

COMMUNITY PLANNING & DEVELOPMENT
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PLANNING COMMISSION

TO: Planning Commission

FROM: Adam Zack, Senior Planner

DATE: August 31, 2023

SUBJECT: Comprehensive Plan Update
Economic Development Element – Third Draft

DISCUSSION DATE: September 27, 2023

ATTACHMENTS:

- A. Economic Development Element – Third Draft
- B. Economic Development Element Implementation Plan – Third Draft
- C. Comments on the Economic Development Element (updated)

PURPOSE

The purpose of this review is to obtain the Planning Commission's responses to comments on the Economic Development Element of the Comprehensive Plan and Implementation Plan (Attachments A and B). A matrix of all comments is provided in Attachment C.

BACKGROUND

The City of Mercer Island is updating its Comprehensive Plan as part of the periodic review required by the Washington 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 No. 1621](#). This element will be a completely new addition to the Comprehensive Plan. The preparation of the draft Economic Development Element involved 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

Comments on the Economic Development Element are provided in Attachment C. This attachment includes a matrix that summarizes the comments and logs each by number. The proposed amendments shown in the third draft of the Economic Development Element (Attachment A) include the assigned number for easy reference.

Seven comments were submitted by five Planning Commissioners:

Commissioner	Date Received	Comment No.
Chris Goelz	July 11	1 - 32, 46 - 47
Adam Ragheb	July 12	33 - 45
Angie Battazzo	July 17	48 - 59
Carolyn Boatsman	July 19	60
Kate Akyuz	July 26	61 - 66
Carolyn Boatsman	August 23	67 - 84
Chris Goelz	August 25	85 - 86

Public comments on the Economic Development Element are also provided in Attachment C. Where needed, staff provided clarifying notes in the comment matrix. The comment from Commissioner Chris Goelz, dated August 25, proposes some changes to and withdrew several comments from his July 11 comment. The third draft of the Economic Development Element and comment matrix were updated to reflect the new comments.

REVIEW PROCESS

At its July 26 meeting, the Planning Commission reviewed the Economic Development Element line-by-line. That review concluded at Policy 1.9, addressing the introductory text and 9 of the Element's 51 policies. Unless the Planning Commission makes significant progress on completing its review of the remaining 42 policies at its September 27 meeting, it is anticipated that the Planning Commission will need to schedule special meetings to complete its review prior to the end of 2023.

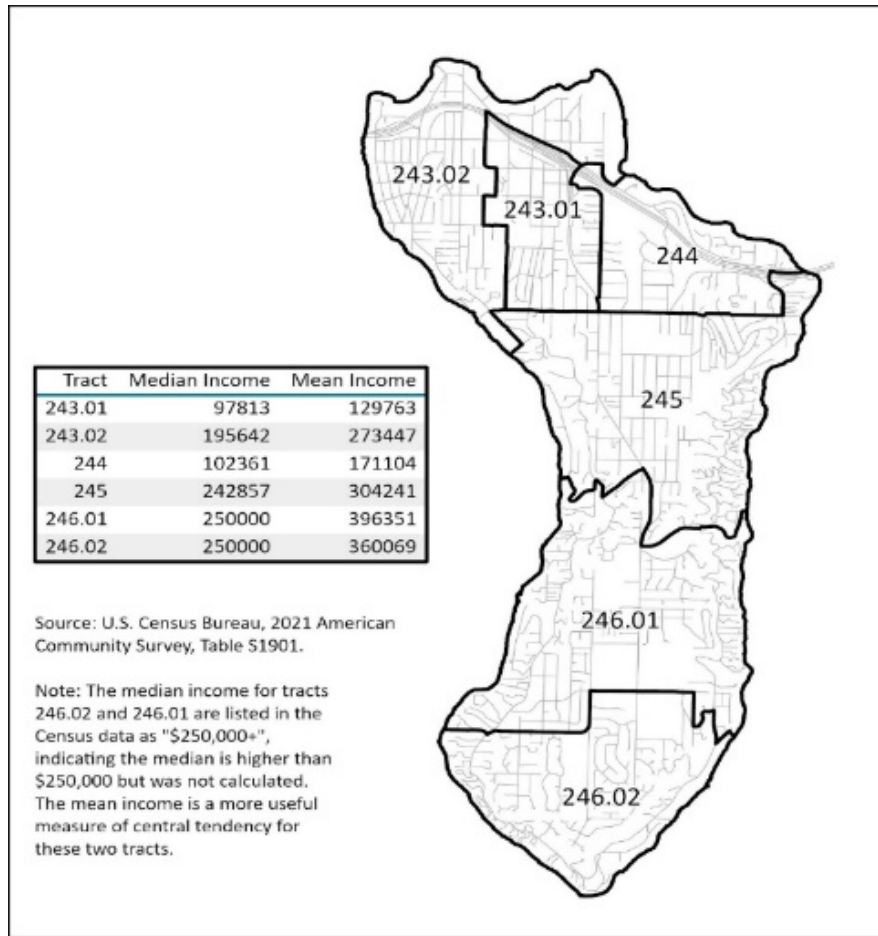
It is important to note that the November meeting is reserved for review of the 2024 Annual Docket; leaving the October and December meetings for the Planning Commission to finalize its review after September. Additionally, December meetings are historically difficult to schedule due to the holidays. Depending on the outcome of the September 27 review, staff recommends the following dates if additional meetings are needed:

- Wednesday, October 4
- Wednesday, November 1 or 8
- Wednesday, December 6 or 13

ADDITIONAL INFORMATION

The Planning Commission asked for additional information about income by location. At the top of page 3, Figure 1 shows the U.S. Census Bureau Census Tracts and the median and mean income for each tract from the 2021 American Community Survey (ACS). Table 1 (see page 3) shows the detailed income data by census tract from the 2021 ACS, Table S1901.

Figure 1. Mercer Island Census Tracts and 2020 Average Income.



Source: U.S. Census Bureau, 2021 American Community Survey, Table S1901.

Table 1. Mercer Island Estimated 2021 Income by Census Tract.

	Tract 243.01	Tract 243.02	Tract 244	Tract 245	Tract 246.01	Tract 246.02
Total	2,470	1,505	1,201	1,716	1,635	1,231
Less than \$10,000	6.1%	3.6%	5.0%	0.0%	2.1%	1.5%
\$10,000 to \$14,999	0.0%	0.0%	2.2%	0.4%	0.3%	1.0%
\$15,000 to \$24,999	8.7%	1.1%	2.1%	1.0%	6.2%	1.4%
\$25,000 to \$34,999	8.6%	11.0%	6.7%	1.5%	0.4%	0.6%
\$35,000 to \$49,999	3.4%	3.3%	9.1%	6.0%	3.1%	2.0%
\$50,000 to \$74,999	11.7%	12.8%	10.3%	4.6%	2.9%	6.5%
\$75,000 to \$99,999	12.1%	5.3%	12.6%	2.4%	1.1%	0.6%
\$100,000 to \$149,999	17.8%	9.7%	18.2%	14.2%	12.7%	11.0%
\$150,000 to \$199,999	12.0%	6.4%	8.2%	8.1%	6.8%	9.7%
\$200,000 or more	19.6%	46.8%	25.8%	61.7%	64.3%	65.5%
Median income (dollars)	97,813	195,642	102,361	242,857	250,000+	250,000+
Mean income (dollars)	129,763	273,447	171,104	304,241	396,351	360,069

Source: U.S. Census Bureau, 2021 American Community Survey (ACS), Table S1901.

PLANNING COMMISSION REVIEW SCHEDULE

September 20	All comments and questions are due by September 20. This allows all Commissioners the opportunity to consider each comment in advance of the September 27 meeting. Please email comments to Alison Van Gorp at alison.vangorp@mercerisland.gov.
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. Additional meeting(s) will be scheduled following the September meeting depending on the progress made at the September meeting.
Remaining Review	Once the Planning Commission arrives at a public hearing draft of the Economic Development Element and Implementation Plan, there will be more rounds of review: • The City will hold an open house on the Comprehensive Plan update to gather public input. • After the open house, the Planning Commission will hold 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 between Bellevue and Seattle makes it a prime location for businesses looking to draw workers and customers from larger surrounding cities. 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.

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%	-
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

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

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

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

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

The Mercer Island population is well-educated. A little more than 82 percent of residents over the age of 25 have completed a college degree, having earned an associate's degree or higher educational attainment. For comparison, about 64 percent of the population over 25 in King County have an associate's degree or higher educational attainment. The high educational attainment of Mercer Island residents indicates that the on-island work force is highly skilled. Table 2 shows the educational 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 is home to different types of commercial development. 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 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 ramps 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 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 and the resultant regulations largely confine commercial land uses to three distinct commercial districts. This focuses the future economic growth in the City to those districts.

Each of the three commercial areas 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. 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 [no consensus] 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, the space in which commercial activity can take 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 and Other Plans

The Housing, Transportation, Utilities, Capital Facilities, and Shoreline Master Program elements all interact with 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~~ several 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,~~ though, higher cost housing may depress financial resources and reduce customer spending overall, including at Island businesses. Less expensive, 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 and experiences such as dining out. [Comment Log #60 and #67]

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 local businesses, all of which need reliable sewer, water, power, and internet. 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 critical to the provision of services to the local economy. In addition to planning for public assets, the Capital Facilities Element includes goals and policies to support a high quality of life, which can attract new businesses and workers to 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.

Other Plans

The Comprehensive Plan includes several other plans that address specific topics. As components of the Comprehensive Plan, those other plans relate to the Economic Development Element. Some of the other plans include:

- **The Arts and Cultural Plan** – Directs the provision of artistic and cultural infrastructure that draw both residents and shoppers to commercial areas. Artistic and cultural infrastructure and events in the community improve the quality of life. Well executed, they can attract local and off-island 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. [Comment Log # 67]
- **The Pedestrian and Bicycle Facilities Plan** – Establishes strategies maintaining and improving pedestrian and bicycle infrastructure to provide multimodal connections throughout the City.
- **Parks, Recreation and Open Space Plan** – Plans for the maintenance, improvement, and development of parks and open space.
- **Climate Action Plan** – Establishes the strategies the City will use to reduce greenhouse gas emissions and address the impacts of climate change.
- **Capital Improvement Plan** – Lists the capital investments the City will make through 2044.
- **Transportation Improvement Program** – Lists the Transportation Element implementation projects the City will undertake throughout the life of the Comprehensive Plan.

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 prosperity, environment, and social cohesion 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.

High Quality of Life

The high quality of life on Mercer Island is a considerable strength. The Island's parks, open space, high quality public schools, safe and walkable neighborhoods, and cultural amenities 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 may also serve as a draw for off-island visitors to patronize local businesses. Since this high quality of life is a considerable strength, it must be protected. [No consensus Planning Commission asked Chris Goelz to draft an amendment]

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 and King County. Figure 1 shows the median household income in King County and Mercer Island between 2010 and 2020. It is worth noting that over the last few years, the percent gap between King County and Mercer Island household income has been closing.

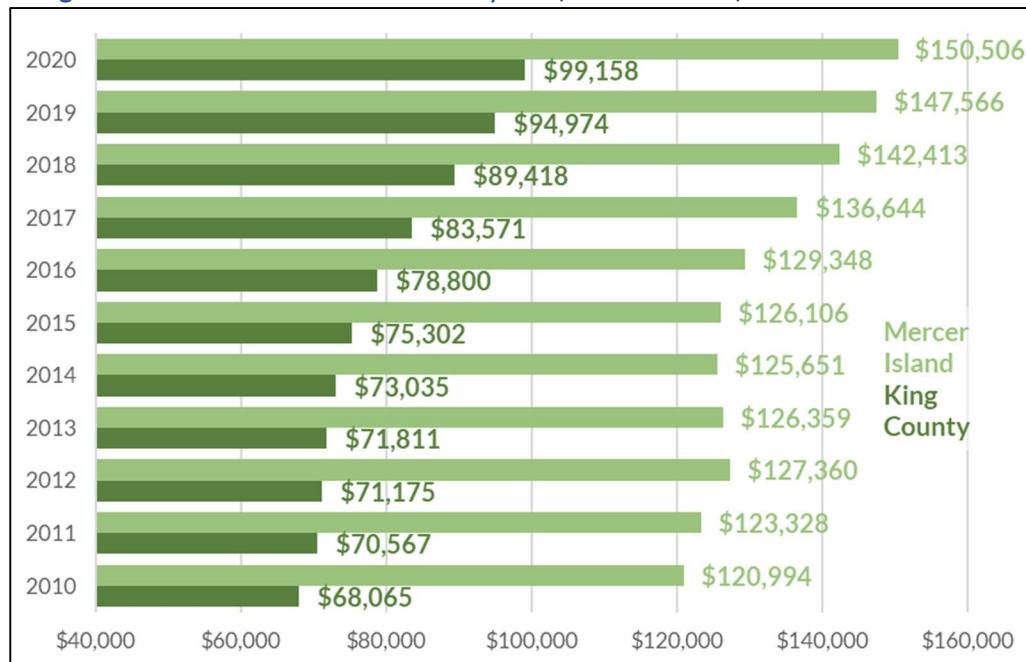
Table 4. Household Income and Benefits, 2021.

Income and Benefits in 2021 Inflation-Adjusted Dollars		
	Mercer Island	King County
Total households	9,758	924,763
Less than \$10,000	3.3%	4.7%
\$10,000 to \$14,999	0.5%	2.4%
\$15,000 to \$24,999	4.0%	4.3%
\$25,000 to \$34,999	5.1%	4.2%
\$35,000 to \$49,999	4.3%	7.4%
\$50,000 to \$74,999	8.3%	12.2%
\$75,000 to \$99,999	6.1%	10.3%
\$100,000 to \$149,999	14.3%	18.1%
\$150,000 to \$199,999	8.8%	12.1%
\$200,000 or more	45.3%	24.4%
Median household income (dollars)	\$170,000	\$110,586
Mean household income (dollars)	\$261,417	\$154,122

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

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

Figure 1. Median Household Income by Year, Mercer Island, 2010 to 2020



Source: American Community Survey, 2010, 2020; CAI, 2022.

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. 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. 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. They represent topic areas the City can apply policy mechanisms to minimize, reduce, or overcome impediments to a healthy local economy. Weaknesses are listed and discussed below.

Permitting and Regulatory Environment

Permitting challenges, difficulty navigating the development code, and protracted permitting processes 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. [PC directed staff to combine original sentences 1 and 2, staff draft is shown above] 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. Permit fees and the time spent on permit review are also ~~Another~~ challenging factors 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 unnecessarily restrict or complicate the process of starting or expanding a business. Another way for the City to address this weakness is 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

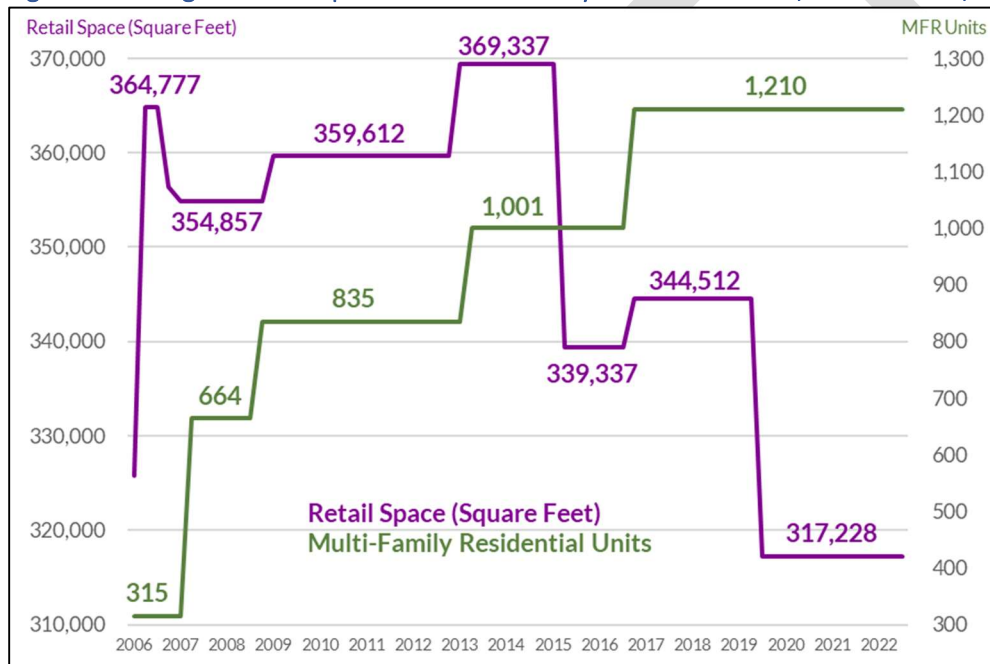
The lack of commercial space in the city and its cost can be a challenge for new business formulation and expansion of existing businesses. Under the current zoning, commercial activities are largely limited to three areas in the city. The largest of these areas, Town Center, is a mixed-use area where 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.

The City's future land use map in the Land Use Element and the zoning that implements that policy framework limits the areas where commercial uses are allowed to the Town Center, the planned business zone, and commercial-offices zone. The size of commercial zones can influence the cost and availability of commercial real estate. If the area available for commercial development is not large enough to accommodate the projected growth, prices can rise, and businesses can have trouble finding available spaces as supply reduces. The City must monitor the size of its commercial areas to ensure that the supply of developable commercial land is not so restricted that it limits opportunities for development. This is why the GMA includes a requirement to plan for projected growth in the form of adopting an employment growth target. The employment growth target is derived from the projected population increase through the planning period. By setting an employment growth target and ensure the Comprehensive Plan can

accommodate that target, the City can ensure that commercial areas are sized appropriately. [Planning Commission asked staff to incorporate information about how zoning influences commercial areas]

Figure 2 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. 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%.

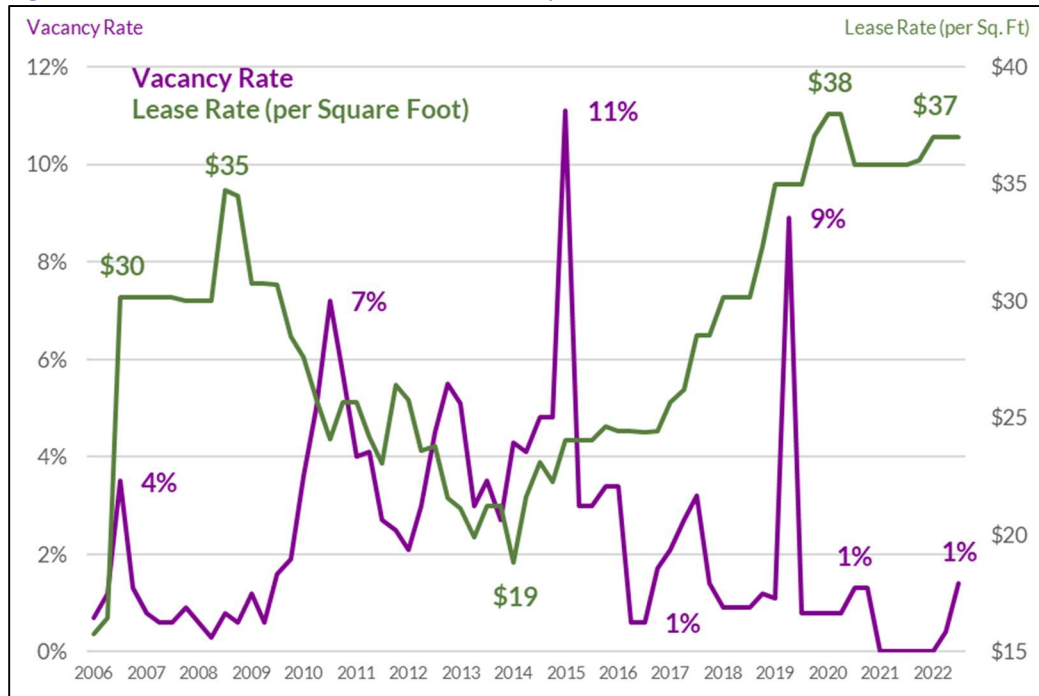
Figure 2. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



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 3) 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 3. 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 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.

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 off-island people. 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, and impacts are adequately addressed.

[Planning Commission asked staff to draft clause at the end of this sentence referring to impacts] 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. 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.

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 locally. The arrival of more residents in these locations will likely spur economic development. [Comment Log #60 and #67]

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.

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 commercial and housing 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 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 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.

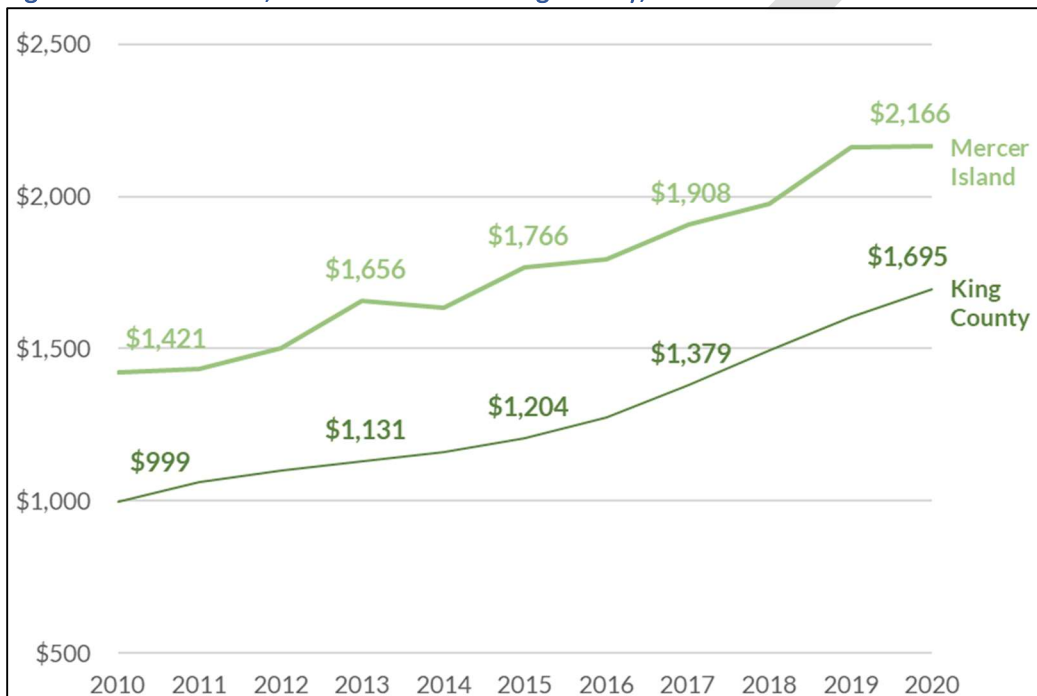
Table 6. Mercer Island Jobs by Earnings, 2019.

Earning Range	Mercer Island		King County	
	Count	Share	Count	Share
\$1,250 per month or less (\$15,000 annually)	1,738	24.6%	188,902	13.7%
\$1,251 to \$3,333 per month (\$15,012 to \$39,996 annually)	1,995	28.2%	299,798	21.7%
More than \$3,333 per month (more than \$39,996 annually)	3,338	47.2%	891,181	64.6%

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 4 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 4. 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 occur through redevelopment of existing commercial buildings, which can displace businesses in older developments. 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. The City can monitor the supply of developable commercial land to determine whether the availability of commercial space is not increasing the displacement risk for local businesses.

Climate Change

Climate change has the potential to have negative effects upon the economy. Business establishment and success as well as customer spending patterns may be affected. Though many of the impacts of climate change may be out of the control of local government, Mercer Island should implement and market the success of climate mitigation and adaptation strategies included in the Climate Action plan to attract businesses and shoppers. Businesses may want to locate where they can minimize their impact

upon the climate and where their employees may be more comfortable. Shoppers may seek commercial areas that are more comfortable in a warmer climate. [Comment Log #60 and #67]

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. [Next Discussion: Keep 1.2 as originally drafted or drop policy all together?]
- 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~~ could focus marketing materials on the following nonexclusive list:
 - 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 the Mercer Island's economy's assets strengths that can attract businesses such as high quality of life, business friendly environment, and prime location. [on 7/26 PC requested that staff draft an amendment to 1.8.D]
- 1.9 Encourage the planting of trees in the City's business districts. [Comment Log #6] [Comment Log #68 proposes moving this policy to be listed under Goal 4]

1.10 Study relocation of City Hall facilities to downtown Mercer Island at the publicly owned parcel known as the "Tully's Property". The new facility to include a public park and serve as a gateway from Sound Transit light rail to downtown Mercer Island. Staffed Police and Planning service counters to be housed on the ground floor. [Comment Log #62]

1.10 Study the feasibility of relocating City Hall facilities to Town Center. The study should consider creation of a public park, establishing City Hall as a gateway from the Sound Transit Light Rail Station, public access to City services, and accessibility for all Mercer Island residents. [staff alternative, see Comment Log #62]

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~~ people interested in starting new businesses. [Comment Log #69]

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 Identify and adopt measures to reduce displacement of existing businesses as new development occurs. Notify nearby businesses of any potential redevelopment. **[Comment Log #13 and #85]**

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] OR

4.2.D Be guided by relevant strategies in the Climate Action Plan Addressing the impacts of climate change to reduce the negative its effects of climate change on doing business in the City and to attract businesses, workers, and customers in a warming climate. [Comment Log #70]

4.3 Be Consistent with ~~Consider~~ Climate Action Plan strategies during economic development decision making.

4.3.A Enhance City-led street tree planting in the right-of-way and promote street frontage planting by commercial property owners.

4.3.B Encourage the establishment of vegetated walkways and rest areas to combat heat island effect in commercial areas. [Comment Log #71]

~~4.4 Identify and adopt measures to reduce displacement of existing businesses as new development occurs.~~ [Comment Log #85 moved this and combined with Policy 3.7]

[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]
- 6.3 Take steps to increase the supply of affordable and housing priced in the middle range on the island. [Comment Log #73]
- 6.4 Establish a minimum wage on Mercer Island. [Comment Log #64]
- 6.5 Provide tax incentives to retailers, landscapers, and home health care services that provide living wage jobs, paid time off, and health insurance to their employees. [Comment Log #64]
- 6.6 Coordinate with the Housing Element to ensure that the employees that work in our community have future opportunities for housing in our community. [Comment Log #64]
- 6.6 Ensure that employees that work in our community have access to housing in the City that is affordable given their income level. [staff alternative, see Comment Log #64]

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 - Withdrawn]
 - 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] [Comment Log #74]
- 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] [Comment Log #75]
- 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]

- 1
2 7.5 Establish a small-business pre-application process to help guide applicants through the permitting
3 process.
4
5 7.6 Convene an ad hoc committee of at least one architect, at least one developer, the Mercer Island
6 Building Official, ~~the business owner~~ Planning Commissioner, and City Council local business
7 liaison to develop proposed amendments to City codes to better facilitate adaptive reuse of
8 commercial real estate. The ad hoc committee's proposed amendments should be submitted
9 through the annual docket process. [Comment Log #76]
10
11 7.7 Study allowing small scale retail outside the existing commercial districts. [Comment Log #86]
12

13 IV. Business and Customer Attraction Goals and Policies

14
15 **Goal 8 – The Mercer Island business ecosystem includes a diversity of goods and services**
16 **enjoyed by residents and visitors.**
17

18 [Comment Log #25] - Withdrawn: Possibly move Goal 8 policies to Goal 2.
19

20 Policies

- 21
22 8.1 Ensure land use regulations in commercial zones allow a diversity of commercial uses.
23
24 8.2 Encourage commercial offices to locate in Mercer Island to bring more potential daytime
25 customers to the Island without displacing existing retail space.
26

27 **Goal 9 – The commercial areas in Mercer Island, and especially the Town Center, are lively,**
28 **vibrant gathering places for the community and visitors.**
29

30 [Comment Log #26] - Withdrawn: Possibly Combine Goal 9 policies with Goal 4 policies, under Goal 4
31

32 Policies

- 33
34 9.1 Encourage arts and cultural activities in commercial zones to draw the community to commercial
35 areas.
36
37 9.2 Partner with community organizations to develop a program to activate Town Center in the
38 evening. The program should include strategies such as:
39
40 9.2.A Evening events to draw people to Town Center;
41 9.2.B Focusing on arts and cultural experiences;
42 9.2.C Engaging local nonprofits; and
43 9.2.D Incorporating existing community events.
44

45 **Goal 10 – Commercial areas are attractive and inviting to the Mercer Island community and**
46 **visitors.**
47

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] [Comment Log #77]
- ~~10.5 Review residential development standards and consider addition of small neighborhood establishments such as cafes and small boutique grocery. [Comment Log #65]~~

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 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]

12.4 Ensure that sufficient parking is provide 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 #78] proposes striking the last sentence of Policy 12.4]

12.5 All new and improved public plaza development is aligned with the Pedestrian and [Bicycle] Facilities Plan so that safe walking and cycling routes are provided for residents, especially children, connecting neighborhoods with downtown public spaces. [Comment Log #66]

12.5 Align the development of public space with all City functional plans, including the Pedestrian and Bicycle Facilities Plan, to create safe walking and cycling routes that connect residential areas with public spaces. [staff alternative, see Comment Log #66]

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.

1 Policies

- 2
- 3 13.1 Utilize federal, state, regional, and King County resources to implement this element.
- 4
- 5 13.2 Encourage public-private partnerships to achieve the goals of this element.
- 6
- 7 13.3 Seek grant funding for programs and activities that implement the policies of this element.
- 8
- 9 13.4 Appropriate funding for the implementation of this element through the City budget process.
- 10 Funds should be allocated at the same time projects are added to City department work plans to
- 11 ensure programs and projects are adequately funded to achieve the goals of this element.
- 12
- 13 13.5 Prepare a biennial report tracking implementation of the Economic Development Element. The
- 14 report will be provided to the City Council prior to adoption of the budget.
- 15
- 16 13.6 Establish an implementation timeline for this element each budget cycle. The implementation
- 17 timeline can be updated and amended each budget cycle to reflect the resources available to
- 18 accomplish actions to implement this element. The implementation timeline should detail the
- 19 following:
- 20
- 21 13.6.A Actions from this element to be added to department work plans for the upcoming
- 22 budget cycle;
- 23 13.6.B Actions from this element that should be added to work plans in the next three to six
- 24 years; and
- 25 13.6.C Actions from this element that should be added to future work plans in seven or more
- 26 years.
- 27
- 28 13.7 Respond to potential budget shortfalls for actions to implement this element with the following
- 29 strategies in descending order of priority:
- 30
- 31 13.7.A Alternate funding sources;
- 32 13.7.B Public-private partnerships;
- 33 13.7.C Reducing project or program scope to align with current budget constraints;
- 34 13.7.D Delaying projects to the next budget cycle; and
- 35 13.7.E Amending the policies of the Economic Development Element to reflect the City's capacity
- 36 to implement the element.
- 37

2025-26

Economic Development Implementation Plan



Community Planning and Development
City of Mercer Island



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

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Economic Development Element Implementation

The 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~~ 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 ~~Minimizing unnecessary~~ compliance costs for business owners;
- Minimizing the duration ~~delay~~ and reduce uncertainty of 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, while ensure that home businesses remain compatible with neighboring residential uses.

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 ~~may be able to 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

~~It is anticipated that t~~This project is ~~expected to~~ will 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

ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX, VERSION 2

UPDATED 08/31/2023

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. Additional Comment Dated 8/25/2023: as discussed at the meeting, remove 1.2. For the reasons previously discussed, I think having a council liaison is a bad idea and the new staff position give the business community's concerns a lot more visibility. If we were to strike this provision, references to the business liaison would be removed throughout.	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 Withdrawn (see comment dated 8/25/2023)

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UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
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.~~ Comment: Too granular. I'd probably fold this together with 1.4 and 2.1.	Deliberation Needed
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 On July 26, the Planning Commission proposed amending the draft policy to: “Encourage the planting of trees in the City's business districts.” The Planning Commission asked staff to review the Climate Action Plan (CAP) for tree planting strategies and actions. The CAP establishes Natural Systems Strategy #1, which states: “Increase urban tree canopy and green space.” The CAP includes two actions related to Natural Systems Strategy #1. The first, Action NS1.1 states, “Develop programs to support and encourage residents and large property owners to plant the right tree in the right place and sustain existing trees with reduced cost or free trees. Offer tree-awareness campaigns and classes to educate the community and develop tree planting demonstration programs.” The second, Action NS1.2 states, “Enhance City-led street tree planting in the right-of-way and assess long-term stewardship needs; promote street frontage plantings by businesses.” Staff Recommendation: The proposed policy as amended on July 26 is consistent with the CAP. Further specificity in the Economic Development Element is not necessary because the CAP already includes actions the City has committed to doing as part of its climate change response. Inserting additional details in the Economic Development Element would spread direction between disparate components of the

ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX, VERSION 2

UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
			Comprehensive Plan. The CAP is the appropriate place in the Comprehensive Plan to establish specific strategies and actions related to Climate change. The policies of the Economic Development Element should focus on establishing links between climate actions and economic development policies but leave the climate-specific direction to the CAP.
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 the</u> 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~~ “Shop Mercer Island” marketing campaign ~~includes visible to~~ transit riders.	Simple Amendment See second draft

ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX, VERSION 2

UPDATED 08/31/2023

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. Additional Comment Dated 8/25/2023: Move existing 4.4 here and combine with new language: Identify and adopt measures to reduce displacement of existing businesses as new development occurs. Notify nearby businesses of any potential redevelopment.	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. Additional Comment Dated 8/25/2023: incorporate into new 3.7 -- see #13 above.	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 Withdrawn (see comment dated 8/25/2023)
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. Additional Comment Dated 8/25/2023: I'd propose simply amending the language of the original 6.1 to be "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." Don't add the new paragraph.	Deliberation Needed See second draft

ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX, VERSION 2

UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
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.~~ Additional Comment Dated 8/25/2023: I'd propose simply amending the language of the original 6.1 to be "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." Don't add the new paragraph.	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."	Withdrawn (see comment dated 8/25/2023) 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 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.	Deliberation Needed See second draft

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UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
		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.	
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. Additional Comment Dated 8/25/2023: as suggested in comment #3, rewrite to remove liaison: Evaluate additional process or code improvements on an annual basis with input from the economic development staff and Climate Action Plan project manager. This evaluation should inform the development of annual docket recommendations as needed.	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. Withdrawn (see comment dated 8/25/2023)
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

ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX, VERSION 2

UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
			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. Withdrawn (see comment dated 8/25/2023)
27	Chris Goelz	Policy 10.1: Strike policy 10.1	Deliberation Needed See second draft
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. Withdrawn (see comment dated 8/25/2023)
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:

ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX, VERSION 2

UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
			- 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. Withdrawn (see comment dated 8/25/2023)
31	Chris Goelz	Policy 11.2: Seek to create more community gathering spaces <u>(including parklets)</u> when considering development standards in Town Center.	Simple Amendment Changed parenthetical in the draft, see second draft Withdrawn (see comment dated 8/25/2023)
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
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.

ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX, VERSION 2

UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
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
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.

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UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
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
48	Angie Battazzo	Page 6, line 30: What defines this [high quality of life]? What are the metrics/stats demonstrating quality of life? By what standard?	At the meeting on 7/26, the Planning Commission agreed by consensus to strike the listed item this comment refers to.
49	Angie Battazzo	Page 6, line 32: Be more specific about the connection. Location? Transit/transportation?	At the meeting on 7/26, the Planning Commission agreed by consensus to strike the listed item this comment refers to.
50	Angie Battazzo	Page 14, line 2: Goals don't address wage and skill distribution gaps in the business ecosystem that grows the economy and fosters resilience. As demonstrated by the data, most jobs available in Mercer Island don't pay enough to afford to live in Mercer Island. Job-type by wage, not just "wage growth" needs to be more directly addressed in the goals and plans. For discussion.	
51	Angie Battazzo	Policy 4.1: Isn't the quality of life being cited as "high" and already a strength? Why would we invest in something already considered a strength?	The quality of life is cited as being a strength in the Economic Development Element introductory text. The idea behind listing strengths was that these are areas the City can build upon as it grows its economy. The intent behind policies that are aimed at quality of life is to help ensure that as the economy grows, it does not come at the expense of an identified strength.
52	Angie Battazzo	Policy 4.2: Recommend additional synthesis work looking at economic resilience efforts within the area. Job growth in specific wage categories paired with affordable housing were found to be CRITICAL factors in building economic resilience in Puget Sound (see analysis prepared for Challenge Seattle/Seattle Chamber of Commerce circa 2015, and updated work by Greater Seattle Partners.	
53	Angie Battazzo	Goal 5: Are we suggesting that there is a workforce on Mercer Island that is skilled, and that we should be recruiting that workforce to work on the island? The summary goal, combined with 5.2 below introduces confusion – are we	There are two policies directed at the workforce under Goal 5. The first, Policy 5.1, states, "Partner with regional, statewide, and federal agencies to connect job seekers in the region with opportunities on Mercer Island." This policy aims to connect people with on-island job opportunities to ensure that businesses have access to workers. The second, Policy 5.2, states, "Partner with community organizations in the City and

ECONOMIC DEVELOPMENT ELEMENT COMMENT MATRIX, VERSION 2

UPDATED 08/31/2023

Log #	Received From	Comment/Question	Staff Response
		trying to recruit tradespeople who live here? Or recruit businesses with tradespeople? For? This goal could use more work for clarity.	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.” This policy is more specific, focusing on tradespeople and high-skilled workers. Both policies do not whether workers should come from outside the City or within. The lack of specificity here should allow the City to pursue connecting employers with workforce, regardless of where the workforce resides.
54	Angie Battazzo	Goal 6: More in line with my previous comment about resilience being tied to middle-wage jobs and housing opportunities... but there is a convolution between creating those jobs, and recruiting residents to work in them... would be valuable to further develop/explore intent around desired measures of people who both work, and live on the island. Needs to be further developed.	
55	Angie Battazzo	Policy 6.1: This warrants further analysis and synthesis about a goal that seeks to have more current residents actually work on the island. Is that what we mean here? Aren't there more direct and meaningful ways to address VMT [vehicle miles traveled], like provide more transit, carpool, and mode shifts?	Policy 6.1 states, “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.” [Note: Comment #17 proposes amendments to this policy]. This policy is directed at increasing on-island job opportunities for residents as the City plans to meet its employment growth target and lists some of the reasons for doing so. Other Comprehensive Plan policies address the transportation considerations for reducing VMT, primarily those in the Transportation Element.
56	Angie Battazzo	Goal 7: One really important way a municipality can reduce the burden on residents and businesses is to have permit and regulatory staff be AVAILABLE to discuss issues directly. Lowering costs and minimizing delays is great – but one of the best ways a City can support goals and policies is to reinforce that City staff is directly available to help troubleshoot issues. Automated responses on emails, email-only communication, long wait times to connect with a human who can troubleshoot in a conversation are major barriers to business start-up, retention, and development. Staff availability is critical.	
57	Angie Battazzo	Policy 10.3.F: In a city with a plethora of public space, and an econ dev plan that starts out by saying the quality of life is already high—and a limited amount of area to further develop business interests—how does increasing public space make commercial areas more attractive? Is this necessary? Seems like it will put additional tension on a limited business environment system.	Increasing public space can make commercial areas more desirable and encourage people to spend more time, and money, in those areas. Several public comments received during the public outreach indicated that the community is interested in increasing the public space in commercial areas to make them more attractive. There is a tension between providing more public space and providing adequate space for new or expanded commercial development. The Comprehensive Plan seeks to balance these two competing aims through the totality of its policies. For example, Policy 1.5 directs the City to analyze developable land in commercial areas to ensure there is adequate land capacity for new and expanding businesses. This

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			analysis would consider any requirements for public space and allow the City to assess whether those policies might be unduly constraining development.
58	Angie Battazzo	Policy 12.2: Mercer Island's transit system is comparably less developed than Boise, Idaho. In order to reduce car dependence, you must provide an alternative that people will actually use. Would be worth exploring this further, and tailor a solution set that truly accounts for the residents user patters before addressing regulatory changes.	
59	Angie Battazzo	Goal 13: What about a goal studying like-communities to evaluate specific econ dev approaches with a greater likelihood of success given the unique environment of Mercer Island?	
60	Carolyn Boatsman	Text Amendments on page one through fourteen.	Simple Amendment See Third draft
61	Kate Akyuz	Text amendment on page nine	Simple Amendment See Third draft
62	Kate Akyuz	Proposed New Policy Under Goal 1: Study relocation of City Hall facilities to downtown Mercer Island at the publicly owned parcel known as the "Tully's Property". The new facility to include a public park and serve as a gateway from Sound Transit light rail to downtown Mercer Island. Staffed Police and Planning service counters to be housed on the ground floor.	Deliberation and Direction Needed If the Planning Commission decides to add this policy, staff recommends making the policy slightly less prescriptive to allow leeway if a specific location of design is needed. An alternative such as the following would provide similar direction and leave space for the City to implement it as future conditions may vary: <u>Study the feasibility of relocating City Hall facilities to Town Center. The study should consider creation of a public park, establishing City Hall as a gateway from the Sound Transit Light Rail Station, public access to City services, and accessibility for all Mercer Island residents.</u>
63	Kate Akyuz	Goal 6: No polices in this section address the poverty wages that workers in our community are paid to provide our residents services. There are very few teenagers working in our grocery stores or caring for the elderly. These jobs are done by adults, often with families.	
64	Kate Akyuz	Proposed New Policy(ies) Under Goal 6: 1. Establish a minimum wage on Mercer Island. 2. Provide tax incentives to retailers, landscapers, and home health care services that provide living wage jobs, paid time off, and health insurance to their employees.	Deliberation Needed <u>Minimum Wage</u> The minimum wage is currently \$15.74/hr. in Washington State (https://www.lni.wa.gov/workers-rights/wages/minimum-wage/) Seattle and SeaTac are the only two cities that have adopted higher minimum wages (Seattle: \$18.69/hr., SeaTac: \$19.06/hr.). Establishing a minimum wage on Mercer Island would

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		3. Coordinate with the Housing Element to ensure that the employees that work in our community have future opportunities for housing in our community.	require considerable resources to study where the minimum wage should be set and the economic impacts of that decision. Additional public outreach would also be necessary. This policy would probably take around two or three years to implement. <u>Tax Incentives</u> If the Planning Commission decides to add this policy, the City would need to study the potential tax incentive options available and analyze their impacts. This is another project that would require significant resources to pursue given the type of analysis needed. This policy would probably take around eighteen months to two years to complete. <u>Housing Element</u> The first clause of this policy (“Coordinate with the Housing Element”) is not really necessary. The elements of the Comprehensive Plan are all part of the same document and are necessarily coordinated because they are required by the Growth Management Act to be internally consistent. If the Planning Commission would like to pursue this policy, the following alternative is recommended: <u>Ensure that employees that work in our community have access to housing in the City that is affordable given their income level.</u> Note: Comment #19 proposes a new policy under Goal 6 that addresses housing affordability. The Planning Commission could combine that proposed policy and this proposal. The staff proposed alternative above would address both comments.
65	Kate Akyuz	Proposed new policy under Goal 10: Review residential development standards and consider addition of small neighborhood establishments such as cafes and small boutique grocery.	Deliberation Needed This policy might fit better under Goal 7, which addresses the regulatory environment. This policy could be combined with Policy 7.4 if the Planning Commission wants to move this to Goal 7.
66	Kate Akyuz	Proposed new policy under Goal 12: All new and improved public plaza development is aligned with the Pedestrian and [Bicycle] Facilities Plan so that safe walking and cycling routes are provided for residents, especially children, connecting neighborhoods with downtown public spaces.	Deliberation Needed If the Planning Commission elects to add this policy, staff recommends the following alternative: <u>Align the development of public space with all City functional plans, including the Pedestrian and Bicycle Facilities plan, to create safe walking and cycling routes that connect residential areas with public spaces.</u>
67	Carolyn Boatsman	Text Amendments on page one through fourteen.	Simple Amendment See third draft
68	Carolyn Boatsman	Page 15, line 28:	Simple Amendment See third draft

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Log #	Received From	Comment/Question	Staff Response
		I recommend moving the proposed policy regarding tree planting to Goal 4, which addresses environmental needs. I will recommend wording and compare it to this wording when I get to that page.	
69	Carolyn Boatsman	Page 16, line 7, Policy 2.4: I recommend changing the words “young adults” to “people” or “those”. There are more than young adults who could use the mentoring.	Simple Amendment See third draft
70	Carolyn Boatsman	4.2. D. I think this is a good policy and we should keep it, but amend it as follows: <u>Be guided by relevant strategies in the Climate Action Plan Addressing the impacts of climate change to reduce the negative its effects of climate change on doing business in the City and to attract businesses, workers, and customers in a warming climate.</u>	Simple Amendment See third draft
71	Carolyn Boatsman	4.3 <u>Be consistent with</u> ~~Consider~~ Climate Action Plan strategies during economic development decision making. Add two new sub-policies and renumber as needed: A policy (Policy 1.9) regarding tree planting was proposed under Goal 1. It is included here with a proposed amendment. The policy, as proposed below, is consistent with CAP policy NS1.2. <u>4.3.A Enhance City-led street tree planting in the right-of-way and promote street frontage planting by commercial property owners.</u> Proposed 4.3.B adds a policy that, while consistent with the CAP, provides more specific direction needed for the commercial area. <u>4.3.B Encourage the establishment of vegetated walkways and rest areas to combat heat island effect in commercial areas.</u>	Simple Amendment See third draft

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Log #	Received From	Comment/Question	Staff Response
72	Carolyn Boatsman	Page 18, starting on line 1: Agree with the proposed 6.1, except the need to mention CAP again given Policy 4.3.	Simple Amendment Two other comments propose specific changes to Policy 6.1. The changes proposed in Comment Log #17 would highlight the connection the Climate Action Plan.
73	Carolyn Boatsman	Amend proposed 6.3 as follows: Take steps to increase the supply of affordable <u>and</u> housing priced <u>in the middle range</u> on the island.	Simple Amendment See third draft
74	Carolyn Boatsman	Page 18, line 29, proposed Policy 7.1.F: The proposed statement regarding reducing greenhouse gas emissions seems out of place in a goal that has to do with increasing effectiveness of the permit review process. We probably have enough reference to climate in Goal 4 policies.	
75	Carolyn Boatsman	Page 18, line 36, Policy 7.3: It could be assumed that the economic development staff would take input from many City staff members, each of whom is responsible for a different emphasis. It is probably not necessary to mention the Climate Action Plan project manager here.	
76	Carolyn Boatsman	Page 19, line 2, Policy 7.6: It would not be appropriate to enshrine in the Comp Plan that there be a business owner Planning Commissioner. That would not always be the case. More importantly, it is not appropriate to direct that a Planning Commissioner will serve on a committee that is doing the work of the executive branch rather than advising the City Council regarding the Comp Plan and the development regulations, though a Planning Commissioner might serve in other capacities as a private citizen, if it doesn't conflict with Planning Commission work.	Simple Amendment The phrase "business owner Planning Commissioner" is an artifact from a previous draft and should have been struck.
77	Carolyn Boatsman	Page 20, line 13, Policy 10.4: It seems that a proposal to change the order has to do with what is the highest priority. I suggest a random order to avoid disagreement as to what is most important.	

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Log #	Received From	Comment/Question	Staff Response
78	Carolyn Boatsman	There may come a day where less parking is needed. It doesn't seem wise to preclude flexibility to meet future conditions. I recommend deleting the second sentence. ~~Interpretation of the policies in this element should not lead to a reduction in parking.~~	Deliberation Needed See third draft
85	Christ Goelz	Amendments to previously submitted comments. See the following comment log #s: 3, 4, 13, 15, 17, 18, 23, 26, 29, 30, and 31	See third draft
86	Chris Goelz	Add new Policy 7.7: Study allowing small scale retail outside the existing commercial districts.	Deliberation Needed See third draft

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.
79	Carolyn Boatsman	Question: The Implementation Plan itself will need to be amended based upon amendments to the Economic Development Element goals and policies. May we see in a future packet/meeting staff proposed amendments to ensure that the Implementation Plan is consistent with Goals and Policies?	The Implementation Plan will be updated as the draft Economic Development Element goes through the review process and the goals and policies change. The final Implementation Plan will be part of the Planning Commission's recommendation to the City Council. As such, the Planning Commission will review the implementation plan before it goes to the City Council. The purpose of having the Planning Commission review the Implementation Plan is more to get the Planning Commission input on the priority of projects as the City starts the implementation process.
80	Carolyn Boatsman	On page 1, versions of the idea that the Council will set priorities, work plans, and budgets are included in lines 4, 7, 12, and 18. This should be consolidated and made more concise.	
81	Carolyn Boatsman	The following amendment is proposed to use a more neutral term in referring to the time that it takes to obtain permit approval. Minimizing <u>the duration</u> delay and <u>reduce</u> uncertainty <u>of in</u> the entitlement process; and	Simple Amendment See third draft

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Log #	Received From	Comment/Question	Staff Response
82	Carolyn Boatsman	Page 13, line 16, Project ED-13, Home Business Development Code Review: In restating the purpose of this project, it is important to carry through the intent stated in Goal 7.4 that in the simplification and streamlining of the permitting process, we continue to have the overall commitment to ensuring that home businesses remain compatible with neighboring residential uses. The following amendment is proposed: Given that this code section has not been updated in some years, an update could spur additional economic growth by simplifying the regulatory requirements and streamlining the permitting process, <u>while ensuring that home businesses remain compatible with neighboring residential uses.</u>	Simple Amendment See third draft
83	Carolyn Boatsman	Page 14, line 6, Project ED-15 Evaluate City Fees: We don't know what the result of the examination of City processes will reveal. A more neutral tone is more realistic and respectful: This project is intended to find ways the City <u>may be able to</u> ~~can~~ reduce costs for starting new businesses and expanding existing businesses.	Simple Amendment See third draft
84	Carolyn Boatsman	Page 14, line 11: Same, a more realistic and respectful statement: <u>It is anticipated that</u> ~~This project is expected to~~ <u>will</u> reduce business formulation and expansion costs.	Simple Amendment See third draft

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.	

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Log #	Received From	Comment/Question	Notes
		- 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
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.	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.

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Log #	Received From	Comment/Question	Notes
		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.	
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

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

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

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

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

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

- 4
- 5
- 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."

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.

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.

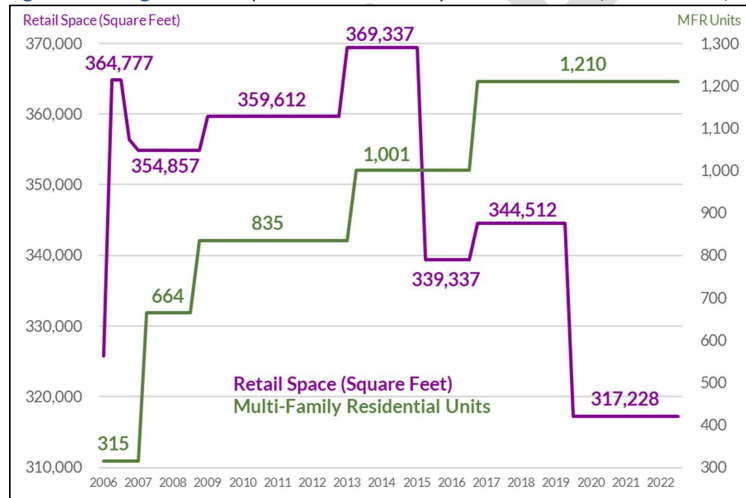
43 Affordability and Availability of Commercial Space

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

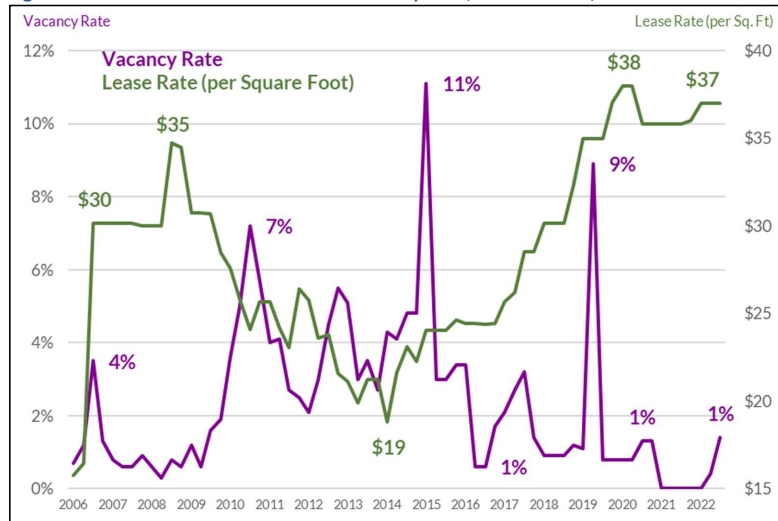


Source: CoStar, 2022; CAI, 2022.

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.

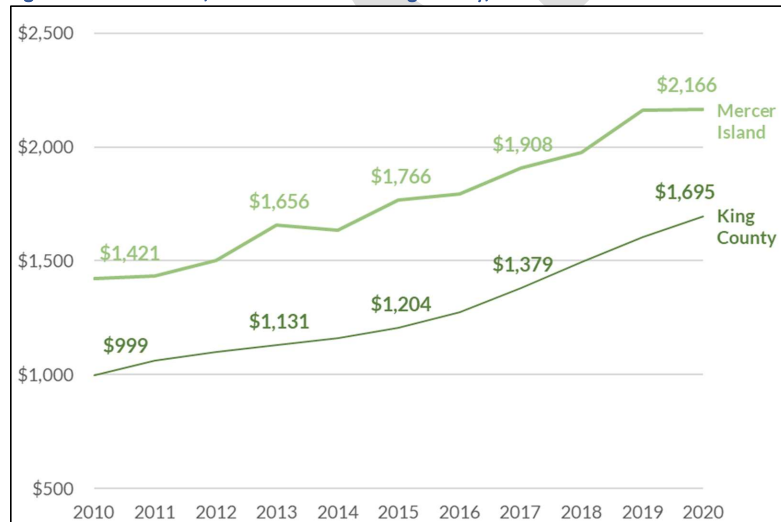
Table 6. Mercer Island Jobs by Earnings, 2019.

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 ~~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.

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

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

Policies

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

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

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

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.

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.

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

- 1 3.3 Periodically distribute a business newsletter to local business owners and community
2 organizations.
3
- 4 3.4 Partner with community organizations, with a focus on the including the Chamber of Commerce,
5 to initiate a "Shop Mercer Island" marketing campaign directed at drawing more residents and
6 visitors to commercial areas on the island. The City should fill a support role in this partnership.
7
- 8 3.5 Coordinate with transit providers to ensure the to make the "Shop Mercer Island" marketing
9 campaign includes visible to transit riders.
10
- 11 3.6 Conduct outreach to surrounding businesses before initiating capital projects in commercial
12 zones. This outreach should create a two-way dialogue with businesses, offering a seat at the
13 table when capital projects might affect business operation.
14
- 15 3.7 Add policy re giving existing businesses notice of potential redevelopment – maybe replace
16 current 4.4 or complement it.
17
- 18 **Goal 4 – The business ecosystem on Mercer Island is sustainable in that it meets the social,**
19 **environmental, and economic needs of residents now and in the future.**
20
- 21 4.1 Encourage programming that enables residents and visitors to safely gather, access spaces,
22 socialize, and celebrate in the City. Encouraging public gatherings throughout the City can
23 improve the quality of life on Mercer Island and make the City a more vibrant place for residents
24 and visitors alike, which can in turn drive increased economic activity.
25
- 26 4.2 Balance economic growth with maintaining easy access to services and a small town feel.
27
- 28 4.32 Build resilience in the local economy by:
29
- 30 4.2.A Diversifying the goods and services available in the local economy;
31 4.2.B Being flexible when working with businesses to respond to crises such as allowing
32 temporary use of rights of way for business activity during a state of emergency like a
33 pandemic;
34 4.2.C Coordinating with local businesses to plan for disaster preparedness; and
35 4.2.D Addressing the impacts of climate change to reduce its effect on doing business in the
36 City.
37
- 38 4.43 Consider Climate Action Plan strategies during economic development decision making.
39
- 40 4.4 Identify and adopt measures to reduce displacement of existing businesses as new development
41 occurs.
42
- 43 **Goal 5 – Mercer Island has a skilled workforce that is central to the health of the business**
44 **ecosystem.**
45
- 46 5.1 Partner with regional, statewide, and federal agencies to connect job seekers in the region with
47 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 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.
- 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 [ja32]: Is this redundant with 11.2?

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

DRAFT



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

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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 sent 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 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.

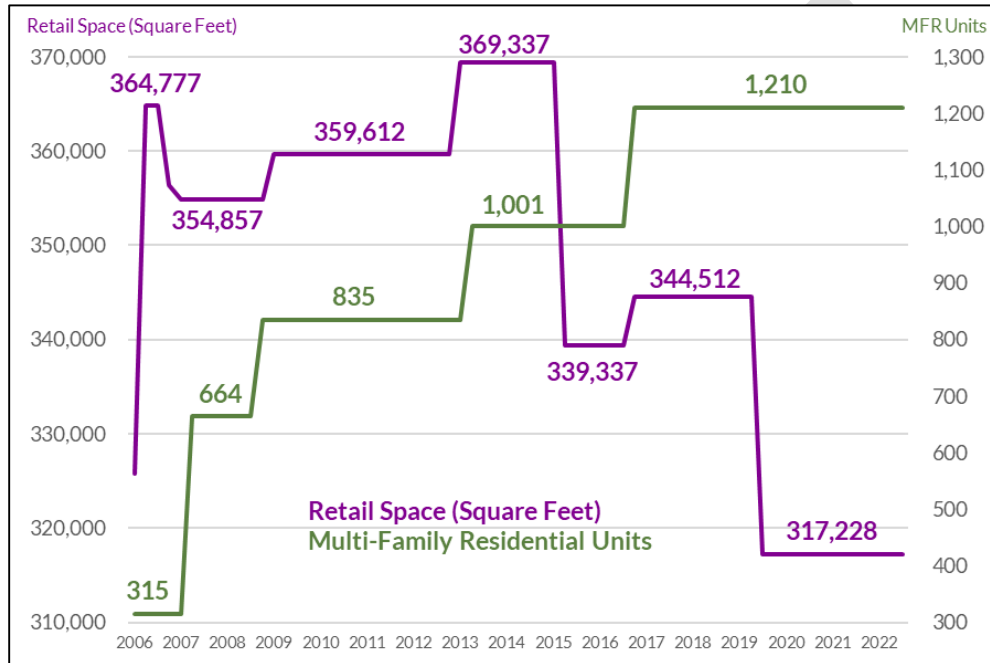
Affordability and Availability of Commercial Space

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.

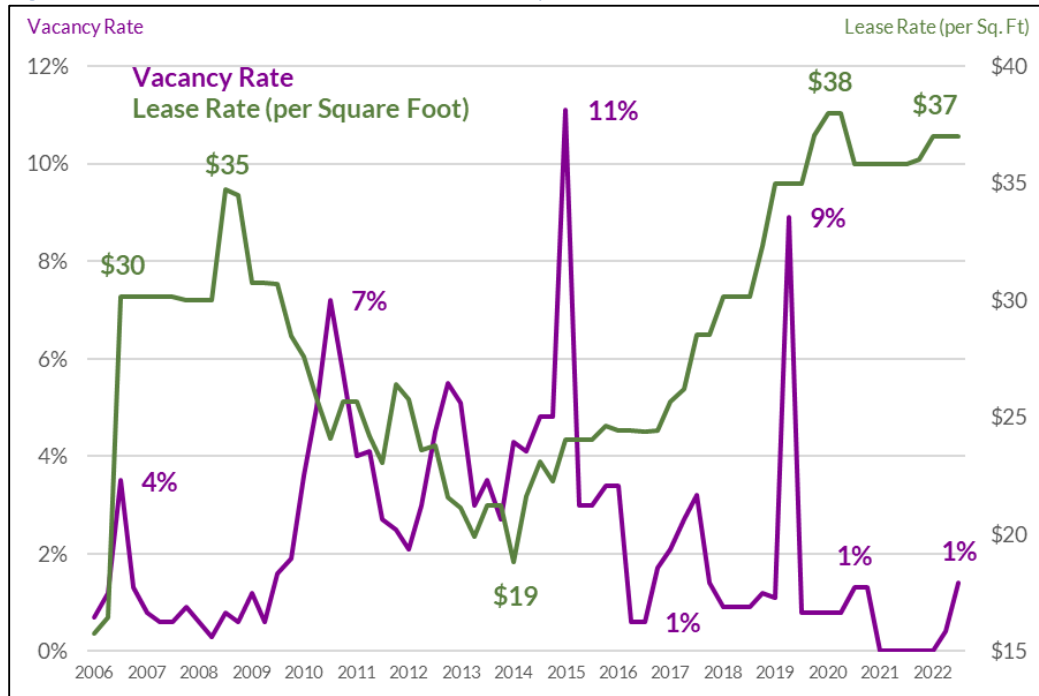
Figure 1. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



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.

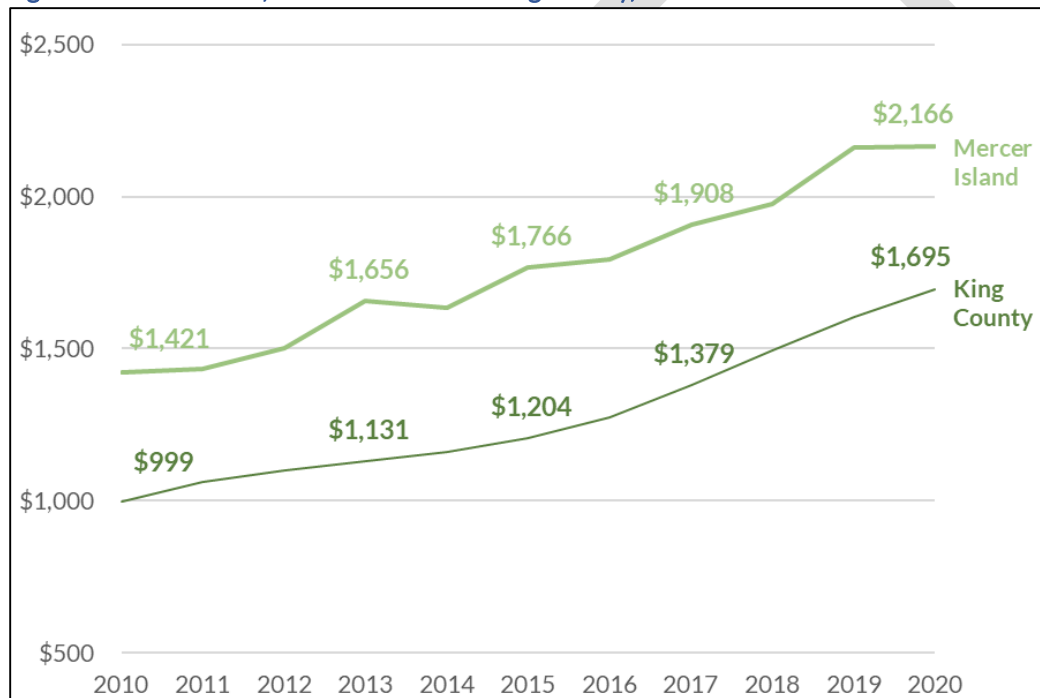
Earning Range	Count	Share
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\$1,250 per month or less (\$15,000 annually)	1,738	24.6%
\$1,251 to \$3,333 per month (\$15,012 to \$39,996 annually)	1,995	28.2%
More than \$3,333 per month (more than \$39,996 annually)	3,338	47.2%

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.

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.

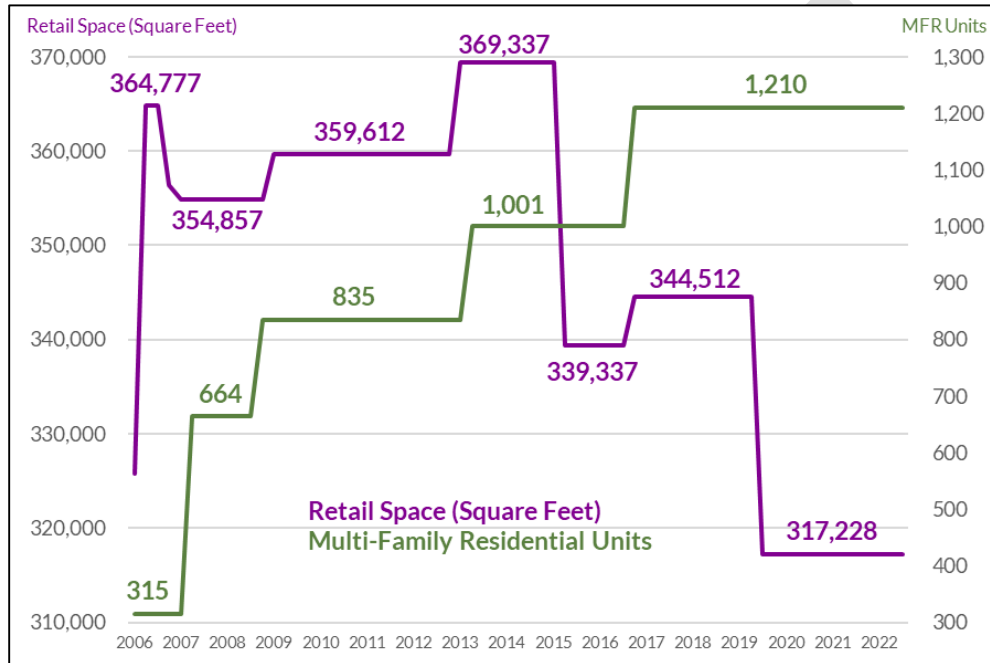
Affordability and Availability of Commercial Space

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.

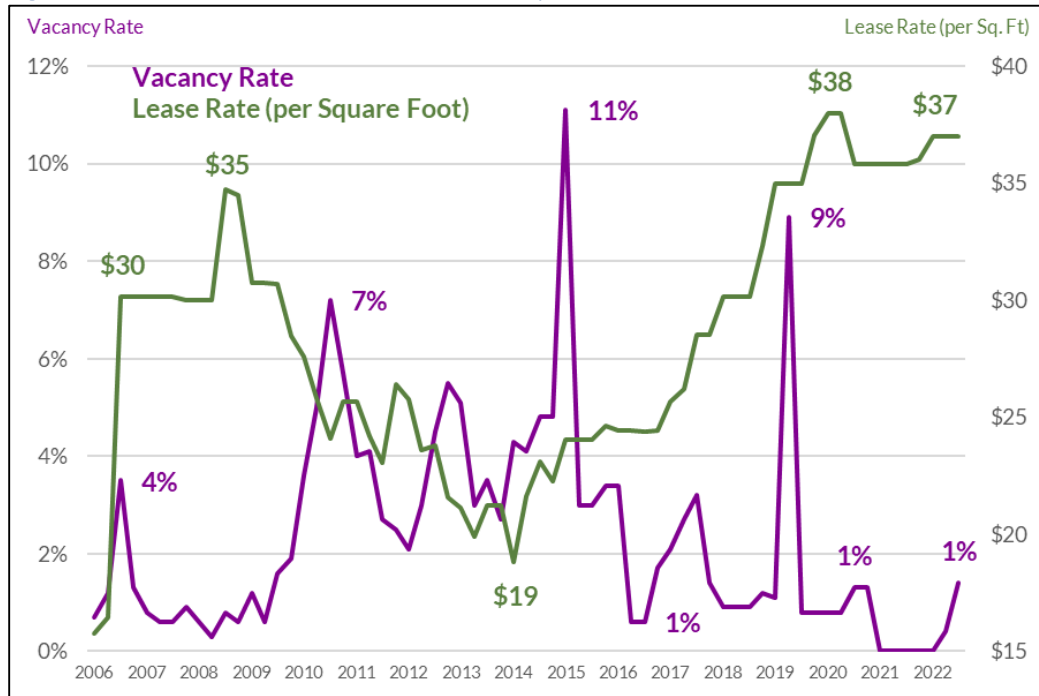
Figure 1. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022



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.

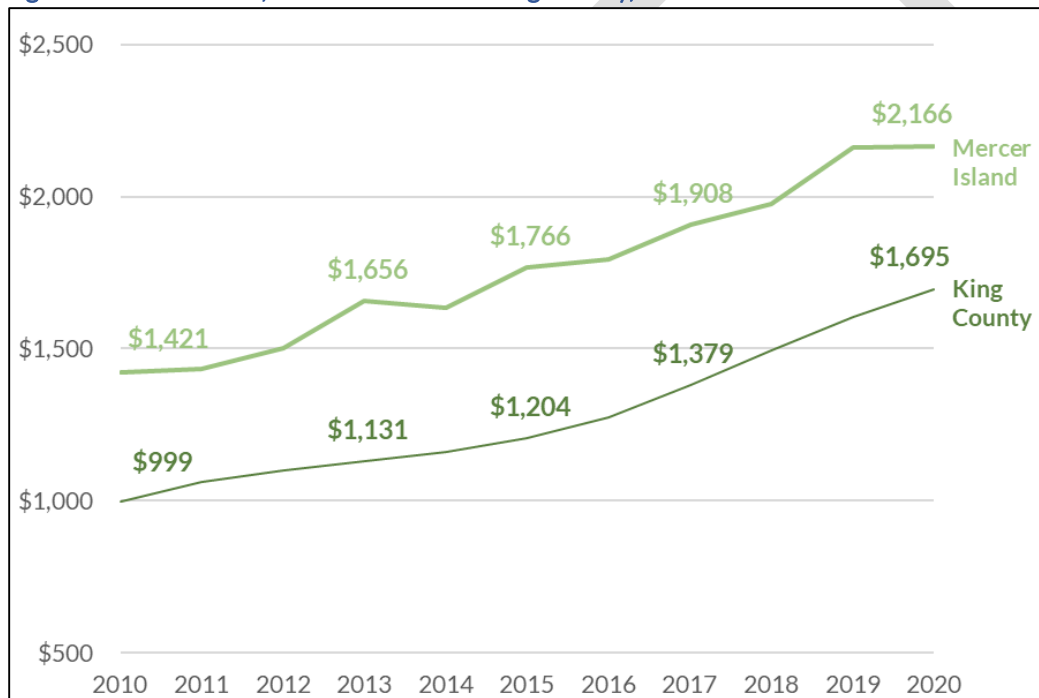
Earning Range	Count	Share
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\$1,250 per month or less (\$15,000 annually)	1,738	24.6%
\$1,251 to \$3,333 per month (\$15,012 to \$39,996 annually)	1,995	28.2%
More than \$3,333 per month (more than \$39,996 annually)	3,338	47.2%

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

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

Adam Zack

From: Kate Akyuz
Sent: Wednesday, July 26, 2023 5:47 PM
To: Adam Zack; Alison Van Gorp
Subject: Economic Element Comments

Hi Adam and Alison:

Here are my comments on the Economic Policy Element. Generally, I find it to be a solid first draft, my thanks to staff for their efforts on this product. I do have one context question and six proposed new policy recommendations below.

- Kate Akyuz

Context:

Page 9 (edited version)

"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.~~"

The above paragraph starts with a theme of "correlation is not causation", but then in a subsequent sentence states the decrease in commercial space right in front of and in the same sentence as the increase in residential space. It's a little bit of magical thinking to blame lack of commercial opportunity on mixed use development. The real context here is that most of the land being in single family constrains both commercial and multi-family. It's unfair to pit them against one another. Consider whether it is necessary to place these facts in the same sentence. Consider including additional context so that you are not pitting the least wealthy residents against struggling small businesses. For example, "The lack of opportunity for multi-family housing on 99% of land on Mercer Island limits the ability to locate this housing outside of mixed use areas." OR "Lack of a downtown plaza dedicated solely to commercial development puts retail in competition with other uses." OR "Lack of ability for boutique commercial business such as cafés and boutique grocery limits commercial opportunities on the vast majority of the island."

New Policy Recommendations

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

1. Study relocation of City Hall facilities to downtown Mercer Island at the publicly owned parcel known as the "Tully's Property". The new facility to include a public park and serve as a gateway from Sound Transit light rail to downtown Mercer Island. Staffed Police and Planning service counters to be housed on the ground floor.

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

Note: No policies in this section address the poverty wages that workers in our community are paid to provide our residents services. There are very few teenagers working in our grocery stores or caring for the elderly. These jobs are done by adults, often with families.

1. Establish a minimum wage on Mercer Island.

EXHIBIT 3C

2. Provide tax incentives to retailers, landscapers, and home health care services that provide living wage jobs, paid time off, and health insurance to their employees.
3. Coordinate with the Housing Element to ensure that the employees that work in our community have future opportunities for housing in our community.

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

1. Review residential development standards and consider addition of small neighborhood establishments such as cafes and small boutique grocery.

Goal 12 – Mercer Island residents can safely visit commercial areas.

1. All new and improved public plaza development is aligned with the Pedestrian and Facilities Plan so that safe walking and cycling routes are provided for residents, especially children, connecting neighborhoods with downtown public spaces.

August 23, 2023

Comments re: Economic Development Element, Draft 2, and the Implementation Plan
Carolyn Boatsman, Planning Commissioner

Economic Development Element, Goals and Policies

Page 2, line 7, regarding education level:

The terms use to refer to educational level should be the same when talking about Mercer Island and the rest of King County – an associate’s degree or higher. The fourth sentence should be deleted since it is not necessary, makes an odd comparison of higher education and skill, and sounds a little boastful.

Page 5, line 5, Relationship to Other Comprehensive Plan Elements:

The City has many adopted functional plans, some of which are appendices to the Comp Plan, such as the Comprehensive Arts and Culture Plan, adopted in 2018. It’s important to explain the relationship of these plans to the EDE. Relevant and still current functional plans should be referenced in the EDE and consulted during implementation.

A statement similar to the following regarding Arts and Culture could be included in the appropriate context:

The Arts and Culture Plan directs the provision of artistic and cultural infrastructure that draw both residents and shoppers to commercial areas.

Page 5, line 14, Housing:

The paragraph misses the negative impact of high housing cost on disposable income and also the positives of other types of housing. The following amendment is proposed:

“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 depress financial resources and reduce customer spending overall, including at Island businesses. Less expensive, 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 and experiences such as dining out.”

Page 6, line 10, after Shoreline Master Program

This would probably be the place to insert text about other functional plans that pertain to economic development. As an example, the following could be included about the Comprehensive Arts and Culture Plan:

Artistic and cultural infrastructure and events in the community improve the quality of life. Well executed, they can attract local and off-Island 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.

Page 6, line 46, typo

Page 7, line 4, typo

Page 8, line 27, Permitting and Regulatory Environment:

I'm supportive of the examination of the permitting process to determine if there are unnecessary delays and fees. I think it's getting the cart before the horse to refer to the status quo using the terms "delays" and "additional costs". There are many questions to ask in considering why a given permit review might take a certain amount of time. Not all of the factors are under the control of the City. I recommend a more neutral statement, which is proposed as the following amendment:

Permit fees and the time spent on permit review are also ~~Another~~ challenging factors related to permitting is the additional cost that fees and delays in permitting can add to starting a new business.

Page 11, line 9, Opportunities Identified:

Add to the list of opportunities for reasons explained above in the discussion regarding Housing:

More housing priced in the middle range

Page 11, line 38, Opportunities (cont.):

Add a new paragraph after the paragraph titled "More Islanders Working from Home", for reasons explained in the discussion above regarding Housing:

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 locally. The arrival of more residents in these locations will likely spur economic development.

Page 12, line 4, add to the list of threats:

Climate Change

Page 12, line 25, Affordability in the Region:

An amendment was proposed for this line. The original made sense but the amended sentence loses some meaning. We probably don't need to try to assert that we know one factor is more influential than the other. I recommend leaving as is.

Page 14, line 16, after the paragraph titled Displacement through Redevelopment, add a new paragraph:

Climate Change

Climate change has the potential to have negative effects upon the economy. Business establishment and success as well as customer spending patterns may be affected. Though many of the impacts of climate change may be out of the control of local government, Mercer Island could implement and market the success of climate mitigation and adaptation strategies included in the Climate Action Plan to attract businesses and shoppers. Businesses may want to locate where they can minimize their impact upon the climate and where their employees may be more comfortable. Shoppers may seek commercial areas that are more comfortable in a warmer climate.

Page 15, line 28:

I recommend moving the proposed policy regarding tree planting to Goal 4, which addresses environmental needs. I will recommend wording and compare it to this wording when I get to that page.

Page 16, line 7, Policy 2.4:

I recommend changing the words "young adults" to "people" or "those". There are more than young adults who could use the mentoring.

Page 17, starting on line 20, several changes regarding climate are proposed:

4.2. D. I think this is a good policy and we should keep it, but amend it as follows:

Be guided by relevant strategies in the Climate Action Plan Addressing the impacts of climate change to reduce the negative its-effects of climate change on doing business in the City and to attract businesses, workers, and customers in a warming climate.

4.3 Be consistent with ~~Consider~~ Climate Action Plan strategies during economic development decision making.

Add two new sub-policies and renumber as needed:

A policy (Policy 1.9) regarding tree planting was proposed under Goal 1. It is included here with a proposed amendment. The policy, as proposed below, is consistent with CAP policy NS1.2.

4.3.A Enhance City-led street tree planting in the right-of-way and promote street frontage planting by commercial property owners~~Encourage the planting of trees by businesses in the City's business districts.~~

Proposed 4.3.B adds a policy that, while consistent with the CAP, provides more specific direction needed for the commercial area.

4.3.B Encourage the establishment of vegetated walkways and rest areas to combat heat island effect in commercial areas.

Page 18, starting on line 1:

Agree with the proposed 6.1, except the need to mention CAP again given Policy 4.3.

Amend proposed 6.3 as follows: Take steps to increase the supply of affordable and housing priced in the middle range on the island.

Page 18, line 29, proposed Policy 7.1.F:

The proposed statement regarding reducing greenhouse gas emissions seems out of place in a goal that has to do with increasing effectiveness of the permit review process. We probably have enough reference to climate in Goal 4 policies.

Page 18, line 36, Policy 7.3:

It could be assumed that the economic development staff would take input from many City staff members, each of whom is responsible for a different emphasis. It is probably not necessary to mention the Climate Action Plan project manager here.

Page 19, line 2, Policy 7.6:

It would not be appropriate to enshrine in the Comp Plan that there be a business owner Planning Commissioner. That would not always be the case. More importantly, it is not appropriate to direct that a Planning Commissioner will serve on a committee that is doing the work of the executive branch rather than advising the City Council regarding the Comp Plan and the development regulations, though a Planning Commissioner might serve in other capacities as a private citizen, if it doesn't conflict with Planning Commission work.

Page 20, line 13, Policy 10.4:

It seems that a proposal to change the order has to do with what is the highest priority. I suggest a random order to avoid disagreement as to what is most important.

Page 21, line 11, Policy 12.4:

There may come a day where less parking is needed. It doesn't seem wise to preclude flexibility to meet future conditions. I recommend deleting the second sentence.

~~Interpretation of the policies in this element should not lead to a reduction in parking.~~

EDE Implementation Plan

Question: The Implementation Plan itself will need to be amended based upon amendments to the Economic Development Element goals and policies. May we see in a future packet/meeting staff proposed amendments to ensure that the Implementation Plan is consistent with Goals and Policies?

On page 1, versions of the idea that the Council will set priorities, work plans, and budgets are included in lines 4, 7, 12, and 18. This should be consolidated and made more concise.

Page 11, line 31, Project ED-10 Commercial Development Code Audit, 2nd bullet:

The following amendment is proposed to use a more neutral term in referring to the time that it takes to obtain permit approval.

Minimizing the duration~~delay~~ and ~~reduce~~ uncertainty of~~in~~ the entitlement process; and

Page 13, line 16, Project ED-13, Home Business Development Code Review:

In restating the purpose of this project, it is important to carry through the intent stated in Goal 7.4 that in the simplification and streamlining of the permitting process, we continue to have the overall commitment to ensuring that home businesses remain compatible with neighboring residential uses. The following amendment is proposed:

Given that this code section has not been updated in some years, an update could spur additional economic growth by simplifying the regulatory requirements and streamlining the permitting process, while ensuring that home businesses remain compatible with neighboring residential uses.

Page 14, line 6, Project ED-15 Evaluate City Fees:

We don't know what the result of the examination of City processes will reveal. A more neutral tone is more realistic and respectful:

This project is intended to find ways the City may be able to~~can~~ reduce costs for starting new businesses and expanding existing businesses.

Page 14, line 11:

Same, a more realistic and respectful statement:

It is anticipated that tThis project ~~is expected to~~ will reduce business formulation and expansion costs.

Adam Zack

From: Chris Goelz
Sent: Saturday, August 26, 2023 6:24 AM
To: Adam Zack
Cc: Michael Murphy
Subject: Re: comments for next draft

Hi Adam

Here are my further comments and amendments to my previous comments. I'm trying to simplify things for next meeting. Thanks for all you hard work on this.

Chris

#3 -- as discussed at the meeting, remove 1.2. For the reasons previously discussed, I think having a council liaison is a bad idea and the new staff position give the business community's concerns a lot more visibility. If we were to strike this provision, references to the business liaison would be removed throughout.

#4 -- withdraw

#5 -- unchanged.

#6 -- unchanged

#7 -- unchanged

#8 -- withdraw

#9 -- unchanged

#10 -- unchanged

#11 -- unchanged

#12 -- unchanged

#13 -- Move existing 4.4 here and combine with new language: Identify and adopt measures to reduce displacement of existing businesses as new development occurs. Notify nearby businesses of any potential redevelopment.

#14 -- unchanged

#15 -- incorporate into new 3.7 -- see #13 above.

#16 -- withdraw

#17 and 18 -- I'd propose simply amending the language of the original 6.1 to be " 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." Don't add the new paragraph.

#19 -- unchanged

#20 -- unchanged

#21 -- withdraw

#22 -- unchanged

#23 -- as suggested in comment #3, rewrite to remove liaison: Evaluate additional process or code improvements on an annual basis with input from the economic development staff and Climate Action Plan project manager. This evaluation should inform the development of annual docket recommendations as needed.

#24 -- unchanged

#25 -- withdraw

#26 -- withdraw

#27 -- unchanged

#28 -- unchanged

#29 -- withdraw

#30 -- withdraw

#31 -- withdraw

#32 -- which is mislabeled on the 2nd draft as #31 -- unchanged

If possible, I'd propose adding a policy in accordance with the public comments:

new 7.7 -- Study allowing small scale retail outside the existing commercial districts.

From: Chris Goelz <Chris.Goelz@mercerisland.gov>

Sent: Friday, August 25, 2023 4:35 PM

To: Adam Zack <adam.zack@mercerisland.gov>

Cc: Michael Murphy <Michael.Murphy@mercergov.org>

Subject: Re: comments for next draft

I have no idea what might work best. Maybe Mike has an opinion.

There won't be much to them. I'll try to get them to you over the weekend and you can decide whether to incorporate them into this draft or hold them.

Thanks.

Chris

From: Adam Zack <adam.zack@mercerisland.gov>

Sent: Friday, August 25, 2023 4:28 PM

To: Chris Goelz <Chris.Goelz@mercerisland.gov>

Cc: Michael Murphy <Michael.Murphy@mercergov.org>

Subject: RE: comments for next draft

Hi Chris,

Thanks for reaching out. I will send out a memo early next week that provides all of the comments received so far and shows them in-line with the text of the Element. You can send your modified/withdrawn comments in at any time, but it might be best to wait until I've sent the memo. We'll forward the comment to the group before the meeting and note the withdrawn or modified amendments as we proceed through the review of the Element.

When you send your comments, please make sure to copy Alison. I'll be on vacation starting on September 8th, so she will take care of forwarding the comments to the rest of the Planning Commission.

Let me know if you have any other questions.

Thanks,

Adam Zack

Senior Planner

City of Mercer Island – Community Planning and Development

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From: Chris Goelz <Chris.Goelz@mercerisland.gov>

Sent: Thursday, August 24, 2023 10:06 AM

To: Adam Zack <adam.zack@mercerisland.gov>

Cc: Michael Murphy <Michael.Murphy@mercergov.org>

Subject: comments for next draft

Hi Adam

EXHIBIT 3C

I'm trying to get you something revising or withdrawing some of my previous comments -- I'm hoping to simplify things. When would it be useful for you to have my new comments?

Hope you're having a good summer.

Thanks.

Chris