
CITY OF MERCER ISLAND

COMMUNITY PLANNING & DEVELOPMENT

9611 SE 36TH STREET | MERCER ISLAND, WA 98040

PHONE: 206.275.7605 | www.mercerisland.gov



PLANNING COMMISSION

TO: Planning Commission

FROM: Adam Zack, Senior Planner

DATE: July 19, 2023

SUBJECT: Comprehensive Plan Update
Economic Development Element (EDE) – Second Draft

Attachments

- A. EDE (Second Draft)
- B. EDE Implementation Plan (Second Draft)
- C. EDE Comments on First Draft
- D. Planning Commission Comments, Received after July 12

PURPOSE

To get the Planning Commission responses to comments on the first draft of the Economic Development Element of the Comprehensive Plan and Implementation Plan (Attachments A and B). Comments were submitted between June 28 and July 12 and are provided in Attachment C. Comments received after July 12 are provided in Attachment D.

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, including public participation, prior to Planning Commission review. Those additional steps and more background on the Economic Development Element drafting process are discussed in more detail in a [June 28 memo to the Planning Commission](#).

COMMENTS ON THE FIRST DRAFT

Comments on the first draft of the Economic Development Element were submitted between June 28 and July 12. At the meeting on July 26, the Planning Commission will go through the amendments proposed in the comments. The Commission can decide whether to make the proposed amendment, accept part of the alternative, or keep the first draft version. The comments received are provided in Attachment C. Each comment was assigned a log number. Proposed grammatical corrections or minor text amendments were made in strikeout/underline format in the Second Draft Economic Development Element (Attachment A).

Comments Received After July 12

Two comments from Planning Commissioners were received after July 12. Those comments are provided in Attachment D. Because these comments were received after the initial comment period closed, they were not incorporated into the second draft of the Economic Development Element or added to the comment matrix in Attachment C.

Public Comments

Public comments on the first draft of the Economic Development Element are also provided in Attachment C. Where needed, staff has provided clarifying notes in the comment matrix.

REVIEW PROCESS

To efficiently review the volume of comments provided, staff proposes the following review process. The Planning Commission can decide on the simple amendments discussed below by consensus on July 26. A discussion of the proposed amendments that require deliberation and/or direction can take place at the next Planning Commission meeting in September. This will give members of the Planning Commission time to consider all of the more consequential amendments through the month of August. Holding discussion of the substantial comments at the next meeting will also allow commissioners with planned absences in July to participate in the deliberations.

Simple Amendments

The simple amendments can likely be made without requiring much discussion. These are minor changes that would not significantly change the policy direction in the Economic Development Element. At the July meeting, the Planning Commission can address the simple amendments by consensus. If an individual Planning Commissioner would like to discuss a simple amendment further, that discussion can take place at the next meeting.

Deliberation Needed

Many comments propose smaller text changes that would also affect the policy direction in the Element. These comments require some deliberation by the Planning Commission but would not require additional direction for staff to draft language in the element. Most of the proposed amendments fall into this category. Staff proposes the Planning Commission go through these proposed amendments at their September meeting.

Deliberation and Direction Needed

Some comments proposed significant changes to the direction in the draft. For these comments, the Planning Commission needs to both decide whether to make the change and provide staff with direction for drafting new or additional language in the element.

Table 1. Comments Categorized by Amendment Type.

	Comment Log Numbers (Attachment C)
Simple Amendments	1, 10, 11, 12, 20, 24, 28, 31, 32, 33, 39, 44, 45, 46
Deliberation Needed	5, 6, 7, 10, 13, 14, 15, 17, 18, 19, 22, 23, 25, 26, 27, 38, 41, 43
Deliberation and Direction Needed	3, 4, 8, 9, 16, 25, 26, 34, 35, 36, 37, 40, 42

Staff recommends each Planning Commissioner consider the comments that require deliberation, review the comments received after July 12 in Attachment D, and come prepared to make recommendations for each at the September meeting.

ADDITIONAL COMMENTS

Staff requests the Planning Commission provide any additional written comments on the draft Economic Development Element no later than the end of the day on August 23. The Planning Commission can discuss any additional comments at their next meeting in September.

PLANNING COMMISSION REVIEW SCHEDULE

July 26	Review of initial Planning Commission comments received during the comment period. The Planning Commission can address the simple amendments proposed in the comments received.
August 23	Additional comments on the Economic Development Element are due. 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.
September 27	The Planning Commission can consider the proposed amendments that require deliberation and any comments submitted during the comment period. If necessary, discussion of the proposed amendments can extend to another meeting. 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.
Remaining Review	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: • The City will hold a Comprehensive Plan update open house to gather public input. • 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 between Bellevue and Seattle~~ 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 at least

10 earned an associate's degree or higher educational attainment. ~~The high educational attainment of~~

11 ~~Mercer Island residents indicates that the on-island work force is highly skilled. Table 2 shows the~~

12 educational attainment for the Mercer Island population aged 25 or older.

13

14

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 is home to 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. Some limited commercial activities such as home-based businesses are allowed outside of these areas.

Town Center

Town Center is located south of Interstate 90, north of Mercerdale Park, west of Island Crest Way, and east of 74th 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 parking with 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 developed 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 36th Street and eastbound 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 68th Street, west of Island Crest Way, east of 84th Avenue Southeast, and north of Southeast 71st Street. This is the smallest commercial area ~~in on~~ 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 envisions a primarily residential city with three defined commercial areas. ~~It 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, largely confine commercial land uses are largely only allowed into those three distinct commercial districts. This focuses all of the future economic growth in the City on a few defined areas to those districts.~~

Each of the three commercial areas ~~are~~ is 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~~ It 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~~ are mostly developed, ~~so absent rezoning most n-~~ 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 can 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 ~~as follows: 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 the local business' customer base and labor force. Housing on Mercer Island is primarily detached single-family homes and contributes to the unique Island neighborhood character. Multifamily development is largely limited to the area in and around Town Center. Housing has two primary effects on the local economy. Higher cost housing can attract higher income residents and customer for local business. On the other hand, High housing costs may limit the ability for some workers to afford to live in the City, leading to increased commuting and potentially limiting a business's 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, all of which need reliable sewer, water, power and internet. 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 such as parks and public buildings are central-critical to the provision of ~~important services for to~~ 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, which 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 current employment is approximately 7,700 jobs; the 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 environment, social cohesion, and prosperity of 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. The Island's parks, open space, good public schools, and cultural amenities ~~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

1 Mercer Island as an asset the City can build upon to strengthen the local economy. [Comment Log #1:
 2 Quality of life ~~may~~ factors such as parks, open space, good public schools, and cultural amenities also
 3 serve as a draw for off-island visitors ~~that may~~ to patronize local businesses.] OR [Comment Log #33:
 4 Quality of live factors such as parks, open space, good public schools, safe and walkable neighborhoods,
 5 and cultural amenities also serve as a draw for off-island visitors that may patronize local businesses.] The
 6 ~~City's high quality of life will serve as a strong foundation for future economic growth.~~ Since this high
 7 quality of life is a considerable strength, it must be protected.

9 High-Income Residents

10 Another key strength is the relatively high income of Mercer Island residents. During public input,
 11 business owners pointed out that the spending power of the Mercer Island community helped with the
 12 initial success of businesses. In 2021, the median household income for Mercer Island was \$170,000. For
 13 reference, the 2021 median household income in King County was \$106,326. Table 4 shows the 2021
 14 household income distribution in Mercer Island. It is worth noting that over the last few years, the gap
 15 between King County and Mercer Island household income has been closing. [From Adam Ragheb's
 16 comment]

18 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>

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

29 Location of the City

30 Mercer Island's location on Interstate 90 (I-90) and roughly equidistant from Seattle and Bellevue is a
 31 strength. Seattle and Bellevue are large metropolitan centers with many thriving businesses, potential
 32 customers for Mercer Island businesses, and workers with diverse skills and expertise. I-90 provides
 33 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 also 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 topics areas the City can apply policy mechanisms to minimize, reduce, or overcome challenges impediments to a healthy local economy. 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 unnecessarily restrict or complicate the process of starting or expanding a business while safeguarding the public interest. Another way for the City to address this weakness is engaging to engage 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

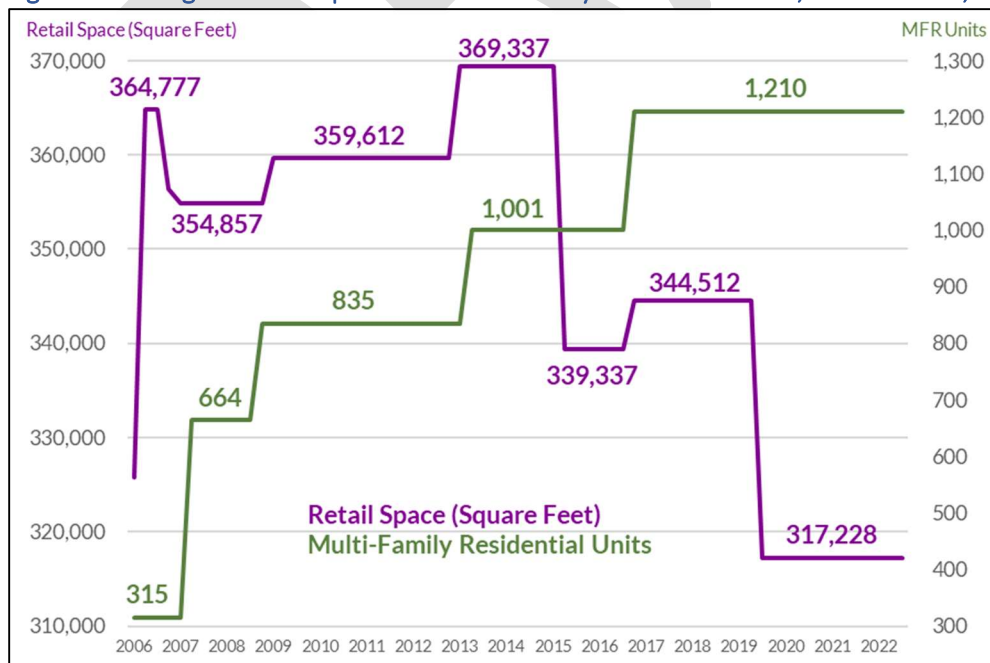
with customers outside of the city. Given the city's location near large metropolitan cities, there is a large off-island customer base to draw from and attract. To begin addressing this weakness, the City can explore opportunities to support the business community and community organizations such as the Chamber of Commerce to reach customers outside of Mercer Island.

Affordability and Availability of Commercial Space

The ~~availability and cost~~ lack of commercial space in the city and its cost 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, a trend the City Council has begun working to reverse.

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

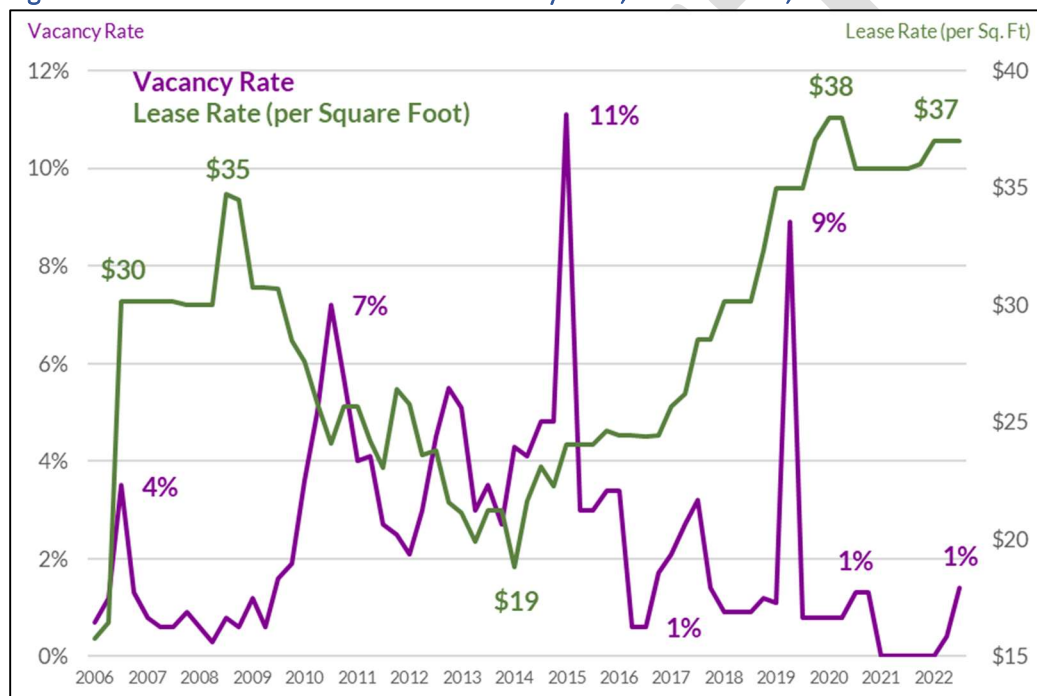
Figure 1. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



Source: CoStar, 2022; CAI, 2022.

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

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 Additional 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~~ off-island persons. 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, such as addressing potential public safety and health concerns. 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 planned 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 or increased demand for existing services.

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~~ for 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~~ and to a lesser degree housing 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~~ on 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~~ on 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
Workers Employed in Mercer Island		
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%
Workers Living in Mercer Island		
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 metro 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.

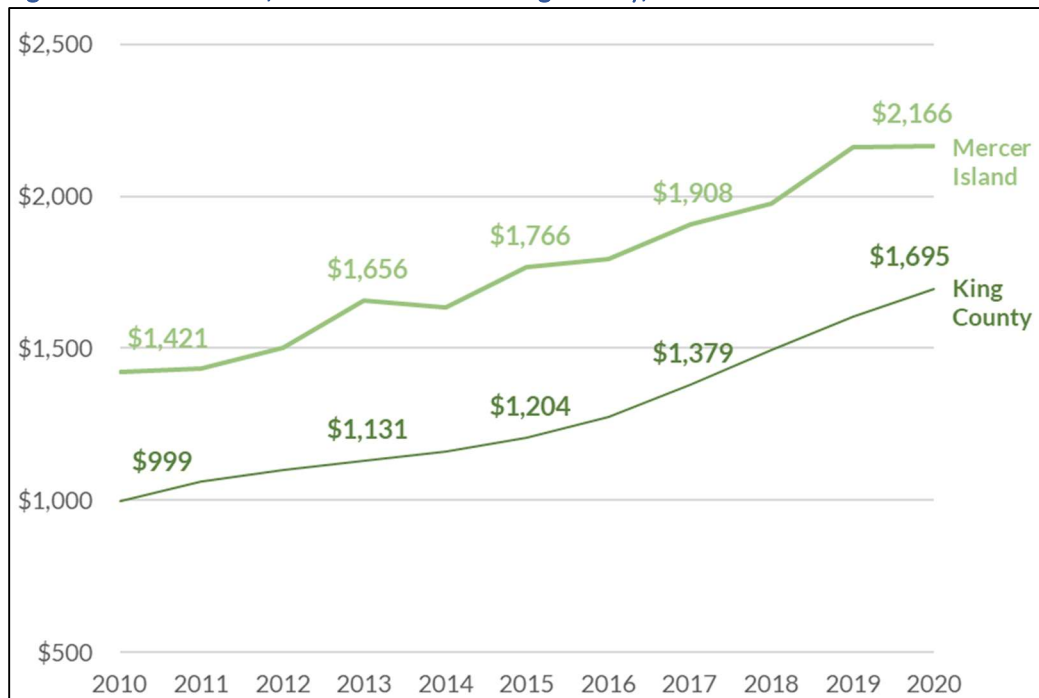
Table 6. Mercer Island Jobs by Earnings, 2019.

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 on the Island to will occur through redevelopment of existing commercial buildings, which can displace. ~~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 determine whether 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 ~~to~~ 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. [Comment Log # 3]

- 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 good 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. [Comment Log #5]~~
- 1.9 Encourage the planting of trees by businesses in the City's business districts. [Comment Log #6]

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

Comment Log #7 and #10: proposal to change the order of Goals 2 and 3, so the current Goal 3 becomes Goal 2 and vice versa.

Policies

- 2.1 Partner with nongovernmental organizations and neighboring economic development agencies to market Mercer Island as a prime location for businesses and investment. [Comment Log #8: possibly fold together with Policies 1.4 and 1.8]
- 2.2 Partner with community organizations to target the following types of businesses and investment when marketing the City as a prime location for business:
- 2.2.A A complementary and balanced mix of retail businesses and restaurants;
 - 2.2.B ~~Satellite offices and coworking spaces~~ High wage employers; and
 - 2.2.C ~~High wage employers~~ Satellite offices and coworking spaces. [Comment Log #39]

- 2.3 Partner with community organizations to develop a guide to doing business on Mercer Island to help entrepreneurs navigate City processes and find additional resources available to assist in starting a new business.
- 2.4 Partner with community organizations to facilitate a mentorship program that connects Mercer Island business owners, entrepreneurs, and retirees with young adults interested in starting new businesses.
- 2.5 Conduct a food truck pilot program to attract new entrepreneurs to Town Center. The pilot program can include but is not limited to the following:
 - 2.5.A Designated food truck parking on public property, including rights of way;
 - 2.5.B Informational materials provided to existing food truck operators to attract them to Mercer Island;
 - 2.5.C Partnerships with food truck organizations in the region;
 - 2.5.D Outreach to existing restaurants to consider the impacts of the pilot program on existing businesses; and
 - 2.5.E A report providing recommendations for potential programmatic and regulatory changes.

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

Policies

- 3.1 Convene an annual business owners’ forum to create a continuous feedback system during which City elected officials and staff gather input from business owners. This input should inform City decision making that affects the business community.
- 3.2 Facilitate periodic business roundtables with community organizations, local business owners, and City staff.
- 3.3 Periodically distribute a business newsletter to local business owners and community organizations.
- 3.4 Partner with community organizations, ~~with a focus on~~ including the Chamber of Commerce, to initiate a “Shop Mercer Island” marketing campaign directed at drawing more residents and visitors to commercial areas on the island. The City should fill a support role in this partnership. **[Comment Log #11]**
- 3.5 Coordinate with transit providers to ~~ensure make~~ the “Shop Mercer Island” marketing campaign ~~includes~~ visible to transit riders. **[Comment Log #12]** **[Comment Log #40]** proposes possibly amending this policy to focus on online advertising rather than transit]
- 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.
- 3.7 Notify nearby businesses of potential redevelopment. **[Comment Log #13]**

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 Balance economic growth with maintaining easy access to services and small town feel. **Comment Log #14**

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.~~ **Comment Log #41**

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.

Comment Log #15: possibly move 4.4 to be listed under Goal 3.

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.

Comment Log #16: Possibly combine goals 5 and 6.

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

Policies

6.1 Consistent with the Climate Action Plan, increase on-island employment options as a share of the City's employment growth target in order to reduce vehicle miles traveled commuting. [Comment Log #17]

6.1 ~~Plan Work~~ 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.~~ [Comment Log #18]

6.3 Take steps to increase the supply of affordable housing on the Island. [Comment Log #19]

III. Regulatory Environment Goals and Policies

Goal 7 – The City actively reduces ~~the regulatory burden~~ any unnecessary created by commercial development regulations and permitting processes to support a healthy business ecosystem, entrepreneurs, and innovation in business. [Comment Log #20]

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; [Comment Log #21]

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.

7.1.F Reducing greenhouse gas emissions. [Comment Log #22]

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,~~ Climate Action Plan project manager, and Council local business liaison. This evaluation should inform the development of annual docket recommendations as needed. [Comment Log #23]

7.4 Update home business regulations to support ~~ensure that they allow~~ a mix of commercial uses while ensuring home businesses remain compatible with neighboring residential uses. [Comment Log #24: possibly move policy to Goal 2]

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.

Comment Log #25: Possibly move Goal 8 policies to Goal 2.

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.

Comment Log #26: Possibly Combine Goal 9 policies with Goal 4 policies, under Goal 4

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.~~ **Comment Log #27]**
- 10.2 Focus on public safety as an important component of the high quality of life on Mercer Island a thriving business community. **Comment Log #28]**

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~~ On street parking;

10.4.B ~~Electric vehicle charging~~ Time-limited public parking;

10.4.C ~~Bike parking and infrastructure~~ Public safety;

10.4.D ~~Time-limited public parking~~ Pedestrian improvements;

10.4.E ~~Public safety~~ Electric vehicle charging; and

10.4.F ~~On street parking~~ Bike parking and infrastructure. [Comment Log #44]

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, including parklets, when considering development standards in Town Center. [Comment Log #31]

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 through a combination of regulations and incentives like parking credits as commercial areas redevelop. Interpretation of the policies in this element should not lead to a reduction in parking, [Comment Log #31] [Comment Log #45] proposes changing the order of policies to switch 12.2 and 12.4]

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.

1 13.7 Respond to potential budget shortfalls for actions to implement this element with the following
2 strategies in descending order of priority:
3

4 13.7.A Alternate funding sources;

5 13.7.B Public-private partnerships;

6 13.7.C Reducing project or program scope to align with current budget constraints;

7 13.7.D Delaying projects to the next budget cycle; and

8 13.7.E Amending the policies of the Economic Development Element to reflect the City's capacity
9 to implement the element.
10

DRAFT

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

Table of Contents

Economic Development Element Implementation.....	1
Project and Program List.....	1
Implementation Progress Report.....	2
Implementation Timeline	2
Table 1. Six-Year EDE Implementation Timeline 2025-2030.....	3
Implementation Actions by Biennia.....	4
2025-2026 Biennium.....	4
Table 2. Economic Development Element Implementation Project List 2025-2026 Biennium.....	4
2027-2028 and 2029-2030 Biennia.....	5
Table 3. Economic Development Element Implementation Project List 2027-2028 Biennium.....	5
Table 4. Economic Development Element Implementation Project List 2029-2030 Biennium.....	6
2031-2044 Implementation Actions	6
Table 5. 2031-2044 Economic Development Element Implementation Project List.....	6
2025-2026 Economic Development Element Implementation Action Descriptions	7
Project ED-1 Dedicated Economic Development Staff Position	7
Project ED-2 Distribute Business Newsletter.....	7
Project ED-3 Annual Business Owners' Forum	8
Project ED-4 Economic Development Annual Docket Recommendation.....	8
Project ED-5 Periodic Business Roundtable.....	9
Project ED-6 Biennial Economic Development Element Implementation Tracking	9
Project ED-7 Update Economic Development Element Implementation Plan	10
Project ED-8 Establish local business liaison position on City Council.....	10
Project ED-9 Develop Small Business Pre-Application Process.....	11
Project ED-10 Commercial Development Code Audit	11
Project ED-11 Analyze feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID)	12
Project ED-12 Outdoor Dining and Temporary Uses Regulations	12
Project ED-13 Develop A Guide To Doing Business On Mercer Island	13

Economic Development Element Implementation

The policies in the Economic Development Element describe the projects and programs the City will undertake to realize its goals for economic development. ~~They implementation policies in the Economic Development Element~~ establish a the 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~~ will approve 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 specified in the goals and policies. Projects resulting from policies with specific deadlines are projected to end be completed by the end of the deadline 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 ¹
ED-3	Annual Business Owners' Forum	3.1	Q2 Annually	Ongoing	N/A ¹
ED-4	Economic development annual docket recommendation	7.3	Q3 Annually	Ongoing	N/A ¹
ED-5	Periodic Business Roundtables	3.2	Q4 Biennially	Ongoing	N/A ¹
ED-6	Report tracking implementation of the Economic Development Element.	13.5	Q2 Biennially	Ongoing	N/A ¹
ED-7	Update Economic Development Element implementation plan	13.6	Q3 Biennially	Ongoing	N/A ¹
ED-8	Establish local business liaison position on City Council	1.2	Q1 Annually	Ongoing	N/A ¹
ED-9	Develop Small business pre-application process	7.5	Q1 2025	Q2 2025	N/A ¹
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 ¹
ED-12	Establish outdoor dining and temporary uses regulations	11.1	Q2 2026	Q3 2026	N/A ¹
ED-13	Home Business Development Code Review	7.4	Q3 2026	Q4 2026	N/A ¹
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 ²					\$190,000
Approximate Total Budget for 2026 ²					\$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 require 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 ¹
Annual Business Owners' Forum	3.1	Q2 Annually	Ongoing	N/A ¹
Jointly developed annual docket recommendation from the dedicated economic development staff and Council local business liaison	7.3	Q3 Annually	Ongoing	N/A ¹
Periodic Business Roundtables	3.2	Q4 Semi-annually	Ongoing	N/A ¹
Biennial report tracking implementation of the Economic Development Element.	13.5	Annual Q2	Ongoing	N/A ¹
Update Economic Development Element implementation plan	13.6	Quarterly	Ongoing	N/A ¹
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 ¹
Work with partners to develop a guide to doing business on Mercer Island	2.3	Q1 2026	Q4 2026	N/A ¹
Commercial development capacity analysis	1.5	Q1 2028	Q4 2029	\$40,000 ²
Approximate Total Budget for 2027 ²				\$180,000
Approximate Total Budget for 2028 ²				\$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.

1 **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 ¹
Annual Business Owners' Forum	3.1	Q2 Annually	Ongoing	N/A ¹
Jointly developed annual docket recommendation from the dedicated economic development staff and Council local business liaison	7.3	Q3 Annually	Ongoing	N/A ¹
Periodic Business Roundtables	3.2	Q4 Semi-annually	Ongoing	N/A ¹
Biennial report tracking implementation of the Economic Development Element.	13.5	Annual Q2	Ongoing	N/A ¹
Update Economic Development Element implementation plan	13.6	Quarterly	Ongoing	N/A ¹
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 ¹
Approximate Total Budget for 2029 ²				\$240,000
Approximate Total Budget for 2030 ²				\$200,000
Approximate Total Budget for 2029-2030 Biennium				\$440,000

2 Notes:

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

7 **2031-2044 Implementation Actions**

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

14 **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 affect 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 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~~ process ~~can account for~~ will utilize 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~~ Any 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 with business leaders, the City Council Local Business Liaison, and City economic development staff. ~~To start with~~ Initially, 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~~ outlined in its

Comprehensive Plan. Ultimately, the Economic Development Element implementation tracking will be a tool for the City Council 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

Project ED-7 Update Economic Development Element Implementation Plan

The City Council will update the Economic Development Element implementation plan each budget cycle. This update is required by Policy 13.6. The implementation tracking report prepared during task ED-6 will help give the City Council the information needed to determine which implementation actions from the Economic Development Element still need to be done. The biennial update to the implementation plan will coincide with the City's budget process. 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

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

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

Economic Development Element Policy 1.2 calls for the creation of a Local Business Liaison position on the City Council. Every year, a sitting City Council member will be selected to fill this position. The Local Business Liaison will serve as a point of contact for the Mercer Island business community and coordinate with economic development staff to conduct outreach to economic development stakeholders through events such as the annual business forum and periodic business roundtables. The Local Business Liaison will also work with economic development staff to propose Comprehensive Plan and/or development code amendments as needed during the annual docket process. To initiate the creation of this City Council position, staff will prepare the necessary documents to establish the procedure for selecting the Local Business Liaison. 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.

Comment Log #47: amendments to this project description are proposed in comment #47. This amendment should be made if the Planning Commission decides to make the amendments proposed in Comment #3.

Project Justification

The City Council Local Business Liaison is an important piece of the Economic Development Element. The Element spells out a handful of specific duties for the Local Business Liaison and relies on this position to act as a go-between for the City Council and the business community. Establishing this position should increase the efficiency of implementing the economic development program at the City and create a 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 ~~Lowering~~ Minimizing unnecessary 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~~ This project is to establish new ~~or~~ and 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. ~~This project would be carried out by a combination of economic development and long-range planning staff.~~ 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~~ could otherwise be beneficial to the 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 permitting costs,~~ the impact on business startup costs, ~~and with~~ the financial needs of the City. This project ~~should~~ is intended to 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~~ any 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~~ have the potential to 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



ATTACHMENT C

COMMENT MATRIX AND COMMENTS

Table 1. Planning Commission Economic Development Element Comment Matrix.

Log #	Received From	Comment/Question	Staff Response
1	Chris Goelz	Text Amendments on page one through 12	Simple Amendment See second draft
2	Chris Goelz	Page Two comment on table format	The tables and document will be reformatted prior to adoption so the entire Comprehensive Plan has a consistent format and design.
3	Chris Goelz	Policy 1.3: Establish a local business liaison position ~~to~~ 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. Comment: I don't think a council person should be the liaison. This would create an asymmetry of information on the council that may skew debate. It might also give rise to the well-studied risk of regulatory capture. It's apparent that the business community feels like it's not been heard sufficient, but hopefully Policy 1.3 and the other policies described will address that need. Naming a member of that community as liaison to the counsel could complement staff input.	Deliberation and Direction Needed Proposed change is shown in the second draft. The original purpose of this policy is to create a point of contact on the City Council for the local business community. The City Council has several other similar liaison positions. For example, there is a Council liaison for the Parks and Recreation Commission (Currently Councilmember Craig Reynolds). Staff Recommendation: The City does not have an existing mechanism for creating this type of citizen advisory position. If the Planning Commission wants to amend this policy as proposed, it would need to also propose further amendments to the policy that provide more details such as what the role of this liaison would be, how it would be selected, etc.
4	Chris Goelz	Policy 1.4 Comment: Perhaps this policy could be folded together with 1.8 and 2.1.	Deliberation and Direction Needed
5	Chris Goelz	Policy 1.8: Partner with community organizations such as the Chamber of Commerce to Mmarket Mercer Island as an <u>ideal good</u> 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.~~	Deliberation Needed

FIRST DRAFT ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX

07/19/2023

Log #	Received From	Comment/Question	Staff Response
		Comment: Too granular. I'd probably fold this together with 1.4 and 2.1.	
6	Chris Goelz	New Policy 1.9: Encourage the planting of trees by businesses in the City's business districts. Comment: This is suggested by CAP NS1.2.	Deliberation Needed
7	Chris Goelz	Goal 2 Comment: Make this Goal 3. See note below.	Deliberation Needed The order of Goals 2 and 3 can be switched. Reordering the goals would not change their meaning or relative importance in the Element.
8	Chris Goelz	Policy 2.1 Comment: Fold together with 1.4 and 1.8.	Deliberation and Direction Needed If the Planning Commission would like to pursue this amendment, please provide direction of how those policies might be combined so staff can draft an alternative.
9	Chris Goelz	Policy 2.4 Comment: Would it make sense to say something here about specifically trying to encourage opportunities for the BIPOC community? Or perhaps that could be a separate policy under this goal or Goal 4.	Deliberation and Direction Needed If the Planning Commission would like to add a policy directed at encouraging opportunities for black, indigenous, and people of color (BIPOC), please provide some direction regarding the desired impact of the policy so staff can draft
10	Chris Goelz	Goal 3 Comment: Make this Goal 2. Cornerstones go in first	Deliberation Needed The order of Goals 2 and 3 can be switched. Reordering the goals would not change their meaning or relative importance in the Element.
11	Chris Goelz	Policy 3.4: Partner with community organizations, ~~with a focus on the~~ <u>including</u> the Chamber of Commerce, to initiate a "Shop Mercer Island" marketing campaign directed at drawing more residents and visitors to commercial areas on the island. The City should fill a support role in this partnership. Comment: CAP CD2.2 seems similar. A strong shop local campaign would serve both the CAP and the business community.	Simple Amendment See second draft
12	Chris Goelz	Policy 3.5: Coordinate with transit providers ~~to ensure the to make the~~ <u>to make the</u> "Shop Mercer Island" marketing campaign ~~includes~~ <u>visible to</u> transit riders.	Simple Amendment See second draft

FIRST DRAFT ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX

07/19/2023

Log #	Received From	Comment/Question	Staff Response
13	Chris Goelz	New Policy 3.7: Add policy re giving existing businesses notice of potential redevelopment – maybe replace current 4.4 or complement it.	Deliberation Needed See second draft
14	Chris Goelz	New Policy 4.2: Balance economic growth with maintaining easy access to services and a small town feel.	Deliberation Needed See second draft
15	Chris Goelz	Policy 4.4: This seems to fit better under existing Goal 3 -- see proposed policy 3.7.	Deliberation Needed See second draft
16	Chris Goelz	Goals 5 and 6 Comment: I would fold Goals 5 and 6 together.	Deliberation and Direction Needed If the Planning Commission would like to pursue this amendment, please provide direction of how those policies might be combined so staff can draft an alternative.
17	Chris Goelz	New Policy 6.1: Consistent with the CAP, increase on-island employment options as a share of the City's employment growth target in order to reduce vehicle miles traveled commuting. Comment: I broke up 6.1 and referenced the Climate Action Plan.	Deliberation Needed See second draft
18	Chris Goelz	Policy 6.2 (originally 6.1): ~~Plan~~ <u>Work</u> 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.~~	Deliberation Needed See second draft
19	Chris Goelz	New Policy 6.3: Take steps to increase the supply of affordable housing on the Island.	Deliberation Needed See second draft
20	Chris Goelz	Goal 7: The City actively reduces ~~the regulatory~~ <u>any unnecessary</u> burden created by commercial development regulations and permitting processes to support a healthy business ecosystem, entrepreneurs, and innovation in business.	Simple Amendment See second draft
21	Chris Goelz	Comment on Policy 7.1.C: Does it make sense to replace "entitlement" with "regulatory."	The term "entitlement" is referring to the process by which development is authorized. Changing the word entitlement to regulatory would take the emphasis from the process and put it on the regulations as a whole. The problem we have heard during some public outreach is that there is not a good existing process to resolve neighbor concerns during the time between submitting an application and the issuance of a permit decision. Comments have indicated that contentious permitting processes have slowed or even obstructed

Log #	Received From	Comment/Question	Staff Response
			some business expansion. This possible lack of conflict resolution in the entitlement process can go both ways, as some neighbors may feel that the process is not resolving their concerns either. The land use permit process is intended to, in part, create a path for resolving neighbor concerns in advance of a decision. There might be ways to improve conflict resolution during the code audit proposed in Policy 7.1.
22	Chris Goelz	New Policy 7.1.F: Reducing GHG emissions. Comment: I don't want to lose track of the CAP. It's a lens through which all City decision making should be viewed. CAP CC3.2.	Deliberation Needed See second draft
23	Chris Goelz	Policy 7.3: Evaluate additional process or code improvements on an annual basis with input from the ~~dedicated~~ economic development staff, <u>CAP Project Manager</u> and Council local business liaison. This evaluation should inform the development of annual docket recommendations as needed. Comment: I'm not sure what the this person's title will be moving forward.	Deliberation Needed See second draft
24	Chris Goelz	Policy 7.4: Update home business regulations to <u>support</u> ~~ensure that they allow~~ a mix of commercial uses while ensuring home businesses remain compatible with neighboring residential uses. Comment: Might this fit better under current Goal 2.	Simple Amendment See second draft
25	Chris Goelz	Goal 8 Comment: Seems like this stuff could go in existing Goal 2.	Deliberation Needed If the Planning Commission would like to pursue this amendment, please provide direction of how those policies might be combined so staff can draft an alternative.
26	Chris Goelz	Goal 9 Comment: Maybe fold this goal with goal 4. I think 4.1 and 9.1 are pretty similar.	Deliberation Needed If the Planning Commission would like to pursue this amendment, please provide direction of how those policies might be combined so staff can draft an alternative.
27	Chris Goelz	Policy 10.1: Strike policy 10.1	Deliberation Needed See second draft

Log #	Received From	Comment/Question	Staff Response
28	Chris Goelz	Policy 10.2: Focus on public safety as an important component of the high quality of life on Mercer Island <u>a thriving business community</u> .	Simple Amendment See second draft
29	Chris Goelz	Policy 10.3 Comment: Is this redundant with 11.2?	The difference between Policies 10.3 and 11.2 is subtle. Policy 10.3 is outlining strategies to activate public spaces in commercial areas; looking for ways to draw more people to these areas. Policy 11.2 directs the City to look for ways to increase these public spaces when considering design standards. In staff's opinion, this distinction adequately differentiates these policies.
30	Chris Goelz	Policy 10.4.C and 10.4.D Comment: Are these coordinated with CAP TR2.1 and 2.3? I don't understand the relationship of the CAP to the Comp Plan. This is another place where the CAP and the interests of the business community align.	Policy 10.4 spells out the areas of focus to be considered during an evaluation of the City's street standards. Climate Action Plan (CAP) Actions 2.1 and 2.3 are directed at updating the Pedestrian and Bike Facilities Plan (PBFP) (TR 2.1) and supporting last mile transportation programs for the light rail station (TR 2.3). All three (Policy 10.4 and CAP Actions 2.1 and 2.3) are related but directed at different plans or programs. Policy 10.4 would focus on regulations for streets, including frontage standards and the streetscape manual that governs how the City designs its streets. The PBFP referenced in CAP Action TR 2.1 establishes the capital projects the City will undertake to improve its pedestrian and bicycle infrastructure. CAP Action 2.3 establishes a direction to "Support programs that provide multi-modal last-mile connections to the light rail station, such as through walking, biking, transit, and electric vehicle. Programs could include reintroduction of bike/scooter share programs." All three efforts will be coordinated when they are undertaken. The CAP and Comprehensive Plan are linked. A policy adopting the CAP by reference will be added to the Comprehensive Plan. Essentially, the CAP is a strategic plan for addressing climate change. Some of the closest analogs to the CAP are: • The 6-Year Transportation Improvement Plan (TIP) that implements the Transportation Element; • The Capital Improvement Plan (CIP) that implements the Capital Facilities Element; and • The proposed Economic Development Element Implementation Plan.
31	Chris Goelz	Policy 11.2: Seek to create more community gathering spaces (including <u>parklets</u>) when considering development standards in Town Center.	Simple Amendment Changed parenthetical in the draft, see second draft
32	Chris Goelz	Policy 12.4: Ensure that sufficient parking is provided <u>through a combination of regulations and incentives like parking credits</u> as commercial areas redevelop. Interpretation of the policies in this element should not lead to a reduction in parking,	Simple Amendment See second draft
33	Adam Ragheb	Text amendments page 4 through 13	Simple Amendment See second draft

Log #	Received From	Comment/Question	Staff Response
34	Adam Ragheb	Comment on page 6: Suggest quantifying Riot's anticipated effect on this. "Riot's impending arrival is expected to cover 400 (?) of the 1,300, leaving 900 (?) in growth over the next 19 years (or whatever the actual numbers are)	Deliberation and Direction Needed The exact impact of Riot Games' arrival in Town Center is unclear at this point. The City knows that their arrival will increase employment in the City, but the exact number of jobs is unknown at this time. The City will be able to account for this increase in employment when tracking progress on the employment growth targets in the future.
35	Adam Ragheb	Comment on page 11: I think a threat that was missed here is an Erosion / Degradation of Strengths. Were our public safety, open spaces, top-notch public schools, or unique residential character advantages to degrade relative to the county, economic growth could be negatively affected since we are smaller and more-isolated than other Eastside cities.	Deliberation and Direction Needed This can be added to the list if the Planning Commission would like to expand the section listing threats. Staff would need clear direction from the Planning Commission for the drafting of this section.
36	Adam Ragheb	Comment on page 12: I think these data are hard to interpret without comparing them to other nearby cities' data. We have no clue if MI's fraction of 1251-3333/mo jobs is larger, smaller, or in-line with King County and/or peer cities.	Deliberation and Direction Needed The purpose of this section is to provide a high-level description of the context within which the Economic Development Element was drafted. If more context is needed, the Planning Commission can ask staff to find additional data on this topic.
37	Adam Ragheb	Comment on page 13: This explanation seems to be missing a little bit here. Even if Mercer Island median rents decrease 10%, that doesn't solve the problem of King County median rent still growing / necessitating a job paying 61k while 52.8% of MI jobs pays less than 40k. It is worth mentioning that the % above the KC median is decreasing since ~2015 - from the data in Figure 3, MI median rent is 42%, 46%, 46%, 38%, and 27% above KC median, showing a clear trend of narrowing the gap.	Deliberation and Direction Needed The purpose of this section is to provide a high-level description of the context within which the Economic Development Element was drafted. If more context is needed, the Planning Commission can ask staff to find additional data on this topic.
38	Adam Ragheb	Policy 1.8.B: minor text change	Simple Amendment See second draft
39	Adam Ragheb	Policy 2.3.C: move C to B and B to C	Simple Amendment See second draft

Log #	Received From	Comment/Question	Staff Response
40	Adam Ragheb	Policy 3.5 Comment: This does not seem like a good use of city funds - I would think more shopping decisions are made using google maps or other online resources than ads on the side of or inside transit assets.	Deliberation and Direction Needed If the Planning Commission would like to amend this policy, please provide the desired text amendment.
41	Adam Ragheb	Policy 4.2.D: comment proposes striking this policy. Policy 4.2.D Comment: This is overly-vague - suggest removing	Deliberation Needed See second draft
42	Adam Ragheb	Policy 5.1 Comment: This is vague and doesn't match - if we are trying to attract high wage earners (per 2.2.C) and a skilled workforce, those companies are generally adept at seeking out their own employment candidates. Either add specifics or remove	Deliberation and Direction Needed If the Planning Commission would like to amend this policy, please provide the desired text amendment.
43	Adam Ragheb	Policy 6.1 Comment: remove "eliminate the need to commute" - reducing vehicle miles traveled is a realistic and achievable goal. Eliminating commuting is unreasonable even in the densest and most transit-oriented of cities; MI could be considered a bedroom community and thus there will always be some commuting	Deliberation Needed See proposed new Policy 6.1 under Log #17. This comment and #17 propose amendments to Policy 6.1.
44	Adam Ragheb	Policy 10.4 Comment: on-street parking and time-limited public parking need to be higher on the list as they affect a large portion of potential customers. Public safety also ought to be higher - that affects everybody. Suggest bike parking / infrastructure at bottom since I would expect that to be the smallest segment (can't buy large amt of groceries or mail a large box w/a bike) and electric vehicle charging just above that.	Simple Amendment See second draft. Note on the order of items under 10.4: This list is not presented as an order of importance. As drafted, each item under 10.4 would be considered equally.
45	Adam Ragheb	Policy 12.4 Comment: suggest switching 12.4 and 12.2. 12.4 is a current problem while 12.2 is a long-term goal	Simple Amendment 12.2 and 12.4 can be switched. There is no effect of the order of these two policies

Table 2. Planning Commission Implementation Plan Comments.

Log #	Received From	Comment/Question	Staff Response
46	Chris Goelz	Minor text amendments throughout the Implementation Plan	Simple Amendment
47	Chris Goelz	Proposed amendments to Project ED-8 project description	Simple Amendment This change would need to be made if the Planning Commission decides to change Policy 1.3 as proposed in Comment Log #3.

Table 3. Public Comment Matrix.

Log #	Received From	Comment/Question	Notes
PUB - 1	Kian Bradley	Single-use zoning in most of the city The EDE and Implementation Plan do not address the possibility of opening up commercial area outside of the town center. Allowing small-scale retail (such as cafes, gyms and small professional offices) interspersed through neighborhoods would accomplish several of the EDE's stated goals: - Goal 4, Sustainability: providing basic services nearer to residents reduces VMT (traffic). Transportation emissions are Mercer Island's single biggest contributor to greenhouse gases. - Goal 7, Regulatory burden: Our current single-use zoning approach limits the amount of commercial area available. Opening up more area would reduce commercial rent by creating a greater supply. - Goal 9, Gathering places: Small neighborhood establishments provide a pleasant meeting space for neighbors to interact on a regular basis. This is especially relevant for children and teenagers who must be driven by an adult to shop and meet friends. - Goal 12, Safety: Small neighborhood establishments can be more easily reached without a car, meeting the goal of reducing car dependence and creating more human-scaled design. I would suggest we study this as part the Implementation Plan's Project ED-10, Commercial Development Code Audit. It may also be part of Project ED-13, Home Business Development Code Review, though home businesses seem like an unrelated concept.	
PUB - 2	Kian Bradley	High housing cost In page 2 of the EDE, the document says "higher cost housing can attract higher-income residents and customers for local businesses". I don't think this sentence is logically consistent. Higher cost housing reduces the spending power of the local customer base and generally acts as a drag on the entire economy. This sentence should be removed, and ideally the EDE should make it more clear that the high cost of housing has an adverse impact on businesses as well. Reducing housing cost addresses goals 1 and 2 by allowing access to a customer base with more spending money and a greater local employee base.	The sentence referenced in the comment has been amended per Planning Commission comments, see second draft

Log #	Received From	Comment/Question	Notes
PUB - 3	Kian Bradley	Walkability Despite being referred to several times in the EDE, the Implementation Plan has no goal which directly addresses the improvement of Mercer Island's commercial areas for those outside of a car. Specifically with the Town Center, the coming light rail station and Riot Games office provide us with an opportunity to create a pedestrian and bike-friendly corridor along 77th Ave SE. This would allow people to come not just for a single errand, but stay and enjoy the entire Town Center for an evening in a similar way people enjoy walking around Bellevue's downtown park and mall. This would address goals 9, 10, 12 by increasing the attractiveness of our commercial centers, and goal 4 by meeting the environmental needs of residents. I would suggest we modify Project ED-11, PBIA/LIA to make the 'streetscape improvements' more clearly oriented towards increasing the attractiveness for people walking and rolling in commercial areas.	Updating the Pedestrian and Bicycle Facilities Plan (PBF Plan) is currently listed on the 6-Year Transportation Improvement Program. That plan update is expected to begin in 2026. The PBF Plan will detail the pedestrian and bicycle infrastructure improvements the City plans to make. That is another place where walkability is addressed.
PUB - 4	Kian Bradley	Parking The EDE is very careful to discourage any reduction in the amount of parking in our commercial areas. However, the 2023 Parking Study (from the 07/05/2023 Council meeting) shows that we never exceed 71% utilization for on-street parking, and even less for off-street parking. These are both below the suggested 85% peak occupancy threshold. In addition, the study found that certain streets had a much higher utilization than others, suggesting parking is not distributed evenly. The EDE should instead seek to more intelligently manage our existing parking supply. The report has several good recommendations, including making on-street parking times consistent; charging for parking in overutilized areas; creating loading zones; adding bicycle parking; and improving walking/biking facilities to discourage vehicle travel in the first place. This can be addressed as part of Project ED-11, PBIA/LIA. We should modify this project's wording to be clearer about what we want our parking improvements to look like.	When the City analyzes potentially creating a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID) the findings of the parking study would be used as part of that analysis.
PUB - 5	Bonnie Godfred	I scanned your 42 pages. Seems to me the main issue for economic development is our zoning regulations. We need to stress and protect retail and restaurant space and it needs to be affordable. The only way to do this is by requiring any future development to emphasize these two areas. The increase in residential occupancy in downtown versus the decrease in commercial occupancy in downtown is shameful and reflects the city's love affair with property developers.	

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 between Bellevue and Seattle~~ 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>

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 at least
10 earned an associate's degree or higher educational attainment. The high educational attainment of
11 Mercer Island residents indicates that the on-island work force is highly skilled. Table 2 shows the
12 educational attainment for the Mercer Island population aged 25 or older.

Commented [ja1]: I don't understand why some industry groups are white and some are green. I'd make all the parallel sectors the same color.

Commented [ja2]: I'm not sure what this adds or that I agree that educational attainment and skill are highly correlated.

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 a home to a 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. Some limited commercial activities such as home-based businesses are allowed outside of these areas.

Town Center

Town Center is located south of Interstate 90, north of Mercerdale Park, west of Island Crest Way, and east of 74th 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 parking with 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 developed 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 36th Street and eastbound I-90 offramps is located in the eastern portion of this area. This intersection experiences significant traffic levels during peak travel hours.

Commented [ja3]: If you want to include the westbound ramps, then this needs to be "these intersections"

South End Commercial Area

The south end commercial area is south of Southeast 68th Street, west of Island Crest Way, east of 84th Avenue Southeast, and north of Southeast 71st Street. This is the smallest commercial area in ~~on~~ 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.

Commented [ja4]: I understand there can be a distinction between "on" and "in" Mercer Island. I prefer "on Mercer Island" to "in Mercer Island" in most cases. I marked it here, but will not mark it elsewhere.

Land Use Connection

There is a fundamental tie between the policies of this element and the Land Use Element. The Land Use Element envisions a primarily residential city with three defined commercial areas. ~~It 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, largely confine commercial land uses are largely only allowed into those three distinct commercial districts. This focuses all of the future economic growth in the City on a few defined areas to those districts.~~

Each of the three commercial areas ~~are~~ is 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~~ It 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~~ are mostly developed, ~~so absent rezoning, most n~~ 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 can 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 as follows: ~~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 the 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 a business's 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 to~~ local businesses, ~~all of which need reliable sewer, water, power and internet. 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 such as parks and public buildings are ~~central~~ critical to the provision of ~~important~~ services ~~to~~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, which 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 of~~ 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,

Commented [ja5]: I don't think this preview of the paragraphs below adds much.

Commented [ja6]: If "in the shoreline" is a term of art, ignore this.

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 along ~~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 current employment is 7700 jobs; the growth target is 1,300 new jobs by the year 2044.

Commented [ja7]: Is that right? I think it helps to put the growth target in context.

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 environment, social cohesion and the material and cultural prosperity ~~in~~ of 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.

Commented [ja8]: I don't understand what "cultural prosperity" means.

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. The Island's parks, open space, good public schools, and cultural amenities ~~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 may ~~such as parks, open space, good public schools, and cultural amenities~~ also serve as a draw for off-island visitors that may ~~to~~ 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~~ The city is also 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~~ They represent topic areas the City can apply policy mechanisms to minimize, reduce, or overcome ~~challenges~~ impediments to

Commented [ja9]: If you want to keep this sentence, I'd lead the paragraph with it and change "more" to "substantial."

Commented [ja10]: I don't think this sentence fits. If you want to keep it, I'd change "high quality of life" to "pleasant public spaces" since we already have a separate HQL section.

1 a healthy local economy. ~~Some weaknesses increase barriers to entry for new businesses or make~~
2 ~~innovating riskier.~~ Weaknesses are listed and discussed below.

3 4 5 Weaknesses Identified

- 6
- 7 • ~~Permitting and regulatory environment~~
- 8 • ~~Business climate and culture~~
- 9 • ~~Lack of off island customer base~~
- 10 • ~~Availability and affordability of commercial space~~
- 11

12 Permitting and Regulatory Environment

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

Commented [ja11]: This sentence doesn't add much to this sentence below "This increased financial risk can adversely impact business formation and retention."

24 25 Business Climate and Culture

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

34 35 Lack of Visitor Customer Base

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

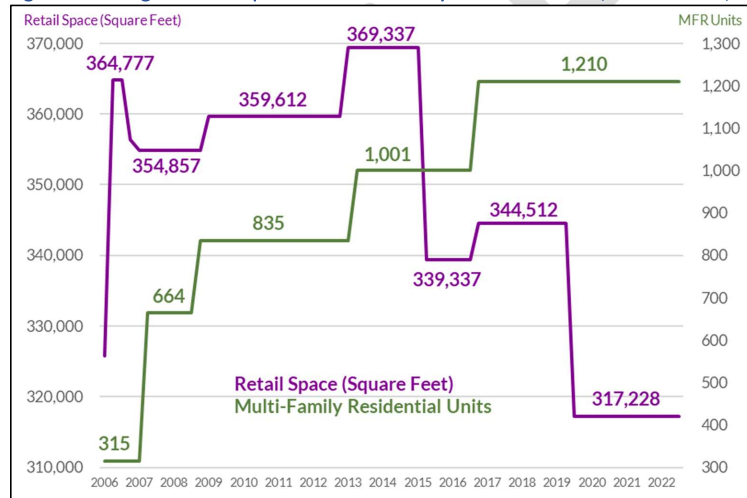
42 43 Affordability and Availability of Commercial Space

44 The ~~availability and cost~~ lack of commercial space in the city and its cost can be a challenge for new
45 business formulation and expansion of existing businesses. Under the current zoning, commercial
46 activities are largely limited to three areas in the city. The largest of these areas, Town Center, is a mixed-
47 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 peak of about 369,000 square feet in 2013, before decreasing to about 317,000 square feet in the third quarter of 2019. This may be the result of a demolished building at 2431-2441 76th Ave SE. From 2006 to 2022, the amount of commercial space has decreased by approximately 2.5% while the number of multi-family residential units have increased by nearly 75%. Although all development in Town Center is interconnected due to the mixed-use zoning in the area, this data does not mean that the amount of commercial space and number of residential units in Town Center are proportional or causal. From 2006 to 2022, the amount of commercial space has decreased by approximately 2.5% while the number of multi-family residential units have increased by nearly 75%. The data does indicate that the overall trend in recent years is an increase in residential units at the same time commercial space is decreasing.

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

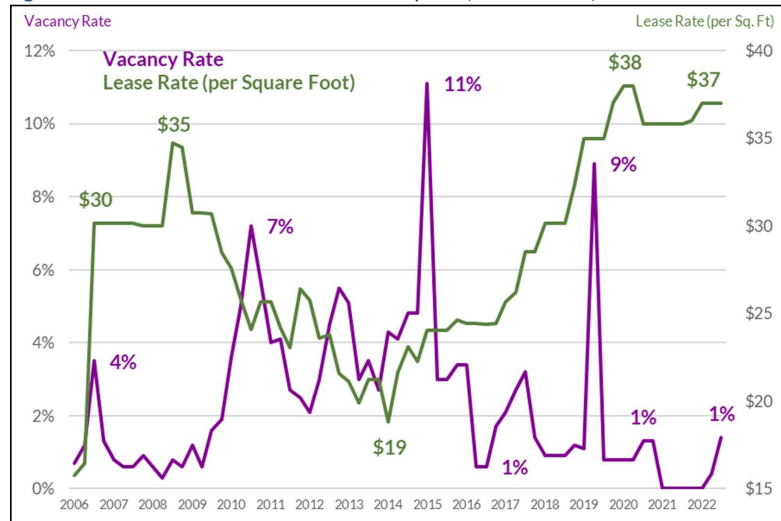


Source: CoStar, 2022; CAI, 2022.

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

Center saw a spike to nine percent in the retail vacancy rate. That spike was short-lived and held at about 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.

Commented [ja12]: Doesn't add anything to the paragraph as a whole.

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 for 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
Workers Employed in Mercer Island		
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%
Workers Living in Mercer Island		
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 metro 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.

Commented [ja13]: Here's a good example of the in/on issue. We have "in" then "on" then "in" again.

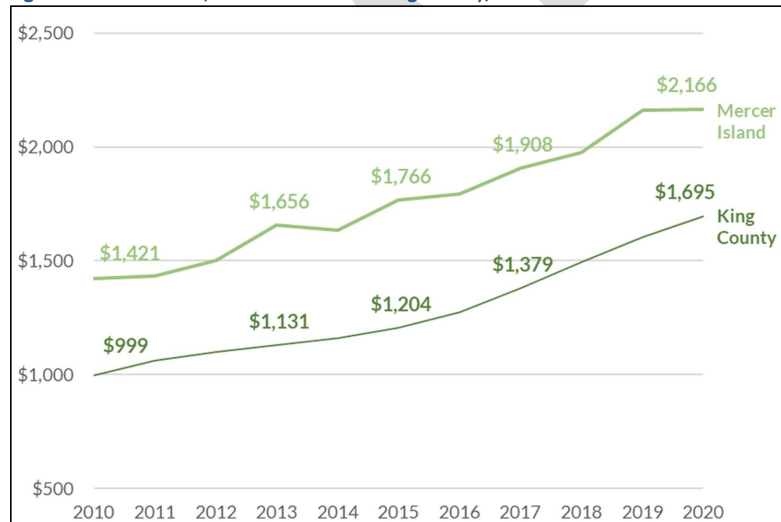
Table 6. Mercer Island Jobs by Earnings, 2019.

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 most 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 so most new commercial development on the Island to occur will occur through redevelopment of existing commercial buildings, which can displace. 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~~determine whether 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 ~~to be~~ 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-market~~ Mercer Island as an ~~ideal~~ good 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.~~

1.9 Encourage the planting of trees by businesses in the City's business districts.

Commented [ja14]: I don't think a council person should be the liaison. This would create an asymmetry of information on the council that may skew debate. It might also give rise to the well-studied risk of regulatory capture.

It's apparent that the business community feels like it's not been heard sufficient, but hopefully Policy 1.3 and the other policies described will address that need. Naming a member of that community as liaison to the counsel could complement staff input.

Commented [ja15]: Perhaps this policy could be folded together with 1.8 and 2.1.

Commented [ja16]: Too granular. I'd probably fold this together with 1.4 and 2.1.

Formatted: Indent: Left: 0"

Commented [ja17]: This is suggested by CAP NS1.2.

Formatted: Indent: Left: 0"

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

Commented [ja18]: Make this Goal 3. See note below.

Policies

2.1 Partner with nongovernmental organizations and neighboring economic development agencies to market Mercer Island as a prime location for businesses and investment.

Commented [ja19]: Fold together with 1.4 and 1.8.

2.2 Partner with community organizations to target the following types of businesses and investment when marketing the City as a prime location for business:

- 2.2.A A complementary and balanced mix of retail businesses and restaurants;
- 2.2.B Satellite offices and coworking spaces; and
- 2.2.C High wage employers.

2.3 Partner with community organizations to develop a guide to doing business on Mercer Island to help entrepreneurs navigate City processes and find additional resources available to assist in starting a new business.

2.4 Partner with community organizations to facilitate a mentorship program that connects Mercer Island business owners, entrepreneurs, and retirees with young adults interested in starting new businesses.

Commented [ja20]: Would it make sense to say something here about specifically trying to encourage opportunities for the BIPOC community? Or perhaps that could be a separate policy under this goal or Goal 4.

2.5 Conduct a food truck pilot program to attract new entrepreneurs to Town Center. The pilot program can include but is not limited to the following:

- 2.5.A Designated food truck parking on public property, including rights of way;
- 2.5.B Informational materials provided to existing food truck operators to attract them to Mercer Island;
- 2.5.C Partnerships with food truck organizations in the region;
- 2.5.D Outreach to existing restaurants to consider the impacts of the pilot program on existing businesses; and
- 2.5.E A report providing recommendations for potential programmatic and regulatory changes.

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

Commented [ja21]: Make this Goal 2. Cornerstones go in first :)

Policies

3.1 Convene an annual business owners’ forum to create a continuous feedback system during which City elected officials and staff gather input from business owners. This input should inform City decision making that affects the business community.

3.2 Facilitate periodic business roundtables with community organizations, local business owners, and City staff.

3.3 Periodically distribute a business newsletter to local business owners and community organizations.

3.4 Partner with community organizations, with a focus on the including the Chamber of Commerce, to initiate a “Shop Mercer Island” marketing campaign directed at drawing more residents and visitors to commercial areas on the island. The City should fill a support role in this partnership.

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

3.7 Add policy re giving existing businesses notice of potential redevelopment – maybe replace current 4.4 or complement it.

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 Balance economic growth with maintaining easy access to services and a small town feel.

4.3 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.

4.4 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.

Commented [ja22]: CAP CD2.2 seems similar. A strong shop local campaign would serve both the CAP and the business community.

Commented [ja23]: This seems to fit better under existing Goal 3 -- see proposed policy 3.7.

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 Consistent with the CAP, increase on-island employment options as a share of the City's employment growth target in order to reduce vehicle miles traveled commuting.

Plan

6.2 Work 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.~~

6.3 Take steps to increase the supply of affordable housing on the Island.

Commented [ja24]: I broke up 6.1 and referenced the Climate Action Plan.

Commented [ja25]: I would fold Goals 5 and 6 together.

III. Regulatory Environment Goals and Policies

Goal 7 – The City actively reduces the ~~regulatory~~ any unnecessary 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 ~~equally~~ 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.

7.1F Reducing GHG emissions.

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.

Commented [ja26]: Does it make sense to replace "entitlement" with "regulatory."

Commented [ja27]: I don't want to lose track of the CAP. It's a lens through which all City decision making should be viewed. CAP CC3.2.

7.3 Evaluate additional process or code improvements on an annual basis with input from the dedicated economic development staff, CAP Project Manager and Council local business liaison. This evaluation should inform the development of annual docket recommendations as needed.

Commented [ja28]: I'm not sure what the this person's title will be moving forward.

7.4 Update home business regulations to support 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.

Commented [ja29]: Might this fit better under current Goal 2.

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.

Commented [ja30]: Seems like this stuff could go in existing Goal 2.

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.

Commented [ja31]: Maybe fold this goal with goal 4. I think 4.1 and 9.1 are pretty similar.

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~~ thriving business community.

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.

Commented [ja32]: Is this redundant with 11.2?

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.

Commented [ja33]: Are these coordinated with CAP TR2.1 and 2.3? I don't understand the relationship of the CAP to the Comp Plan. This is another place where the CAP and the interests of the business community align

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 (including parklets) 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 through a combination of regulations and incentives like parking credits as commercial areas redevelop. Interpretation of the policies in this element should not lead to a reduction in parking,

Commented [ja34]: Explore a program that provides property owners in the CBD tax credits for making parking slots generally available to the public.

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:

- 1
2 13.6.A Actions from this element to be added to department work plans for the upcoming
3 budget cycle;
4 13.6.B Actions from this element that should be added to work plans in the next three to six
5 years; and
6 13.6.C Actions from this element that should be added to future work plans in seven or more
7 years.
8
9 13.7 Respond to potential budget shortfalls for actions to implement this element with the following
10 strategies in descending order of priority:
11
12 13.7.A Alternate funding sources;
13 13.7.B Public-private partnerships;
14 13.7.C Reducing project or program scope to align with current budget constraints;
15 13.7.D Delaying projects to the next budget cycle; and
16 13.7.E Amending the policies of the Economic Development Element to reflect the City's capacity
17 to implement the element.
18

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

Table of Contents

Economic Development Element Implementation.....	1
Project and Program List.....	1
Implementation Progress Report.....	2
Implementation Timeline	2
Table 1. Six-Year EDE Implementation Timeline 2025-2030.....	3
Implementation Actions by Biennia.....	4
2025-2026 Biennium.....	4
Table 2. Economic Development Element Implementation Project List 2025-2026 Biennium.....	4
2027-2028 and 2029-2030 Biennia.....	5
Table 3. Economic Development Element Implementation Project List 2027-2028 Biennium.....	5
Table 4. Economic Development Element Implementation Project List 2029-2030 Biennium.....	6
2031-2044 Implementation Actions	6
Table 5. 2031-2044 Economic Development Element Implementation Project List.....	6
2025-2026 Economic Development Element Implementation Action Descriptions	7
Project ED-1 Dedicated Economic Development Staff Position	7
Project ED-2 Distribute Business Newsletter.....	7
Project ED-3 Annual Business Owners' Forum	8
Project ED-4 Economic Development Annual Docket Recommendation.....	8
Project ED-5 Periodic Business Roundtable.....	9
Project ED-6 Biennial Economic Development Element Implementation Tracking	9
Project ED-7 Update Economic Development Element Implementation Plan	10
Project ED-8 Establish local business liaison position on City Council.....	10
Project ED-9 Develop Small Business Pre-Application Process.....	11
Project ED-10 Commercial Development Code Audit	11
Project ED-11 Analyze feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local Improvement District (LID)	12
Project ED-12 Outdoor Dining and Temporary Uses Regulations	12
Project ED-13 Develop A Guide To Doing Business On Mercer Island	13

Economic Development Element Implementation

The policies in the Economic Development Element describe the projects and programs the City will undertake to realize its goals for economic development. ~~They implementation policies in the Economic Development Element establish a~~ the process by which the City Council will add projects from the element to departmental work plans. This process requires ~~that~~ 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~~ will approve 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~~ specified in the goals and policies. Projects resulting from policies with specific deadlines are projected to ~~end~~ be completed by the end of the deadline 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.

Commented [ja1]: Is this what you meant? It sounded to me like the end of the year in which the deadline was set which arguable would be he year the comprehensive plan is adopted.

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 ¹
ED-3	Annual Business Owners' Forum	3.1	Q2 Annually	Ongoing	N/A ¹
ED-4	Economic development annual docket recommendation	7.3	Q3 Annually	Ongoing	N/A ¹
ED-5	Periodic Business Roundtables	3.2	Q4 Biennially	Ongoing	N/A ¹
ED-6	Report tracking implementation of the Economic Development Element.	13.5	Q2 Biennially	Ongoing	N/A ¹
ED-7	Update Economic Development Element implementation plan	13.6	Q3 Biennially	Ongoing	N/A ¹
ED-8	Establish local business liaison position on City Council	1.2	Q1 Annually	Ongoing	N/A ¹
ED-9	Develop Small business pre-application process	7.5	Q1 2025	Q2 2025	N/A ¹
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 ¹
ED-12	Establish outdoor dining and temporary uses regulations	11.1	Q2 2026	Q3 2026	N/A ¹
ED-13	Home Business Development Code Review	7.4	Q3 2026	Q4 2026	N/A ¹
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 ²					\$190,000
Approximate Total Budget for 2026 ²					\$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 require 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 ¹
Annual Business Owners' Forum	3.1	Q2 Annually	Ongoing	N/A ¹
Jointly developed annual docket recommendation from the dedicated economic development staff and Council local business liaison	7.3	Q3 Annually	Ongoing	N/A ¹
Periodic Business Roundtables	3.2	Q4 Semi-annually	Ongoing	N/A ¹
Biennial report tracking implementation of the Economic Development Element.	13.5	Annual Q2	Ongoing	N/A ¹
Update Economic Development Element implementation plan	13.6	Quarterly	Ongoing	N/A ¹
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 ¹
Work with partners to develop a guide to doing business on Mercer Island	2.3	Q1 2026	Q4 2026	N/A ¹
Commercial development capacity analysis	1.5	Q1 2028	Q4 2029	\$40,000 ²
Approximate Total Budget for 2027 ²				\$180,000
Approximate Total Budget for 2028 ²				\$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 ¹
Annual Business Owners' Forum	3.1	Q2 Annually	Ongoing	N/A ¹
Jointly developed annual docket recommendation from the dedicated economic development staff and Council local business liaison	7.3	Q3 Annually	Ongoing	N/A ¹
Periodic Business Roundtables	3.2	Q4 Semi-annually	Ongoing	N/A ¹
Biennial report tracking implementation of the Economic Development Element.	13.5	Annual Q2	Ongoing	N/A ¹
Update Economic Development Element implementation plan	13.6	Quarterly	Ongoing	N/A ¹
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 ¹
Approximate Total Budget for 2029 ²				\$240,000
Approximate Total Budget for 2030 ²				\$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~~ are better 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-affect 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.

Commented [ja2]: I would leave "without added material or labor costs" out of all these. It seems redundant to me.

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 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 process can account for will utilize 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 Any 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.

Commented [ja3]: I guess there's not necessarily going to be a proposal each year.

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 with business leaders, the City Council Local Business Liaison, and City economic development staff. To start with initially, 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.

Commented [ja4]: Most of this is already covered in the "Project Justification," which can be tweaked to take into account this deletion.

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~~ outlined in its

Commented [ja5]: I don't understand how the timetables for ED-5 and ED-6 relate. Are they in the same year or opposite years? Maybe that can be clarified. If the Implementation Tracking is antecedent to the Roundtable, maybe their order should be switched.

Comprehensive Plan. Ultimately, the Economic Development Element implementation tracking will be a tool for the City Council 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

Project ED-7 Update Economic Development Element Implementation Plan

The City Council will update the Economic Development Element implementation plan each budget cycle. This update is required by Policy 13.6. The implementation tracking report prepared during task ED-6 will help give the City Council the information needed to determine which implementation actions from the Economic Development Element still need to be done. The biennial update to the implementation plan will coincide with the City's budget process. 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

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

Project ED-8 Establish local business liaison position on to the City Council

Economic Development Element Policy 1.2 calls for the creation of a Local Business Liaison position on to the City Council. ~~Every year, a sitting City Council member will be selected to fill this position.~~ The Local Business Liaison will serve as a point of contact for the Mercer Island business community and coordinate with economic development staff to conduct outreach to economic development stakeholders through events such as the annual business forum and periodic business roundtables. The Local Business Liaison will also work with economic development staff to propose Comprehensive Plan and/or development code amendments as needed during the annual docket process. ~~To initiate the creation of this City Council position, staff will prepare the necessary documents to establish the procedure for selecting the Local Business Liaison.~~ 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 City Council Local Business Liaison is an important piece of the Economic Development Element. The Element spells out a handful of specific duties for the Local Business Liaison and relies on this position to act as a go-between for the City Council and the business community. Establishing this position should

Commented [ja6]: For the reasons stated in my comments to the Element, I don't think the liaison should be a Councilperson.

Commented [ja7]: If we decide to have it be a councilperson, I think it needs to be a different person each year to mitigate the problems I described in my earlier comments.

increase the efficiency of implementing the economic development program at the City and create a 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/Minimizing unnecessary 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 intended to establish new ~~or~~ and 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. ~~This project would be carried out by a combination of economic development and long-range planning staff.~~ 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~~ could otherwise be beneficial to the 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 permitting costs, the impact on business startup costs, and ~~with~~ the financial needs of the City. This project ~~should~~ is intended to 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~~ any 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 have the potential to~~ 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

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 74th 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 36th 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 68th Street, west of Island Crest Way, east of 84th Avenue Southeast, and north of Southeast 71st 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.

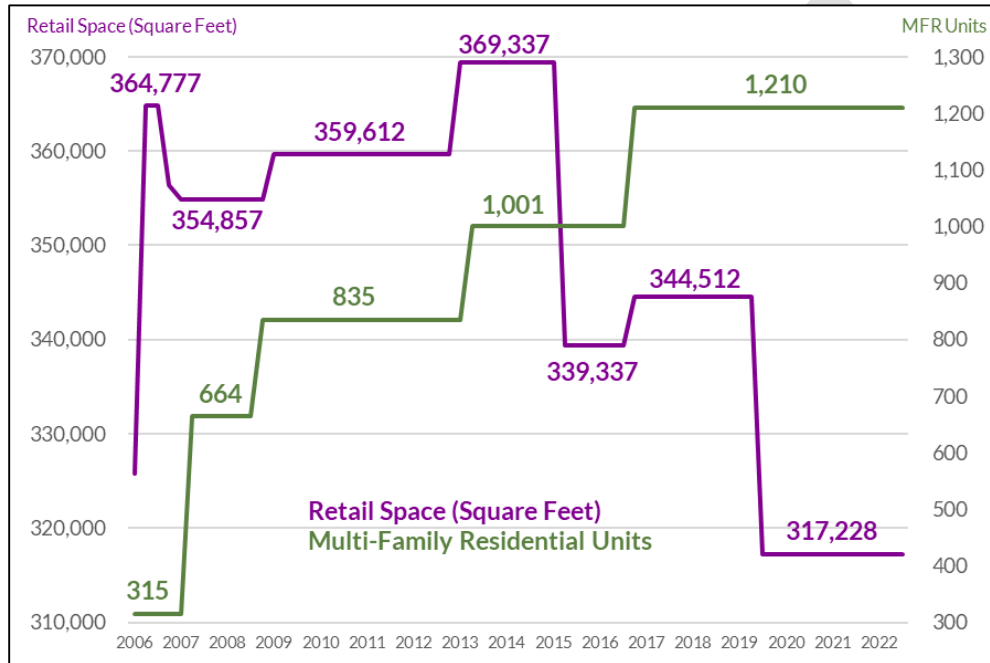
Affordability and Availability of Commercial Space

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

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

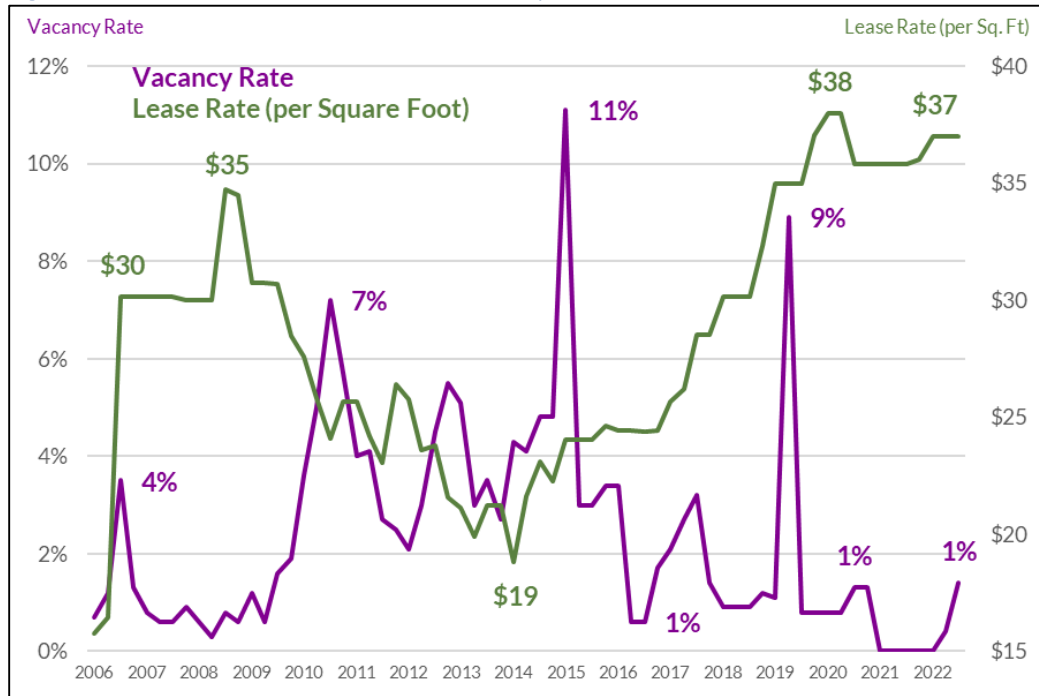
Figure 1. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



Source: CoStar, 2022; CAI, 2022.

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

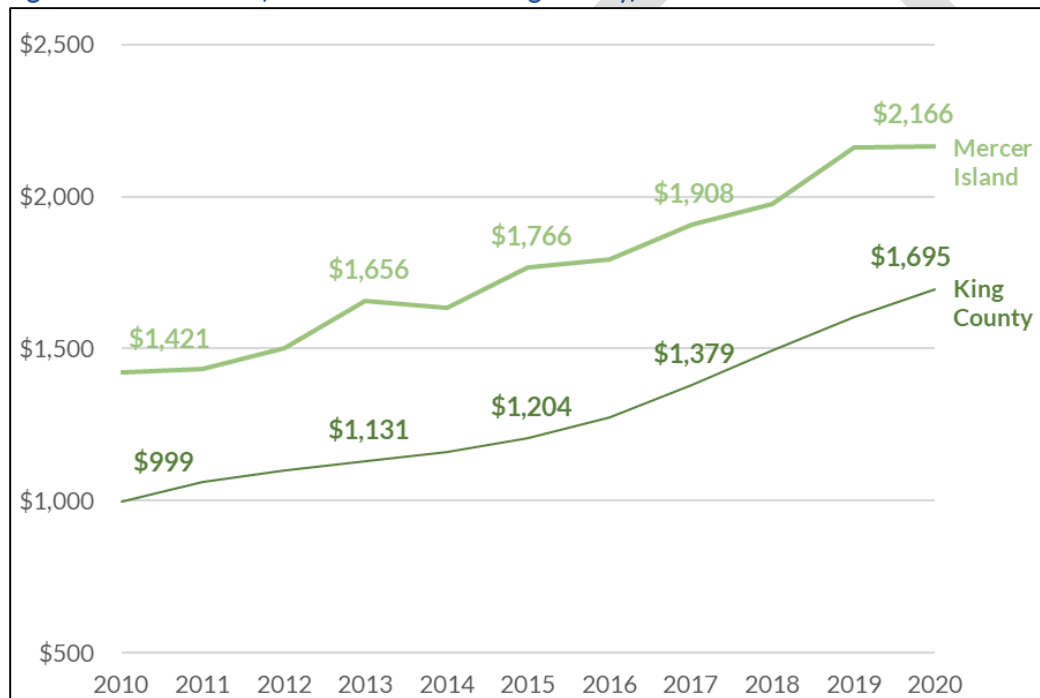
Earning Range	Count	Share
---------------	-------	-------

\$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 ed 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 Policies
32
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.

Adam Zack

From: Kian Bradley <kbradley@ucmerced.edu>
Sent: Tuesday, July 11, 2023 10:32 PM
To: Adam Zack
Subject: Planning Commission Economic Development Element feedback

Hello Adam Zack and the Planning Commission,

I am writing to provide feedback on the Economic Development Element and Implementation Plan for Mercer Island. I wanted to suggest a few points:

Single-use zoning in most of the city

The EDE and Implementation Plan do not address the possibility of opening up commercial area outside of the town center. Allowing small-scale retail (such as cafes, gyms and small professional offices) interspersed through neighborhoods would accomplish several of the EDE's stated goals:

- Goal 4, Sustainability: providing basic services nearer to residents reduces VMT (traffic). Transportation emissions are Mercer Island's single biggest contributor to greenhouse gases.
- Goal 7, Regulatory burden: Our current single-use zoning approach limits the amount of commercial area available. Opening up more area would reduce commercial rent by creating a greater supply.
- Goal 9, Gathering places: Small neighborhood establishments provide a pleasant meeting space for neighbors to interact on a regular basis. This is especially relevant for children and teenagers who must be driven by an adult to shop and meet friends.
- Goal 12, Safety: Small neighborhood establishments can be more easily reached without a car, meeting the goal of reducing car dependence and creating more human-scaled design.

I would suggest we study this as part the Implementation Plan's Project ED-10, Commercial Development Code Audit. It may also be part of Project ED-13, Home Business Development Code Review, though home businesses seem like an unrelated concept.

High housing cost

In page 2 of the EDE, the document says "higher cost housing can attract higher-income residents and customers for local businesses". I don't think this sentence is logically consistent. Higher cost housing reduces the spending power of the local customer base and generally acts as a drag on the entire economy. This sentence should be removed, and ideally the EDE should make it more clear that the high cost of housing has an adverse impact on businesses as well.

Reducing housing cost addresses goals 1 and 2 by allowing access to a customer base with more spending money and a greater local employee base.

Walkability

Despite being referred to several times in the EDE, the Implementation Plan has no goal which directly addresses the improvement of Mercer Island's commercial areas for those outside of a car. Specifically with the Town Center, the coming light rail station and Riot Games office provide us with an opportunity to create a pedestrian and bike-friendly corridor along 77th Ave SE. This would allow people to come not just for a single errand, but stay and enjoy the entire Town Center for an evening in a similar way people enjoy walking around Bellevue's downtown park and mall.

This would address goals 9, 10, 12 by increasing the attractiveness of our commercial centers, and goal 4 by meeting the environmental needs of residents.

I would suggest we modify Project ED-11, PBIA/LIA to make the 'streetscape improvements' more clearly oriented towards increasing the attractiveness for people walking and rolling in commercial areas.

Parking

The EDE is very careful to discourage any reduction in the amount of parking in our commercial areas. However, the [2023 Parking Study](#) (from the 07/05/2023 Council meeting) shows that we never exceed 71% utilization for on-street parking, and even less for off-street parking. These are both below the suggested 85% peak occupancy threshold. In addition, the study found that certain streets had a much higher utilization than others, suggesting parking is not distributed evenly.

The EDE should instead seek to more intelligently manage our existing parking supply. The report has several good recommendations, including making on-street parking times consistent; charging for parking in overutilized areas; creating loading zones; adding bicycle parking; and improving walking/biking facilities to discourage vehicle travel in the first place.

This can be addressed as part of Project ED-11, PBIA/LIA. We should modify this project's wording to be clearer about what we want our parking improvements to look like.

Thanks for reading! I hope none of this is read as a criticism of the work you are doing; I earnestly appreciate the time you're all putting in to this.

Kian Bradley

Adam Zack

From: Bonnie Godfred <bonniegodfred@gmail.com>
Sent: Thursday, July 13, 2023 12:52 PM
To: ComprehensivePlanUpdate
Subject: Draft economic plan

I scanned your 42 pages.

Seems to me the main issue for economic development is our zoning regulations. We need to stress and protect retail and restaurant space and it needs to be affordable. The only way to do this is by requiring any future development to emphasize these two areas.

The increase in residential occupancy in downtown versus the decrease in commercial occupancy in downtown is shameful and reflects the city's love affair with property developers.

Bonnie Schrader Godfred
206-304-9403



ATTACHMENT D

COMMENTS RECEIVED AFTER JULY 12

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 74th 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 36th 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 68th Street, west of Island Crest Way, east of 84th Avenue Southeast, and north of Southeast 71st 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.

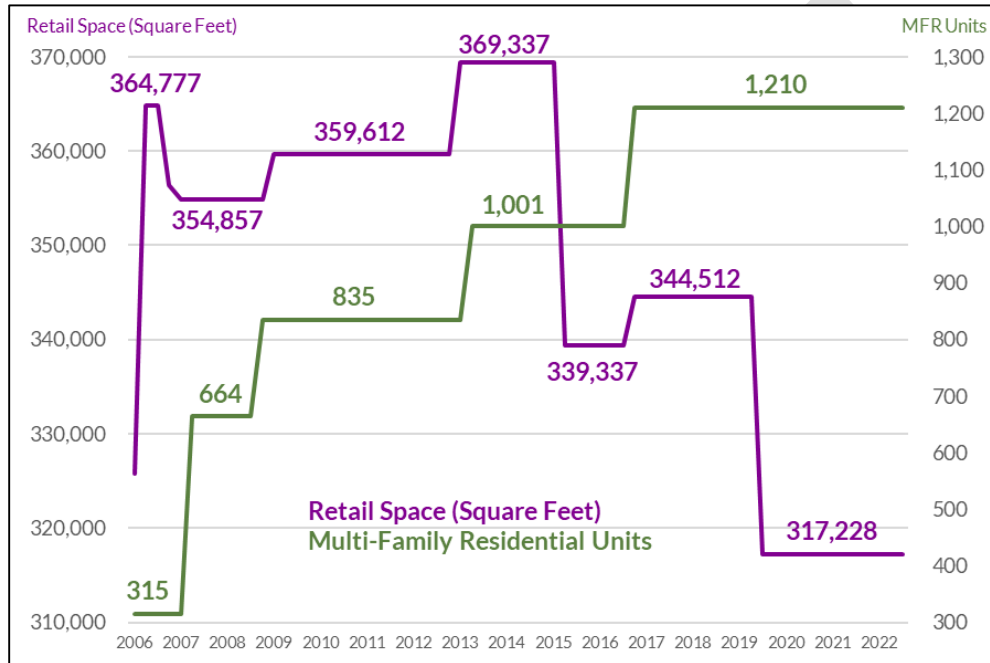
Affordability and Availability of Commercial Space

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

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

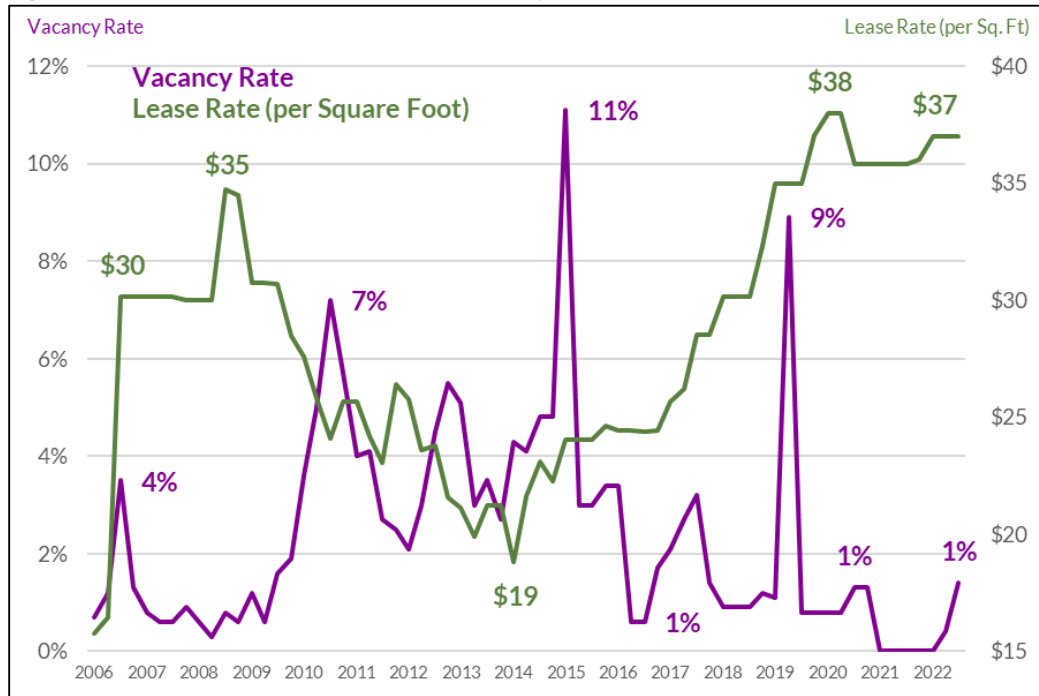
Figure 1. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



Source: CoStar, 2022; CAI, 2022.

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

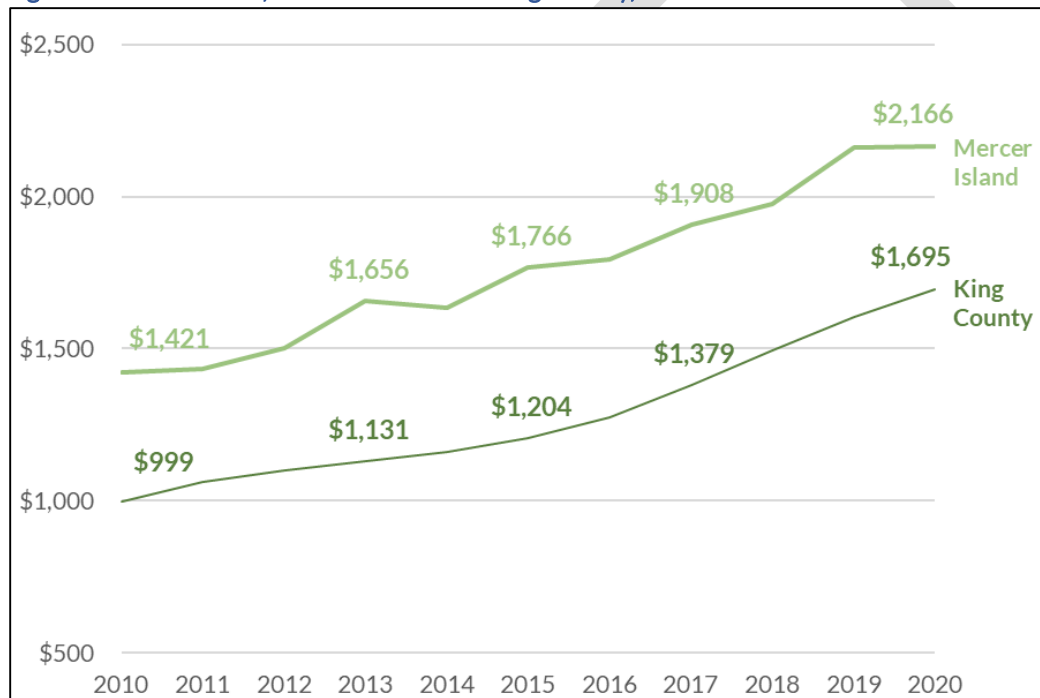
Earning Range	Count	Share
---------------	-------	-------

\$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.

July 19, 2023

Comments on Economic Development Element Draft 1
submitted by Carolyn Boatsman, Planning Commissioner

Strikeouts and edits as follows:

Page 5

Relationship to Other Comprehensive Plan Elements: The Housing, Transportation, Utilities, Capital Facilities, and Shoreline Master Program elements as well as the Comprehensive Arts and Culture Plan 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. The Arts and Culture Plan directs the provision of artistic and cultural infrastructure that draw both residents and shoppers to commercial areas. ~~These five comprehensive plan elements~~ influence the local economy as follows.

Page 5

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 several ~~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, though, higher cost housing may not translate into more disposable income or a propensity to spend that income at the types of businesses in Island commercial areas. Multifamily housing may attract residents in and near the Town Center who are more likely to choose not to own a car and may be more likely to shop local than those in detached single-family housing. The quantity of multifamily housing available may correlate with the market for the basics of everyday living, experiences such as dining out, and novelty items.

Page 6, after Shoreline Master Program

Artistic and cultural infrastructure and events in the community improve the quality of life. Well executed, they can attract residents to commercial areas where they may be more likely to shop. It may also attract workers to the Island, who in addition to contributing to the employment base, may shop here. It may also attract off Island shoppers to commercial areas.

Page 10

Opportunities Identified

- Improved transportation connections
- Arrival of large employer in Town Center
- More islanders working from home
 - More housing priced in the middle range

Page 11, after More Islanders Working from Home

More housing priced in the middle range: Recent legislation will encourage the development of more housing priced in the middle range, most of it in and near the Town Center. Residents of this housing will be located near the commercial area, will be less likely to own a car, and will be more likely to shop on foot for essentials, experiences, and novelties. The arrival of more residents in these locations will likely spur economic development.

Page 11, Threats Identified

Threats Identified

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

Page 14, after Displacement through Redevelopment

Climate Change

Climate change has the potential to have many negative effects upon the economy, many of which will be out of the control of local government. Business establishment and success as well as customer spending patterns may be affected. Mercer Island could, however, take steps to improve and market

the climate mitigation and adaptation strategies in the Climate Action Plan to attract businesses and shoppers. Businesses may want to locate where they can minimize their impact upon the climate where their employees may be more comfortable. Shoppers may seek commercial areas that are more comfortable in a warmer climate.