
DEVELOPMENT & BUSINESS SERVICES

2022 ANNUAL REPORT



LYNNWOOD
WASHINGTON

Development & Business Services Mission:

Through outstanding public service, proactive planning, and strong partnerships, we foster development of a vibrant community where people and businesses thrive.

INTRODUCTION

The Development and Business Services (DBS) department was approved by the City Council with the adoption of Ordinance No. 3381. On January 1, 2021, the establishment of DBS became effective by consolidating the functions previously undertaken by the following departments:

- Community Development (Administration, Planning, Permitting and Inspections)
- Office of Economic Development (Economic Development and Tourism)
- Public Works (Development Engineering)
- Fire Marshal's Office (South Snohomish County Fire)

DBS is comprised of four divisions:

- **Community Planning**
The Community Planning Division is responsible for managing Lynnwood's land use development approval process; SEPA environmental review; the Lynnwood GMA Compliant Comprehensive Plan; developing special area plans; maintaining and applying Zoning and Subdivision Codes; reviewing Business Licenses; and staff support for the Planning Commission.
- **Economic Development**
Economic Development undertakes targeted activities, programs, and projects to improve Lynnwood's economic well-being and quality of life by fostering development; diversifying the economy; recruiting and retaining jobs; and building the local tax base. The Economic Development Division is responsible for facilitating private development; implementing the City Center Plan; managing Sound Transit Light Rail; business recruitment, retention, and expansion; and tourism promotion.
- **Permits and Inspections**
The Permit and Inspections Division includes Permit Services, Plan Review and Inspection Services, Development Engineering Services, Fire Prevention (South Snohomish County Fire and Rescue), and Code Enforcement. This division is responsible for the intake, review and issuance of all construction permits to ensure that construction in Lynnwood is safe, built according to the plans, and consistent with adopted State and local codes. Code Enforcement addresses a variety of nuisances and code violations that pose a threat to public safety, health, and neighborhood stability.
- **Administration**
The Administration Division includes the DBS Director and Administrative staff. The Director oversees all functions of DBS. The Administration Division provides budget preparation and oversight, business licenses services, and administrative support for all DBS divisions.

DBS responsibilities are focused on the orderly growth and development of our community. DBS staff prepared a Mission Statement and Strategic Goals that guide the department. This collaborative effort identified shared priorities for community vitality, sustainability, and resiliency. The DBS Mission Statement and Strategic Goals focus DBS on Lynnwood's Community Vision; the priorities of the Lynnwood 2022-2026 Strategic Plan; and public service.

DBS Mission:

Through outstanding public service, proactive planning, and strong partnerships, we foster development of a vibrant community where people and businesses thrive.

DEVELOPMENT & BUSINESS SERVICES STRATEGIC PLAN GOALS:

1. Create a positive service culture for applicants.
2. Build systems, processes, and codes to work smarter and more efficiently.
3. Develop staff expertise and a culture to address Lynnwood's future growth.
4. Enhance quality of life through implementing the Lynnwood Comprehensive Plan.
5. Attract businesses and development partners to succeed in Lynnwood.

ORGANIZATIONAL AND PROCESS IMPROVEMENTS

The City of Lynnwood has undertaken efficiency studies of various city departments. This effort supported Council's directive to advance Budgeting for Outcomes (BFO) and to provide operational efficiencies. Lynnwood contracted with Strategica, Inc. to conduct an efficiency study of process review for services provided by DBS. This review was completed in 2020 and has led the formation of the new DBS department. DBS continued implementing process improvements and efficiencies in 2022 based on the recommendations of the Strategic Plan adopted by City Council.

DBS RE-ORGANIZATION

The report by Strategica recommended adding nine new positions to the DBS organizational structure. These positions address staffing gaps and growing demands for services provided by DBS. Mindful of the budget impacts of COVID, staff created a phased hiring plan to be implemented over the 2021-2022 biennial budget. In 2022, DBS continued to fill positions identified in the hiring plan.

PERMIT SOFTWARE

Strategica identified that the DBS permit software system is the backbone of the organization. Their recommendation was to either rebuild or replace the existing system to provide the required functionality. DBS purchased a SmartGov permitting system through Brightly Software in June 2022. Staff prepared permitting, land use, code enforcement and business licensing workflows and submittal requirements for the software. SmartGov began building the new permit system in Q4 of 2022. Staff is working closely with SmartGov on the validation of the new permit system with anticipated completion in Q4 of 2023. The new permit system will significantly improve the permitting process for customers and allow for more efficient permit processing.

SUBMITTAL REQUIREMENTS

In anticipation of the new permitting software, staff continued reviewing and updating the submittal requirement checklists for permit applications. By ensuring complete and accurate plan and application document submittals, the permit review process will be significantly improved for applicants and staff.

ELECTRONIC PLAN REVIEW

Staff has continued to refine and update procedures and standards for electronically reviewing plans through BlueBeam software to achieve consistency in format, clarity for the applicants, and a more efficient process for all.

PRE-DEVELOPMENT MEETINGS

Staff has established new standard operating procedures for the acceptance, scheduling, preparation, and facilitation of Pre-Development Meetings. The new process includes a comprehensive, consolidated multi-division comment letter that is conveyed to the applicants following the meeting. This important step, early in the process for larger, more significant projects, helps set up the applicants and reviewers for a more successful permit review process.

BUSINESS LICENSING

Lynnwood partnered with the Washington State Department of Revenue Business License System (BLS) November 2019 to receive business license applications, renewals and fees for General Business Licenses and Home Occupation Licenses. Council adopted ordinance 3412 to amend LMC Titles 3 and 5 to better align Lynnwood's processes to the BLS, eliminate fees assessed outside of the BLS, and provide clarification on licensing requirements. In 2022, this system continues to provide ongoing efficiencies, improved collection, and reduced city administrative costs.

RECORDS MANAGEMENT

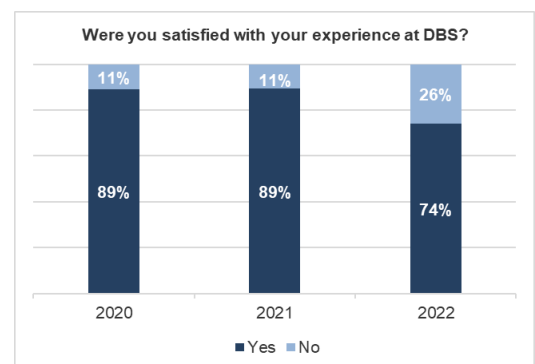
DBS is responsible for maintaining a variety of records related to permitting and receives a significant portion of the Lynnwood's public records requests. Staff hired Modus Technology to scan paper documents and plans sets. The digitized records are being indexed into Application Xtender making them easily searchable by both the public and staff.

FEE STUDY

DBS initiated a Fee Study in 2021 to review the fees charged for services provided at DBS. The study continued in 2022 with analysis of the volume of permits processed, staff time required for each phase in the permit process, cost recovery of permitting based upon fees collected, and a comparative review of fee schedules from other jurisdictions. The Fee Study will be completed in 2023.

CUSTOMER SATISFACTION SURVEY

DBS continues to monitor customer satisfaction with DBS services through an online survey. The survey results help inform DBS process improvements, letting us know where we need to improve and what we're doing well. In 2022, DBS customer satisfaction declined to 74%. This is attributed to several factors: increased permit activity post-COVID; the need for process improvements; and the inadequacy of the current permit system. All of these factors are actively being addressed.



DEVELOPMENT ACTIVITY

DBS is responsible for planning and projects that support Lynnwood's Community Vision and Strategic Plan. In 2022 Lynnwood experienced a significant increase in development activity.

REGIONAL GROWTH CENTER

Lynnwood’s Regional Growth Center, as designated by the Puget Sound Regional Council, is located along I-5 between Alderwood Mall and Sound Transit’s future City Center light rail station. Lynnwood is preparing for future population growth and development in the Regional Growth Center through land use planning, zoning, and investments in infrastructure improvements. DBS has initiated planning with Sound Transit for the extension of light rail north to Everett.



AVALON ALDERWOOD

DBS has been working closely with Alderwood mall to continuously evolve this community asset. The current expansion includes Avalon Alderwood; the redevelopment of the former Sears site with a 328-unit, six-story, mixed-use project. The project was completed in 2022 and has exceeded 90 percent occupancy. Dave and Busters opened in the ground floor commercial space as well.



LYNNWOOD PLACE – PHASE 2

Wakefield Properties and Home Depot began construction of Lynnwood Place – Phase 2 in 2020. Development of this site contains a mix of uses, including 500 units of multi-family housing, retail shops, restaurants, and a Home Depot. DBS coordinated City approval of the development agreement. Home Depot opened in 2021, the Woods at Alderwood apartments opened in 2022 and the remainder of the commercial spaces are anticipated to be completed in 2023.

CITY CENTER

Lynnwood’s City Center is envisioned to become a vibrant commercial center, and an appealing place to live, work and play. DBS with other City departments updated the City Center environmental review and planned action ordinance. This update was completed in 2022, which increased the total development capacity in the City Center from 9.1 million square feet to 12.3 million square feet of high-density, residential, office, retail, and cultural development.



EMBER

Located at the corner of 40th Ave W and 198th St SW, Ember began construction of an 8-story mixed-used development with 361 housing units and 9,000 square feet of commercial space on the first floor in two buildings. Amenities include a central courtyard and a multi-level parking garage.

COMMUNITY JUSTICE CENTER

DBS worked collaboratively with the Lynnwood Police department and their design team on the permitting and inspection of the Community Justice Center project. This project includes a 66,414 square foot justice center that will house a new police station, jail, offices, court facilities, a 9,910 square foot Community Recovery Center, and a 70,450 square foot two-level parking structure.



NORTHLINE VILLAGE

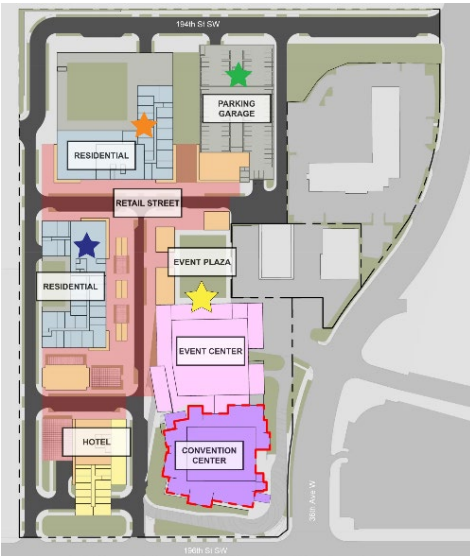
Northline Village by Merlone Geier Partners is located directly north of the Lynnwood City Center Light Rail Station. This 18-acre transit-oriented development represents private investment in City Center of over \$700 million. Northline Village will include 1,370 residential units, over 250,000 square feet of retail and entertainment space, 500,000 square feet of office space, and over an acre of dedicated park space.

In 2022, DBS coordinated review of infrastructure plans for Northline Village and development proposals for lots A and B. Construction is expected to begin mid 2023 on utilities for the project.

KINECT @ LYNNWOOD

DBS facilitated a development agreement for this multi-family housing project which started construction in 2020. The project includes 239 residential units with structured parking. DBS facilitated approval of a Multiple Unit Housing Tax Exemption (MFTE) and Transportation Impact Fee Exemption to facilitate the development. The project opened in 2022.





LYNNWOOD EVENT CENTER MASTER PLAN The Lynnwood Public Facilities District advanced a preliminary master plan for their property (formally known as the Lynnwood Convention Center). Rebranded as "The District", the master plan envisions: expansion of the Lynnwood Event Center; a mix of residential, retail, and hospitality uses; community amenities; and parking. DBS is participating in the master planning process by providing feedback on possible development options and permitting approaches.

CITY CENTER BRANDING

DBS in partnership with Lynnwood Parks and Recreation completed a branding effort for Lynnwood City Center. This included community member interviews and a virtual open house to receive public comments. This effort will continue into 2023 with roll out and implementation of the logo, branding statement, and taglines.



SOUND TRANSIT



LYNNWOOD LINK LIGHT RAIL EXTENSION (ST2)

Construction of the Lynnwood Link Extension continues to advance. Completion of the parking garage is anticipated in the Spring of 2023, the guideway and station by the end of 2023, and start of service by the end of 2024.

DBS coordinated design review, permitting and inspection for the project. The plans for street improvements and congestion relief along 200th Street SW and 44th Avenue West were approved and construction initiated.

SOUND TRANSIT (ST3)

DBS has continued to lead Lynnwood's planning and coordination and for the ST 3 transit improvements. Projects include: Everett Link Extension (EVLE) from Lynnwood to Everett, and the I-405 Bus Rapid Transit (BRT) STRIDE project from Lynnwood to Bellevue.

- Everett Link Extension: DBS has coordinated the planning and scoping of a future light rail station at West Alderwood in the vicinity of Alderwood mall. This effort includes the review of alternative guideway routes and station locations.
- I-405 Bus Rapid Transit (BRT) STRIDE: DBS has coordinated review of improvements including bus only ramps at I-5 and 196th St SW, and improvements needed for STRIDE bus service at the Lynnwood Transit Center. This project will provide express bus service to Bellevue and Burien beginning in 2027.

HIGHWAY 99

Lynnwood's Highway 99 corridor is identified in the Lynnwood Comprehensive Plan as a key activity center for accommodating a large portion of projected employment and population growth. Through the Highway 99 Subarea Plan, adopted in 2011, the area will evolve from an auto-oriented commercial strip to a multi-modal, multi-use corridor featuring strategically placed mixed-use centers connected by a diversity of commercial uses.

HOLMAN AUTOMOTIVE GROUP

Holman Automotive Group's re-zone request from Highway 99 Mixed Use (HMU) to General Commercial (CG) zone was approved by the hearing examiner on October 27, 2021. The Porsche dealership broke ground in 2022.



HARRIS FORD-LINCOLN OF LYNNWOOD

Lynnwood executed a development agreement with Harris Ford to vacate 64th Ave W from 200th to Highway 99 that bisected the Harris Ford property. Harris Ford proposed this street vacation to add Lincoln to their dealership location. This project has a transportation safety benefit with improvements to Hwy 99 and 200th St. W. The project is under construction and expected to open in 2023.



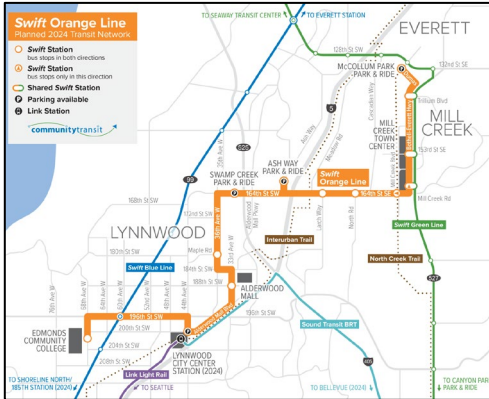
CHICK-FIL-A HIGHWAY 99

The Chick-Fil-A replaces a former gas station at the southeast corner of 196th St SW and Highway 99. The restaurant will include an outdoor seating area, landscaping, a corner pedestrian plaza, and a two-lane drive-thru. This project is anticipated to open in early 2023.



COLLEGE DISTRICT

Lynnwood's College District Subarea Plan was adopted in 2002 and includes the Edmonds College Campus and adjacent neighborhoods. Lynnwood envisions the entire College District as one cohesive place which blends college activities, multi-family residential and community-oriented commercial facilities as one complete district. The College District Plan strives to strengthen the college's presence and visibility along the edge of the neighborhood and improve vehicular, transit, and pedestrian access and circulation.



EDMONDS COLLEGE TRANSIT CENTER / COMMUNITY TRANSIT SWIFT ORANGE LINE TERMINUS STATION

The Swift Orange Line Bus Rapid Transit (BRT) terminus at Edmonds College includes the Swift BRT station and passenger drop-off, four local bus stops with layover area, and associated landscaping, lighting, and signage. DBS approved permits for the Orange Line including construction of the new transit station. Service will open in 2025, connecting Edmonds College to McCollum Park & Ride.

CITYWIDE DEVELOPMENT



NOVO ON 52nd

Novo on 52nd is being constructed at the former Whispering Pines Apartments site on 52nd Ave W. This multi-family housing project includes 242 income-restricted affordable housing units. The project is expected to be completed in 2023.

LONG-RANGE PLANNING

COMPREHENSIVE PLAN UPDATE

DBS, Community Planning, initiated preparation of the Lynnwood Comprehensive Plan Update. The Washington State Growth Management Act (GMA) requires all jurisdictions in Pierce, King, and Snohomish County to update their comprehensive plans and development regulations by December 31, 2024. These updates serve to ensure that local government plans and regulations remain consistent with the GMA. The City Center / Regional Growth Center; South Lynnwood Neighborhood Subarea Plan; and the Housing Action Plan will contribute to the 2024 Comprehensive Plan. In 2022, DBS launched "Big Ideas Month" to collect thoughts, ideas, and concepts for Lynnwood in 2044. This effort informs policy development and goal setting for the *Imagine Lynnwood* Comprehensive Plan.

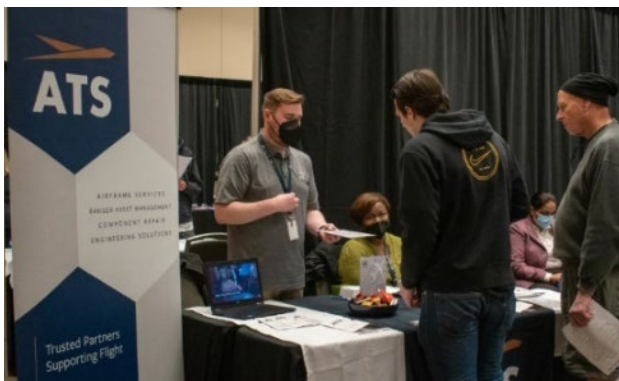


HOUSING ACTION PLAN



The Housing Action Plan was adopted by City Council on May 24, 2021. Subsequently, DBS received a grant from the Washington State Department of Commerce for Housing Action Plan Implementation. This implementation effort continued through 2022 with review of Lynnwood's regulatory framework and creation of a Unified Development Code (UDC). The UDC serves to restructure development regulations to make Lynnwood's development code less complex and more user friendly; and identifies process improvements, streamlining opportunities and/or code changes for Council consideration.

BUSINESS OUTREACH



LYNNWOOD JOB FAIRS

DBS partnered with Lynnwood Chamber of Commerce, Edmonds College, and WorkSource to host two job fairs in 2022. The Lynnwood Event Center, formerly the convention center, donated the space for both events. The event brought together many local and regional employers to fill jobs during a competitive labor market. The first job fair held on May 12, 2022, had 80 employers in attendance with 332 job seekers attending.

The second job fair was on October 12, 2022. The event had 86 employers in attendance including Amazon, Crane Aerospace, Dave & Buster's, local hotels, and many more. There was a 14% increase in job seeker attendance with 432 job seekers during the three-hour event.



PARTNERSHIPS

DBS continues to build strong partnerships with other local, regional, and state organizations to support Lynnwood's goals for growth and development, business attraction and support, transportation improvements and tourism.

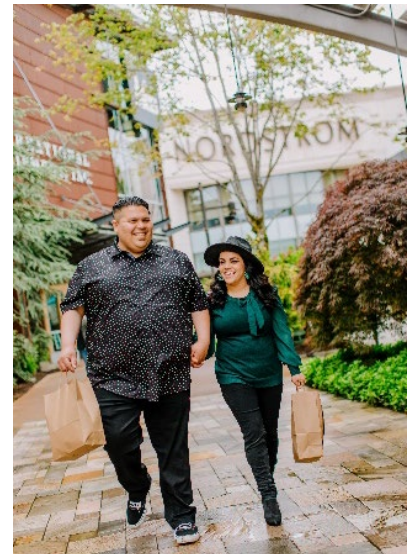
- Partner Lynnwood
- Economic Alliance Snohomish County
- Lynnwood Chamber of Commerce
- Washington Economic Development Association
- Edmonds College
- Lynnwood Event Center
- Small Business Development Center
- Lynnwood Public Facilities District
- Washington State Tourism Alliance
- Washington State Hospitality Association
- Snohomish County Tourism
- Puget Sound Regional Council

TOURISM PROMOTION

DVA ADVERTISING & PUBLIC RELATIONS

As the tourism industry began to recover from COVID-19, the DBS Economic Development Division ramped up marketing efforts to help increase overnight stays in Lynnwood. DBS continued to work with DVA Advertising & Public Relations in 2022 to provide marketing services for Lynnwood Tourism. Services provided by DVA include digital content creation, organic and paid digital marketing campaigns, and email newsletters.

The digital marketing efforts generated 3.1 million advertising impressions and reached over 780K users on social media. Digital efforts culminated in 12 blog posts, over 200 social media posts, 112 ads created resulting in 90,000 pages viewed on the website, and a 45% increase in social media followers.





LYNNWOOD TOURISM PHOTOSHOOT

In 2022, DBS held a two-day photo shoot partnering with local businesses, restaurants, and hotels. Photos were captured from 18 locations across the city including parks and the Lynnwood Recreation Center. These updated photos will be used in a variety of promotional materials and shared with other city departments for their marketing purposes.

DATAFY VISITOR ANALYTICS DASHBOARD

DBS received a grant through Snohomish County Lodging Tax Advisory Committee (LTAC) to purchase the Datafy Visitor Analytics Dashboard. Datafy uses geolocation data from visitor cell phones at geofenced points of interest to identify where visitors are coming from, how long they are staying, and what places they visit. DBS tracked multiple points of interest including city boundaries, hotels, Alderwood Mall and retail area, Convention Center, and Paine Field. In 2022, the average length of stay for visitors was 3.5 days. The top visitor markets were Portland, Spokane, Los Angeles, Yakima, San Francisco, and Phoenix.

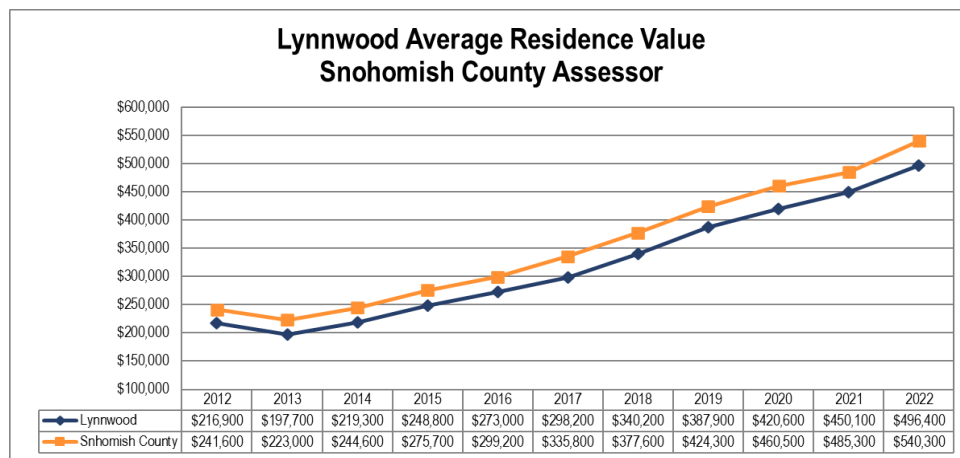
OUTREACH EFFORTS

As hotels and businesses reopened fully from COVID and welcomed back guests, it became a priority in 2022 for DBS to meet and introduce the tourism program to our stakeholders. Tourism Project Manager, Ryan Bush, was able to visit and meet with the management staff of all hotels and several new restaurant and businesses. This outreach searched to rebuild the relationship between the local lodging industry and Lynnwood.

METRICS REPORT

HOME VALUE

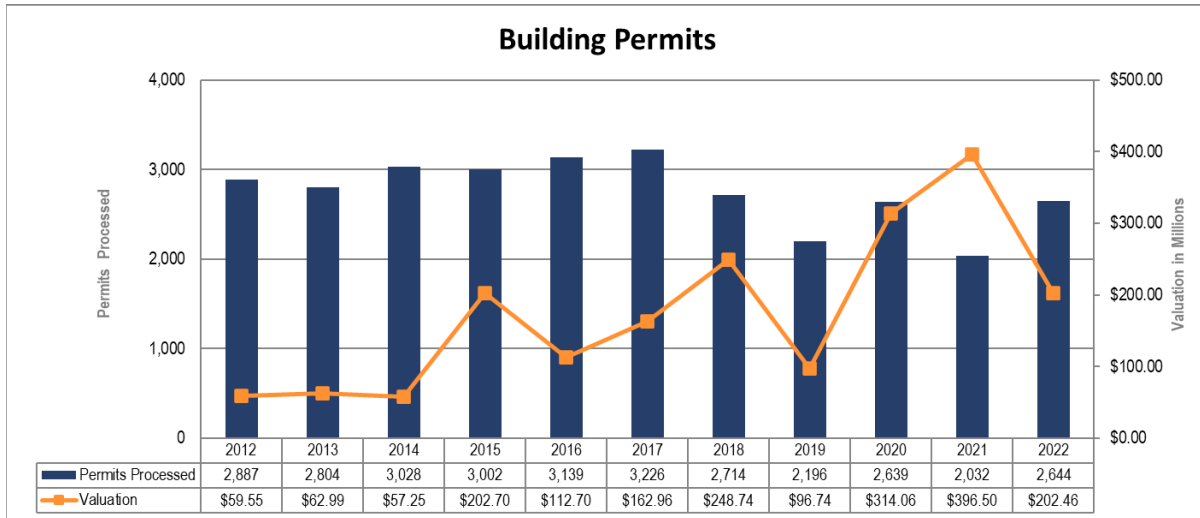
The average home value, according to the Snohomish County Assessor’s office, has been steadily increasing since 2013. The average value of a Lynnwood residence increased 10.3% between 2021 and 2022. The average value of a home in Lynnwood in 2022 was \$496,400, which is \$43,900 below the County average of \$540,300.



Although the price of housing continues to rise in Lynnwood, housing values remain below those elsewhere in Snohomish County.

BUILDING AND DEVELOPMENT ACTIVITY

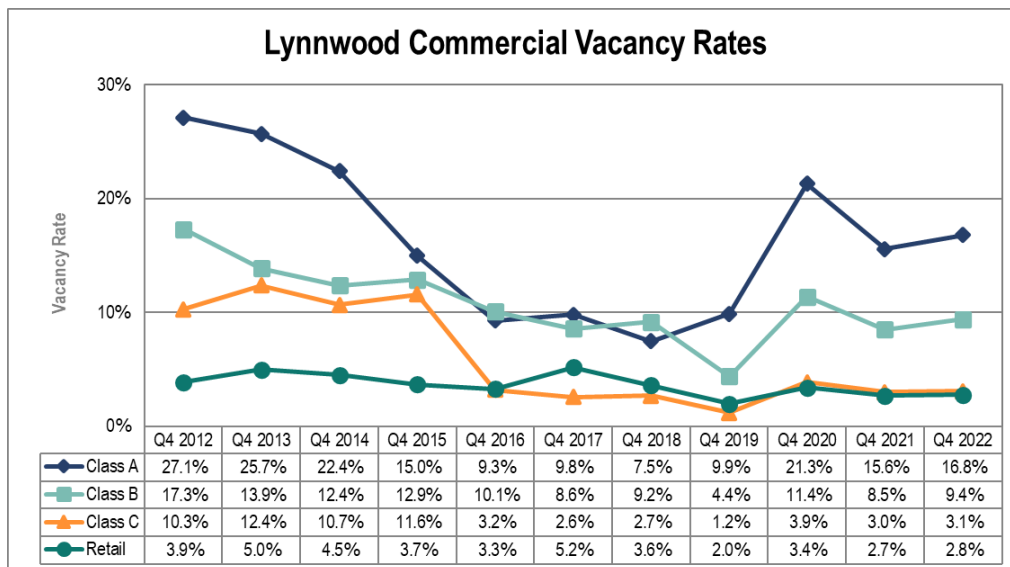
The number of building permits issued each year reflects the activities of the development community, future tax revenues, and potential jobs. In 2022, 2,644 building permits were issued with a valuation of just over \$202 million. Although the number of permits issued increased by 30%, project permit valuation decreased by 49% in 2022. The decline in valuation during 2022 indicates fewer large projects permitted than in 2020 or 2021.



COMMERCIAL VACANCY AND LEASE RATES

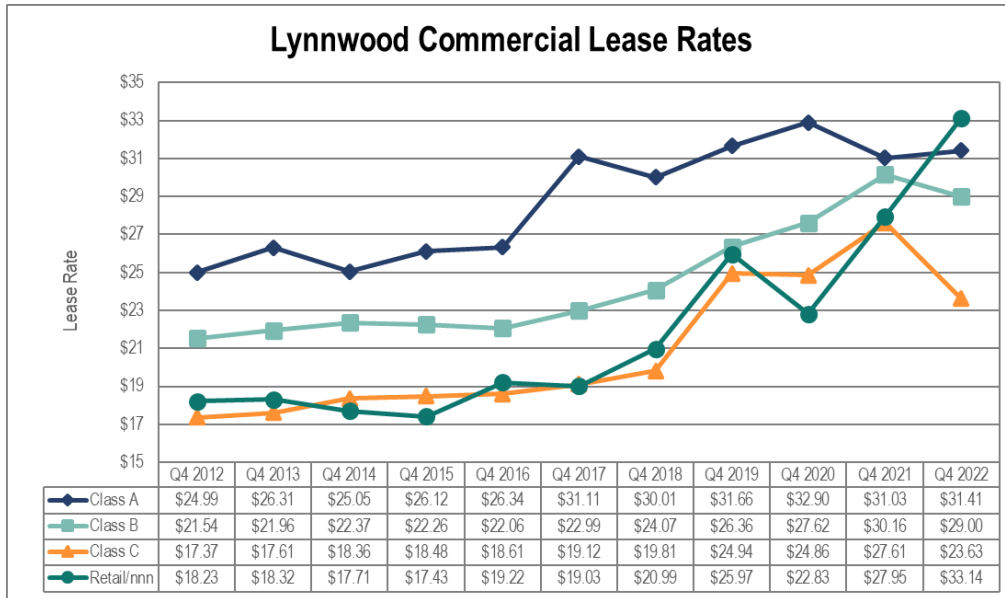
Commercial vacancy rates help forecast new development, job growth and the desirability of doing business in Lynnwood. Office buildings are classified as Class A, B or C, depending on the quality of the structure and available amenities.

In 2022, vacancy rates in Lynnwood increased slightly in all areas compared to 2021. The Class A vacancy rates were 16.8% in Q4 2022, up from 15.6% in 2021. Class B vacancy rates were 9.4% in Q4 2022, up from 8.5% in 2021. Class C vacancy rates were 3.1% in Q4 2022, up slightly from 3% in 2021. Retail vacancy rates were 2.8%, up slightly from 2.7% in 2021. The impact of COVID is reflected in the vacancy rates, particularly for Class A space.



Commercial lease rates in Q4 2022 increased for Class A office space and Retail spaces and decreased for Class B and C office space. Class A lease rates were \$31.41 in Q4 2022, 1.2% increase from 2021. Class B lease rates were \$29.00, a

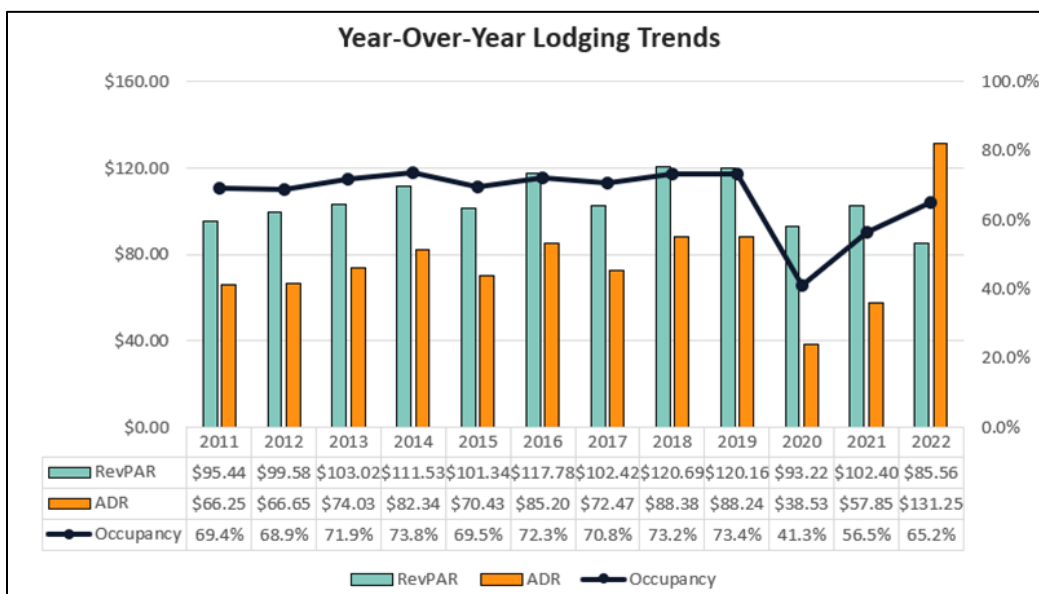
3.8% decrease from 2021. Class C lease rates were \$23.63, an 14.4% decrease from over 2021. Retail space lease rates for Q4 2022 were \$33.14, a 18.6% increase over 2021. These overall rates reflect a continued strengthening of the commercial real estate market post- COVID.



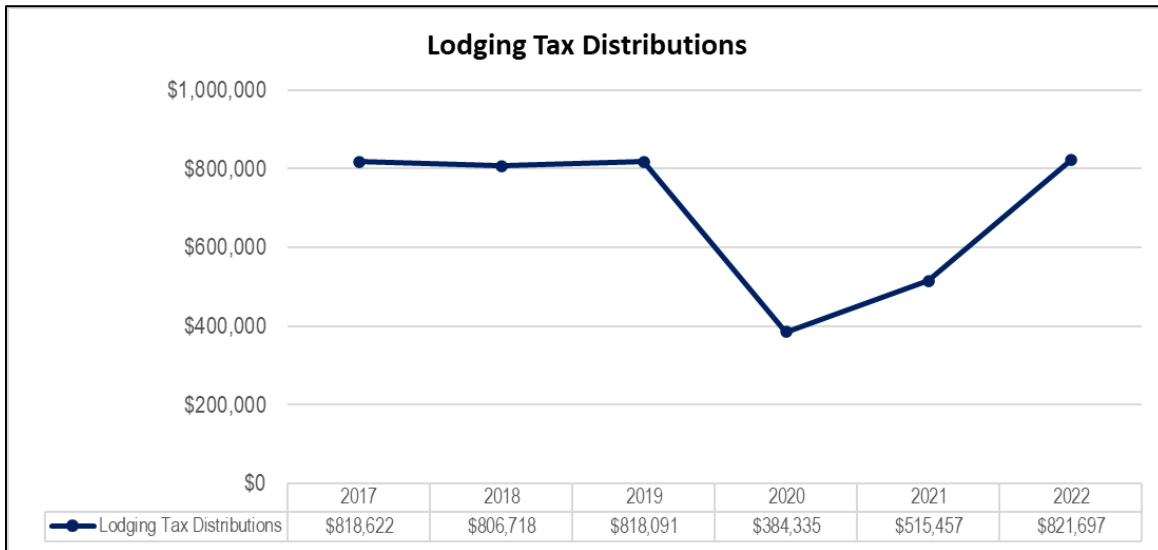
LODGING METRICS

DBS, Economic Development, manages the Lynnwood Tourism Program. Tourism benefits Lynnwood through economic vitality created by visitor spending on lodging, food, entertainment, shopping, and transportation. Tourism also creates employment opportunities and supports Lynnwood businesses that provide supplies and services.

The chart below details Lynnwood’s lodging trends since 2011. In 2022, all lodging metrics surpassed last year and were much closer to pre-pandemic levels. Annual occupancy rates increased 15% year-over-year but were still 11% below 2019. The occupancy rate in 2022 was 65.2% moving from 56.5% in the previous years. The Average Daily Rate (ADR) increased 27.4%, moving from \$102.99 in 2021 to \$131.25 in 2022. This is also 9% above pre-COVID levels. Revenue per Available Room (RevPAR) increased 47.9%, moving from \$57.86 in 2021 to \$85.56 in 2022.



Lodging tax in Washington state is 4%. Two percent is distributed to Snohomish County and 2% is distributed to Lynnwood as the local jurisdiction in which the lodging tax is collected. In 2022, Lynnwood generated \$1,643,394 in lodging tax, and received a lodging tax distribution of \$821,697, an increase of 59% compared to 2021. Lodging tax distributions also surpassed pre-pandemic levels by 0.44% highlighting the rebound of the tourism industry in 2022.



LYNNWOOD TOURISM WEBSITE METRICS

LynnwoodTourism.com received the most visits ever in 2022 with a total of 61,644 visits. This represented a 66% increase from 2021 and a 13% increase from 2019. Digital advertising drove 67% of the traffic to the website. The website received more than 90K pageviews. The Family Friendly Lynnwood blog post and Things to Do pages were visited the most throughout the year.

