

City of Monroe

Economic and Regional Demand Analysis



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Submitted to:



Submitted by:





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EXECUTIVE SUMMARY

Background and Purpose

The City of Monroe has commissioned this study to examine the following:

- Socioeconomic and demographic trends in the City of Monroe, both over time and compared with other regions.
- The role of the City of Monroe as a central place and economic hub for the broader regional economy.
- Opportunities for the City of Monroe to attract more spending within the city, including both: 1) individuals and households who would otherwise pass through Monroe *en route* to and from destinations in the Cascades; and 2) new visitors whose destination is Monroe.

Findings presented in this report will inform economic development strategy and drive decision-making among city officials to support economic recovery efforts and new opportunities for economic growth.

Socioeconomic Baseline and Outlook for Monroe

Local Businesses and Workers

In 2019, the City of Monroe was home to an average of 870 employer establishments (i.e., those with employees, thereby excluding the self-employed), though this declined to 824 in Q1 2020.

City of Monroe businesses employed 10,100 workers in 2019. Covered employment grew every year between 2010 and 2019, though 2020 employment is expected to have declined due to the pandemic. Annual covered employment (i.e., employees covered under the state unemployment insurance system) grew by 2,300 jobs between 2010 and 2019—a compound annual growth rate of 2.9%.

In 2019, the services sector—including information, professional, technical, and scientific services, administrative support, healthcare, restaurants, and hotels—was the largest employment sector, employing more than 2,900 workers. Government (inclusive of the state penitentiary) was the second largest employment sector, with 2,100 workers, followed by manufacturing (more than 15% of the citywide workforce) and retail. The average wage in 2019 among workers employed in Monroe was \$47,200. This compares against a statewide wage in 2019 of \$69,600 and a Snohomish County wage of \$63,500.

In 2018, nearly one fifth (19%) of all workers in Monroe (irrespective of place of residence) earned \$1,250 per month or less in workplace earnings, while almost half (49%) earned more than \$3,333 per month. Approximately 52% of Monroe’s workforce were between the ages of 30 and 54, and 88% identified as “white alone.” An estimated 8.5% of workers in the City of Monroe had less than a high school diploma, while 47% had at least some college, and 21% with a bachelor’s degree or an advanced degree.

Population and Housing

In 2019, there were nearly 20,000 residents in the City of Monroe. Since the year 2000, the City of Monroe has seen its population increase 43.5%, as compared with 37% for Snohomish County overall. As of April 2020, there were 6,100 housing units in the City.

Approximately one quarter of all residents within the City of Monroe are below the age of 20, nearly the same as for Washington state overall. However, 60% of residents are considered part of the working age population (defined here as between the ages of 25 and 64), compared with 54% for the state overall.

In 2019, an estimated 7.3% of City of Monroe residents lived below the federal poverty line, including 18% of those 25 years of age or older and without a high school diploma or GED. By comparison, the King County poverty rate in 2019 was 7.6%, while Snohomish County was 6.8%.

The estimated median household income in Monroe in 2019 was \$85,900. The median household income of Hispanic or Latino origin households, representing 15% of all households in Monroe, was \$69,500.

Growth

The City of Monroe’s population is forecast to grow from 19,800 to 23,800, or an addition of 4,000 residents over twenty years—a compound annual growth rate of 0.9%. By comparison, Snohomish County is projected to grow 1.3% over this same twenty-year period. The Route 2 Corridor population, including the cities of Monroe, Gold Bar, and Sultan and surrounding unincorporated Snohomish County, is projected to increase by 11,200 residents between 2020 and 2040.

Regional growth will support new spending. Residents of other communities within the Route 2 corridor passing through Monroe are estimated to spend **\$10.1 million in Monroe by 2030**. Additionally, annual tourism spending in Monroe under one scenario modeled in this report could increase by \$800,000 by 2030.

Employment in Monroe is projected to increase 0.7% per year between 2019 and 2040. The largest source of growth is expected to be in the FIRES sector

(finance, insurance, real estate, and services), with 1.7% growth per year over this period.

Monroe's Role as a Central Place

The City of Monroe serves as a central place within the broader Route 2 corridor, a region extending from the western edge of Monroe to Stevens Pass, including the jurisdictions of Sultan and Gold Bar and areas of unincorporated Snohomish County. In 2019, Monroe was home to 3.5% of all covered jobs in Snohomish County, as compared with 2.4% of the county's total population. More than 90% of all covered jobs in "warehousing, transportation, and utilities" (WTU) and government within the Route 2 corridor were based on Monroe, along with 86% of all manufacturing jobs and 85% of all retail jobs.

Recommendations

Strategy #1: Invest in signage and marketing materials to make travelers aware of downtown Monroe amenities.

- Expand existing efforts to place signage and other wayfinding tools and messaging to make travelers aware of downtown Monroe amenities.
- Invest in marketing materials at destinations along the Route 2 corridor to attract potential travelers to stop in Monroe. For example, engage with Stevens Pass Ski Area about opportunities to place Monroe marketing signage, brochures, and other marketing materials at the resort.

Strategy #2: Invest in placemaking by integrating Monroe's tourism attraction efforts within the larger context of the Snohomish & Skykomish River Valleys region.

- **Coordinate with the County to leverage existing efforts, such as the Seattle NorthCountry platform, to market Monroe as part of a broader marketing initiative.** This includes using the existing Seattle NorthCountry website and development of a microsite embedded on this platform for marketing Monroe as part of a broader tourism itinerary.
- **Use the "basecamp" model to frame Monroe within the broader context of the Snohomish & Skykomish River Valleys region.** Monroe is uniquely positioned as a central place for retail and commerce along Route 2. These advantages can be exploited to position Monroe as a dining and river recreation center within the broader tourism experience of the Snohomish & Skykomish River Valleys region.

Strategy #3: Invest in riverfront park access and amenities.

- **Study other riverfront parks.** There are many useful, informative examples of best practices in designing and building family-friendly riverfront parks. Possible case studies include River Meadows County Park in Snohomish County and Oxbow Park in the Portland Metro area.
- **Leverage existing designs and plans.** The City of Monroe should examine existing analysis in recent years on riverfront water access and implement or build on these existing plans. For example, in 2017 the City of Monroe participated in a design charette, which included design concepts for riverfront parks and access between the historic downtown and the river.

Strategy #4: Look at other models for developing real estate for tourism.

- **Assess properties in Monroe that have potential for tourism and/or retail.** Possible properties include the Monroe School District administrative building (high school). Possible examples in other jurisdictions include McMenemy's in Bothell and the Wallingford schoolhouse that was converted to retail. Identify 3-4 case studies that closely match the characteristics of existing properties in Monroe.
- **Interview 2-3 businesses who can speak to the rationale behind their investment location decision.** One of these interviews should be with McMenemy's. Interviews will probe what types of building and location characteristics are most important in attracting these investments.
- **Organize focus groups to discuss possible uses.** Meet with residents and businesses to understand, from their perspective, what would be the best way to revitalize the downtown area and improve the quality of life of Monroe through development of a linchpin property.
- **Develop recommendations.** Based on the above analysis, recommendations on how to develop available properties and necessary investments to attract tenants that will draw outside visitors and improve the quality of life for Monroe residents.

Strategy #5: Maintain updated economic development data.

High Peak Strategy LLC will provide guidance for updating leading economic development data indicators. This will include data sources, any necessary manipulations or transformations, and frequency of releases and requests.

Table of Contents

Executive Summary	i
Introduction	1
City of Monroe Socioeconomic Profile	2
Regional Analysis and Role of Monroe.....	12
Economic Growth Opportunities.....	15
Key Findings and Recommendations.....	20
Bibliography	25

INTRODUCTION

Background and Purpose

The advent of the coronavirus pandemic has upended supply chains, employment, household demand, and economic systems across the globe. These impacts have materialized in large numbers of unemployed workers, negative gross domestic product growth, and pernicious uncertainty. In the second quarter of 2020, U.S. real GDP contracted an historically unprecedented 32% on an annualized basis; subsequent growth of 19.5% in Q3 and projected 4.6% growth in Q4 will still result in an overall negative growth in the U.S. economy for 2020 (Federal Reserve Bank of St. Louis, 2020). Nonfarm employment in the Seattle Metropolitan Statistical Area (MSA), representing the counties of King, Pierce, and Snohomish, has risen nearly 10% since April, but remains nearly 8% below levels in January 2020, before the crisis (U.S. Bureau of Labor Statistics, 2020).

These challenges have been further accentuated by the prolonged grounding of the 737 MAX and trade war with China, adversely affecting manufacturing exporters, aerospace suppliers, and households with members and relatives laid off or furloughed due to the aerospace industry downturn.

The wide scale availability of vaccines beginning in late 2020 and through the first half of 2021 will likely bring an end to the immediate impacts of the crisis. However, many regional and local economies will struggle to recover from these economic disruptions, requiring local leaders and economic development practitioners to innovate new solutions to both steward regional economic recovery and identify new development pathways to boost growth and wealth generation in their respective communities.

The City of Monroe has commissioned this study to examine the following:

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- Opportunities for the City of Monroe to attract more spending within the city, including both: 1) individuals and households who would otherwise pass through Monroe *en route* to and from destinations in the Cascades; and 2) new visitors whose destination is Monroe.

Findings presented in this report will inform economic development strategy and drive decision-making among city officials to support economic recovery efforts and new opportunities for economic growth.

Methods

This study leverages federal, state, and private vendor data sources, along with qualitative research obtained through correspondence with industry representatives, city officials, reports, and articles. To the greatest extent possible, existing definitions of select subsectors were used, based on veritable research, to allow for consistency in measures.

Organization of Report

The remainder of this report is organized as follows:

- **Socioeconomic city profile.** Detailed, data-rich profile of the City of Monroe, including current and historic economic and demographic trends and forecasts.
- **Regional demand analysis.** Overall growth projections for the region, assessment of economic opportunities, industry cluster analysis, projected future household demand, and review of economic development assets and strengths and alignment with growth opportunities.
- **Key findings and recommendations.** Review of key findings and recommended actions to support economic growth in Monroe.

CITY OF MONROE SOCIOECONOMIC PROFILE

Growth and Competitiveness

GDP, Businesses, and Workers

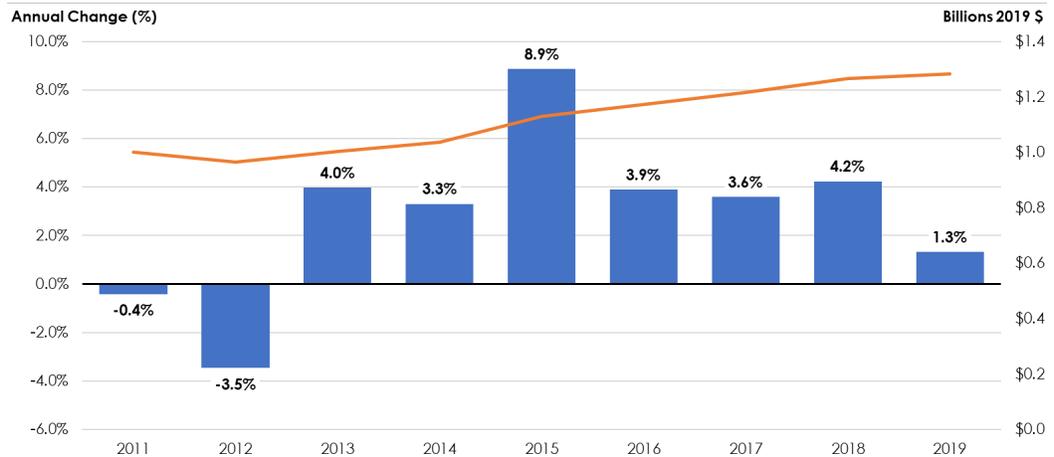
In 2019, estimated real GDP for the City of Monroe reached \$1.3 billion, representing a 1.3% growth rate over 2018 (**Exhibit 1**).¹ This compares with Seattle MSA real GDP growth of 5.1% year-over-year in 2019 (U.S. Bureau of Economic Analysis, 2020). The City of Monroe's estimated share of countywide real GDP has averaged 2.8% each year between 2010 and 2019, nearly the same as the City's share of countywide employment (2.9%).

There was an average of 870 employer establishments (i.e., those with employees, thereby excluding the self-employed) in 2019 in the City of Monroe. The number of establishments fell to 824 in the first quarter of 2020, due largely to the onset of the pandemic (**Exhibit 2**).

¹ City of Monroe GDP is not published, requiring an estimation approach. These estimates were developed by taking the average of two shares and applying to countywide GDP. These ratios were: 1) city share of labor income (a key component of value-added) out of countywide labor income; and 2) city share of jobs + population for total county jobs + population.

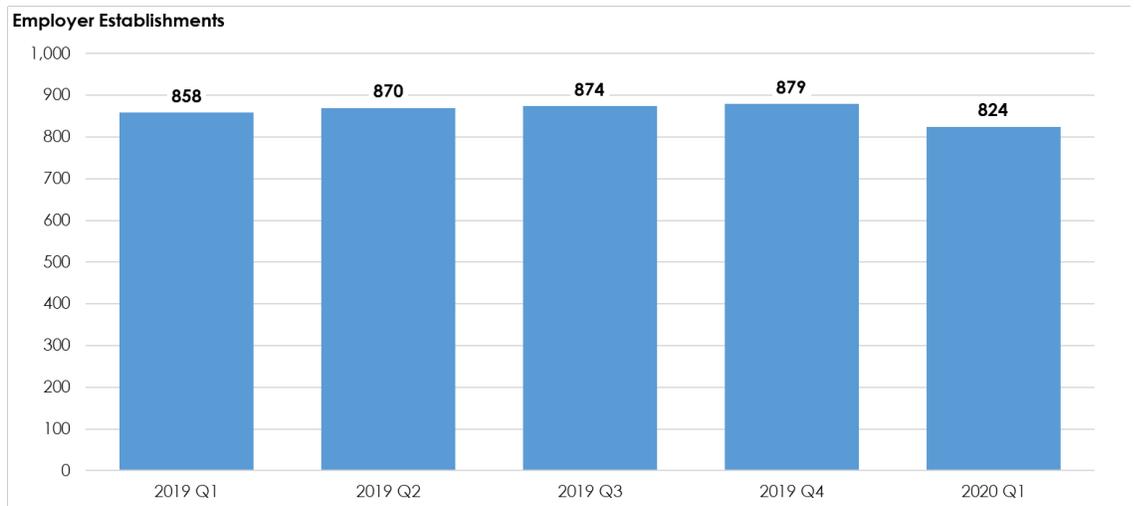
While no city-level unemployment data is available, Snohomish County unemployment, after peaking at 19.2% in April, has since come down to 5.2%, consistent with statewide and U.S. trends during the pandemic (U.S. Bureau of Labor Statistics, 2020).

Exhibit 1. Estimated Real GDP, City of Monroe, 2011-2019



Data sources: U.S. Bureau of Economic Analysis (2020); Puget Sound Regional Council (2020); U.S. Bureau of Labor Statistics (2020); author's calculations.

Exhibit 2. Employer Establishments by Quarter, City of Monroe, 2019 Q1 to 2020 Q1



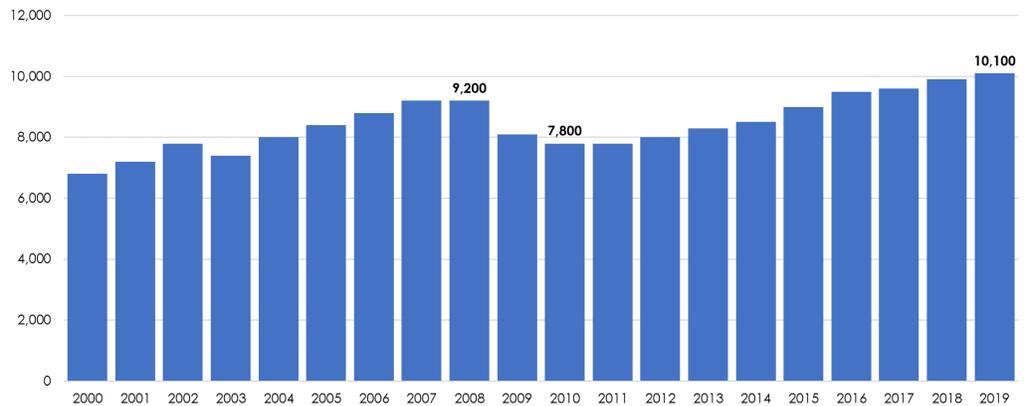
Data source: Washington State Employment Security Department (2020).

Covered employment refers to workers included in the state unemployment insurance system (i.e., payroll workers). City of Monroe businesses employed 10,100 workers in 2019 (**Exhibit 3**), a substantial increase over 2010 (during the last recession). Covered employment grew every year between 2010 and 2019, though 2020 employment is expected to have declined due to the pandemic. Annual covered employment grew by 2,300 jobs between 2010 and 2019, equal to a compound annual growth rate of 2.9%.

In 2019, the services sector—including information, professional, technical, and scientific services, administrative support, healthcare, restaurants, and hotels—employed more than 2,900 workers. Government was the second largest employer, with 2,100 workers, followed by manufacturing (more than 15% of the citywide workforce) and retail (**Exhibit 4**).

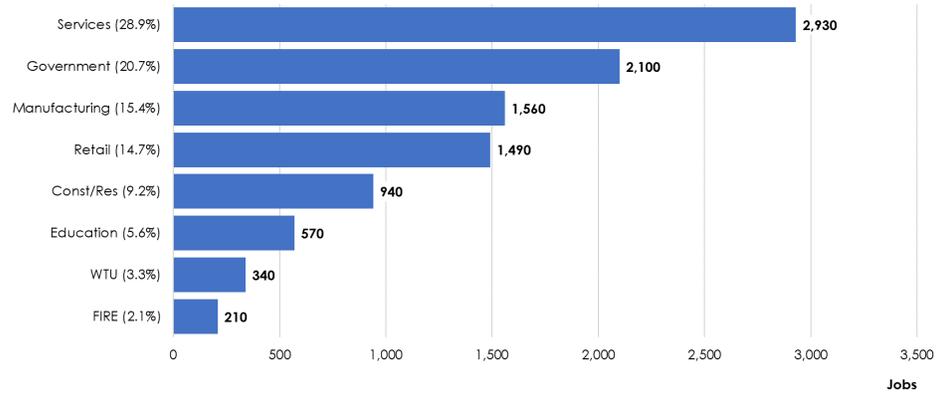
The average wage in 2019 among workers employed in Monroe was \$47,200. This compares against a statewide wage in 2019 of \$69,600 and a Snohomish County wage of \$63,500 (Washington State Employment Security Department, 2020).

Exhibit 3. Covered Workers Employed in the City of Monroe, 2000-2019



Data source: Puget Sound Regional Council (2020).

Exhibit 4. Covered Workers Employed by Sector in the City of Monroe, 2019



Data source: Puget Sound Regional Council (2020).

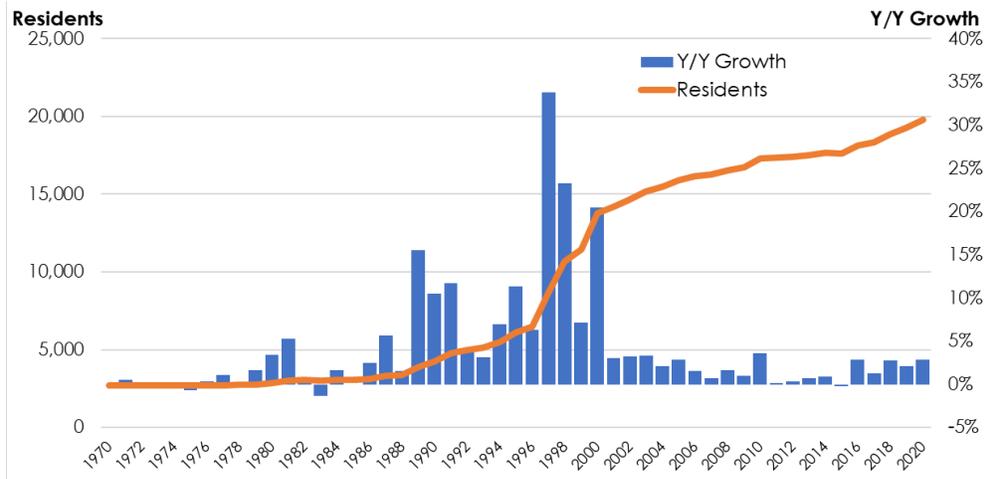
Const/Res = “construction and resources,” WTU = “warehousing, transportation, and utilities,” FIRE = “finance, insurance, and real estate.”

In 2018, nearly one fifth (19%) of all workers in Monroe (irrespective of place of residence) earned \$1,250 per month or less in workplace earnings, while almost half (49%) earned more than \$3,333 per month. Approximately 52% of Monroe’s workforce were between the ages of 30 and 54, and 88% identified as “white alone.” An estimated 8.5% of workers in the City of Monroe had less than a high school diploma, while 47% had at least some college, and 21% with a bachelor’s degree or an advanced degree (U.S. Census Bureau, 2020).

Population and Housing

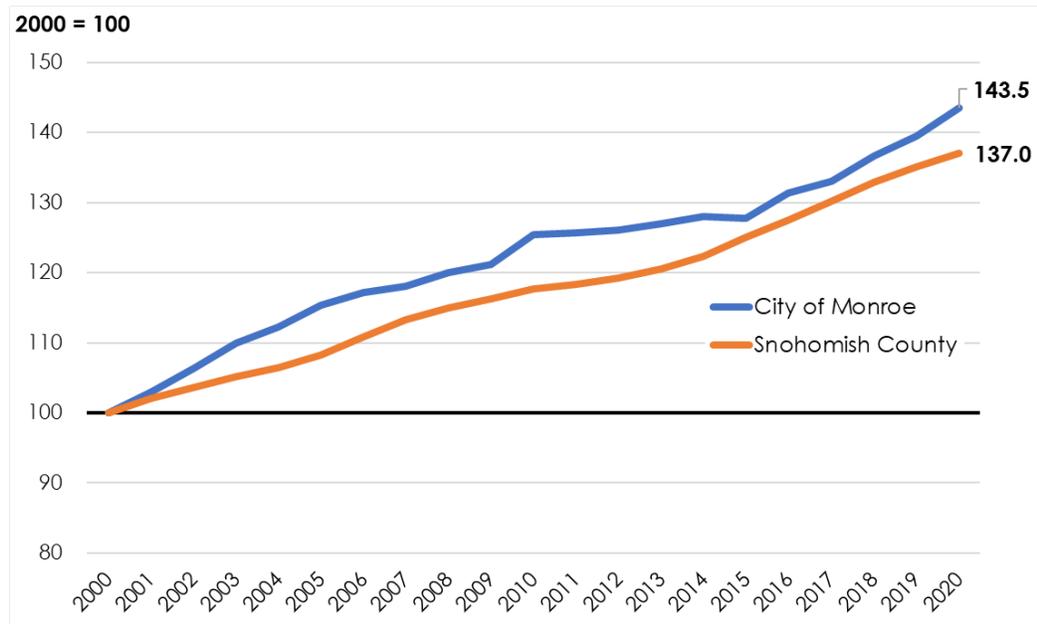
In 2020, there were nearly 20,000 residents in the City of Monroe (**Exhibit 5**). The City’s largest period of growth was in the late 1980s through 2000, when the City’s population increased from 3,300 residents (1987) to 13,800—a compound annual growth rate of almost 12%. Since the year 2000, the City of Monroe has seen its population increase 43.5%, as compared with 37% for Snohomish County overall (**Exhibit 6**).

Exhibit 5. Total Residents and Year-over-Year Change, City of Monroe, 1970-2020



Data source: Washington State Office of Financial Management (2020).

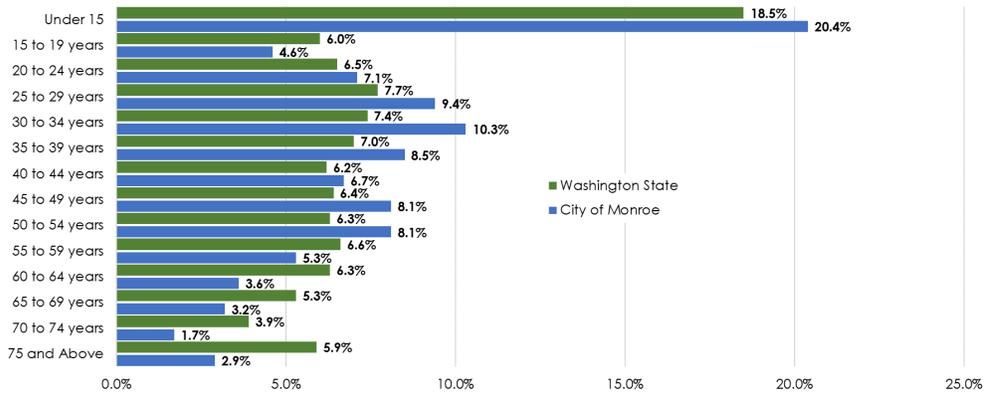
Exhibit 6. City of Monroe and Snohomish County Population Growth, Indexed to 2000



Data source: Washington State Office of Financial Management (2020).

Approximately one quarter of all residents within the City of Monroe are below the age of 20, nearly the same as for Washington state overall. However, nearly 60% of residents are considered part of the working age population (defined here as between the ages of 25 and 64), compared with 54% for the state overall (**Exhibit 7**). Residents 65 years old and above in Monroe represent less than 8% of the population, slightly more than half the rate for Washington state (15.1%).

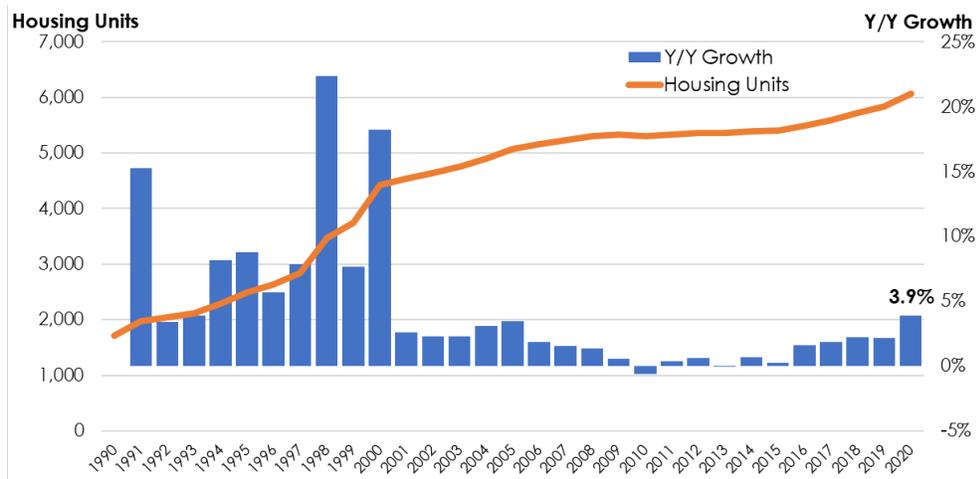
Exhibit 7. Population Age Distribution, City of Monroe and Washington State, 2019



Data source: U.S. Census Bureau (2020).

Housing units experienced a similar growth period. As of April 2020, there were nearly 6,100 housing units in the City (Exhibit 8). Population has grown faster than housing units since 2000, indicating growth in the residents per housing unit over this period. There were an estimated 5,266 households in the City of Monroe in 2019, based on the American Community Survey Five-Year Estimates for 2019 (Exhibit 9).² Married couples constituted 54% of all households in 2019; 43% of households included one or more persons under the age of 18, and 19% included one or more members 65 years of age or older. The average family size was 3.4 persons (U.S. Census Bureau, 2020).

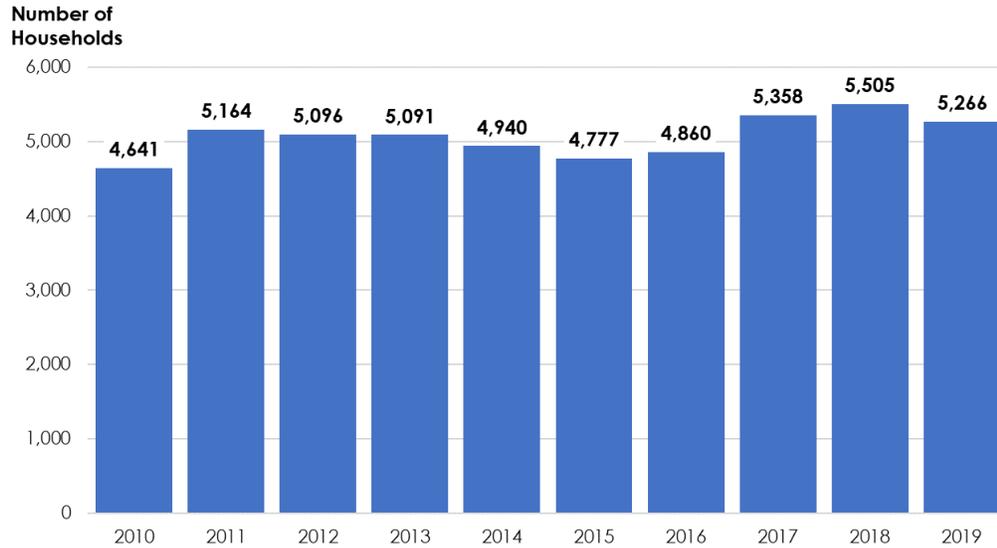
Exhibit 8. Housing Units (#) and Change Year-over-Year (%), City of Monroe, 1990-2020



Data source: Washington State Office of Financial Management (2020).

² “Households” represent the number of occupied “housing units.”

Exhibit 9. Households in City of Monroe, 2010-2019

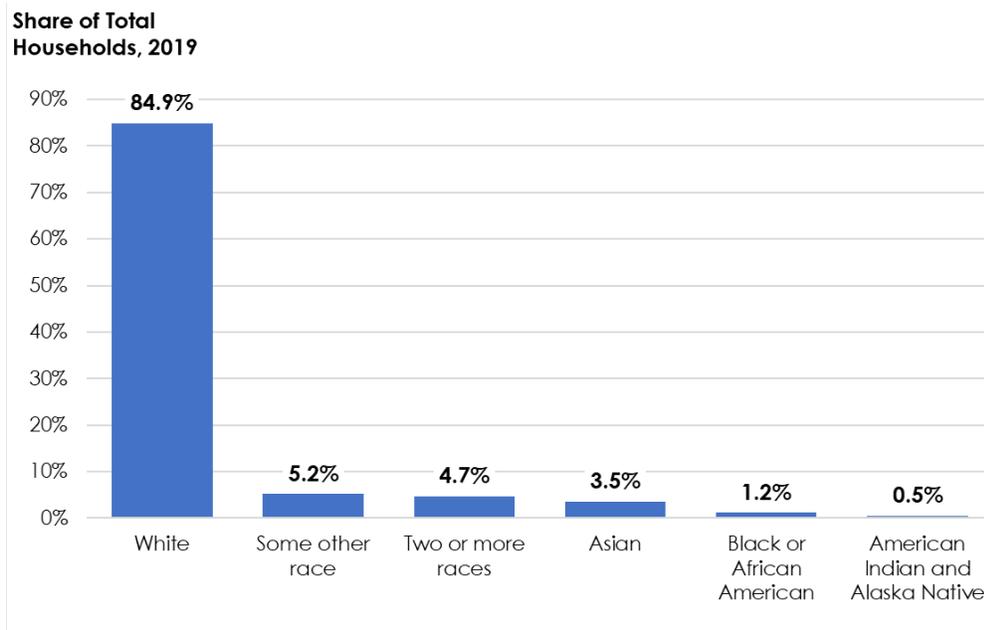


Data source: U.S. Census Bureau, American Community Survey Five-Year Estimates (2020).

Note: Each reported year represents a five-year average, due to limited annual sample size for the City of Monroe.

Nearly 85% of all households in the City of Monroe identified as “white” in 2019 (**Exhibit 10**), of which 76% identified as “white, non-Hispanic.” This share is higher than the U.S. overall in 2019, in which 76% of all households identified as “white,” and 66% as “white, non-Hispanic.” However, the share of Monroe’s population that is white is slightly less than Washington state and Snohomish County, which were both approximately 79% in 2019 (U.S. Census Bureau, 2020).

Exhibit 10. Households by Race, City of Monroe, 2019



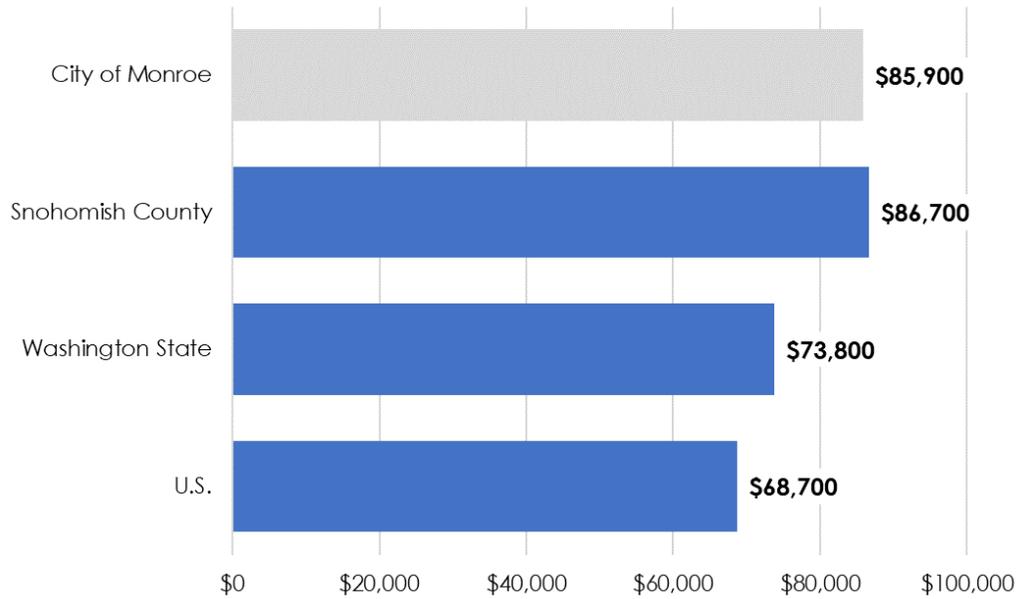
Data source: U.S. Census Bureau, American Community Survey Five-Year Estimates (2020).

Median household income among City of Monroe residents (irrespective of place of employment) reached \$85,896 in 2019. This was slightly lower than Snohomish County overall but 16% higher than Washington state overall and more than 25% higher than for the U.S. (**Exhibit 11**).

In 2019, an estimated 7.3% of City of Monroe residents lived below the federal poverty line, including 18% of those 25 years of age or older and without a high school diploma or GED. By comparison, the King County poverty rate in 2019 was 7.6%, while Snohomish County was 6.8% (U.S. Census Bureau, 2020).

Among white households (representing 85% of all households in the City of Monroe), the median household income was the same as for all households in 2019, at \$85,900. However, among Black or African American households (1.2% of all households), the median household income was significantly lower, at \$56,300. Households with two or more races had the highest median income in Monroe in 2019, at \$118,300. The median household income of Hispanic or Latino households was \$69,500 (**Exhibit 12**).

Exhibit 11. Median Real Household Income, City of Monroe, Snohomish County, Washington State, U.S., 2019



Data source: U.S. Census Bureau (2020).

Exhibit 12. Median Household Income by Ethnic Group, City of Monroe, 2019

	Median Share of Households	Median Household Income
One race		
White	85%	\$85,900
Black or African American	1%	\$56,300
American Indian and Alaska Native	1%	N/A
Asian	4%	\$106,100
Native Hawaiian and Other Pacific Islander	0%	N/A
Some other race	5%	\$51,000
Two or more races	5%	\$118,300
Hispanic or Latino origin (of any race)	15%	\$69,500
White alone, not Hispanic or Latino	76%	\$86,500
All Households		\$85,900

Data source: U.S. Census Bureau (2020).

Talent

Among residents of Monroe in 2019, an estimated 62% of individuals ages 25 and older had some post-secondary education, including 22% with a bachelor’s degree or higher (compared with 36% for Washington state overall). An estimated 11% of residents ages 25 and older had less than a high school diploma or GED, compared with 9% for Washington state and 8% for Snohomish County (**Exhibit 13**).

Exhibit 13. Educational Attainment Levels, Monroe, Snohomish County, Washington State, 2019

Educational Attainment Level	Washington State	Snohomish County	City of Monroe
Less than 9th grade	3.7%	2.8%	4.3%
9th to 12th grade, no diploma	5.0%	4.9%	6.8%
High school graduate (includes equivalency)	22.0%	23.3%	27.2%
Some college, no degree	23.3%	25.5%	30.0%
Associate's degree	10.0%	10.7%	9.6%
Bachelor's degree	22.4%	22.2%	16.4%
Graduate or professional degree	13.6%	10.6%	5.7%
<i>High school graduate or higher</i>	91.3%	92.3%	88.9%
<i>At least some post-secondary education</i>	69.3%	69.0%	61.7%
<i>Bachelor's degree or higher</i>	36.0%	32.8%	22.1%

Data source: U.S. Census Bureau (2020).

Note: “some post-secondary education” includes “some college, no degree” and above.

Among labor force participants living in Monroe ages 16 and above, approximately one sixth were employed in “management, business, and financial occupations,” followed by office and administrative positions (**Exhibit 14**). This compares with 11% of workers both countywide and statewide employed in office and administrative support occupations. Monroe has a lower share of its resident labor force employed in “computer, engineering, and science occupations” compared to the state average (7.1% versus 9.4%).

Exhibit 14. Residents 16 and Older by Occupation, City of Monroe, Snohomish County, and Washington State, 2019

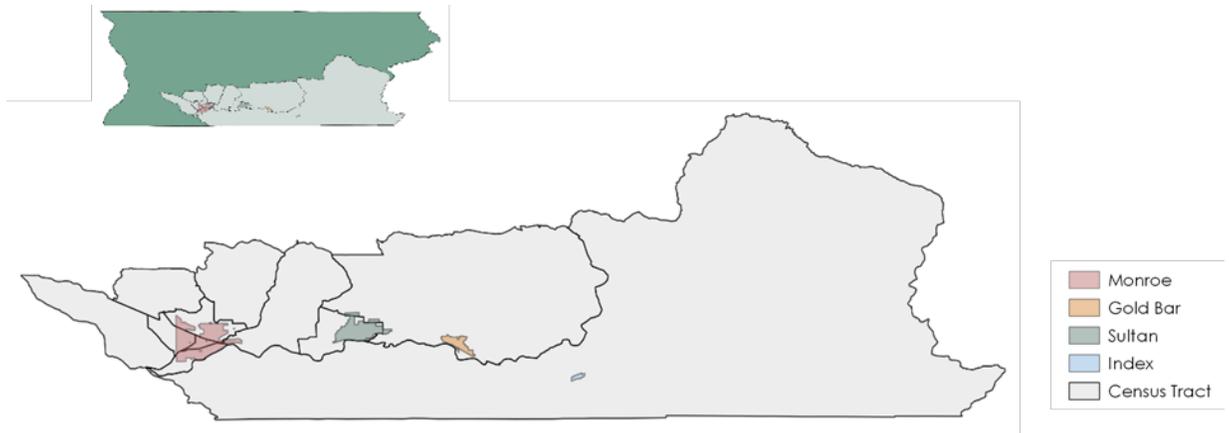
Occupation	City of Monroe	Snohomish County	Washington State
Management, business, and financial occupations	16.0%	16.9%	16.9%
Office and administrative support occupations	14.8%	10.8%	10.5%
Sales and related occupations	9.0%	9.7%	9.3%
Education, legal, community service, arts, and media occupations	8.6%	9.0%	10.6%
Construction and extraction occupations	8.0%	6.2%	5.0%
Computer, engineering, and science occupations	7.1%	9.4%	8.8%
Production occupations	6.0%	5.7%	4.8%
Material moving occupations	4.8%	3.1%	3.6%
Food preparation and serving related occupations	4.7%	5.0%	5.5%
Healthcare support occupations	3.9%	3.4%	3.5%
Building and grounds cleaning and maintenance occupations	3.7%	3.2%	3.3%
Personal care and service occupations	3.2%	2.6%	2.8%
Healthcare practitioners and technical occupations	3.0%	5.1%	5.4%
Protective service occupations	2.8%	1.7%	1.8%
Installation, maintenance, and repair occupations	2.2%	4.1%	3.0%
Transportation occupations	1.8%	3.6%	3.7%
Farming, fishing, and forestry occupations	0.5%	0.3%	1.6%

Data source: U.S. Census Bureau (2020).

REGIONAL ANALYSIS AND CENTRAL ROLE OF MONROE

Monroe is an important central place and hub for commerce along the corridor running from Monroe to Stevens Pass, including the cities of Monroe, Sultan, Gold Bar, and Index, as well as various unincorporated areas. **Exhibit 15** below presents the geography of the study region.

Exhibit 15. Route 2 Economic Corridor



Across the corridor, there were an estimated 52,700 residents in 2019. Monroe’s population of 19,800 residents (including approximately 2,500 incarcerated at the state penitentiary) represented 38% of residents in the region, while nearly half (47%) of residents lived in unincorporated census tracts (Washington State Office of Financial Management, 2020; U.S. Census Bureau, 2020).

In 2019, the combined covered employment within this corridor totaled 13,900 jobs. Monroe is the primary nexus for employment in this region,

with 10,100 of these covered jobs. There were an estimated 2,600 covered jobs within unincorporated areas along the Route 2 corridor, of which nearly 1,100 were in the services sector (excluding retail but including recreation and accommodations).

The largest sector of Monroe employment was services, with more than 2,930 workers. This was followed by government, including the state penitentiary, local government, and school district employees. Monroe was home to 1,560 manufacturing workers, primarily in the North Industrial Park. There were 1,490 workers employed in the retail sector, such as Lowes Home Improvement and Walmart Supercenter. Hotels and restaurants in Monroe employed more than 1,000 workers, representing nearly all sectoral workers within the corridor (Puget Sound Regional Council, 2020).

In addition to covered workers, there are numerous self-employed workers operating in the City of Monroe and the region. These include professional services, food services, and various retail operations. In 2019, there were an estimated additional 1,300 self-employed workers in Monroe, primarily in retail (940) (Puget Sound Regional Council, 2020; 2019).

Regional Specializations

Location quotients are a common technique for evaluating the relative concentration and specialization of sectoral activities in a region, measured against a broader, regional benchmark. A location quotient (LQ) above 1 indicates the geography of analysis (in this case, the City of Monroe) has a higher relative concentration of a given industry than the region overall, suggesting some degree of industry specialization. Conversely, a LQ for an industry and geography less than one suggests that residents in the analysis area are more likely to purchase goods and services from outside their home geography.

In 2019, Monroe was home to 3.5% of all covered jobs in Snohomish, as compared with 2.4% of the county's total population. Government jobs in Monroe as a share of the total covered workforce were nearly three times the share of government jobs countywide (LQ of 2.82); these jobs are primarily related to the state penitentiary. Manufacturing displayed a location quotient of 0.74, though this value is skewed by the high concentration of manufacturing jobs in Everett and surrounding communities, primarily associated with The Boeing Company and suppliers. Retail services displayed a location quotient of 1.23, pointing to the importance of Monroe as a regional hub for both big box retailers such as Walmart and various smaller businesses along Route 2 and the downtown corridor (**Exhibit 16**).

Exhibit 16. Covered Jobs, Industry Shares, and Local Quotients for City of Monroe, Benchmarked Against Snohomish County, 2019

	Monroe	Snohomish County	Monroe Industry Share, Snohomish County	Monroe LQ
Const/Res	940	25,400	3.7%	1.06
FIRE	210	12,500	1.7%	0.48
Manufacturing	1,560	60,400	2.6%	0.74
Retail	1,490	34,500	4.3%	1.23
Services	2,930	103,700	2.8%	0.81
WTU	340	13,100	2.6%	0.74
Government	2,100	21,300	9.9%	2.82
Education	570	18,700	3.0%	0.87
Total	10,140	289,600	3.5%	

Exhibit 17 below presents covered workers in the City of Monroe and corridor by industry grouping, Monroe’s share of the Route 2 Corridor’s total employment per industry group, and Monroe’s location quotients for each. Monroe’s highest LQs, as an indication of regional specialization, were in government (1.25), wholesale trade, transportation, and utilities (WTU, 1.25), manufacturing (1.16), and retail (1.15). These relatively high location quotients indicate Monroe is a regional hub for these activities, serving the broader set of communities within the Route 2 Corridor.

Exhibit 17. Covered Jobs, Industry Shares, and Local Quotients for City of Monroe, Benchmarked Against Route 2 Corridor, 2019

	Monroe	Corridor	Monroe Regional Industry Share	Monroe LQ
Const/Res	940	1,800	52%	0.71
FIRE	210	300	70%	0.95
Manufacturing	1,560	1,820	86%	1.16
Retail	1,490	1,760	85%	1.15
Services	2,930	4,350	67%	0.92
WTU	340	370	92%	1.25
Government	2,100	2,290	92%	1.25
Education	570	1,090	52%	0.71
Total	10,140	13,780	74%	

Data source: Puget Sound Regional Council (2020).

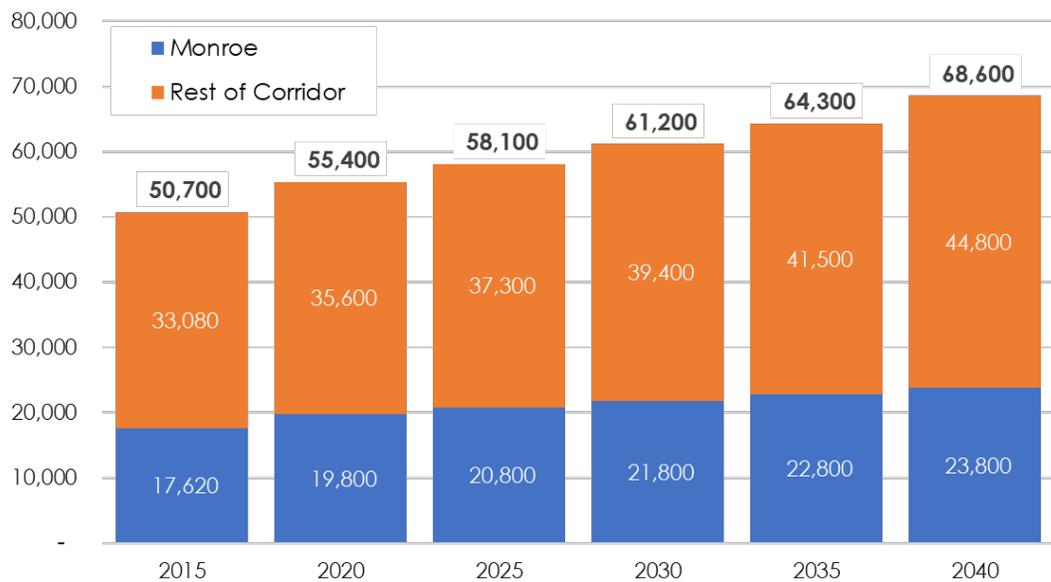
WTU = “warehousing, transportation, and utilities,” FIRE = “finance, insurance, and real estate,” Const / Res = “construction and resource extraction.”

ECONOMIC GROWTH OPPORTUNITIES

Population Growth and Trends for the Region

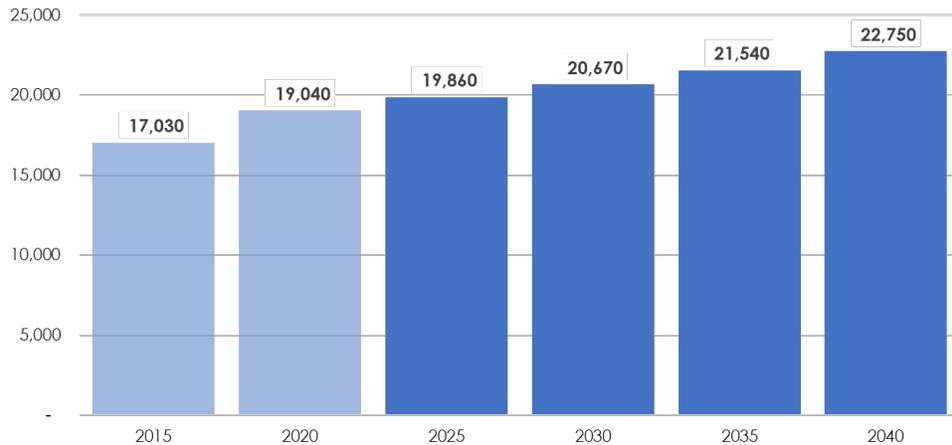
Based on growth projections published by the Puget Sound Regional Council, the City of Monroe’s population is forecast to grow from 19,800 to 23,800, or an addition of 4,000 residents over twenty years—a compound annual growth rate of 0.9%. By comparison, Snohomish County is projected to grow 1.3% over this same twenty-year period. The Route 2 Corridor population, including the cities of Monroe, Gold Bar, and Sultan and surrounding unincorporated Snohomish County, is projected to increase by 11,200 residents between 2020 and 2040 (**Exhibit 18**). Total households within the Route 2 corridor are projected to increase from 19,040 in 2019 (estimated) to 20,670 by 2030 and 22,750 by 2040 (**Exhibit 19**).

Exhibit 18. Projected Population, City of Monroe and Route 2 Corridor, 2015-2040



Data sources: Puget Sound Regional Council (2019); Washington State Office of Financial Management (2020); author’s calculations.

Exhibit 19. Projected Total Households, Route 2 Corridor, 2015-2020



Data sources: Puget Sound Regional Council (2019); Washington State Office of Financial Management (2020); author's calculations.

Population growth will support projected increases in household spending in the region. According to the U.S. Bureau of Labor Statistics Consumer Expenditure data series, in 2018-2019 Seattle Metropolitan Statistical Area (MSA) households spent on average \$81,300 on various goods, services, and basic household necessities, across all household types and sizes (U.S. Bureau of Labor Statistics, 2020). Of this, nearly two-thirds (64%, \$52,000) were on non-housing expenses. Approximately \$18,000 was spent per household on groceries and various consumer goods, such as food (at home and away from home), alcoholic and tobacco products, entertainment, apparel, and personal care products and services.

Based on household count projections from the Puget Sound Regional Council's Land Use Vision forecast, by 2030 Monroe is expected to see a 10% increase in the number of households (between 2020 and 2030), or a net change of 400. Applying U.S. Bureau of Labor Statistics estimated spending per household, this increase will yield an increase in local resident grocery and consumer spending of more than \$7.3 million by 2030. A large share of this is expected to be spent within Monroe, based on the existing strong concentration of retail services.

For the broader region of Monroe plus the cities and unincorporated areas of the Route 2 corridor, household retail and consumer goods spending will grow by more than \$28.0 million by 2030. If households within the region spend upwards of 50% of their retail expenditures within the region, this would imply \$14.0 million in new spending retained within the region. **Of this, an estimated \$10.1 million would be spent in Monroe.**³

³ This estimate is based on Monroe's combined share of regional retail and services employment, which in 2019 equaled 73%. This share was then applied to the

The broader region, including King and Snohomish Counties, is projected to see a net increase of 236,400 residents between 2020 and 2030. This population growth will support additional visitors to Route 2 corridor (Washington State Office of Financial Management, 2020; Puget Sound Regional Council, 2019).⁴

Employment Growth and Impacts

Employment in Monroe is projected to increase 0.7% per year between 2019 and 2040. The largest source of growth is expected to be in the FIRES sector (finance, insurance, real estate, and services, i.e., FIRE + Services), with 1.7% growth per year over this period. Retail covered employment is expected to grow 1.1% per year, adding 400 jobs between 2019 and 2040 (**Exhibit 20**).

Exhibit 20. Projected Covered Employment, City of Monroe, 2019-2040

Sector	2019 Employment	2040 Employment	CAGR
FIRES	3,100	4,400	1.7%
Government	2,100	1,900	-0.5%
Manufacturing & WTU	1,900	1,800	-0.3%
Retail	1,500	1,900	1.1%
Construction & Resource Extraction	900	900	0.0%
Education	600	600	0.0%
Total	10,100	11,600	0.7%

Data source: Puget Sound Regional Council (2019; 2020).

Note: the PSRC Land Use Vision (LUV) forecast is a projection of total employment, including both covered workers and the self-employed. In this analysis, the implicit growth rates are imputed and applied to covered employment by industry sector for years after 2019. Industry categories are also combined due to industry groupings used in the LUV forecast.

Tourism

Tourism is a significant economic driver in Washington state and Snohomish County, and continues to grow. According to the Washington Tourism Alliance, there were 110 million visitors in Washington state in 2019, a 2% increase over 2018. Direct visitor spending summed to \$21.9 billion, up 4.5% over 2018, and supported 165,000 jobs across the state (Washington Tourism Alliance, 2020). Based on Puget Sound Regional Council projections, the Seattle metropolitan area (combined counties of King and Snohomish) will grow by 0.7% per year between 2020 and 2030, or a net increase of 224,000

estimated amount of spending (\$14.0 million) retained within the Route 2 Corridor to arrive at estimated retained consumer spending in Monroe.

⁴ Estimates based on 2020 actuals for King and Snohomish Counties and imputed growth rates derived from the PSRC LUV forecast through 2030.

residents. This growth will support increased daytrip tourist activities, including along the Route 2 corridor.

Estimates by Dean Runyan Associates for 2018 show that tourism spending in Snohomish County summed to nearly \$1.2 billion, of which \$1.1 billion was in the form of “destination spending.” This spending included \$771.1 million among overnight visitors who spent on average nearly three nights in the county. Primary spending categories included “food services” (\$366.4 million) and “local transportation and gas (\$174.9 million) (Dean Runyan Associates, 2019).

Visitor Profile and Objectives

According to a Snohomish County Visitor Survey conducted by Resonance as part of the Snohomish County Tourism Strategic Plan, most travelers to the county visit via automobile and more than a third were day-trippers. Among overnight visitors, approximately 10% stayed at a campground or RV park. Nearly 40% of respondents indicated they are regular visitors to the county (Resonance, 2016).

“Active Adventurers” and “Sophisticated Explorers”—two categories of visitors whose primary destinations involve the mountains and outdoor activities—represented 58.4% of all survey respondents. The most common reasons for visiting the county included “sightseeing” (29.2%), nature/outdoors (27.3%), and hiking (26.8%). “Regular” or “occasional” visitors represented more than 70% of those surveyed. Approximately 12% of surveyed respondents indicated they visited Monroe as part of their itinerary. Fifteen percent (15%) of respondents indicated that they had also visited Stevens Pass (King and Chelan Counties) as part of their Snohomish County visit.

Estimating Tourism Economic Opportunities for Monroe

Monroe has a unique opportunity to increase the number of stopovers and local retail spending among tourists and travelers along the Route 2 corridor. Tourism spending spans all four seasons. In the winter months, each weekend thousands of travelers pass through Monroe to and from the Stevens Pass Ski Area. In 2018, there were more than 450,000 visitors to the ski area, setting a record (Bray, 2018). The summer and autumn months see a large flow of visitors also heading to the Cascades for hiking and other outdoor recreation activities. At points along the Route 2 corridor, annual average daily traffic (AADT) in 2019 ranged between 45,000 vehicles in downtown Monroe on Route 2 to 21,000 in Sultan and 6,100 in Stevens Pass (Washington State Department of Transportation, 2020).

Of these traffic volumes, an estimated 6.2% were single, double, or triple unit trucks. There were thus 15.4 million non-truck vehicles annually in

2019 that entered or exited SR 522 at milepost 14.48 on Route 2. This volume of estimated annual non-truck traffic declined to 12.0 million in Monroe along the Route 2 corridor near Kelsey and 7.2 million vehicles at the eastern edge of the city. Volumes continued to decline to 4.8 million in downtown Sultan and 1.8 million just west of Stevens Pass (**Exhibit 21**). We assume that 50% of these travelers passing through or near Stevens Pass are day or multiday tourists and recreationists with an average of two passengers per vehicle. After accounting for roundtripping, there were an estimated 970,000 unique traveler trip-days in 2019 that can be considered “tourist” trips.⁵

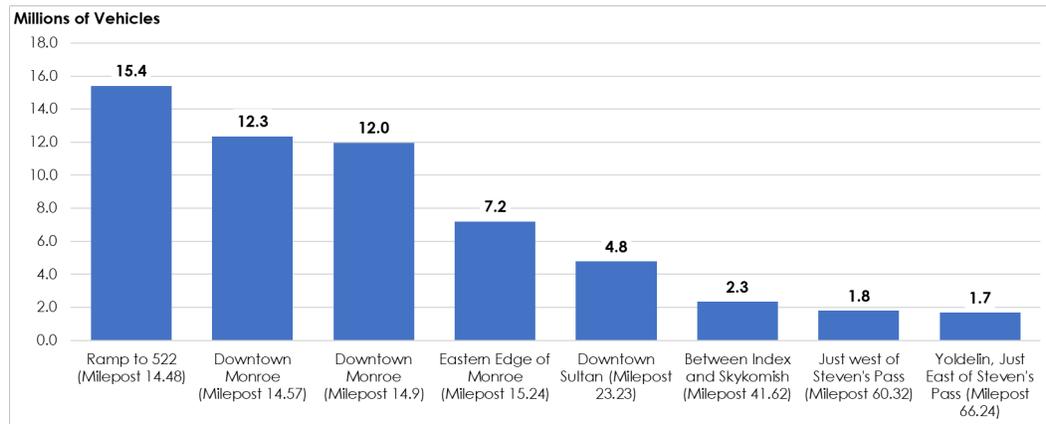
This flow of tourist traffic could increase to over 1 million traveler trip days by 2030. Currently, based on Arrivalist data provided by the City of Monroe, approximately 2% of travelers passing through Monroe originating from outside the region stop in Monroe (not including visitors to the Evergreen State Fairgrounds).⁶ If Monroe is able to increase this market share from 2% to 10%, the City would see an increase in visitor spending of nearly \$800,000 per year.

If the Greater Seattle area population grows (as projected) by 8% between 2019 and 2030, the annual flow of passenger tourist vehicle traffic passing through Monroe heading to the Cascades could increase to 1.05 million. If Monroe captures 10% of these travelers, and assuming an average per capita budget of \$10, this will yield a total annual spending of more than \$1 million for local businesses by 2030, or an increase of \$900,000 over 2019 estimated spending levels.

⁵ This estimate uses the average of vehicular non-truck traffic between Index and Stevens Pass, since some day visitors for outdoor recreational purposes reach their destination west of Stevens Pass (e.g., Wallace Falls State Park, other hikes along Route 2 between Gold Bar and Skykomish).

⁶ Arrivalist is a subscription-based data service that uses mobile data to track the anonymized movements and spending of individuals in a defined, “geo-fenced” area.

Exhibit 21. Estimated Passenger Vehicle Annual Traffic Volumes (Both Ways) Along Route 2 Between Monroe and Stevens Pass, 2019



Data sources: Washington State Department of Transportation (2020).

KEY FINDINGS AND RECOMMENDATIONS

Growth will bring increased local demand for tourist outings and amenities. The broader Snohomish and King County region will continue to grow, which will support more vacation and daytrip travelers along the Route 2 corridor. The Greater Seattle region is one of the fastest growing major metropolitan regions in the U.S., as measured in total population. Moreover, much of this growth is supported by middle-aged professionals who are drawn to the Northwest in part by the ease of access to the outdoors and majestic natural landscapes of the Cascade Range.

Between 2010 and 2019, residents between the ages of 25 and 49 in King and Snohomish counties combined increased by 163,500, while the two-county region overall has seen a 400,400 person increase (Washington State Office of Financial Management, 2020). Many of these individuals and families desire outdoor recreation and seek opportunities in the Cascades along Route 2. The Seattle region's population is projected to continue to grow at a significant rate for the near future.

Monroe has a unique, advantageous role within the broader region. Monroe is positioned as the last major node along the corridor for a wide selection of food and beverage services, as well as for groceries, household supplies, and gasoline; the cities of Sultan and Gold Bar do offer similar amenities, but not at the same volume, scale, or range of selection as offered in Monroe. This retail specialization can be leveraged to attract more visitors to Monroe, who will spend money on goods and services, spurring new jobs, wealth generation, and local tax revenues.

The overall unified objective of the following strategies is to **increase tourist spending in the City of Monroe**. This can be accomplished through one or both of the following:

- **Attracting more visitors to stop in Monroe** to purchase amenities on their way to or from destinations elsewhere in the Cascades, e.g., skiing at Stevens Pass, hiking in the summertime, visits to Leavenworth. Most of these travelers will be day-trippers from the Greater Seattle region.
- **Placemaking**. Making the City of Monroe a destination for tourist day trips and overnights within the larger Snohomish & Skykomish River Valleys region.

Strategy #1: Invest in signage and marketing materials to make travelers aware of downtown Monroe amenities.

A large and growing share of travelers are outdoors-oriented. In the winter months, Stevens Pass Ski Area is a leading destination and seen record visitor volumes, leading to increased vehicle volumes along Route 2. Based on the analysis above, there were an estimated close to 1 million tourists that drove through Monroe on their way to and from destinations further east in the Cascades in 2019.

Actions

- Expand existing efforts to place signage and other wayfinding tools and messaging to make travelers aware of downtown Monroe amenities.
- Invest in marketing materials at destinations along the Route 2 corridor to attract potential travelers to stop in Monroe. For example, engage with Stevens Pass Ski Area about opportunities to place Monroe marketing signage, brochures, and other marketing materials at the resort.

Strategy #2: Invest in placemaking by integrating Monroe’s tourism attraction efforts within the larger context of the Snohomish & Skykomish River Valleys region.

Snohomish County has been leading efforts to promote tourism in the county, such as the Seattle NorthCountry initiative, subscriptions to tourism data providers with geofencing queries by city and points of interest, and tourism strategy and planning. Central to these efforts has been the development and marketing of the Snohomish & Skykomish River Valleys region, comprised of most of the southern half of the county, excluding urban centers along the coast and I-5.

Actions

- **Coordinate with the County to leverage existing efforts, such as the Seattle NorthCountry platform, to market Monroe as part of a broader marketing initiative.** This includes using the Seattle NorthCountry website and development of a microsite embedded on this platform for marketing Monroe as part of a broader tourist itinerary.
- **Use the “basecamp” model to frame Monroe within the broader context of the Snohomish & Skykomish River Valleys region.** Monroe is uniquely positioned as a central place for retail and commerce along Route 2. These advantages can be exploited to position Monroe as a dining and river recreation center within the broader tourism experience of the Snohomish & Skykomish River Valleys region.

Strategy #3: Invest in riverfront park access and amenities.

Monroe has the unique advantages of both a historic downtown and river access. However, there is no obvious, easy-to-walk route between the two. As part of this placemaking effort, the City should invest in integrating the waterfront with downtown, and in investing in attractive, family-friendly park space, including structures—such as yurts—for glamping and other outdoor activities.

The combination of both waterfront park space with primitive overnight structures and safe, easy, and well-marked pathways and access to the historic downtown will attract families to both stay in Monroe and visit one or more restaurants for meals during the summer months.

Actions

- **Study other riverfront parks.** There are many useful, informative examples of best practices in designing and building family-friendly riverfront parks. Possible case studies include River Meadows County Park in Snohomish County and Oxbow Park in the Portland Metro area.
- **Leverage existing designs and planning.** The City of Monroe should examine existing analysis in recent years on riverfront water access and implement or build on these existing plans. For example, in 2017 the City of Monroe participated in a design charette, which included design concepts for riverfront parks and access between the historic downtown and the river (Snohomish County Parks, Recreation and Tourism; National Park Service; Washington Chapter of the American Society of Landscape Architects, 2017).

Strategy #4: Look at other models for developing real estate for tourism.

The City should conduct a study to evaluate the highest and best use of currently vacant available properties, and what building attributes and surrounding amenities might be needed to attract a brewery, restaurant, or other tourist-oriented business. The actions below outline a scope of work.

Actions

- **Assess properties in Monroe that have potential for tourism and/or retail.** Possible properties include the Monroe School District administrative building (high school). Possible examples in other jurisdictions include McMenamín's in Bothell and the Wallingford schoolhouse that was converted to retail. Identify 3-4 case studies that closely match the characteristics of existing properties in Monroe.
- **Interview 2-3 businesses who can speak to the rationale behind their investment location decision.** One of these should interviews should be with McMenamín's. Interviews will probe what types of building and location characteristics are most important in attracting these investments.
- **Organize focus groups to discuss possible uses.** Meet with residents and businesses to understand, from their perspective, what would be the best way to revitalize the downtown area and improve the quality of life of Monroe through development of a linchpin property.
- **Develop recommendations.** Based on the above analysis, recommendations on how to develop available properties and necessary investments to attract tenants that will draw outside visitors and improve the quality of life for Monroe residents.

Strategy #5: Maintain updated economic development data.

High Peak Strategy LLC will provide guidance for updating leading economic development data indicators. This will include data sources, any necessary manipulations or transformations, and frequency of releases and requests.

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