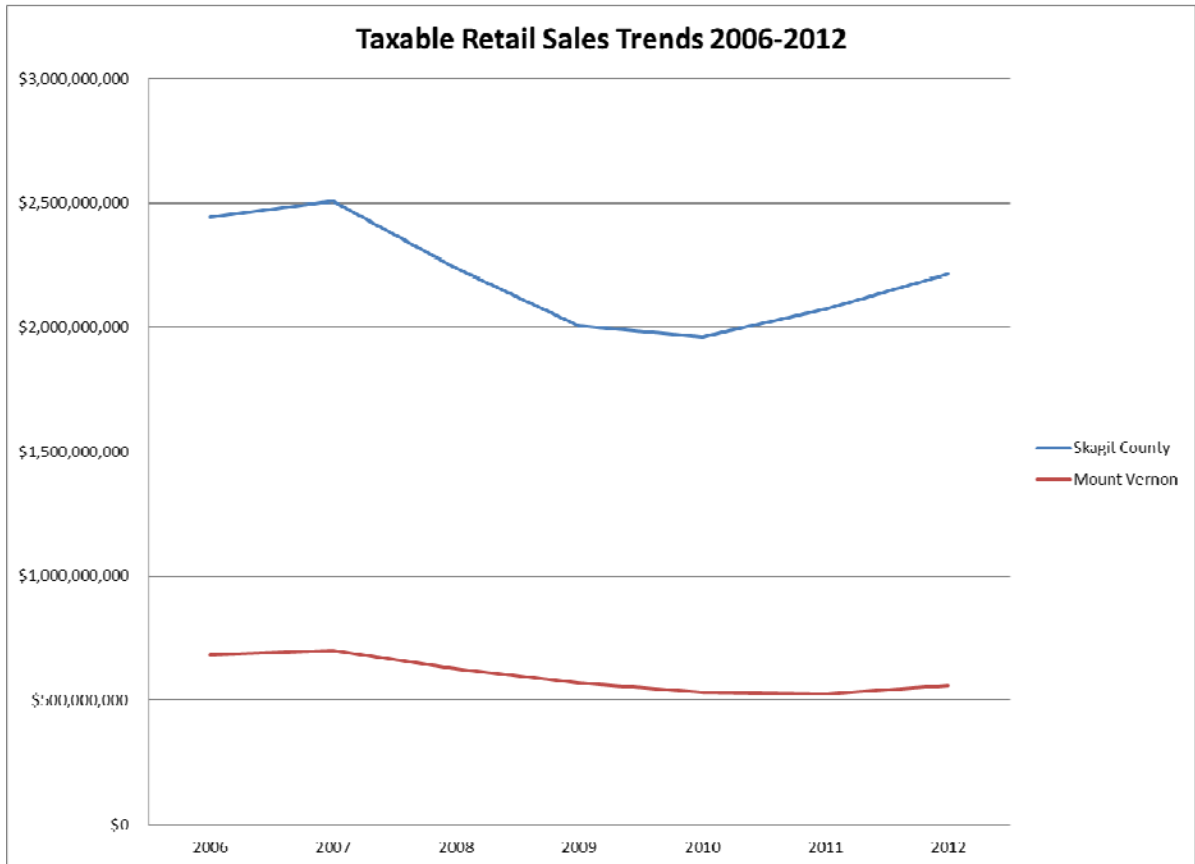
Source: Washington Center for Real Estate Research, Apartment Market Survey Results.

With the continuing recovery, demand for multifamily residential development in Downtown should reach levels projected in the previous market analysis.

### **RETAIL DEMAND**

Retail sales in Mount Vernon and Skagit County declined at the beginning of the recession, but began to recover in 2010 and 2011 for Skagit County and Mount Vernon, respectively, as shown in Figure 6.

### Figure 6



Source: Washington State Department of Revenue, Quarterly Business Review, Property Counselors.

Sales in the Downtown Mount Vernon Revenue Development Area (RDA), as designated for the City’s Local Infrastructure Financing Tool (LIFT) initiative, have been generally static since the RDA was formed. As shown in Table 9, the largest sectors are Recreation/Food/Drink, Food Stores, and Motor Vehicles/Building Materials/Garden Supplies. Total taxable were considerably higher in total in 2007, but much of that was construction reported in Downtown.

There are many vacant store fronts in Downtown Mount Vernon, but this condition can be attributed to the overall economy. With the ongoing economic recovery and the new opportunities related to completion of the Riverfront improvements, Downtown retail vacancies should decline in the immediate future. Overall, the outlook for retail development in Downtown is similar to what it was in the earlier market analysis.

**Table 9.  
Taxable Retail Sales Downtown Mount Vernon Revenue  
Development Area 2012**

	<b>Number of Businesses</b>	<b>Taxable Sales 2012</b>
Construction and Manufacturing	3	\$131,427
Furniture, Home Furnishings & Electronics	4	1,282,686
Motor Vehicles Building Materials & Garden Equip/Supplies	5	4,429,244
Food Beverage & Drug Stores	4	6,642,520
Apparel and Accessories	7	1,396,609
Books Toys and Miscellaneous Retail	21	2,211,255
Finance and Insurance	4	66,360
Professional, Technical Services	17	476,491
Health Care	4	19,448
Recreation, Food & Drink Services	12	7,044,912
Repair & Maintenance	3	52,940
Personal Services and Unclassified	10	313,654
<b>Total</b>	<b>94</b>	<b>\$24,067,547</b>

Source: City of Mount Vernon Finance Department.

### **OFFICE DEMAND**

Office market conditions vary by location and building condition. Table 10 summarizes rent and vacancy conditions in several areas of the City. The highest rents are in medical buildings around the Skagit Valley Hospital or in newer buildings in the College Way area north of Downtown. There are no newer office buildings located Downtown, so the prevailing rents are less than in those other areas. With newer high amenity office buildings along the river, the Downtown should be able to capture higher rents in the future. The same potential exists as in the previous market analysis.

**Table 10.  
Characteristics of Selected Office Buildings**

<b>Building</b>	<b>Address</b>	<b>Avaiable Sq. Ft.</b>	<b>Total Sq. Ft.</b>	<b>Rent /Sq. Ft./Yr</b>
<b>North and East Mount Vernon</b>				
1930 Market	1930 Market	6,000	6,000	\$20.00
311A E. College	311A E. College	1,000	3,500	\$24.00
Optimum 1	111 S. 12th	1,659	4,795	\$22.00
Optimum Medical	121 S. 12th	1,396	3,530	\$22.00
Worksource Skagit Professional Office	2005 E. College	8,000		\$14.50
Riverbend Building	20 W. Stewart Rd.	23,239	24,684	\$12.00
<b>Downtown Mount Vernon</b>				
413 Gates	413 Gates	2,712	2,712	\$12.00
700 S. 1st.	701 S. 1st.	12,470	12,470	\$13.72
Carnation Building	117 N. 1st.	3,000	29,500	\$15.00
Minor Building	415-419 Gates	2,350	7,356	\$13.19
<b>South Mount Vernon</b>				
201 Suzanne Lane Building	201 Suzanne Lane	13,000	13,000	\$10.00
4128 Cedardale Road	4129 Cedardale Road	2,001	6,468	\$8.83
Business Bank Building	208 Blackburn Road	3,961	13,246	\$12.00
I-5 Skagit Business Park B & D	3302 Cedardale	13,490	23,040	\$10.80-\$14.40

Source: Commercial Brokers Association.

Market conditions in South Mount Vernon are indicative of what's happening in the area around the Truck City / Suzanne Lane site. The buildings shown reflect the market for business park uses, and in the case of the bank building, the market for surplus space in a Class A office building. Even the newer space commands rents less than \$15 per square foot per month.

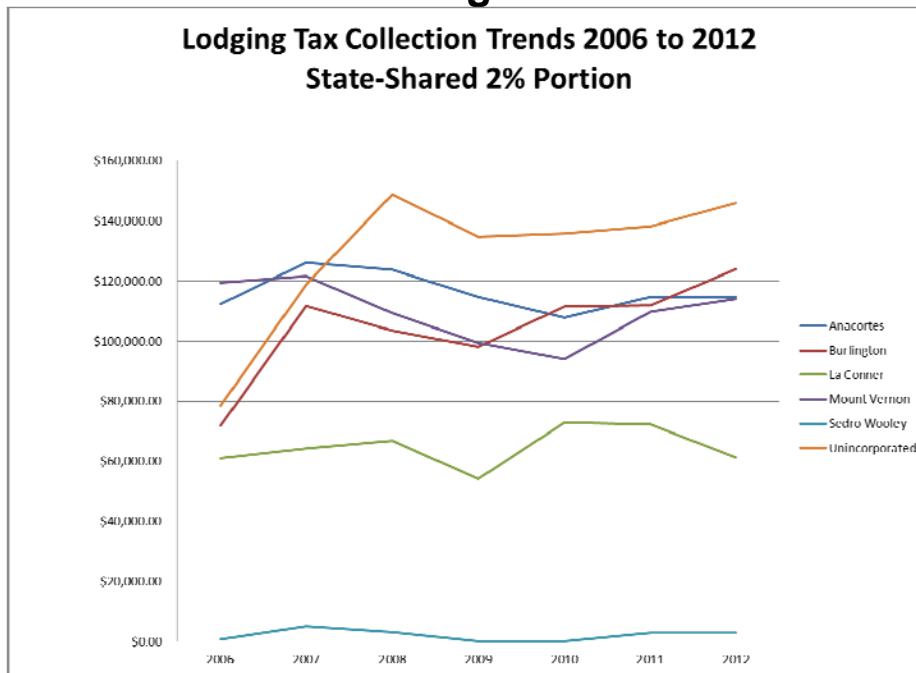
Demand for commercial and industrial space in South Mount Vernon is strong. There are 10 projects in various stages of permitting with the City for such development in that area. Most involve plats and site plans for business park uses. Business parks provide for a mix of light industrial, warehouse distribution, and showroom uses. Uses that have recently expressed interest in this area include recreational vehicle sales, equipment sales and landscape supply. Such development would likely occur on the Truck City site if it were not chosen as the site for a new jail.

A study was completed for the City by ED Hovee in 2006, *Commercial Industrial Land Needs Analysis*. The author of the report concluded that the City needs additional acreage of commercial and industrial land to balance the population projections anticipated by the City. With jail siting, the City would forgo job growth opportunities, unless the City's UGA is expanded to provide additional sites.

## LODGING DEMAND

Trends in lodging demand are evident from lodging tax data reported by the Washington State Department of Revenue. The State returns 2% of lodging revenues to the City. Tax distributions are proportional to lodging revenues. Trends in tax revenues for the cities and unincorporated areas of the county are summarized in Figure 7. Lodging revenues in all the areas declined with the recession. However, Burlington and Mount Vernon are experiencing the fastest growth over the past two years. There have been no major additions to supply over the period, so all this growth is reflected in increases in occupancy and average daily rental rate. Potential developers have expressed interest in a hotel site along the river. The interchange with I-5 provides a very visible and accessible site for a hotel serving highway travelers. Overall, demand for lodging should be similar to the level projected in the previous market analysis.

**Figure 7.**



Source:

Washington Department of Revenue, Local Sales and Use Tax Distributions.



# III. IMPACTS OF ALTERNATIVE SITES

The economic impacts of alternative sites for the jail will include the results of activity on each site and effects on development in the surrounding area and local economy as a whole. The effects on development in the surrounding area include potential changes resulting from the jail itself as well as opportunities that are lost as a result of the jail siting. In particular, potential impacts are changes in employment and business activity, as well as property values. Impacts are considered in terms of differences to what would likely occur on each site if the jail were not located there. An alternative use scenario is identified for each site as a market driven development opportunity. The scenarios and impacts are presented in this section in terms of:

- Alternative Use Scenarios
- Community Economic Impacts
- Property Values
- Summary of Impacts

## ALTERNATIVE USE SCENARIOS

The alternative use scenarios for each site are identified as the likely mix and intensity of uses that would occur on each site if they were not selected as the jail site. The scenarios are market-driven in that they match the market demand discussed in the previous section, with the requirements of each potential use and the characteristics of the site. The scenarios for each site can be summarized as follows.

**Alf Christianson Seed Site.** This property was identified as an opportunity site in the previous Master Plan study. Likely uses for the site included a hotel and a campus style office park. The hotel use benefits from the freeway access and visibility and proximity to the businesses and amenities Downtown. The office park would also benefit from the freeway access and proximity to Downtown. The railroad limits the suitability of the site for large scale retail or residential.

**Truck City/Suzanne Lane Site.** The area on both sides of I-5 in South Mount Vernon is developing with commercial industrial uses requiring convenient automobile access and freeway visibility. The freeway access is not as immediate as the Christianson site, and there are fewer amenities and services. A planned business park with a mix of light industrial, warehouse distribution, and showroom uses would respond to current market trends in the area. Such uses could include types of businesses that have recently expressed interest in this area including recreational vehicle sales, equipment sales and landscape supply.

The characteristics of each scenario are presented in more detail in the following table.

**Table 11**  
**Alternative Development Scenarios for Proposed Sites**

	Alternative Development	
	Christianson Site	Truck City Site
<b>Description of Development</b>		
Site Area (acres)	7.8	10.4
<b>Land Use (acres)</b>		
Hotel (100 rooms)	2.0	-
Retail	0.5	-
Office Park	5.3	-
Business Park	-	10.4
<b>Total</b>	<b>7.8</b>	<b>10.4</b>
<b>Floor Area Ratio (SF Building/SF Land)</b>		
Hotel	0.60	
Retail	0.25	
Office Park	0.40	
Business Park		0.30
<b>Building Area (Sq. Ft.)</b>		
Hotel	52,272	-
Retail	5,445	-
Office Park	92,347	-
Business Park	-	135,907
<b>Total</b>	<b>150,064</b>	<b>135,907</b>
<b>Employment Density Employees / acre.</b>		
Hotel	32.5	
Retail	22.0	
Office Park	55.0	
Business Park		25.0
<b>Employment</b>		
Hotel	65	-
Retail	11	-
Office Park	292	-
Business Park	-	260
<b>Total</b>	<b>368</b>	<b>260</b>

The hotel and retail development would occupy the northeast portion of the Christianson site, with the highest visibility from I-5. The hotel would include approximately 100 rooms and be configured in three floors with surface parking. The office park would be located in the south portion of the property, in multiple buildings, with extensive landscaping to provide a campus setting and buffer from the railroad. The business park on the Truck City site would also occupy multiple buildings, with the more industrial uses and warehouse facilities to the rear of the site and the display uses along Highway 99.

The likely building area is estimated based on standard density relationships for commercial and industrial uses. The Alf Christianson site would have a higher overall density than the Truck City site. The likely on-site employment is estimated based on standard employment densities. The Christianson site would accommodate 368 employees, while the Truck City site would accommodate 260.

Both properties could develop over a five to ten year or more time horizon.

## **COMMUNITY ECONOMIC BENEFITS**

Community economic benefits include the business receipts, jobs, personal income and tax revenues resulting from a project or program. Three categories of impact are considered: operation of the jail itself, negative effects on surrounding businesses, and lost opportunities to capture future development.

### **JAIL OPERATIONS**

The jail will initially be built with 400 beds, and expand to 800 beds at full capacity. Daily bookings are projected by staff to be 27 inmates for a 400 bed facility and twice that at buildout. Daily releases are projected at similar levels. Inmates will arrive via the sally port and leave the same way. Currently 20% of inmates have visitors, so a 400 bed facility would serve 80 visitors per week (20 per day), and the 800 bed facility at buildout would serve 160 per week (40 per day). Staff has discussed using Skype or similar programs for visitation over the internet. Such a program would reduce the number of visitors to the jail itself.

Jail employment is projected to be 76 to 86 full time equivalent employees (FTE's) for the 400 bed facility and 136 to 148 FTE's at buildout. Approximately 66% of staff hours (equal to 50 to 57 FTE's for the 400 bed facility and 90 to 98 FTE's at buildout) would occur during the day shift, with 22% and 12% occurring on the swing and night shifts, respectively. Overall the level of employment on-site is 40% and 57% of the potential employment for the alternative scenarios at the Alf Christianson and Truck City sites, respectively. Even after consideration of visitors, the density of activity is still much lower. Lower density uses will provide less support for surrounding businesses for food services and convenience purchases. If the jail were located at the Truck City site, employees would be less likely to purchase such items in the immediate area, and that

spending would be transferred to other categories or other areas closer to an employee's residence. Further, the value of the property would be exempt from property taxes.

### **EFFECTS ON SURROUNDING BUSINESSES**

Any negative effects of a jail on surrounding businesses are likely to be limited. Such impacts are related to consumer and business owner perceptions of increased crime, or to the design and appearance of the facility. The National Institute of Corrections (NIC) prepared an Information Brief in 1992 on *Issues in Siting Correctional Facilities*. The brief was adapted from a 1987 study by Florida Atlantic University *Impact of Correctional Facilities on Land Values and Public Safety*. This study is the most comprehensive study we've found. The study concluded that: "...analysis revealed either: 1) no significant difference between the crime rates for the target and control areas, or 2) the crime rate in the target area was significantly lower than in the control area. ...The law enforcement officers surveyed about the impact of the correctional facilities on public safety stated that, in their opinions, the correctional facilities had not contributed to community crime rates.

The appearance of the facility can be addressed through the design process. To the extent that the facility can appear to be a typical commercial, industrial or civic building, any adverse impacts can be minimized. In the case of the Christianson site, the issue is particularly important because this site represents the major gateway to the Downtown. The current renderings for this site show a one and two story building with a long windowless face along the west elevation. While the rendering shows variations in height, materials, and landscape elements, the overall appearance is more industrial or big box commercial than office or downtown commercial.

### **FOREGONE OPPORTUNITIES**

If the siting of the jail precludes other development that couldn't locate elsewhere in the City, the foregone development is an economic impact of the site choice. According to the findings of previous land needs analyses, the City needs additional developable commercial industrial sites. In the absence of expansion of the UGA, development of a jail on either site would mean that opportunities for commercial and industrial development would be foregone. In the case of the Truck City site, there are sites on either side of I-5 that are developing or could develop as a business park of the form envisioned in the alternative development scenario in the near-term. Longer term, however, the City's ability to accommodate growth is limited by the state statutes that prohibit expansion of the UGA into the floodplain.

In the case of the Christianson site, there would be a lost opportunity as well. As described in the previous section, the Master Plan for Downtown identified a level of potential demand that could be captured as the City creates an attractive mixed use environment along the river and in the Downtown. Eleven opportunity sites were identified as being suitable for development. The Christianson site was identified as the largest of the eleven sites and suitable for a hotel and office campus development. The

demand identified for new development exceeds the capacity for the eleven sites. While ultimately other properties will redevelop and capture a share of that demand, a portion of the total demand will be foregone. While the overall shortage of land will contribute to this result, the further limitation on availability of land in the downtown with the gateway features of this site makes it even more likely that development opportunities will be foregone. Even if the UGA could be expanded, it wouldn't result in other sites with the characteristics of the Christianson site.

### **ESTIMATE OF BENEFITS**

Given the likelihood that the demand for new development associated with either site would be foregone, the lost economic contribution of the alternative development scenarios would be an impact of jail development on each site. The economic contribution represents all the economic activity on either site. If that development would not occur, its loss represents a negative impact. The economic contribution of the alternative development scenarios on either site is summarized in Table 12. The estimates for each scenario are presented in more detail in the appendix to this report. The figures for the description of each scenario are based on the site area, the mix of uses, and development density factors. The figures for economic contribution are based on employment density, gross receipts per employee, and average wages. The figures for fiscal contribution are based on average assessed value factors by type of use, factors for taxable retail sales as a percentage of gross receipts, and current rates for property, retail sales, and hotel taxes.

As shown, the development scenario on the Alf Christianson Seed site would provide a greater contribution to the local economy. Further, the entire contribution could be lost since there aren't sufficient available opportunity sites to capture the total potential demand identified for Downtown. The entire contribution of the alternative development scenario for the Truck City site would also be lost if that site were selected for the jail, unless the UGA could be expanded to provide new sites with similar characteristics.

**Table 12.  
Economic Contribution of Alternative Development  
Scenarios on Subject Sites**

	Alternative Development	
	Christianson Site	Truck City Site
<b>Gross Business Receipts</b>	\$85,906,900	\$16,701,620
<b>Jobs</b>	368	260
<b>Personal Income</b>	\$16,754,750	\$11,050,000
<b>Tax \Base Increase</b>		
Assessed Valuation	\$15,702,692	\$6,795,360
Taxable Retail Sales Tax	\$10,817,530	\$233,823
Taxable Room Revenues	\$5,148,644	\$0
<b>Annual Local Tax Revenues</b>		
City	\$342,326	\$76,988
County	80,891	14,992
Transportation District	43,270	935
School District	102,793	44,484
Port District	3,307	1,431
Hospital District	15,376	6,654
<b>Total</b>	<b>\$587,963</b>	<b>\$145,484</b>

## PROPERTY VALUES

Reduced property values are a common concern of owners of properties adjacent to a proposed jail facility. There have been many studies of the impacts of correctional facilities on property values. The NIC Information Brief provides comprehensive and defensible arguments regarding this issue.

“The impact of the correctional facilities on property values in the seven target areas was generally consistent. Over several years, sales prices for residential property in the target area were not significantly different from those in the control areas. One exception was a high-income target area.... Of the 79 realtors responding to the survey, most believed that the presence of the facilities in their communities had little or no negative effect on sales price. Further, most realtors did not believe that sales activity was adversely affected by the presence of a correctional facility.”

The study addressed residential property values. Impacts can vary by property type. In an analysis of fiscal impacts of a proposed jail in Whatcom County, Berk and Associates identified a hierarchy of uses ranging from greatest to least potential for impact.

**Table 13.  
Potential to be Impacted by Perceived Disamenity**

Greatest Potential for Impact	
	High Market Value Residential
	Medium Market Value Residential, High Amenity Retail
	High Market Value Office, Mid-Amenity Retail
	Medium Market Value Office, Low Market Value Residential
	Low-Amenity Retail, Low Market Value Office
	Industry
Least Potential for Impact	

Source: Berk and Associates, *Whatcom County Adult Corrections Facilities and Sheriff Headquarters Fiscal Impact Analysis*, Sept 2013.

Considering this hierarchy, the uses currently adjacent to the Christianson site are generally medium value office and low market value residential uses. These uses are toward the bottom of the scale. Over time, however, as the Downtown develops according to the Master Plan vision, the properties may be more susceptible to property value impacts. The uses around the Truck City site are industrial and have the least potential for impact. Overall, given the results of studies such as the one considered in the NCI brief, the uses around either site are unlikely to experience significant negative property value impacts.

## SUMMARY OF ECONOMIC IMPACTS

Based on the analysis described in the previous sections, the primary categories of economic impact of the two sites are the following.

- The major community economic impact is the potential loss of business activity under development alternatives because of the loss of major development sites in the face of shortages of commercial and industrial lands both city-wide and

downtown. The potential loss of activity for the Christianson site is significantly greater because of the higher potential density of development and the higher economic value of that development.

- While it might be possible, (if unlikely, due to restrictions on expanding the UGA into the floodplain) to create new capacity for development sites comparable to the Truck City area, it would not be possible to create new sites with the gateway characteristics of the Christianson site.
- There aren't likely to be any significant impacts on property values on adjacent properties around either site. This result is dependent on the assumption that the design of the facility offers an appearance similar to newer commercial, industrial or civic buildings, and that the building is secured to assure public safety.
- Similarly, there aren't likely to be any significant impacts on business activity on adjacent properties around either site. Again, this result is dependent on the assumption that the design of the facility offers an appearance similar to newer commercial, industrial or civic buildings, and that the building is secured to assure public safety. In the case of the Christianson site, the issue is particularly important because this site represents the major gateway to the Downtown.
- There will be a loss of revenue to the City and other local taxing jurisdictions as a result of the foregone development opportunity on the Christianson site. Further, there will be a loss of current property tax revenues from either site as the jail facility would be exempt from property taxes.

The results are quantified where possible in the following table.



**Table 14.  
Summary of Economic Impact**

	Christianson Site	Truck City Site
<b>Community Economic Benefits</b>		
<b>Forgone Development Opportunity</b>		
<b>Gross Business Receipts</b>	(\$85,906,900)	(\$16,701,620)
<b>Jobs</b>	(368)	(260)
<b>Personal Income</b>	(\$16,754,750)	(\$11,050,000)
<b>Annual Local Tax Revenues</b>		
City	(\$342,326)	(\$76,988)
County	(80,891)	(14,992)
Transportation District	(43,270)	(935)
School District	(102,793)	(44,484)
Port District	(3,307)	(1,431)
Hospital District	(15,376)	(6,654)
<b>Total</b>	<b>(\$587,963)</b>	<b>(\$145,484)</b>
<b>Loss of Current Property Tax Revenue</b>		
City	(\$11,518)	(\$10,497)
Other Local	(\$39,842)	(\$36,309)
<b>Impact on Adjacent Properties</b>		
Property Value Changes	No Significant Changes with attractive design and operating procedures.	No Significant Changes with attractive design and operating procedures.
Business Gross Receipts Changes	No Significant Changes with attractive design and operating procedures.	No Significant Changes with attractive design and operating procedures.

# APPENDIX

1. Method for Estimating Economic Contribution of Alternative Development Scenarios on Subject Sites.
2. Estimates of Economic Contribution of Alternative Development Scenarios on Subject Sites.

# 1. METHOD FOR ESTIMATING ECONOMIC CONTRIBUTION OF ALTERNATIVE DEVELOPMENT SCENARIOS ON SUBJECT SITES.

The economic contribution of the alternative development scenarios for the two sites is estimated using a series of factors. These factors are described below.

**Floor area ratios (FAR)** are used to identify the amount of building area that is likely to develop for each use. FAR is the ratio of building area to site area. Ratios are derived from typical factors for each type of use.

**Employment Density** is used to estimate the number of direct employees for each use on site. Density is expressed as employees per acre, and the densities are derived from typical factors for each use.

**Average wage rates** are used to estimate the total personal income associated with the direct jobs on site. The average wage rates are derived from Washington Department of Employment Security data for 2012 in Skagit County. The rates are adjusted to 2013 levels using a Consumer Price Index (CPI) factor of 1.2%.

**Gross Receipts per Employee** factors are used to estimate total gross receipts generated on site. The factors are derived for Washington State as a whole using Department of Revenue and Department of Employment Security data for 2012 with an adjustment to 2013 using a CPI increase.

**Taxable Sales as % of Gross Receipts** factors are used to estimate total taxable sales. The factors are derived for Washington State as a whole using Department of Revenue data for 2012.

**Average Assessed Valuation** factors are used to estimate the value of new improvements. The factors are expressed on a per unit basis and are derived from Skagit county Assessor data for similar uses.

**Tax Rates** are applied to estimates of increased tax base to determine annual tax revenues to local government. Current tax rates are:

<b>Property Tax Rate (\$/1000)</b>	
City	\$2.8295
State	2.5497
County	1.6214
Medic 1	0.3750
Conservation Futures	0.0550
School District	6.5462
Port of Skagit	0.2106
Hospital District	0.9792
<b>Total</b>	<b>\$15.1666</b>
<b>Retail Sales Tax</b>	
City	0.85%
State	6.50%
County share of City sales	0.15%
Mental Health	0.10%
Criminal Justice	0.10%
Skagit PTBA	0.40%
Skagit 911	0.10%
<b>Total</b>	<b>8.20%</b>
<b>Hotel Tax</b>	<b>4.0%</b>

## 2. ESTIMATES OF ECONOMIC CONTRIBUTION OF ALTERNATIVE DEVELOPMENT SCENARIOS ON SUBJECT SITES.

	Alternative Development	
	Christianson Site	Truck City Site
<b>Description of Development</b>		
Site Area (acres)	7.8	10.4
Land Use (acres)		
Hotel (100 rooms)	2.0	-
Retail	0.5	-
Office Park	5.3	-
Business Park	-	10.4
<b>Total</b>	<b>7.8</b>	<b>10.4</b>
Floor Area Ratio (SF Building/SF Land)		
Hotel	0.60	
Retail	0.25	
Office Park	0.40	
Business Park		0.30
Building Area (Sq. Ft.)		
Hotel	52,272	-
Retail	5,445	-
Office Park	92,347	-
Business Park	-	135,907
<b>Total</b>	<b>150,064</b>	<b>135,907</b>

	<b>Alternative Development</b>	
	<b>Christianson Site</b>	<b>Truck City Site</b>
<b>Economic Contribution</b>		
<b>Employment Density Employees / acre.</b>		
Hotel	32.5	
Retail	22.0	
Office Park	55.0	
Business Park		25.0
<b>Employment</b>		
Hotel	65	-
Retail	11	-
Office Park	292	-
Business Park	-	260
<b>Total</b>	<b>368</b>	<b>260</b>
<b>Average Wage</b>		
Hotel	\$17,500	
Retail	\$28,500	
Office Park	\$52,500	
Business Park		\$42,500
<b>Total Wages and Salaries</b>		
Hotel	\$1,137,500	
Retail	313,500	
Office Park	15,303,750	
Business Park	0	\$11,050,000
<b>Total</b>	<b>\$16,754,750</b>	<b>\$11,050,000</b>
<b>Gross Business Receipts per Employee</b>		
Hotel	\$88,900	
Retail	367,900	
Office Park	261,000	
Business Park		64,237
<b>Gross Receipts</b>		
Hotel	\$5,778,500	
Retail	\$4,046,900	
Office Park	\$76,081,500	
Business Park		\$16,701,620
<b>Total</b>	<b>\$85,906,900</b>	<b>\$16,701,620</b>

	<b>Alternative Development</b>	
	<b>Christianson Site</b>	<b>Truck City Site</b>
<b>Fiscal Contribution</b>		
<b>Taxable Sales as %</b>		
Hotel	89.1%	
Retail	44.2%	
Office Park	5.1%	
Business Park		1.4%
Total		
<b>Taxable Sales</b>		
Hotel	\$5,148,644	
Retail	1,788,730	
Office Park	3,880,157	
Business Park	-	233,823
Total	10,817,530	233,823
<b>Assessed Value Factors</b>		
Hotel (/room)	\$50,000	
Retail (/sq. ft.)	100.00	
Office Park (/sq. ft.)	110.00	
Business Park (/sq. ft.)		50.00
<b>Assessed Valuation Improvements</b>		
Hotel	\$5,000,000	
Retail	544,500	
Office Park	10,158,192	
Business Park	-	6,795,360
Total	\$15,702,692	\$6,795,360
<b>Summary Tax Base Contribution</b>		
Assessed Valuation	\$15,702,692	\$6,795,360
Taxable Retail Sales	10,817,530	233,823
Taxable Room Revenues	\$5,148,644	\$0
<b>Tax Rates</b>		
<b>Property Tax Rate (\$/1000)</b>		
City	\$2.8295	\$2.8295
State	2.5497	2.5497
County	1.6214	1.6214
Medic 1	0.3750	0.3750
Conservation Futures	0.0550	0.0550
School District	6.5462	6.5462
Port of Skagit	0.2106	0.2106
Hospital District	0.9792	0.9792
Total	\$15.1666	\$15.1666

	<b>Alternative Development</b>	
	<b>Christianson Site</b>	<b>Truck City Site</b>
<b>Fiscal Contribution Continued</b>		
<b>Retail Sales Tax</b>		
City	0.85%	0.85%
State	6.50%	6.50%
County share of City sales	0.15%	0.15%
Mental Health	0.10%	0.10%
Criminal Justice	0.10%	0.10%
Skagit PTBA	0.40%	0.40%
Skagit 911	0.10%	0.10%
<b>Total</b>	<b>8.20%</b>	<b>8.20%</b>
<b>Hotel Tax</b>		
	4.0%	4.0%
<b>Annual Tax Revenues</b>		
<b>City</b>		
Property Tax	\$44,431	\$19,227
Retail Sales Tax	91,949	57,761
Hotel Tax	205,946	-
<b>Total</b>	<b>\$342,326</b>	<b>\$76,988</b>
<b>Other Local</b>		
<b>County</b>		
Property Tax	\$32,212	\$13,940
Sales Tax	48,679	1,052
<b>Total</b>	<b>\$80,891</b>	<b>\$14,992</b>
Skagit PTBA Sales Tax	43,270	935
School District Property Tax	102,793	44,484
Port District Property Tax	3,307	1,431
Hospital District Property Tax	15,376	6,654
<b>Total</b>	<b>\$245,637</b>	<b>\$68,496</b>
<b>Total City and Local</b>	<b>\$587,963</b>	<b>\$145,484</b>