

# CITY OF MERCER ISLAND

## COMMUNITY PLANNING & DEVELOPMENT

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## PLANNING COMMISSION

**TO:** Planning Commission  
**FROM:** Adam Zack, Senior Planner  
**DATE:** June 28, 2023  
**SUBJECT:** Comprehensive Plan Update  
Economic Development Element – First Draft

**Attachments**

- A. First Draft Economic Development Element
- B. First Draft Economic Development Element Implementation Plan

### PURPOSE

To get the Planning Commission's comments on the first draft of the Economic Development Element of the Comprehensive Plan and Implementation Plan (Attachments A and B).

### COMMENTS

Please submit written comments or questions on the Economic Development Element and Implementation Plan by 4:00 PM on July 12. Please send comments to [adam.zack@mercerisland.gov](mailto:adam.zack@mercerisland.gov). Comments submitted by the deadline will be provided to the Planning Commission at their next meeting scheduled for July 26.

### BACKGROUND

The City of Mercer Island is updating its comprehensive plan as part of the periodic review required by the WA Growth Management Act (GMA). The City Council added drafting a new Economic Development Element of the Comprehensive Plan to the project scope of work with Resolution 1621. This element will be a completely new addition to the Comprehensive Plan. The preparation of the draft Economic Development Element included additional steps prior to Planning Commission review. The following steps were undertaken between March 2022 and June 2023 to prepare the attached draft element and implementation plan:

- Informational interviews with business owners, community members, and subject matter experts;
- Online survey;
- Community workshop;
- Preparation of an Economic Analysis Report; and
- Economic Development Work Group (EDWG) drafting and review.

#### Informational Interviews

City staff conducted 21 interviews with business owners, community members, and subject matter experts between March 31 and May 18, 2022. The interviewees were selected by staff to provide a range of perspectives on economic development to help staff get the general "lay of the land" in advance of the development of the initial draft of the Economic Development Element. The interviews were conducted at the outset of the process to identify some of the general themes and issues that come up in conversations about economic development in Mercer Island. The information collected during the interviews is

qualitative data to supplement the quantitative data gathered in later public participation efforts. A summary of the interviews is available online [here](#).

#### Online Survey

Following the interviews, City staff and consultants from BERK Consulting Inc. (BERK) prepared a community survey to gather additional feedback from a broader sampling of City residents. Survey questions were developed using the themes highlighted during the interviews. The community survey was structured to get high-level feedback from the community to help the Economic Development Work Group formulate goals and policies for the first draft of the EDE.

The survey was available on the Comprehensive Plan update project website between June 30 and August 1, 2022. During the survey period a mailer was sent to all Mercer Island addresses with information on how to take the survey. Staff distributed postcards with information about the survey at the 2022 Summer Celebration. The survey gathered 644 responses. The survey responses are [available online here](#).

#### Community Workshop

The City of Mercer Island held a community workshop online, on June 30, 2022, to inform the public and gather input to help develop the vision for the Economic Development Element in the City's upcoming Comprehensive Plan Update. This Zoom meeting was hosted by Mercer Island staff as well as staff from BERK Consulting. City staff opened the presentation with an explanation and overview of the Comprehensive Plan and the Periodic Review process in the context of the State of Washington Growth Management Act. Ann Mueller, Senior Planner with BERK, followed with an overview of the community involvement process for developing the Economic Development Element as well as information about economic conditions and commercial areas on the island. A recording of the workshop is available on the City website [here](#).

Following the explanatory slides, the presentation included a series of interactive poll questions. Participants' feedback indicated their economic development interests and priorities, and identified strengths, opportunities, and areas in need of improvement in the local economy. The poll results are available on the City website [here](#).

#### Economic Analysis

At the same time the City was conducting public outreach, consultants from Community Attributes Inc. (CAI) were preparing an Economic Analysis for the City. The Economic Analysis is an analysis of economic data to describe existing economic conditions and expected growth through the year 2044. This report summarizes this data to establish a shared understanding of the economy on Mercer Island for the City to consider as it develops the Economic Development Element. The Economic Analysis was presented during a joint Planning Commission and City Council study session on September 6, 2022. More information about this draft is provided with [Agenda Bill 6107](#) and a recording of the study session is available on the City website [here](#). The final draft of the Economic Analysis is available online [here](#).

#### Economic Development Work Group

The Comprehensive Plan periodic update scope of work approved with Resolution 1621 included the creation of an Economic Development Work Group (EDWG) composed of two Planning Commissioners and three City Councilmembers. The two Planning Commission members that served on the EDWG were Victor Raisys and Michael Murphy and the three Council members were Dave Rosenbaum, Lisa Anderl and Ted Weinberg. The EDWG was created to develop the first draft of the Economic Development Element and Implementation Plan. Over the course of eleven meetings between June 2022 and June 2023, the EDWG

worked on developing the draft Economic Development Element and Implementation Plan provided in Attachments A and B.

Beginning in June 2022, the EDWG initially prepared an economic development issues list that detailed the topics the group wanted to address in the element. Following the preparation of the issues list, staff prepared a strawman draft of goals and policies based on the public input received through the summer, the Economic Analysis, and the EDWG issues list. Between October 2022 and March 2023, the EDWG revised the strawman draft of goals and policies. Then, staff prepared an initial draft of the full element and an implementation plan based on the work group's input and EDWG refined goals and policies. Between April and June 2023, the EDWG revised the draft Economic Development Element and Implementation Plan. The EDWG made a recommendation on the draft element and implementation plan on June 8, 2023.

## **ECONOMIC DEVELOPMENT ELEMENT**

The Economic Development Element is a component of the Comprehensive Plan that establishes goals and policies to guide City decision making regarding economic growth. The Economic Development Element is made up of goals and policies: the goals state the objectives that the policies are intended to achieve. The policies establish direction for how the City will work to achieve the goals. An implementation plan accompanies the element to outline when the City will undertake the programs and projects detailed in the policies so the City can realize its economic development goals. Each of these three components are discussed below.

### Goals

The goals in each element are statements of the intention behind policies adopted in the Comprehensive Plan. For example, Economic development Goal 1 states a goal for the business ecosystem as follows:

“The City of Mercer Island actively fosters a healthy business ecosystem.”

The goals of the Comprehensive Plan state the objectives the City aims to achieve. The policies that follow detail the different ways the City will achieve this goal.

### Policies

The policies that follow each goal establish the strategies for achieving that goal. For example, Economic development Policy 1.2 states an approach to actively fostering a healthy business ecosystem as follows:

“Establish a local business liaison position on the City Council. The local business liaison will act as a point of contact on the City Council for all business leaders and representatives on Mercer Island for policy issues.”

This policy statement directs the creation of a local business liaison position on the City Council. This liaison position will serve as a conduit of feedback from local business owners to the City Council as a means to get feedback on policy issues, helping the City to be responsive to local business needs. Proposed Policy 1.2 directs a specific City action, which must be included in the Implementation Plan. The proposed Goal 1 has eight associated policies. Where there are multiple policies that address the same goal, all policies are considered together in the decision-making process.

### Implementation Plan

The Economic Development Element includes implementation policies under Goal 13 that detail the process that will be used for achieving the goals of the element. This includes Policy 13.6 that calls for preparation of an implementation timeline, which is a key component of the Implementation Plan. This will help the City

realize the Economic Development Element Goals by linking the policy statements in the element with specific actions the City will take. The Implementation Plan is expected to be adopted by Resolution around the same time the City adopts the Comprehensive Plan update.

For example, Policy 1.2 calls for the creation of a local business liaison position on the City Council. This policy direction is translated into a scheduled action by the implementation plan. Project ED-8 in the attached draft Implementation Plan would schedule the creation of a liaison position in the first quarter of 2025 and annually thereafter. Per Policy 13.6, the implementation plan will be updated every budget cycle to add projects to city work plans and appropriate resources for those projects to ensure the Economic Development Element will be implemented.

#### **PLANNING COMMISSION FEEDBACK**

The Planning Commission was briefed on the initial draft of the Economic Development Element on June 28. Staff is requesting written comments on the initial draft from members of the Planning Commission no later than the end of the day on July 12. Staff will compile all individual comments for the Planning Commission to discuss at their next meeting in July.

#### **PLANNING COMMISSION REVIEW SCHEDULE**

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>June 28</b>          | Staff provided a briefing on the draft Economic Development Element and Implementation Plan. The Planning Commission can submit questions and comments July 12 and the group can consider them at the next meeting.                                                                                                                                                                                                                                                                                                                                                      |
| <b>July 12</b>          | Comments on the initial draft Economic Development Element and Implementation Plan are due. Individual Planning Commission members can submit comments proposing amendments to the drafts. The Planning Commission will consider proposed amendments at the next meeting.                                                                                                                                                                                                                                                                                                |
| <b>July 26</b>          | Review of initial Planning Commission comments received during the comment period. The Planning Commission can address specific wording changes proposed in the written comments. Changes made during this meeting will result in the second draft of the Economic Development Element and Implementation Plan.                                                                                                                                                                                                                                                          |
| <b>August 23</b>        | Comments on the second drafts are due. These comments will be the basis of the final discussion of the Economic Development Element and Implementation Plan at the September meeting. To the extent possible, please make sure to provide all questions and comments by August 23 so the whole Planning Commission will have the opportunity to consider each comment in advance of the September meeting. Submitting all comments by the August 23 <sup>rd</sup> deadline will ensure that the Planning Commission can complete its final round of review in September. |
| <b>September 27</b>     | The Planning Commission considers the comments submitted during the comment period. After resolving the comments, the Planning Commission can complete this round of review and the draft Economic Development Element and Implementation Plan will be considered the public hearing draft.                                                                                                                                                                                                                                                                              |
| <b>Remaining Review</b> | Once the Planning Commission has arrived at a public hearing draft of the Economic Development Element and Implementation Plan, there will be more rounds of review: <ul style="list-style-type: none"><li>• The City will hold a Comprehensive Plan update open house to gather public input.</li></ul>                                                                                                                                                                                                                                                                 |

- After the open house, the Planning Commission will have a Comprehensive Plan update “tune up” meeting to respond to public input gathered.
- The Planning Commission will hold a public hearing on the Comprehensive Plan update to gather additional public input.
- The Planning Commission can respond to input from the public hearing by amending the drafts prior to making a recommendation to the City Council.

## **I. Introduction, Existing Conditions, and Land Use Connection**

This element of the Comprehensive Plan articulates how the City of Mercer Island will support and grow its economy through the year 2044. This element establishes policy direction for the City to build on its strengths, maximize opportunities, and build resilience in the local economy to overcome challenges. By many measures Mercer Island is poised to significantly grow its economy during the planning period. The resident work force tends to be employed in high-wage jobs and is highly educated. Because residents tend to be employed in high-earning jobs, there is a strong local customer base to support on-island businesses. The arrival of light rail service will increase access to Mercer Island for off-island visitors and workers. Mercer Island's position in the center of King County makes it a prime location for businesses looking to draw workers and customers from larger surrounding cities like Seattle and Bellevue. The Mercer Island economy is in a strong position to support new growth.

Mercer Island residents are employed in many high-earning industries. Over one quarter (26 percent) of the population is employed in the professional, scientific, and management, and administrative and waste management services industry, making it the largest employment sector. In 2021, the median annual earnings for this sector were \$134,265. The next three largest employment sectors are educational services, and health care and social assistance (16 percent), retail trade (13 percent), and finance and insurance, and real estate and rental and leasing (12 percent). In 2021, the median earnings for these three sectors ranges from between \$71,467 and \$105,913 annually. Table 1 shows the full-time, year-round employed population 16 years old and over by industry.

1 **Table 1. Mercer Island Employment by Industry Sector, 2021.**

| Industry Sector                                                                             | Count | Share   | Median Earnings* |
|---------------------------------------------------------------------------------------------|-------|---------|------------------|
| Full-time, year-round civilian employed population 16 years and over                        | 8,620 | 100.00% | 102,348          |
| Agriculture, forestry, fishing and hunting, and mining:                                     | 0     | 0.00%   | -                |
| Agriculture, forestry, fishing, and hunting                                                 | 0     | 0.00%   | -                |
| Mining, quarrying, and oil and gas extraction                                               | 0     | 0.00%   | -                |
| Construction                                                                                | 177   | 2.05%   | 76,103           |
| Manufacturing                                                                               | 665   | 7.71%   | 149,219          |
| Wholesale trade                                                                             | 229   | 2.66%   | 93,438           |
| Retail trade                                                                                | 1,138 | 13.20%  | 88,000           |
| Transportation and warehousing, and utilities:                                              | 212   | 2.46%   | 100,670          |
| Transportation and warehousing                                                              | 183   | 2.12%   | 91,042           |
| Utilities                                                                                   | 29    | 0.34%   | 152,031          |
| Information                                                                                 | 665   | 7.71%   | 195,729          |
| Finance and insurance, and real estate and rental and leasing:                              | 1,110 | 12.88%  | 105,913          |
| Finance and insurance                                                                       | 675   | 7.83%   | 109,286          |
| Real estate and rental and leasing                                                          | 435   | 5.05%   | 76,563           |
| Professional, scientific, and management, and administrative and waste management services: | 2,284 | 26.50%  | 134,265          |
| Professional, scientific, and technical services                                            | 1,998 | 23.18%  | 147,576          |
| Management of companies and enterprises                                                     | 12    | 0.14%   | -                |
| Administrative and support and waste management services                                    | 274   | 3.18%   | 78,241           |
| Educational services, and health care and social assistance:                                | 1,421 | 16.48%  | 71,467           |
| Educational services                                                                        | 584   | 6.77%   | 55,724           |
| Health care and social assistance                                                           | 837   | 9.71%   | 89,688           |
| Arts, entertainment, and recreation, and accommodation and food services:                   | 305   | 3.54%   | 25,052           |
| Arts, entertainment, and recreation                                                         | 154   | 1.79%   | 11,678           |
| Accommodation and food services                                                             | 151   | 1.75%   | 28,370           |
| Other services, except public administration                                                | 157   | 1.82%   | 33,750           |
| Public administration                                                                       | 257   | 2.98%   | 67,745           |

2 \*2021 median earnings are shown for the last 12 months in inflation adjusted dollars

3 Source: U.S. Census Bureau 2021 American Community Survey, Tables S2404 and B24031.

4 <https://data.census.gov/table?q=industry&g=1600000US5345005&tid=ACST5Y2021.S2404>

5 <https://data.census.gov/table?q=earnings+by+industry&g=1600000US5345005&tid=ACSDT5Y2021.B24031>

6  
7 The Mercer Island population is well-educated. A little more than 82 percent of residents over the age of  
8 25 have completed a college degree, having earned an associate's degree or higher educational  
9 attainment. For comparison, about 64 percent of the population over 25 in King County have an  
10 associate's degree or higher educational attainment. The high educational attainment of Mercer Island  
11 residents indicates that the on-island work force is highly skilled. Table 2 shows the educational  
12 attainment for the Mercer Island population aged 25 or older.

Table 2. Educational Attainment for the Population 25 Years and Over, 2021.

| Educational Attainment                   | Estimate | Share  |
|------------------------------------------|----------|--------|
| Less than high school diploma            | 308      | 1.70%  |
| Regular high school diploma              | 1,034    | 5.71%  |
| GED or alternative credential            | 84       | 0.46%  |
| Some college, less than 1 year           | 316      | 1.74%  |
| Some college, 1 or more years, no degree | 1,379    | 7.61%  |
| Associate's degree                       | 952      | 5.25%  |
| Bachelor's degree                        | 7,118    | 39.29% |
| Master's degree                          | 3,781    | 20.87% |
| Professional school degree               | 1,791    | 9.89%  |
| Doctorate degree                         | 1,354    | 7.47%  |
| Total                                    | 18,117   | 100%   |

Source: U.S. Census Bureau 2021 American Community Survey, Table B15003.

Mercer Island is located in King County between two major economic hubs in Seattle and Bellevue. Mercer Island is in the center of a high-income area that can support increased economic activity. The City's geography places it in a prime location to grow its economy by attracting off-island customers and capital from the surrounding area. King County's median household income is the highest in both the Puget Sound region and Washington overall. Table 3 shows the 2021 median household incomes for Washington State and selected Puget Sound counties.

Table 3. Estimated 2021 Median Household Income in the Last 12 Months, Washington State and Selected Puget Sound Counties.

| Location         | Median Income (Dollars) |
|------------------|-------------------------|
| Washington State | \$84,247                |
| King             | \$110,586               |
| Kitsap           | \$87,314                |
| Pierce           | \$85,866                |
| Snohomish        | \$100,042               |

Source: 2021 American Community Survey Table S1903.

### Mercer Island Commercial Areas

The City of Mercer Island has three commercial areas. These areas have been zoned for commercial uses since the City incorporated in the 1960s. Each of these areas are developed with different types of commercial development. Some limited commercial activities such as home-based businesses are allowed outside of these areas. Commercial developments in Town Center are predominantly older one-story strip mall development and newer mid-rise mixed-use buildings. There is a commercial area in the northeast of the island near City Hall that is primarily older one- and two-story buildings with office spaces and services such as childcare. The south end commercial area is a smaller shopping center and self-storage structure. These three distinct areas are the only places in Mercer Island zoned for commercial uses.

### Town Center

Town Center is located south of Interstate 90, north of Mercerdale Park, west of Island Crest Way, and east of 74<sup>th</sup> Avenue Southeast. The Town Center has experienced the most development of all the commercial areas in the City in recent years. Most of the recent development has been mixed-use

development combining first floor commercial space and residential uses on the upper floors. Older development in Town Center is lower-intensity, one-story, 'strip mall' development with surface parking in front of the commercial space.

#### Northeast Commercial Area

The northeast commercial area is south of Interstate 90, north of Stroum Jewish Community Center, west of East Mercer Way, and east of Gallagher Hill. This area is primarily developed for commercial and institutional uses. The majority of buildings in this area were constructed between 1957 and 1981. Commercial development is typically composed of one- and two-story buildings surrounded by surface parking lots. The commercial land uses in this area are offices for professional services and services such as daycares and private schools. City hall is located in this area. The intersection of E Mercer Way, SE 36<sup>th</sup> Street and I-90 offramps is located in the eastern portion of this area. This intersection experiences significant traffic levels during peak travel hours.

#### South End Commercial Area

The south end commercial area is south of Southeast 68<sup>th</sup> Street, west of Island Crest Way, east of 84<sup>th</sup> Avenue Southeast, and north of Southeast 71<sup>st</sup> Street. This is the smallest commercial area in Mercer Island at roughly 14 acres. The majority of the commercial development dates to the early 1960's. The commercial land uses here are primarily restaurants and retail. There are some commercial offices, a gas station, and a storage facility. This area has low intensity commercial development surrounded by surface parking lots.

#### Land Use Connection

There is a fundamental tie between the policies of this element and the Land Use Element. The Land Use Element of this Comprehensive Plan describes the nature and extent of commercial uses allowed in the City. The Land Use Element policies and the resultant regulations shape the economy on Mercer Island. The Land Use Element envisions a primarily residential city with three defined commercial areas. To that end, commercial land uses are largely only allowed in those three distinct commercial districts. This focuses all of the future economic growth in the City on a few defined areas.

Each of the three commercial areas are regulated differently, with the built environment reflecting those variations. The Town Center zones allow the highest intensity development and midrise mixed-use structures are the principal form of new commercial development in that area. The northeast commercial area is zoned for office and service uses as opposed to other commercial uses. The northeast commercial area was largely developed forty years ago and has not seen the same degree of recent development as Town Center. The south end commercial area is zoned for a mix of small scale, neighborhood-oriented business, office, service, public and residential uses. The smallest of the three commercial areas, the south end commercial area, is mostly developed. New commercial development in most areas of the City will likely come through redevelopment of existing commercial buildings.

The supply of commercial development capacity is closely controlled by Land Use policies and regulations. Regulations that modulate the supply of an economic input such as commercial development, the space in which commercial activity takes place, also affect the location, size, scale, and cost associated with doing businesses in the City. Controlling the supply of commercial development capacity is the primary way the Comprehensive Plan has shaped the local economy prior to the adoption of this Economic Development Element. Because of this connection, some goals and policies of this element connect directly to land use policies and regulations.

## Relationship to Other Comprehensive Plan Elements

The Housing, Transportation, Utilities, Capital Facilities, and Shoreline Master Program elements all interact with the local economy in unique ways. Infrastructure and housing supply are vital components of any local economy: the flow of inputs, outputs, and information, along with the availability of a labor force, influence economic activity. The Capital Facilities and Utilities elements detail how the City will provide vital services to businesses. The Shoreline Master Program Element details how the City will regulate and protect the Lake Washington shoreline bounding the City. These five comprehensive plan elements influence the local economy as follows.

### Housing

Housing indirectly impacts the local economy because it has an effect on local business' customer base and labor force. Housing on Mercer Island is primarily detached single-family homes. Multifamily development is largely limited to the area in and around Town Center. Housing has two primary effects on the local economy. High housing costs may limit the ability for some workers to afford to live in the City, leading to increased commuting and potentially limiting business' ability to hire. Conversely, higher cost housing can attract higher-income residents and customers for local businesses.

### Transportation Element

Transportation infrastructure is integral to the local economy. The Transportation Element establishes the goals and policies that guide how the City will maintain, improve, and expand the transportation network to account for growth throughout the planning period. The goals and policies of the Transportation Element aim to maintain adequate levels of service at high traffic intersections, reinvest in existing infrastructure, increase transportation choice in the City, and provide connectivity between the light rail station and the City's commercial areas. Transportation networks allow businesses to access markets in neighboring cities, make it easier for customers from outside the City to patronize local businesses, and enable local businesses to draw from the regional labor force.

### Utilities

The provision of utilities is vital to workers and local businesses. For example, technology-based industries and telecommuting workers rely on access to high-speed internet service to conduct business. Restaurants and coffee shops rely on water service-providers to supply water to their businesses. The Utilities Element details how the City will coordinate with its utility service providers to ensure adequate provision of these vital services for residents and businesses alike.

### Capital Facilities

Capital facilities are central to the provision of important services for the local economy. In addition to planning for providing services, through planning for parks and other public assets, the Capital Facilities Element includes goals and policies to support a high quality of life. Quality of life can attract new businesses and workers to choose to do business on Mercer Island

### Shoreline Master Program

The Shoreline Master Program (SMP) Element establishes the policies for managing development in the shoreline. This element is designed to ensure that the shoreline environment is protected, and that the shoreline is available for water dependent uses. Those businesses located in the shoreline jurisdiction, within 200 feet of Lake Washington, are affected by the SMP. In situations where the policies in the SMP and Economic Development Element intersect, the Comprehensive Plan will need to balance shoreline environmental protection with fostering of appropriate water dependent commercial uses in the shoreline.

## Employment Growth Target

The King County Countywide Planning Policies (CPPs) establish growth targets for all of the jurisdictions within King County. The CPPs were initially adopted in 1992 and have been amended several times since then. Elected officials from King County, the cities of Seattle and Bellevue, and the Sound Cities Association meet as the Growth Management Planning Council. This Council makes recommendations to the County Council, which has the authority to adopt and amend the CPPs. King County amended the CPPs in 2021, updating the growth targets for cities and towns throughout the County. The updated growth targets extended the planning horizon through the year 2044. Mercer Island's employment growth target is 1,300 new jobs by the year 2044.

## I.B Strengths, Weaknesses, Opportunities, and Threats

The advantages and challenges the City plans to encounter in the next twenty years can be divided into strengths, weaknesses, opportunities, and threats. Strengths are those things already existing in the local economy that the City can build on to grow the economy. Weaknesses are existing conditions in the local economy that could impede or otherwise challenge economic growth through the planning period. Opportunities are foreseeable changes that can give the City a stronger competitive advantage in the coming years. Threats are external events or factors that have the potential to negatively affect economic growth. The selected strengths, weaknesses, opportunities, and threats discussed in this section were identified during public participation and data review conducted during the drafting of this element.

### Strengths

Strengths are the cornerstones of the economy. These are the aspects of the local economy that are advantageous for economic growth. Strengths are factors that contribute to the material and cultural prosperity in the City and as such represent topic areas the City can support or expand to overcome weaknesses and threats. Some of the principal strengths identified are listed and discussed below.

#### Strengths Identified

- High quality of life
- High-income residents
- Location of the City and its connection to the larger Puget Sound region

#### High Quality of Life

The high quality of life on Mercer Island is a considerable strength. High quality of life helps attract new businesses and workers alike. Community input gathered during the drafting of this element often pointed to the high quality of life in Mercer Island as an asset the City can build upon to strengthen the local economy. Quality of life factors such as parks, open space, good public schools, and cultural amenities also serve as a draw for off-island visitors that may patronize local businesses. The City's high quality of life will serve as a strong foundation for future economic growth.

#### High-Income Residents

Another key strength is the relatively high income of Mercer Island residents. During public input, business owners pointed out that the spending power of the Mercer Island community helped with the initial success of businesses. In 2021, the median household income for Mercer Island was \$170,000. For reference, the 2021 median household income in King County was \$106,326. Table 4 shows the 2021 household income distribution in Mercer Island.

Table 4. Household Income and Benefits, 2021.

| Income and Benefits in 2021 Inflation-Adjusted Dollars |           |
|--------------------------------------------------------|-----------|
| Total households                                       | 9,758     |
| Less than \$10,000                                     | 3.3%      |
| \$10,000 to \$14,999                                   | 0.5%      |
| \$15,000 to \$24,999                                   | 4.0%      |
| \$25,000 to \$34,999                                   | 5.1%      |
| \$35,000 to \$49,999                                   | 4.3%      |
| \$50,000 to \$74,999                                   | 8.3%      |
| \$75,000 to \$99,999                                   | 6.1%      |
| \$100,000 to \$149,999                                 | 14.3%     |
| \$150,000 to \$199,999                                 | 8.8%      |
| \$200,000 or more                                      | 45.3%     |
| Median household income (dollars)                      | \$170,000 |
| Mean household income (dollars)                        | \$261,417 |

Source: U.S. Census Bureau, Table CP03.

<https://data.census.gov/table?q=employment+income&g=1600000US5345005&tid=ACSCP5Y2021.CP03>

Having an existing high-income customer base is a considerable advantage for entrepreneurs and can draw firms from off-island to do business in the city. The financial resources of the community on Mercer Island can also help with business formulation and business attraction. Many Mercer Island residents have more resources to spend in the local economy. The key to building on this strength is focusing on giving residents more opportunities to shop on-island and broadening prospects for entrepreneurs and businesses to invest capital in the Mercer Island economy.

#### Location of the City

Mercer Island's location on Interstate 90 (I-90) and roughly equidistant from Seattle and Bellevue is a strength. Seattle and Bellevue are large metropolitan centers with many thriving businesses, potential customers for Mercer Island businesses, and workers with diverse skills and expertise. I-90 provides potential customers and employees with excellent access to the city and that access is complemented with available parking near businesses. Furthermore, customers are drawn by the high quality of life, public safety, and high-quality goods and services available in Mercer Island. In addition to I-90, the city is connected to its neighbors by transit, allowing greater flow of people to and from its commercial centers. Ensuring good access to commercial areas with roads and transit connections can build on this strength.

#### Weaknesses

Weaknesses are aspects of the local economy that could impede growth in the local economy. Weaknesses can make growing business in the city challenging. As such, weaknesses represent topic areas the City can apply policy mechanisms to minimize, reduce, or overcome challenges. Some weaknesses increase barriers to entry for new businesses or make innovating riskier. Weaknesses are listed and discussed below.

#### Weaknesses Identified

- Permitting and regulatory environment
- Business climate and Culture

- Lack of off-island customer base
- Availability and affordability of commercial space

#### Permitting and Regulatory Environment

Permitting challenges can adversely affect business formation. Difficulty in navigating the development code and permitting processes can increase financial risk when starting a new business or expanding an existing one. This increased financial risk can adversely impact business formation and retention. Public input indicated that the City's development code and permitting processes can be complicated and make starting a business more difficult. Another challenging factor related to permitting is the additional cost that fees and delays in permitting can add to starting a new business. As the City considers permit fees, impact fees, and other regulatory requirements it can assess how those changes might add to or reduce the cost of starting a new business. The City can address this weakness by auditing its regulations and permit processes to ensure that they do not overly restrict or complicate the process of starting or expanding a business while safeguarding the public interest. Another way to address this weakness is engaging the business community in the legislative process.

#### Business Climate and Culture

Public input gathered during the drafting of this element indicated that the business climate and culture on Mercer Island are underdeveloped. Some business owners cited limited formal opportunities to connect with the larger business community on Mercer Island. Commenters suggested that most business networking was through informal networks rather than a concerted effort to help businesses cooperate and share expertise. Other comments indicated that competition for limited on-island customers and a corresponding lack of off-island patrons fostered competition amongst local businesses. The City can begin to address this weakness by working with partners to facilitate formal communication and collaboration between business owners.

#### Lack of Visitor Customer Base

Public input gathered during the drafting of this element highlighted low numbers of off-island customers as a weakness. Many comments suggested that Mercer Island businesses sometimes struggle to connect with customers outside of the city. Given the city's location near large metropolitan cities, there is a large off-island customer base to draw from and attract. To begin addressing this weakness, the City can explore opportunities to support the business community and community organizations such as the Chamber of Commerce to reach customers outside of Mercer Island.

#### Affordability and Availability of Commercial Space

The availability and cost of commercial space in the city can be a challenge for new business formulation and expansion of existing businesses. Under the current zoning, commercial activities are largely limited to three areas in the city. The largest of these areas, Town Center, is a mixed-use area where development is allowed to be a combination of commercial and residential space. Over the last two decades, redevelopment in this area has favored residential space, with minimal commercial space along certain street frontages. As a result, there has been a limited amount of new commercial space added to Town Center in recent years.

Figure 1 compares the change in commercial square footage and residential units in Town Center between 2006 and 2022. The retail space referred to in the figure is commercial store fronts that could be retail or restaurant space. From 2006 to 2022, the multi-family residential units increased by 895 units to a total of 1,210 (Figure 1). In that same period, the square footage of commercial space initially increased to a

1 peak of about 369,000 square feet in 2013, before decreasing to about 317,000 square feet in the third  
2 quarter of 2019. This may be the result of a demolished building at 2431-2441 76th Ave SE. From 2006 to  
3 2022, the amount of commercial space has decreased by approximately 2.5% while the number of multi-  
4 family residential units have increased by nearly 75%. Although all development in Town Center is  
5 interconnected due to the mixed-use zoning in the area, this data does not mean that the amount of  
6 commercial space and number of residential units in Town Center are proportional or causal. The data  
7 does indicate that the overall trend in recent years is an increase in residential units at the same time  
8 commercial space is decreasing.

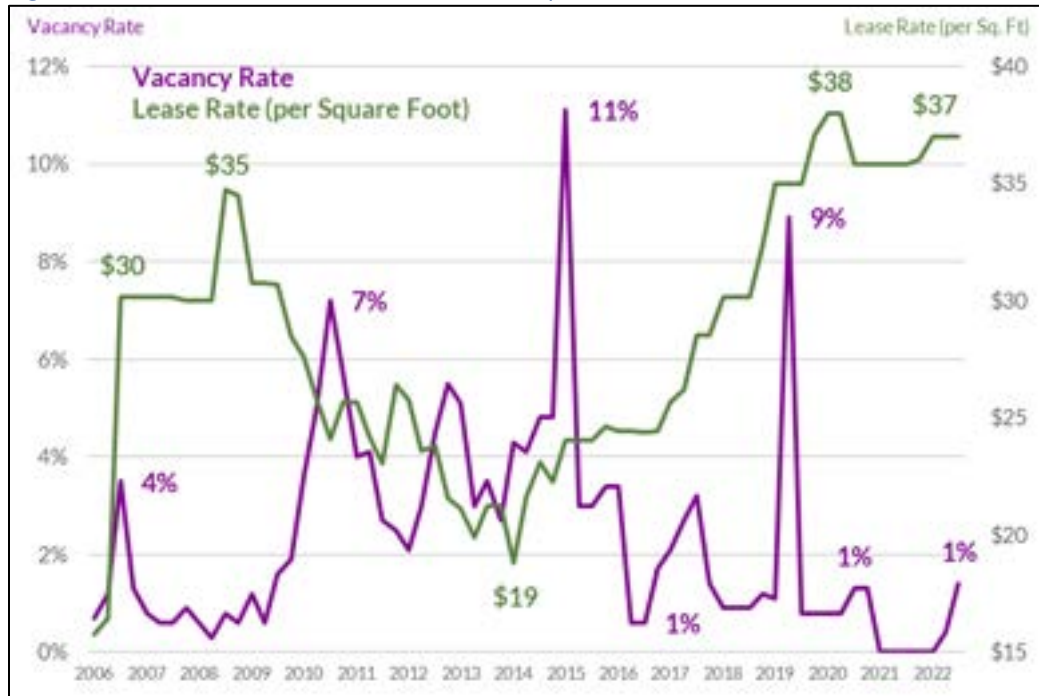
10 Figure 1. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



12 Source: CoStar, 2022; CAI, 2022.

14 In the years between 2006 and 2020, the yearly lease rate (shown per square foot of retail space in Figure  
15 2) increased to 38 dollars per square foot in the first quarter of 2020 and was holding at 37 dollars per  
16 square foot in 2022. While there was a small spike in the lease rate around 2020 (at the onset of the  
17 COVID-19 pandemic and development moratorium), this rate has been on a fairly steady increase since a  
18 low of 19 dollars per square foot in 2014. In that period, lease rates nearly doubled. 2015 saw the highest  
19 spike in the vacancy rate in Town Center. Around that time, a retail space of about 30,000 square feet was  
20 demolished at 2615 76th Ave SE. The closure of the businesses at that location prior to demolition could  
21 contribute to the short-term spike in the vacancy rate. In addition, at the onset of the pandemic, Town  
22 Center saw a spike to nine percent in the retail vacancy rate. That spike was short-lived and held at about  
23 a one percent vacancy rate through 2022.

Figure 2. Retail Annual Lease Rate and Vacancy Rate, Town Center, 2006 to 2022.



Source: CoStar, 2022; CAI, 2022.

In 2022, the City Council enacted regulations in Town Center that expanded commercial frontage requirements along specific streets and added a new commercial floor area requirement in an attempt to prevent loss of commercial space. The effectiveness of these regulations will need to be evaluated over time. If new development in Town Center does not include enough commercial space to meet the demand from new businesses looking to locate in the city and the expansion of existing businesses, the affordability and availability of commercial space will constrain future economic growth.

## Opportunities

Opportunities are foreseeable changes that can give the city's economy a stronger competitive advantage in the coming years. Compared with strengths and weaknesses, which come from existing conditions, opportunities are anticipated future events or conditions. Similar to strengths, opportunities are topic areas the City can focus on to support economic growth and maximize probable positive developments in the local economy.

### Opportunities Identified

- Improved transportation connections
- Arrival of large employer in Town Center
- More islanders working from home

### Improved Transportation Connections

The flow of goods and people is a major component of any city's economy. Transportation infrastructure can be even more impactful for an island community where moving people and goods is complicated by lack of an overland route. For this reason, the East Link Light Rail station has the potential to be one of the most transformative transportation developments on Mercer Island since the construction of the first

bridge to the island. The arrival of light rail will increase access to Mercer Island for workers and customer base alike. The potential to draw more off-island visitors to increase the customer base for local businesses is an opportunity to boost economic growth in the city. Leveraging the arrival of light rail will require some active steps to ensure that this opportunity is maximized. The City can help connect transit riders with local businesses to take advantage of the arrival of light rail.

#### Arrival of a Large Employer in Town Center

Riot Games acquired an office building in Town Center in 2022. Their use of this office space is expected to eventually add a couple hundred jobs to Town Center. This opportunity overlaps with the arrival of light rail. This influx of workers is expected to increase demand for goods and services from neighboring businesses in Town Center. The arrival of a large employer is also expected to generally spur economic growth. The City should explore partnerships and programs to begin encouraging commuters to spend more time in Town Center and shop locally.

#### More Islanders Working From Home

One of the changes prompted by the Covid-19 pandemic is the transition to more work-from-home options for commuters. This has the potential to change the habits of workers who live on Mercer Island but are employed elsewhere. The extent to which commuting workers will spend their workdays on-island instead of traveling to work off-island remains unclear. What seems increasingly likely is that workers will commute less often than they did before the pandemic. Changes in commuting could lead to new demand for different services in the city's commercial areas.

### Threats

Threats are external events or factors that have the potential to impede, slow, or otherwise negatively affect economic growth. Whereas weaknesses are existing conditions in the City that might challenge growth, threats are potential future concerns. Threats are topic areas where the City can focus attention to prepare for possible challenges and build resilience in the local economy.

#### Threats Identified

- Economic Uncertainty
- The Changing Nature of Retail
- Affordability in the Region
- Displacement During Redevelopment

#### Economic Uncertainty

There currently is a high degree of uncertainty about the future in the regional, national, and global economy. The unknown future of market forces such as inflation, supply chain difficulties, labor shortages, stock market volatility, and rising transportation costs obfuscate the economic outlook in the coming years. Many of these market forces are beyond the reach of City policies, however the City can prepare for positive and negative swings in the regional, national, and global economy by planning for economic resilience. Policy interventions that look to build on the local economy's strengths, overcome its weaknesses, and capitalize on expected opportunities can build resilience in the local economy. Policies that establish contingency plans for economic downturns can also help position the City to be responsive to changing conditions in uncertain times.

## The Changing Nature of Retail

Retail commerce is undergoing a transition as online retailers compete with brick-and-mortar stores. This change appears to have been accelerated during the Covid-19 pandemic as more shoppers opted to order goods online. Comments indicate that this could mean that retail will need to focus more on location-specific or experiential retail to differentiate their goods and services from those more readily available in online marketplaces. Some comments proposed a shop local campaign and adaptive reuse regulations for commercial spaces as possible measures to help local businesses respond to changes in demand.

## Affordability in the Region

The affordability of both housing and commercial space on the island has the potential to slow economic growth in the coming years. Rising commercial real estate costs negatively impact both business formation and retention by making it more expensive to locate a business in the city. Higher rents can price out existing businesses, make expanding cost prohibitive, and increase startup costs for entrepreneurs. Higher rents in new development can displace existing businesses as commercial areas redevelop. The City can monitor commercial space availability and development capacity to ensure that zoning and other development regulations do not create scarcity of commercial spaces in the city's commercial zones.

Housing affordability can impact workforce availability. Labor is an important input for local businesses. As housing prices increase, filling middle and lower wage positions can potentially become more difficult as many workers commute from outside the city. The majority of people employed in Mercer Island commute from outside the city. In 2019, 87 percent of workers employed on Mercer Island live outside the city. Only about 13 percent of workers employed in the city also live in Mercer Island. On the other hand, 91 percent of workers living on Mercer Island commuted to jobs outside the City in 2019. Table 5 shows the inflow and outflow of Mercer Island workers as tracked by the U.S. Census Bureau in 2019.

**Table 5. Worker Inflow and Outflow, 2019.**

|                                                                      | Count  | Share |
|----------------------------------------------------------------------|--------|-------|
| <b>Workers Employed in Mercer Island</b>                             |        |       |
| Employed in Mercer Island                                            | 7,071  | 100%  |
| Employed in Mercer Island but living outside Mercer Island (inflow)  | 6,157  | 87.1% |
| Employed and living in Mercer Island                                 | 914    | 12.9% |
| <b>Workers Living in Mercer Island</b>                               |        |       |
| Workers living in Mercer Island                                      | 10,123 | 100%  |
| Living in Mercer Island but employed outside Mercer Island (outflow) | 9,209  | 91%   |
| Living and employed in Mercer Island                                 | 914    | 9%    |

Source: U.S. Census Bureau On the Map, 2019.

Many workers commute from off-island to fill middle and lower wage positions. In 2019, more than half of jobs in Mercer Island paid less than \$3,333 a month or about \$40,000 a year. The low earnings for on-island jobs can make it difficult for workers to afford to live near Mercer Island and could make finding workers difficult given that all of King County has a higher cost of living. Table 6 shows the earnings for on-island jobs as tracked in 2019 by the U.S. Census Bureau.

**Table 6. Mercer Island Jobs by Earnings, 2019.**

| Earning Range | Count | Share |
|---------------|-------|-------|
|---------------|-------|-------|

|                                                              |       |       |
|--------------------------------------------------------------|-------|-------|
| \$1,250 per month or less (\$15,000 annually)                | 1,738 | 24.6% |
| \$1,251 to \$3,333 per month (\$15,012 to \$39,996 annually) | 1,995 | 28.2% |
| More than \$3,333 per month (more than \$39,996 annually)    | 3,338 | 47.2% |

Source: U.S. Census Bureau On the Map, 2019.

While many jobs on Mercer Island pay relatively lower wages, the cost of housing is rising. Figure 3 shows that in 2020, the median rent in Mercer Island was \$2,166 a month. Assuming that housing costs should be around 30 percent of a household's income, this would require a monthly income of roughly \$6,498 or \$77,976 annually to be affordable. Expanding to the county level, the 2020 median rent in King County was \$1,695. The King County median rent would require a monthly income of about \$5,085 or \$61,020 annually to be affordable. As highlighted earlier, many jobs on Mercer Island pay \$40,000 a year or less. If rent outpaces wage growth, many workers may choose to live or work in more affordable cities or regions. Difficulty in attracting workers can hinder economic growth as greater competition for workers can drive up wages and costs to businesses.

Figure 3. Median Rent, Mercer Island and King County, 2010 to 2020.



Source: American Community Survey, 2020; CAI, 2022.

### Displacement During Redevelopment

The City's commercial areas are largely developed. This causes most new commercial development to occur through redevelopment of existing commercial buildings. Because most new commercial development happens through redevelopment, businesses in older developments can face potential displacement. Displacement risk increases as sites redevelop because commercial spaces in redeveloped sites can have higher rents, construction can interrupt business, and new spaces might not fit existing business' needs. Redevelopment is often driven by constrained supply of vacant developable land at the same time demand for a given type of development increases. The City can monitor the supply of developable commercial land to ensure that the availability of commercial space is not increasing the displacement risk for local businesses.

## **II. Business Ecosystem Goals and Policies**

### **Goal 1 – The City of Mercer Island actively fosters a healthy business ecosystem.**

#### **Policies**

- 1.1 Partner with local, regional, state, and federal economic development agencies to increase resources available for business owners and entrepreneurs.
- 1.2 Establish a local business liaison position on the City Council. The local business liaison will act as a point of contact on the City Council for all business leaders and representatives on Mercer Island for policy issues.
- 1.3 Dedicate one staff position to coordinating the implementation of the Economic Development Element.
- 1.4 Support local economic development nongovernmental organizations to grow their capacity to support local businesses, attract new investment, and maintain a healthy business ecosystem.
- 1.5 Analyze commercial development capacity periodically to evaluate the type and quantity of commercial development possible given existing development, zoning, and regulations.
- 1.6 Develop a citywide retail strategic plan. The citywide retail strategic plan should include actionable steps the City can take to support existing retail businesses, attract new retail businesses, and diversify the local economy.
- 1.7 Analyze the feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID) in one or more commercial areas to fund improvements for economic development.
- 1.8 Partner with community organizations such as the Chamber of Commerce to Market Mercer Island as an ideal place to do business. The City should focus marketing materials on the following:
  - 1.8.A Attracting new businesses and investment;
  - 1.8.B Attracting skilled workers;
  - 1.8.C Attracting off-island visitors to commercial centers; and
  - 1.8.D Highlighting Mercer Island's assets such as high quality of life, business friendly environment, and prime location.

### **Goal 2 – Mercer Island's healthy business ecosystem attracts entrepreneurs, businesses, and investment.**

#### **Policies**

- 1 2.1 Partner with nongovernmental organizations and neighboring economic development agencies  
2 to market Mercer Island as a prime location for businesses and investment.  
3
- 4 2.2 Partner with community organizations to target the following types of businesses and investment  
5 when marketing the City as a prime location for business:  
6
- 7 2.2.A A complementary and balanced mix of retail businesses and restaurants;  
8 2.2.B Satellite offices and coworking spaces; and  
9 2.2.C High wage employers.  
10
- 11 2.3 Partner with community organizations to develop a guide to doing business on Mercer Island to  
12 help entrepreneurs navigate City processes and find additional resources available to assist in  
13 starting a new business.  
14
- 15 2.4 Partner with community organizations to facilitate a mentorship program that connects Mercer  
16 Island business owners, entrepreneurs, and retirees with young adults interested in starting new  
17 businesses.  
18
- 19 2.5 Conduct a food truck pilot program to attract new entrepreneurs to Town Center. The pilot  
20 program can include but is not limited to the following:  
21
- 22 2.5.A Designated food truck parking on public property, including rights of way;  
23 2.5.B Informational materials provided to existing food truck operators to attract them to  
24 Mercer Island;  
25 2.5.C Partnerships with food truck organizations in the region;  
26 2.5.D Outreach to existing restaurants to consider the impacts of the pilot program on existing  
27 businesses; and  
28 2.5.E A report providing recommendations for potential programmatic and regulatory changes.  
29

30 **Goal 3 – Existing Businesses thrive as the cornerstone of Mercer Island’s business ecosystem.**  
31

32 **Policies**  
33

- 34 3.1 Convene an annual business owners’ forum to create a continuous feedback system during which  
35 City elected officials and staff gather input from business owners. This input should inform City  
36 decision making that affects the business community.  
37
- 38 3.2 Facilitate periodic business roundtables with community organizations, local business owners,  
39 and City staff.  
40
- 41 3.3 Periodically distribute a business newsletter to local business owners and community  
42 organizations.  
43
- 44 3.4 Partner with community organizations, with a focus on the Chamber of Commerce, to initiate a  
45 “Shop Mercer Island” marketing campaign directed at drawing more residents and visitors to  
46 commercial areas on the island. The City should fill a support role in this partnership.  
47

3.5 Coordinate with transit providers to ensure the “Shop Mercer Island” marketing campaign includes transit riders.

3.6 Conduct outreach to surrounding businesses before initiating capital projects in commercial zones. This outreach should create a two-way dialogue with businesses, offering a seat at the table when capital projects might affect business operation.

**Goal 4 – The business ecosystem on Mercer Island is sustainable in that it meets the social, environmental, and economic needs of residents now and in the future.**

4.1 Encourage programming that enables residents and visitors to safely gather, access spaces, socialize, and celebrate in the City. Encouraging public gatherings throughout the City can improve the quality of life on Mercer Island and make the City a more vibrant place for residents and visitors alike, which can in turn drive increased economic activity.

4.2 Build resilience in the local economy by:

4.2.A Diversifying the goods and services available in the local economy;

4.2.B Being flexible when working with businesses to respond to crises such as allowing temporary use of rights of way for business activity during a state of emergency like a pandemic;

4.2.C Coordinating with local businesses to plan for disaster preparedness; and

4.2.D Addressing the impacts of climate change to reduce its effect on doing business in the City.

4.3 Consider Climate Action Plan strategies during economic development decision making.

4.4 Identify and adopt measures to reduce displacement of existing businesses as new development occurs.

**Goal 5 – Mercer Island has a skilled workforce that is central to the health of the business ecosystem.**

5.1 Partner with regional, statewide, and federal agencies to connect job seekers in the region with opportunities on Mercer Island.

5.2 Partner with community organizations in the City and region to connect tradespeople and other high-skilled workers with employment opportunities on Mercer Island. This work should focus on communications and fostering connections between community organizations, employers, and workers.

**Goal 6 – The Mercer Island economy provides residents the option to both live and work on-island.**

Policies

- 6.1 Plan to increase high-wage on-island job opportunities for residents, increase on-island employment options as a share of the City's employment growth target, eliminate the need to commute, and reduce vehicle miles traveled.

### III. Regulatory Environment Goals and Policies

#### Goal 7 – The City actively reduces the regulatory burden created by commercial development regulations and permitting processes to support a healthy business ecosystem, entrepreneurs, and innovation in business.

##### Policies

- 7.1 Audit the development code and permitting processes to identify code amendments to support businesses, improve effectiveness, and make efficient use of City resources. The following goals should be coequally considered when identifying code amendments:
- 7.1.A Lowering compliance costs for business owners;
  - 7.1.B Minimizing delay and reduce uncertainty in the entitlement process;
  - 7.1.C Improving conflict resolution in the entitlement process;
  - 7.1.D Reducing the likelihood of business displacement as new development occurs; and
  - 7.1.E Balancing parking requirements between reducing barriers to entry for new businesses and the need for adequate parking supply.
- 7.2 Evaluate City fees imposed on development to determine their effect on business startup costs and City finances. The impact on business startup costs must be balanced with the financial needs of the City.
- 7.3 Evaluate additional process or code improvements on an annual basis with input from the dedicated economic development staff and Council local business liaison. This evaluation should inform the development of annual docket recommendations as needed.
- 7.4 Update home business regulations to ensure that they allow a mix of commercial uses while ensuring home businesses remain compatible with neighboring residential uses.
- 7.5 Establish a small-business pre-application process to help guide applicants through the permitting process.
- 7.6 Convene an ad hoc committee of at least one architect, at least one developer, the Mercer Island Building Official, the business owner Planning Commissioner, and City Council local business liaison to develop proposed amendments to City codes to better facilitate adaptive reuse of commercial real estate. The ad hoc committee's proposed amendments should be submitted through the annual docket process.

### IV. Business and Customer Attraction Goals and Policies

**Goal 8 – The Mercer Island business ecosystem includes a diversity of goods and services enjoyed by residents and visitors.**

Policies

- 8.1 Ensure land use regulations in commercial zones allow a diversity of commercial uses.
- 8.2 Encourage commercial offices to locate in Mercer Island to bring more potential daytime customers to the Island without displacing existing retail space.

**Goal 9 – The commercial areas in Mercer Island, and especially the Town Center, are lively, vibrant gathering places for the community and visitors.**

Policies

- 9.1 Encourage arts and cultural activities in commercial zones to draw the community to commercial areas.
- 9.2 Partner with community organizations to develop a program to activate Town Center in the evening. The program should include strategies such as:
  - 9.2.A Evening events to draw people to Town Center;
  - 9.2.B Focusing on arts and cultural experiences;
  - 9.2.C Engaging local nonprofits; and
  - 9.2.D Incorporating existing community events.

**Goal 10 – Commercial areas are attractive and inviting to the Mercer Island community and visitors.**

Policies

- 10.1 Emphasize quality of life as a cornerstone of the Mercer Island economy.
- 10.2 Focus on public safety as an important component of the high quality of life on Mercer Island.
- 10.3 Activate public spaces in commercial areas by establishing design standards that encourage walkability and active use of street frontages in new development using strategies such as:
  - 10.3.A Emphasizing spaces that are human-scaled, safe and comfortable for walkers and bikers;
  - 10.3.B Incorporating principles of crime prevention through environmental design (CPTED);
  - 10.3.C Increasing wayfinding;
  - 10.3.D Incorporating public art;
  - 10.3.E Increasing street furniture/public seating provided it is designed with a specific purpose or function; and
  - 10.3.F Increasing the amount of public space, including parklets.
- 10.4 Review street standards including the streetscape manual in Town Center, considering the following:

- 10.4.A Pedestrian improvements;
- 10.4.B Electric vehicle charging;
- 10.4.C Bike parking and infrastructure;
- 10.4.D Time-limited public parking;
- 10.4.E Public safety; and
- 10.4.F On street parking.

**Goal 11 – Public space in Town Center is plentiful, providing residents and visitors places to gather, celebrate, and socialize.**

**Policies**

- 11.1 Establish regulations for outdoor dining and temporary uses that allow flexible use of street frontages and public rights of way for public space to gather, celebrate, and socialize.
- 11.2 Seek to create more community gathering spaces when considering development standards in Town Center.
- 11.3 Maintain the existing City program to beautify Town Center with landscaping, street trees and flower baskets.

**Goal 12 – Mercer Island residents and visitors can safely access commercial areas.**

**Policies**

- 12.1 Ensure multimodal transportation options are available for workers to access on-island employment and customers to access goods and services.
- 12.2 Reduce car dependence without compromising existing available parking in commercial areas by prioritizing the following when considering regulatory amendments and capital improvements:
  - 12.2.A Bike safety, parking, and infrastructure;
  - 12.2.B Access to transit;
  - 12.2.C Pedestrian safety;
  - 12.2.D Traffic calming; and
  - 12.2.E Human scale design.
- 12.3 Prioritize capital investment in creating robust pedestrian and bicycle connections between the park and ride, light rail station, Town Center and surrounding residential areas.
- 12.4 Ensure that sufficient parking is provided as commercial areas redevelop. Interpretation of the policies in this element should not lead to a reduction in parking,

**IV. Implementation Goals and Policies**

**Goal 13 – The City takes specific actions and provides resources to implement the policies and achieve the goals of this Economic Development Element. Progress toward achieving Economic Development Element goals is regularly monitored and reported to the City Council and public.**

Policies

- 13.1 Utilize federal, state, regional, and King County resources to implement this element.
- 13.2 Encourage public-private partnerships to achieve the goals of this element.
- 13.3 Seek grant funding for programs and activities that implement the policies of this element.
- 13.4 Appropriate funding for the implementation of this element through the City budget process. Funds should be allocated at the same time projects are added to City department work plans to ensure programs and projects are adequately funded to achieve the goals of this element.
- 13.5 Prepare a biennial report tracking implementation of the Economic Development Element. The report will be provided to the City Council prior to adoption of the budget.
- 13.6 Establish an implementation timeline for this element each budget cycle. The implementation timeline can be updated and amended each budget cycle to reflect the resources available to accomplish actions to implement this element. The implementation timeline should detail the following:
  - 13.6.A Actions from this element to be added to department work plans for the upcoming budget cycle;
  - 13.6.B Actions from this element that should be added to work plans in the next three to six years; and
  - 13.6.C Actions from this element that should be added to future work plans in seven or more years.
- 13.7 Respond to potential budget shortfalls for actions to implement this element with the following strategies in descending order of priority:
  - 13.7.A Alternate funding sources;
  - 13.7.B Public-private partnerships;
  - 13.7.C Reducing project or program scope to align with current budget constraints;
  - 13.7.D Delaying projects to the next budget cycle; and
  - 13.7.E Amending the policies of the Economic Development Element to reflect the City's capacity to implement the element.

# 2025-26

## Economic Development Implementation Plan



Community Planning and Development  
City of Mercer Island



City of Mercer Island  
Department of Community Development and Planning  
Adoption Date, 2024

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## Economic Development Element Implementation

The implementation policies in the Economic Development Element establish a process by which the City Council will add projects from the element to departmental work plans. This process requires an implementation progress report, project list, and implementation timeline be presented to the City Council each biennium as the budget is adopted. Each budget cycle, the City Council approves a resolution setting the project list, adding projects to departmental work plans, and appropriating funds to achieve the goals of the Economic Development Element.

The policies in the Economic Development Element describe the projects and programs the City will undertake to realize its goals for economic development. The City Council has discretion as to when those projects are added to departmental work plans. This document summarizes which projects and programs will be undertaken in the upcoming biennium.

### Project and Program List

The Economic Development Element policies establish direction to undertake certain projects and programs the City will undertake to grow its economy. Implementation of those policies requires direction from the City Council to budget for and add those projects and programs to departmental work plans. The following list outlines the projects and programs with their associated policy numbers from the Economic Development Element:

- Establish a local business liaison position on the City Council (Policy 1.2)
- Dedicate one staff position to coordinating the implementation of the Economic Development Element (Policy 1.3)
- Analyze commercial development capacity (Policy 1.5)
- Develop a citywide retail strategic plan (Policy 1.6)
- Analyze the feasibility of establishing a Parking Benefit and Improvement Area (PBIA) or Local Improvement District (LID) (Policy 1.7)
- Partner with nongovernmental organizations and other economic development agencies to market Mercer Island as an ideal place to do business (Policy 2.1)
- Develop a guide to doing business on Mercer Island to help entrepreneurs (Policy 2.4)
- Conduct a food truck pilot program (Policy 2.5)
- Convene an annual business owners' forum (Policy 3.1)
- Facilitate periodic business roundtables (Policy 3.2)
- Distribute a periodical business newsletter (Policy 3.3)
- Partner with community organizations to undertake a "Shop Mercer Island" marketing campaign (Policy 3.4)
- Establish partnerships to connect workers with jobs on Mercer Island (Policies 5.1 and 5.2)
- Audit the commercial development code (Policy 7.1)
- Evaluate City fees (Policy 7.2)
- Jointly developed annual docket recommendation from the dedicated economic development staff and Council local business liaison (Policy 7.3)
- Update home business regulations (Policy 7.4)
- Establish a small business preapplication process (Policy 7.5)
- Convene an ad hoc committee to review building and development code provisions related to adaptive reuse of commercial spaces (Policy 7.6)
- Develop a program to activate Town Center (Policy 9.2)

- Review street standards including the streetscape manual in Town Center (Policy 10.4)
- Establish regulations for outdoor dining and temporary uses (Policy 11.1)
- Prepare a biennial report tracking implementation of the Economic Development Element (Policy 13.5)
- Establish an implementation timeline for this element each budget cycle (Policy 13.6)

## Implementation Progress Report

This is the first Economic Development Element implementation plan and progress report. As such, the City has yet to initiate any projects or programs to implement the element. The project list and implementation timeline that follows will be the first actions taken in pursuit of the goals of the Economic Development Element. This section will include an update of implementation progress when prepared for future budget cycles.

## Implementation Timeline

The implementation timeline includes the estimated duration of each project spelled out in the goals and policies. Projects resulting from policies with specific deadlines are projected to end by the end of the year in which the policy establishes a deadline. Please note that under state law, the City will likely be required to complete a periodic review and update of the Comprehensive Plan, including the Economic Development Element, by 2034. Implementation tasks and timelines are expected to be updated during the next periodic review.

Table 1. Six-Year EDE Implementation Timeline 2025-2030.

| Implementation Action               |                                                                                                                        | Source Policy | '25-'26 Biennium |    |    |    |      |    |    |    | '27-'28 Biennium |    |    |    |      |    |    |    | '29-'30 Biennium |    |    |    |      |    |    |    | 2031-44 |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------|------------------|----|----|----|------|----|----|----|------------------|----|----|----|------|----|----|----|------------------|----|----|----|------|----|----|----|---------|
|                                     |                                                                                                                        |               | 2025             |    |    |    | 2026 |    |    |    | 2027             |    |    |    | 2028 |    |    |    | 2029             |    |    |    | 2030 |    |    |    |         |
| Ongoing Implementation Actions      | Economic Development staff position                                                                                    | 1.3           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Distribute business newsletter                                                                                         | 3.3           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Establish local business liaison position on City Council                                                              | 1.2           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Annual Business Owners’ Forum                                                                                          | 3.1           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Economic development annual docket recommendation                                                                      | 7.3           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Periodic Business Roundtables                                                                                          | 3.2           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Biennial implementation tracking report                                                                                | 13.5          | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Update implementation plan                                                                                             | 13.6          | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
| Term Limited Implementation Actions | Commercial development code audit                                                                                      | 7.1           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Small business pre-application process                                                                                 | 7.5           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Analyze feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID) | 1.7           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Outdoor dining and temporary uses regulations                                                                          | 11.1          | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Home Business development code review                                                                                  | 7.4           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | “Shop Mercer Island” marketing campaign                                                                                | 3.4           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Evaluate City Fees                                                                                                     | 7.2           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Food truck pilot program                                                                                               | 2.5           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Citywide retail strategy                                                                                               | 1.6           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Work with partners to develop a guide to doing business on Mercer Island                                               | 2.3           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Establish partnerships to connect workers with jobs on Mercer Island                                                   | 5.1 & 5.2     | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Commercial development capacity analysis                                                                               | 1.5           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Review Town Center street standards and Streetscape Manual                                                             | 10.4          | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Work with partners to facilitate a mentorship program                                                                  | 2.4           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Adaptive Reuse Ad Hoc committee                                                                                        | 7.6           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Town Center activation program                                                                                         | 9.2           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |
|                                     | Market Mercer Island as a prime location for doing business                                                            | 2.1           | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1               | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |         |

## Implementation Actions by Biennia

### 2025-2026 Biennium

The Economic Development Element implementation project list in Table 1 summarizes the projects and programs that the City will carry out in the upcoming 2025-2026 biennium. Each project or program includes a budget estimate, a projected start, and a projected completion. The projected start and end are listed as a quarter of the year to account for the variability of exact start times. The City Council can add or remove projects listed in Table 2 if a project should be deferred to a later budget cycle.

**Table 2. Economic Development Element Implementation Project List 2025-2026 Biennium.**

| ID #                                            | Project/Program                                                                                                        | Source Policy Number | Start Date    | End Date | Estimated Budget |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------|---------------|----------|------------------|
| ED-1                                            | Dedicated Economic Development staff position                                                                          | 1.3                  | Ongoing       | Ongoing  | \$140,000        |
| ED-2                                            | Distribute business newsletter                                                                                         | 3.3                  | Ongoing       | Ongoing  | N/A <sup>1</sup> |
| ED-3                                            | Annual Business Owners' Forum                                                                                          | 3.1                  | Q2 Annually   | Ongoing  | N/A <sup>1</sup> |
| ED-4                                            | Economic development annual docket recommendation                                                                      | 7.3                  | Q3 Annually   | Ongoing  | N/A <sup>1</sup> |
| ED-5                                            | Periodic Business Roundtables                                                                                          | 3.2                  | Q4 Biennially | Ongoing  | N/A <sup>1</sup> |
| ED-6                                            | Report tracking implementation of the Economic Development Element.                                                    | 13.5                 | Q2 Biennially | Ongoing  | N/A <sup>1</sup> |
| ED-7                                            | Update Economic Development Element implementation plan                                                                | 13.6                 | Q3 Biennially | Ongoing  | N/A <sup>1</sup> |
| ED-8                                            | Establish local business liaison position on City Council                                                              | 1.2                  | Q1 Annually   | Ongoing  | N/A <sup>1</sup> |
| ED-9                                            | Develop Small business pre-application process                                                                         | 7.5                  | Q1 2025       | Q2 2025  | N/A <sup>1</sup> |
| ED-10                                           | Commercial Development Code Audit                                                                                      | 7.1                  | Q1 2025       | Q4 2026  | \$100,000        |
| ED-11                                           | Analyze feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID) | 1.7                  | Q4 2025       | Q1 2026  | N/A <sup>1</sup> |
| ED-12                                           | Establish outdoor dining and temporary uses regulations                                                                | 11.1                 | Q2 2026       | Q3 2026  | N/A <sup>1</sup> |
| ED-13                                           | Home Business Development Code Review                                                                                  | 7.4                  | Q3 2026       | Q4 2026  | N/A <sup>1</sup> |
| ED-14                                           | "Shop Mercer Island" Marketing Campaign                                                                                | 3.4                  | Q1 2026       | Q4 2026  | \$50,000         |
| ED-15                                           | Evaluate City Fees                                                                                                     | 7.2                  | Q1 2026       | Q4 2026  | \$40,000         |
| ED-16                                           | Food Truck Pilot Program                                                                                               | 2.5                  | Q1 2026       | Q4 2026  | \$10,000         |
| Approximate Total Budget for 2025 <sup>2</sup>  |                                                                                                                        |                      |               |          | \$190,000        |
| Approximate Total Budget for 2026 <sup>2</sup>  |                                                                                                                        |                      |               |          | \$290,000        |
| Approximate Total Budget for 2025-2026 Biennium |                                                                                                                        |                      |               |          | \$480,000        |

Notes:

- 1) Actions with an "N/A" in the budget line can be rolled into existing operations and/or the created economic development staff position.
- 2) The estimated budget for projects that span two years is divided evenly between both years.

**2027-2028 and 2029-2030 Biennia**

The remaining projects and programs outlined in the Economic Development Element are proposed to take place in subsequent biennia. Table 3 shows the projects and programs planned for the 2027-2028 budget cycle. Table 4 shows the projects and programs planned for the 2029-2030 budget cycle. The City Council can decide to move any project or program from Tables 3 or 4 to the current project list in Table 2. Moving a project or program to Table 2 would add it to a departmental work plan for the upcoming biennium and a corresponding update to the implementation timeline.

**Table 3. Economic Development Element Implementation Project List 2027-2028 Biennium.**

| Project/Program                                                                                                                 | Source Policy Number | Start Date       | End Date | Estimated Budget      |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------|----------|-----------------------|
| Dedicated Economic Development staff position                                                                                   | 1.3                  | Ongoing          | Ongoing  | \$140,000             |
| Distribute business newsletter                                                                                                  | 3.3                  | Ongoing          | Ongoing  | N/A <sup>1</sup>      |
| Annual Business Owners' Forum                                                                                                   | 3.1                  | Q2 Annually      | Ongoing  | N/A <sup>1</sup>      |
| Jointly developed annual docket recommendation from the dedicated economic development staff and Council local business liaison | 7.3                  | Q3 Annually      | Ongoing  | N/A <sup>1</sup>      |
| Periodic Business Roundtables                                                                                                   | 3.2                  | Q4 Semi-annually | Ongoing  | N/A <sup>1</sup>      |
| Biennial report tracking implementation of the Economic Development Element.                                                    | 13.5                 | Annual Q2        | Ongoing  | N/A <sup>1</sup>      |
| Update Economic Development Element implementation plan                                                                         | 13.6                 | Quarterly        | Ongoing  | N/A <sup>1</sup>      |
| Citywide retail strategy                                                                                                        | 1.6                  | Q1 2027          | Q4 2028  | \$80,000              |
| Establish partnerships to connect workers with jobs on Mercer Island                                                            | 5.1 & 5.2            | Q1 2027          | Q2 2027  | N/A <sup>1</sup>      |
| Work with partners to develop a guide to doing business on Mercer Island                                                        | 2.3                  | Q1 2026          | Q4 2026  | N/A <sup>1</sup>      |
| Commercial development capacity analysis                                                                                        | 1.5                  | Q1 2028          | Q4 2029  | \$40,000 <sup>2</sup> |
| Approximate Total Budget for 2027 <sup>2</sup>                                                                                  |                      |                  |          | \$180,000             |
| Approximate Total Budget for 2028 <sup>2</sup>                                                                                  |                      |                  |          | \$220,000             |
| Approximate Total Budget for 2027-2028 Biennium                                                                                 |                      |                  |          | \$400,000             |

Notes:

- 1) Actions with an "N/A" in the budget line can be rolled into existing operations and/or the created economic development staff position.
- 2) The estimated budget for projects that span two years is divided evenly between both years.

**Table 4. Economic Development Element Implementation Project List 2029-2030 Biennium.**

| Project/Program                                                                                                                                                                        | Source Policy Number | Start Date       | End Date  | Estimated Budget |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------|-----------|------------------|
| Dedicated Economic Development staff position                                                                                                                                          | 1.3                  | Ongoing          | Ongoing   | \$140,000        |
| Distribute business newsletter                                                                                                                                                         | 3.3                  | Ongoing          | Ongoing   | N/A <sup>1</sup> |
| Annual Business Owners' Forum                                                                                                                                                          | 3.1                  | Q2 Annually      | Ongoing   | N/A <sup>1</sup> |
| Jointly developed annual docket recommendation from the dedicated economic development staff and Council local business liaison                                                        | 7.3                  | Q3 Annually      | Ongoing   | N/A <sup>1</sup> |
| Periodic Business Roundtables                                                                                                                                                          | 3.2                  | Q4 Semi-annually | Ongoing   | N/A <sup>1</sup> |
| Biennial report tracking implementation of the Economic Development Element.                                                                                                           | 13.5                 | Annual Q2        | Ongoing   | N/A <sup>1</sup> |
| Update Economic Development Element implementation plan                                                                                                                                | 13.6                 | Quarterly        | Ongoing   | N/A <sup>1</sup> |
| Commercial development capacity analysis                                                                                                                                               | 1.5                  | Q1 2028          | Q4 2029   | \$40,000         |
| Review Town Center street standards and Streetscape Manual                                                                                                                             | 10.4                 | Q1 2029          | Q4 2030   | \$120,000        |
| Work with partners to facilitate a mentorship program that connects Mercer Island business owners, entrepreneurs, and retirees with young adults interested in starting new businesses | 2.4                  | Q1 2028          | Q2 2028   | N/A <sup>1</sup> |
| Approximate Total Budget for 2029 <sup>2</sup>                                                                                                                                         |                      |                  | \$240,000 |                  |
| Approximate Total Budget for 2030 <sup>2</sup>                                                                                                                                         |                      |                  | \$200,000 |                  |
| Approximate Total Budget for 2029-2030 Biennium                                                                                                                                        |                      |                  | \$440,000 |                  |

Notes:

- 1) Actions with an "N/A" in the budget line can be rolled into existing operations and/or the created economic development staff position.
- 2) The estimated budget for projects that span two years is divided evenly between both years.

### 2031-2044 Implementation Actions

Some implementation actions are planned for the years 2031-2044. These implementation actions are listed in Table 5. Cost estimates for these implementation actions are not included in the table because they will need to be determined closer to the time that they will be added to the implementation plan in order to be more accurate. These implementation projects and programs would be in addition to the ongoing implementation actions initiated in previous biennia.

**Table 5. 2031-2044 Economic Development Element Implementation Project List.**

| Project/Program                                             | Source Policy Number | Estimated Start | Estimated Duration |
|-------------------------------------------------------------|----------------------|-----------------|--------------------|
| Adaptive Reuse Ad Hoc committee                             | 7.6                  | 2030            | 1 Year             |
| Town Center activation program                              | 9.2                  | 2030            | 2 Years            |
| Market Mercer Island as a prime location for doing business | 2.1                  | 2031            | 1 Year             |

## 2025-2026 Economic Development Element Implementation Action Descriptions

The following tables list detailed descriptions of each Economic Development Element implementation action, project, or program planned for the 2025-2026 Biennium. The tables include the budget estimates for each year and the project overall.

### **Project ED-1 Dedicated Economic Development Staff Position**

Create a staff position that is dedicated to the implementation of the Economic Development Element and oversee the City's economic development program. The position is not expected to only focus on the Economic Development Element, but also engage in other economic development projects. This position is also expected to pursue grant funding for economic development, facilitate partnerships in the Mercer Island business community, and coordinate City efforts with regional, statewide, and federal economic development programs.

#### Project Justification

The Economic Development Element creates a directive to dedicate one full-time position to its implementation. Initiating and carrying out an economic development program will require staff resources beyond what the City has available without establishing a new position. This position will help to ensure that the City realizes its economic development goals by overseeing the economic development projects and programs the City has included in its Comprehensive Plan. This position can help offset some of the budget impacts of the economic development program by exploring and applying for grants and other funding sources. This position can also provide professional technical information for City decision makers as the City considers actions that intersect with the local economy.

| Project ED-1 Dedicated Economic Development Staff Position |                    |                    |                             |                                          |
|------------------------------------------------------------|--------------------|--------------------|-----------------------------|------------------------------------------|
| Target Completion Date                                     | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department                               |
| Ongoing                                                    | \$140,000          | \$140,000          | \$280,000                   | Community Planning and Development (CPD) |

### **Project ED-2 Distribute Business Newsletter**

The City started providing a regular business newsletter during the COVID-19 pandemic to keep local businesses informed of resources available and the shifting safety protocols. Economic Development Element Policy 3.3 calls for continuing to periodically distribute a business newsletter. Initially, this distribution will occur quarterly in the form of an emailed newsletter. The frequency of distribution can be adjusted as needed to account for the information needs of the business community. The dedicated economic development staff position will oversee the production and distribution of the newsletter and manage the distribution list. The expected cost of this implementation action is projected to be included in the existing cost of the economic development staff position, without added material or labor costs.

#### Project Justification

This project is expected to facilitate communication between the City and the Mercer Island business community. This communication should boost participation of business leaders in the City's other economic development projects and programs and raise awareness of City actions that might affect businesses.

| Project ED-2 Distribute Business Newsletter |                    |                    |                             |            |
|---------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                      | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Ongoing                                     | N/A                | N/A                | N/A                         | CPD        |

### Project ED-3 Annual Business Owners' Forum

Economic Development Element Policy 3.1 calls for the City to hold an annual Business Owners' Forum involving the business leaders, the City Council Local Business Liaison, and City economic development staff. The purpose of this annual forum is to gather input from the business community that can help guide the City's future economic development activities. This can include feedback on what regulatory improvements the City might make or the effectiveness of economic development programs. Comments from the business community gathered during the annual forum can help the Local Business Liaison and City staff prepare new project proposals for upcoming City work plans and inform other City decision making. This forum will also begin to establish a continuous feedback system between the City and business community. The expected cost of this implementation action is projected to be included in the existing cost of the economic development staff position, without added material or labor costs.

#### Project Justification

This project will be one of the cornerstones of the City's economic development program by creating an annual opportunity for business leaders to engage with City staff and elected officials. Regularly scheduled input will establish a predictable avenue for business leaders to interface with the City and help improve the City's economic development projects and programs.

| Project ED-3 Annual Business Owners' Forum |                    |                    |                             |            |
|--------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                     | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Ongoing<br>Q2 Annually                     | N/A                | N/A                | N/A                         | CPD        |

### Project ED-4 Economic Development Annual Docket Recommendation

Each year the City Council's Local Business Liaison and economic development staff will consider proposing amendments to the City's Comprehensive Plan and Title 19 Mercer Island City Code – Unified Land Development Code during the annual docket process. This annual docket proposal can account for the feedback received during other economic development activities the City has conducted throughout the year. During this project, the City's main economic development points of contact will consider whether amendments to City policies and regulations are needed to better support the business community. The resultant proposal will be considered by the Planning Commission and City Council for inclusion in the next CPD work plan. The expected cost of this implementation action is projected to be included in the existing cost of the economic development staff position, without added material or labor costs.

#### Project Justification

This implementation action provides an annual avenue for the Local Business Liaison and economic development staff to propose changes to the City's Comprehensive Plan and development regulations to account for the input they have received from the business community throughout the year. Establishing a recurring project to develop an annual docket proposal will help ensure that actionable feedback is responded to in a timely way via the proper process.

| Project ED-4 Economic Development Annual Docket Recommendation |                    |                    |                             |            |
|----------------------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                                         | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Ongoing Q3 annually                                            | N/A                | N/A                | N/A                         | CPD        |

#### Project ED-5 Periodic Business Roundtable

Economic Development Element Policy 3.2 calls for the City to periodically hold a Business Roundtable involving the business leaders, the City Council Local Business Liaison, and City economic development staff. To start with, this roundtable is planned to take place every other year after the City has updated its economic development implementation plan. The roundtable will serve as a kickoff for the economic development programs planned for the upcoming biennium. The Council's Local Business Liaison and economic development staff will collaborate to communicate to the business community what the City has accomplished in the previous biennium and what it plans to do in the upcoming years. This will also be an opportunity for dialog with business leaders prior to initiating programs and projects. That dialog should help the City refine its approaches to existing programs and projects as well as inform the scoping of other tasks. The expected cost of this implementation action is projected to be included in the existing cost of the economic development staff position, without added material or labor costs.

#### Project Justification

The periodic business roundtable is another key component of the City's outreach to local businesses. This roundtable should provide useful feedback for the City to understand how its programs are affecting the business community. The business roundtable will also give the City the opportunity to introduce its planned economic development actions to the business community in advance of undertaking those actions. These systems of feedback and communication between the City and business community are vital to the City's overall economic development program.

| Project ED-5 Periodic Business Roundtable |                    |                    |                             |            |
|-------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                    | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Ongoing Q4 Biennially                     | N/A                | N/A                | N/A                         | CPD        |

#### Project ED-6 Biennial Economic Development Element Implementation Tracking

Every other year, staff will catalog the economic development projects and programs the City has undertaken in the previous budget cycle. This will be compared against the actions outlined in the Economic Development Element to determine which projects and programs should be budgeted and planned for in the upcoming biennium. This implementation tracking will be compiled in a report provided to the City Council in advance of budgeting and assigning tasks for the upcoming biennium. The expected cost of this implementation action is projected to be included in the existing cost of the economic development staff position, without added material or labor costs.

#### Project Justification

The Economic Development Element outlines an implementation tracking process in policies 13.5 and 13.6. The purpose of these policies and the implementation tracking process overall is to ensure that the City is following through on the economic development actions it has planned in its Comprehensive Plan.

1 Ultimately, the Economic Development Element implementation tracking will be a tool for the City Council  
2 to evaluate which actions to budget for and assign to City departmental work plans.

| Project ED-6 Biennial Economic Development Element Implementation Tracking |                    |                    |                             |            |
|----------------------------------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                                                     | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Ongoing Biennially Q2                                                      | N/A                | N/A                | N/A                         | CPD        |

#### 5 **Project ED-7 Update Economic Development Element Implementation Plan**

6 The City Council will update the Economic Development Element implementation plan each budget cycle.  
7 This update is required by Policy 13.6. The implementation tracking report prepared during task ED-6 will  
8 help give the City Council the information needed to determine which implementation actions from the  
9 Economic Development Element still need to be done. The biennial update to the implementation plan  
10 will coincide with the City's budget process. The expected cost of this implementation action is projected  
11 to be included in the existing cost of the economic development staff position, without added material or  
12 labor costs.

#### 13 Project Justification

14 Assigning and budgeting for implementation of the Economic Development Element is an important step  
15 in making sure the City realizes its economic development goals in the Comprehensive Plan. Through this  
16 process, the City Council will determine which implementation actions to add to upcoming departmental  
17 work plans and budget for in the ensuing biennium.

| Project ED-7 Update Economic Development Element Implementation Plan |                    |                    |                             |            |
|----------------------------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                                               | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Ongoing Biennially Q4                                                | N/A                | N/A                | N/A                         | CPD        |

#### 20 **Project ED-8 Establish local business liaison position on City Council**

21 Economic Development Element Policy 1.2 calls for the creation of a Local Business Liaison position on  
22 the City Council. Every year, a sitting City Council member will be selected to fill this position. The Local  
23 Business Liaison will serve as a point of contact for the Mercer Island business community and coordinate  
24 with economic development staff to conduct outreach to economic development stakeholders through  
25 events such as the annual business forum and periodic business roundtables. The Local Business Liaison  
26 will also work with economic development staff to propose Comprehensive Plan and/or development  
27 code amendments as needed during the annual docket process. To initiate the creation of this City Council  
28 position, staff will prepare the necessary documents to establish the procedure for selecting the Local  
29 Business Liaison. The expected cost of this implementation action is projected to be included in the  
30 existing cost of the economic development staff position, without added material or labor costs.

#### 32 Project Justification

33 The City Council Local Business Liaison is an important piece of the Economic Development Element. The  
34 Element spells out a handful of specific duties for the Local Business Liaison and relies on this position to  
35 act as a go-between for the City Council and the business community. Establishing this position should  
36 increase the efficiency of implementing the economic development program at the City and create a  
37

regular feedback mechanism between the City Council, economic development staff, and the Mercer Island business community.

| Project ED-8 Establish local business liaison position on City Council |                    |                    |                             |            |
|------------------------------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                                                 | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Ongoing Q1 Annually                                                    | N/A                | N/A                | N/A                         | CPD        |

#### Project ED-9 Develop Small Business Pre-Application Process

Economic Development Element Policy 7.5 calls for the creation of a small business pre-application process. This is expected to help entrepreneurs and existing small businesses navigate City regulations and the permitting processes when starting a new business or expanding an existing one. The purpose of creating this process is to reduce permitting delays for development permit applications and cut down on the permitting costs for small businesses. Developing this preapplication process is expected to take place during the first half of 2025. The expected cost of this implementation action is projected to be included in the existing cost of the economic development staff position, without added material or labor costs.

#### Project Justification

The small business pre-application process should help the local economy grow by assisting smaller businesses navigate the City's permitting processes which will help cut down on permit delays and costs to applicants.

| Project ED-9 Develop Small Business Pre-Application Process |                    |                    |                             |            |
|-------------------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                                      | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Q2 2025                                                     | N/A                | N/A                | N/A                         | CPD        |

#### Project ED-10 Commercial Development Code Audit

Economic Development Element Policy 7.1 calls for an audit of the commercial development code to improve its effectiveness and make efficient use of City resources. The policy includes a list of specific factors the audit should address:

- Lowering compliance costs for business owners;
- Minimizing delay and reduce uncertainty in the entitlement process;
- Improving conflict resolution in the entitlement process; and
- Reducing the likelihood of business displacement as new development occurs; and
- Balancing parking requirements between reducing barriers to entry for new businesses and the need for adequate parking supply.

The project is expected to take roughly two years to complete. During the first year, staff will conduct the audit. After auditing the code, staff will prepare commercial development code alternatives for the City Council to consider through a legislative process. The legislative process is planned for the second year of the project. Public participation will be integrated into the project in both the development of code alternatives and the legislative review.

Project Justification

The development code audit and update should encourage economic growth by lowering barriers of entry for businesses. The cost associated with this project is for the retention of consultants to assist City staff in the development code audit and preparing updates for the code.

| Project ED-10 Commercial Development Code Audit |                    |                    |                             |            |
|-------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                          | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Q4 2026                                         | \$50,000           | \$50,000           | \$100,000                   | CPD        |

**Project ED-11 Analyze feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID)**

This implementation project is a study of the feasibility of establishing a Parking Benefit Improvement Area (PBIA), Local Improvement District (LID), or other similar district in the City that would focus on improving on-street parking and the streetscape. Establishing this kind of district or area has the potential to generate funding and other resources to update infrastructure in the City's commercial areas. The intended outcome of this feasibility study is to develop alternatives for the City Council to consider. The expected cost of this implementation action is projected to be included in the existing cost of the economic development staff position, without added material or labor costs.

Project Justification

Establishing a PBIA, LID, or other similar district could generate funding and resources for parking and streetscape improvements that would further the City's economic development goals. This is intended to give the City Council information about alternatives available to manage and fund improvements to increase circulation and access within the district or area thereby bolstering economic activities in that area.

| Project ED-11 Analyze feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID) |                    |                    |                             |            |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                                                                                                               | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Q1 2026                                                                                                                              | N/A                | N/A                | N/A                         | CPD        |

**Project ED-12 Outdoor Dining and Temporary Uses Regulations**

This project would be carried out by a combination of economic development and long-range planning staff. The purpose of the project is to establish new or clarify existing outdoor dining and temporary use regulations. Outdoor dining and temporary uses can potentially activate commercial areas by drawing more pedestrians and increasing outdoor activity in commercial zones. The project is expected to take roughly six months in the first half of 2026. In addition to City staff, the Planning Commission would be involved in the legislative review of the proposed regulations. The expected cost of this implementation action is projected to be included in the existing cost of the economic development staff position, without added material or labor costs.

Project Justification

The current development code for outdoor dining and temporary uses is unclear and at times restricts commercial activity that would otherwise be beneficial to local economy. This project would clarify the existing regulations and establish new regulations that would reduce regulatory barriers while safeguarding the public interest in orderly development. When drafting the Economic Development Element, staff identified this project as a low-cost project that has the potential for high beneficial impact on commercial activity in the City.

| Project ED-12 Outdoor Dining and Temporary Uses Regulations |                    |                    |                             |            |
|-------------------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                                      | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Q3 2026                                                     | N/A                | N/A                | N/A                         | CPD        |

#### Project ED-13 Home Business Development Code Review

As the City evaluates its other development code provisions related to commercial development during Project ED-10, it can also evaluate its home business regulations for commercial activities in residential zones. Given that this code section has not been updated in some years, an update and potential streamlining could spur additional economic growth by simplifying the regulatory requirements and streamlining the permitting process.

##### Project Justification

Reviewing and streamlining the development code and permitting process for home businesses can make it easier for smaller firms to start businesses in the City.

| Project ED-13 Home Business Development Code Review |                    |                    |                             |            |
|-----------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                              | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Q4 2026                                             | N/A                | N/A                | N/A                         | CPD        |

#### Project ED-14 Shop Mercer Island Marketing Campaign

Policy 3.4 calls for the City to work with partners to initiate a “Shop Mercer Island” marketing campaign to support local businesses and attract more customers to retail businesses in the City. This will include working with the Chamber of Commerce and other economic development organizations and agencies. The City’s primary role in this project is expected to be coordinating this campaign, facilitating partnerships between the community organizations involved, and marshalling resources.

##### Project Justification

The Shop Mercer Island Marketing Campaign will support the retail industry in the City, a key sector of the local economy. Through this project, the City can have a direct impact on providing additional visibility for local businesses.

| Project ED-14 Shop Mercer Island Marketing Campaign |                    |                    |                             |            |
|-----------------------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                              | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Q4 2026                                             | N/A                | \$50,000           | \$50,000                    | CPD        |

**Project ED-15 Evaluate City Fees**

Policy 7.2 calls for the City to evaluate permitting fees to determine their effect on business startup costs and City finances. The evaluations should also balance the impact on business startup costs with the financial needs of the City. This project should find ways the City can reduce costs for starting new businesses and expanding existing businesses. This project is scheduled to take place during the latter half of the commercial development code audit to take into consideration the easing of regulatory barriers and streamlining of permit processes.

Project Justification

This project is expected to reduce business formulation and expansion costs. This should make it easier for firms to locate and grow in the City, both of which would spur additional economic growth. Planning to do this project at the same time the City audits its development code during project ED-10 should maximize the potential economic growth this project can stimulate by reducing permitting costs at the same time regulatory barriers are reevaluated.

| Project ED-15 Evaluate City Fees |                    |                    |                             |            |
|----------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date           | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Q4 2026                          | N/A                | \$40,000           | \$40,000                    | CPD        |

**Project ED-16 Food Truck Pilot Program**

Economic Development Element Policy 2.5 calls for the creation of a food truck pilot program as a means to attract more entrepreneurs to Town Center. The program would look at ways to attract more food trucks and result in a report detailing what regulatory and programmatic changes can be made to make the City more attractive to food truck operators.

Project Justification

Finding ways to encourage and attract food truck operators is expected to spur economic activity in the City. Food trucks specifically are targeted by this program because they tend to eventually become permanent businesses in brick-and-mortar restaurants. This entrepreneurship can help grow the Mercer Island economy.

| Project ED-16 Food Truck Pilot Program |                    |                    |                             |            |
|----------------------------------------|--------------------|--------------------|-----------------------------|------------|
| Target Completion Date                 | 2025 Cost Estimate | 2026 Cost Estimate | 2025-26 Total Cost Estimate | Department |
| Q4 2026                                | N/A                | \$10,000           | \$10,000                    | CPD        |