

*Federal Way*

## **Embracing a New Future**

### **City leaders share a vision of growth, prosperity and quality living**

Federal Way is one of the largest cities in the state, spanning three exits of Interstate 5, yet, with the view from the highway mostly obstructed by trees, it's easy to miss as you drive by on your way to business appointments in Seattle or Tacoma.

But with major changes afoot, it's time to stop and take a closer look. You'll be pleasantly surprised at what this booming city has to offer.

Begin by heading down the city's main drag, South 320<sup>th</sup>. You'll see that the Commons at Federal Way (formerly SeaTac Mall) is undergoing a major upgrade. Not far away is the site of a new mid rise development of retail, condos and offices-the centerpiece of an emerging pedestrian-friendly downtown core. Head out of the business district and you'll find tree-lined residential streets and lush parks with ball fields that exude a sense of safety and community you seldom find outside of small towns. Keep going and eventually you'll hit the waterfront. Listen to the gulls calling, and the waves lapping at the beach. Feel the sun on your face. Take a deep breath. Check out some of the gorgeous waterfront homes with their stunning views.

Federal Way has it all. And the city is making the best of its assets to take advantage of a robust regional economy.

"In past economic booms, development has tended to focus on Seattle or the eastside," said Patrick Doherty, Federal Way's director of economic development. "Now it's South King County in general-and Federal Way, in particular-that's poised to make hay in the current economic upturn. People are starting to realize that there's money to be made here. I'm bullish on Federal Way's future."

Federal Way, the eighth-largest city in the state, is a place full of natural beauty, recreational opportunities and thriving businesses. But it's the future that Doherty is most excited about. The central business district is poised to reinvent itself as an urban center. And the new Crossings shopping center has transformed a former truck stop into a bustling retail experience.

Doherty envisions a full-service community anchored by a bustling pedestrian-oriented city center. There will be a range of shops, restaurants and entertainment, punctuated by med- and high-rise office and residential buildings. A lot of people share his vision. The city is issuing record number of single family building permits. Sales tax revenues keep hitting new highs every year.

Federal Way already has much to recommend it. With 87,000 residents, it's big enough to support cultural and shopping opportunities, yet small enough to preserve a strong sense of community. Best of all, housing is plentiful and available in all price ranges. The City has adopted the slogan "Federal Way: It's All Within Reach" as a way of pointing to how much is either in town or close by—from major employer to shopping, and from wonderful communities to off-hours attractions such as the Weyerhaeuser-King County Aquatic Center, West Hylebos Wetlands Park and the Pacific Rim Bonsai Collection.

Those are all strong attractions for residents. But what interests retailers and businesses is the wealth of the city's residents. The average household income in Federal Way is around \$65,000. Developers are attracted by the availability of land, increasingly scarce in the Puget Sound region. Then there are the city government leaders who are laying the foundation for future growth.

Federal Way is already home to some very powerful and influential companies: forest products giant Weyerhaeuser, nationally recognized St. Francis Hospital, and Baden Sports, which produces many of the balls used in amateur and professional sports throughout the country. Other employers include ESM Consulting Engineers, Berger/ABAM Engineers, Totem Ocean Trailer Express, Salmolux and the Washington Education Association.

Then there is the pride of the region: World Vision, the nation's largest Christian humanitarian organization. It is dedicated to working with children, families and communities worldwide to overcome poverty and injustice.

World Vision located its world headquarters in Federal Way in 1995 and has never regretted it.

"Federal Way is an excellent location for World Vision's headquarters," says Richard Stearns, World Vision's president. "We are about 20 minutes away from Seattle-Tacoma International Airport, which enables our staff to access an international hub easily and quickly."

That's important for an organization whose efforts span the globe. A worldwide staff of more than 23,000 assists about 100 million people in nearly 100 countries throughout Africa, Eastern Europe, the Middle East, Asia and the Americas. Stearns said visitors also like the nice hotel accommodations and restaurants available nearby. "I'm pleased to call Federal Way World Vision's home," he says.

Employees also like being based in Federal Way. "As a mother, I like to live in the community where I work," says Joan Mussa, senior Vice president for advocacy at World Vision. "I spend less time commuting and more time with my husband and our three children."

It's more than convenience, though, she adds. Quality of life is high in Federal Way.

"Federal Way is a thriving, family-friendly community with a wide array of recreational activities, excellent schools and churches and convenient shopping," Mussa says. "Top those off with the new community center and, of course, summer passes for Wild Waves, and you have one of the best places to live in all of Puget Sound."

Small businesses like the business environment in the city. "What makes Federal Way great is that the city, the Chamber and the citizens of Federal Way are being very purposeful about where the city is headed," says Susan Streifel, chief executive officer of Woodstone Credit Union and a board member of the Federal Way Chamber of Commerce. "Federal Way has a vision and a process for ensuring we are taking appropriate steps to achieve that vision."

How does all this play out in the real world of business? Why would a company or business want to locate in Federal Way? Any Realtor has the answer: location, location, location. Federal Way sits just 25 minutes from Seattle and 10 minutes from Tacoma-an ideal location to work, to build a business and to raise a family.

Federal Way businesses enjoy easy access to Seattle and Tacoma in I-5, to the rest of the state on Highway 18 and I-90, and to the rest of the country-and even the world-via the nearby airport and the ports of Seattle and Tacoma. Whether a business needs to transport its people or its goods, Federal Way is an ideal place to start.

And businesses can rest assured that Federal Way is a place where their employees will want to live and raise families. There are neighborhoods to fit any lifestyle and income level-from multi-million-dollar mansions on the waterfront to multifamily apartments near the city center.

What's more, residents of Federal Way can find quality health care facilities, picturesque parks and cultural amenities such as the Federal Way Symphony all within a short drive-or even a walk. For example, Federal Way has 28 developed parks and 19 open space parks on approximately 826 acres of land. The parks offer nearly four miles of running trails.

"One of the top questions asked by businesses interested in locating in Federal Way is 'What are your schools like?'" says Tom Pierson, chief executive officer of the Federal Way Chamber of Commerce. "We're proud to talk about our schools."

"One of the highest-performing districts in the state"-that's what the Washington School Research Center at Seattle Pacific University said about Federal Way

Public Schools in early 2004. They based that conclusion on academic performance data and students' socioeconomic backgrounds. Recently, Federal Way, Thomas Jefferson and Todd Beamer High Schools were among 51 Washington schools recognized for narrowing the achievement gap on a Standard & Port's study.

Pierson add, "Our public school district sets the standard for excellence in all of Washington. More people probably decide to raise their families in Federal Way because of our schools than any other reason."

Incoming business should have no worries about access to a talented, educated labor force. A number of colleges are nearby-included the University of Washington's Tacoma campus, which has distinguished itself as a model metropolitan university. Highline Community College, with a branch in Federal Way, boasts impressive statistics on student transfers to four-year colleges. The Federal Way campus of DeVry University, and its Keller Graduate School of Management, is regionally accredited by The Higher Learning Commission of the North Central Association of Colleges and schools and authorized by the Washington Higher Education Coordination Board to offer undergraduate and graduate degree programs in a variety of business, technology and health care technology fields. Highline Community College was one of the three Pacific Northwest institutions chosen as a winner of the *Seattle Times*' People's Picks Awards for valuing diversity.

Doherty estimates that there are 57,000 working-age people in Federal Way, but jobs for only 40,000 people, so employers should have no problem getting responses to their help-wanted ads.

"Companies could meet all their labor needs just from the local area," Doherty says, adding with a laugh, "That way, employees wouldn't miss work because of snow days."

And on top of all this, Federal Way is an extremely diverse community. It's evident in the wide variety of shopping and dining choices available. It's evident when you stroll around the neighborhoods, or sit in Celebration Park during the Fourth of July Red, White & Blues Festival, or walk through The Commons and listen to the different languages spoken.

"While these differences certainly present challenges in a community, we have experienced it as a strength," says Eric Faison, a city councilman. "Rather than the segregation that exists in many cities with extensive diversity, our cultural differences are clearly woven with in the fabric of our community. It is reflected in our City Council, with racial, cultural, political, sexual orientation, age and gender differences all represented."

The good news for businesses looking to locate in Federal Way is that they will find an able ally in City Hall. The city of Federal Way is pro-business, ensuring, for example, that its permit process is streamlined.

“I’ve been hear three years,” says Gerry Lamontagne, general manager of the Courtyard by Marriott in the city center. “Over the last three years, I’ve seen and increased pace of economic development. The mayor and the City Council have made it a priority to grow the city and put Federal Way on the map.”

The city government has made a point of being forward-looking; making certain that the infrastructure is in place to support development. For example, the city solved flooding problems in the business core by creating an area-wide storm water drainage system that runs under the mall and empties into a pond at the headwaters of the Hylebos wetlands and creek.

“Now, individual developers don’t have to unilaterally solve their drainage problems,” Doherty explains.

“I think the city has done a real good job,” says Kathy Schmidt, manager of volunteer and community services at St. Francis Hospital and a board member of the Federal Way Chamber of Commerce. “The Chamber and the city formed partnerships to make positive changes in the building codes and permitting. Yes, we’ve had our growing pains now and then, but for the most part, the city is growing in a responsible manner.”

Federal Way has transformed itself from a top=down style of government-where lawmakers set the rules and require businesses to adapt to those rules-to a “bottom-up” style, in which businesses’ need lead to legislative changes, Chamber CEO Pierson says.

“The city has done a great job listening to the business community’s needs though the Chamber by providing open forums and establishing business liaisons,” he says.

The next few years are going to be an exciting time in Federal Way.

“We’re starting to see growth already,” says Doherty. For example, this month, the city will award a contract to build a mid rise office-retail-residential redevelopment project on the site of the former AMC Theater. A new16-screen megaplex at The Commons mall is also opening this month. Down near the intersection of 348<sup>th</sup> and Highway 99, the recent addition of a Super Wal-Mart, The Crossings shopping center, and a new Lowe’s is creating a “big-box commercial district.” Everywhere you look, things are happening.

Says Doherty, “The sky’s the limit for Federal Way.”

## AN ECONOMIC HISTORY OF FEDERAL WAY

Spin the dial back more than a hundred years into Federal Way's past and one word comes to mind: trees. Trees everywhere and the incessant sound of saws cutting through them. It's the late 1800s and the area where Federal Way now stands is a logging settlement.

You'll notice a very long trail-put there by Native Americans-that stretches to what will become Tacoma. Take note of the trail. A big part of that trail to Tacoma would become U.S. Route 99 in 1915. It would be known as the "Federal Highway" because it would receive its funding Washington D.C. The first school built along the route would take its name from the road: "Federal Way School." Though the local Chamber of Commerce would officially adopt the name "Federal Way" in the early 1950s, it wouldn't be until 1990 that Federal Way was incorporated into a city.

But we're getting ahead of ourselves. Federal Way didn't experience substantial economic development until after World War II.

Here's a timeline of progress:

- **1951:** Bertold Bruell became the first doctor to set up a practice in Federal Way-above Lundstrom's Grocery Store at the corner of Pacific Highway.
- **1957:** The area's first commercial bank opened, People's National Bank.
- **1964:** State Route 18 expanded to four lanes from Interstate 5 to Auburn.
- **1965:** The first homes were sold in the Twin Lakes housing development.
- **1968:** Federal Way earned its first national bragging rights. That year, the timber giant Weyerhaeuser purchased 430 acres as the site for its corporate headquarters. The ivy-covered five-story building would become a landmark for the city. Many Weyerhaeuser executives and employees started making Federal Way their home.
- **1970s:** Community growth surged again after SeaTac Mall was built. The fast pace of growth would continue in the '80s and '90s.
- **1982:** The city's first automated teller was installed-at the Seafirst branch on 320<sup>th</sup>.
- **1984:** Wild Waves opened.
- **1989:** Costco opened a 156,000-square-foot store on Enchanted Parkway. It is the chain's largest store to date.
- **1995:** World Vision moved its corporate headquarters to Federal Way.

Now, to the present day. In early 2003, Steadfast Commercial Properties purchased the SeaTac Mall and began a multi-million-dollar physical redevelopment, which has been renamed The Commons at Federal Way.

If you look around today, Federal Way has become a city with strong residential and commercial aspects and an estimated 40,000 people employed within the city limits. Things are on the upswing, and city boosters are thinking big.

“Federal Way is definitely heading in the right direction,” said Gary Martindale, general manager of The Commons. “There is an incredible quality of life of our city. There are great parks, sports venues, cultural activities and an improving downtown business climate. This is an exciting time to be involved in the Federal Way economy.”

## **FINDING A HOME**

Federal Way housing is the new hot find. Single-family housing is booming in Federal Way.

“It’s an issue of value,” says Neal Beets, Federal Way’s city manager. “The farther away you are from Seattle or Bellevue, the more house you get for your money.” Yet the city isn’t so far from metropolitan areas that you lose the King County ambience. And, of course, there’s easy access to Sea-Tac Airport for distance travelers.

“If you are looking for a Northwest lifestyle—one that is active and interested in the art and culture and recreation and healthy activities for youth and adults—and if you’re interested in being part of a growing economy, then Federal Way gives you access to all that. But it’s much more affordable than Bellevue, Issaquah or Mercer Island,” Beets says.

According to Debra Purdy, a real estate agent with Keller Williams in Federal Way, the average price of a single-family home in Federal Way during the first four months of this year was \$358,000. Compare that with \$849,000 in Bellevue or \$529,000 in Seattle.

“Federal Way is one of the few areas left in King County with some affordable housing available,” Purdy says. “You can get starter homes for under \$200,000, while older homes in established neighborhoods go from \$200,000 to \$900,000. Brand-new homes can be purchased in the \$400,000s to upper \$900,000s in new communities like Windswept, Lakota Crest, Copper Leaf and Ventana.”

**Since much of the area’s housing inventory was built in the ‘80s and ‘90s, homes tend to be energy efficient with good insulation and double-pane windows, notes Lori DeVore, a Realtor with John L. Scott in Federal Way.**

**Prospective buyers are also surprised to learn that Federal Way is a “Puget Sound shoreline community,” DeVore says. The city has over four miles of shoreline.**

**DeVore recently sold a 2,800-square-foot, four-bedroom, three-bath home for \$625,000. It had extensive hardwood flooring and cathedral ceilings, and was located a short walk from Redondo Beach with beautiful Puget Sound, Olympic Mountain and Maury Island view. The couple that bought the home ended up in Federal Way, DeVore said, because of the tremendous value.**

Tom Pierson, Federal Way Chamber of Commerce CEO, says that if he were asked why someone should move to Federal Way, he'd "draw your attention to our unique ability to maintain a small town, friendly, community feel with all the expected big city amenities: a great health care system, abundance of retail shops, great schools and higher education establishments, well-maintained roads, and excellent public safety department, a city focused on rapid transit issues and downtown core development. All this and great parks that are close to Puget Sound, with majestic views of Mount Rainier, and a great housing market that is still growing. Why would you go anywhere else?"

That was the conclusion that Sonja Barteck came to. She and her husband, Eric Anderson, moved to the area from Portland in January after he landed a new job at Weyerhaeuser. Barteck made a point of rigorously researching their housing options, from Seattle to south King County.

"First off, commuting was a big thing for us. We just had twins about a year ago, and we didn't want to have one or both of us away from the family, stuck on the roads for inordinate amounts of time," Barteck says. "Also, the schools were very important to us. Our daughter is just starting kindergarten. Not only did we want a topnotch school, but we wanted a school that we could live next to, so she could have friends from her class. Lastly, they wanted to live in a neighborhood that was truly a neighborhood, a place where you actually knew the people who lived next door to you, a place with sense of community. In the six months that we've been here, the decision to move to Federal Way is confirmed in little ways every day," says Barteck. "It's confirmed when I need to go shopping and I can find a full range of products. It's confirmed when I'm around town and I see the wide diversity of residents in terms of ethnicity and age. It's confirmed when I go to one of many amazing parks. Federal Way is truly home now."

## REINVENTING THE MALL

The Commons at Federal Way promises to transform downtown.

It used to be known as the SeaTac Mall—a fixture on Federal Way's main thoroughfare. Now it's called The Commons at Federal Way. And it's more than just a name change. The mall now features new stores, new amenities and a new attitude.

In fact, it's fair to say that the 800,000-square-foot center is living up to the potential that the SeaTac Mall never quite realized.

"The SeaTac Mall started out doing very well in its first 10 years," says Gary Martindale, general manager of the Commons. "But after that, the owners started neglecting it. You just can't do that nowadays. Consumers expect something new and original every five to seven years or they get bored and move on. There's not as much shopper loyalty as there used to be. My grandparents shopped at the same department store their whole lives. Those days are over."

Step No. 1 of reinventing the SeaTac Mall started with California-based Steadfast Commercial Properties purchased the shopping center in early 2003. The multi-million-dollar physical redevelopment of the mall began later that year.

Now the mall has four anchors: Target, Sear's, Macy's-and the just-opened 16-screen Century Theatre.

"We've done a deep cosmetic overhaul of the mall, inside and out," Martindale explains. "For example, the old mall had covered over its imitation-wood flooring with carpet. We ripped all that up and put down tile throughout the mall. We've put in 11 new skylights and two large rotundas. We completely redid our food court."

Now, with the cosmetics done, The Commons brain trust will turn to "remerchandising" the tenant mix in the mall. "This will be a progression," Martindale says. "One specialty retailer will come in that will impress others, who will then come in."

(When the mall held the grand opening for the new tenant, The Barber's Lab, they brought in Seattle Seahawks star running back Shaun Alexander to cut the ribbon.)

The Commons is expected to help turn around federal Way's "retail leakage"-that is, the number of people who leave the city to shop elsewhere.

"When we took over the mall, the city's leakage was at 51 percent. Now it's a little over 40 percent," says Martindale. "That might not sound like much, but there are huge dollars in that 11 percent. Where we want to get to is where we have reverse leakage, where more people come in to shop here than leave to shop elsewhere-like Bellevue Square. That is a doable goal-and The Commons will be a big part of reaching that goal."

"The Commons mall is like the sail of the ship," says Doherty, Federal Way's director of economic development. "Where The Commons goes, so goes the city center. So we're really enthusiastic about the redevelopment and repositioning of The Commons, as it will steer the entire city center in the right direction."

## **AN OLD CORNER GETS A NEW UPGRADE**

It used to be that the corner of Pacific Highway South and South 348<sup>th</sup> Street was excluded from the Federal Way Chamber of Commerce tour. It was a case of unmet potential, particularly the southwest corner, which featured a large truck stop.

That corner is now the site of a gleaming new shopping center, The Crossing, anchored by Sportsman's Warehouse and LA Fitness. Managers of both businesses rave about their new location.

"You would not believe how many hunters and fisherman there are in this area," says Steve Capps, manger of the Sportsman's Warehouse store. "Even in Seattle, which is only about 30 minutes away, there are tons of sportsmen. Yes, there are a lot of Democrats in Seattle, but they're also sportsmen. For example, the other day I went to a Ducks Unlimited event in Seattle and it was packed. They were raffling off two Maseratis."

Capps says his Federal Way location, just off I-5, keeps the traffic up at this store, bringing in customers from communities in and around Seattle. "For all the sportsmen on the eastside, this is an easy drive. It's against traffic in the morning and against traffic in the afternoon. Also, State Route 18 goes all the way to I-90, and from there it's a straight shot to eastern Washington."

Capps said working with the City of Federal Way has been a breeze. "They've been very helpful. For example, just before we opened, we realized we had forgotten to file our permit to sell firearms with the city. We went and talked to them. In about two weeks, they were able to get us our approval, and we opened the store on time. Those kinds of things usually take at least 30 days. They were great."

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