

1 **I. Introduction, Existing Conditions, and Land Use Connection**  
2

3 This element of the Comprehensive Plan articulates how the City of Mercer Island will support and grow  
4 its economy through the year 2044. This element establishes policy direction for the City to build on its  
5 strengths, maximize opportunities, and build resilience in the local economy to overcome challenges. By  
6 many measures Mercer Island is poised to significantly grow its economy during the planning period. The  
7 resident work force tends to be employed in high-wage jobs and is highly educated. Because residents  
8 tend to be employed in high-earning jobs, there is a strong local customer base to support on-island  
9 businesses. The arrival of light rail service will increase access to Mercer Island for off-island visitors and  
10 workers. Mercer Island’s position between Bellevue and Seattle makes it a prime location for businesses  
11 looking to draw workers and customers from larger surrounding cities. The Mercer Island economy is in  
12 a strong position to support new growth.  
13

14 Mercer Island residents are employed in many high-earning industries. Over one quarter (26 percent) of  
15 the population is employed in the professional, scientific, and management, and administrative and waste  
16 management services industry, making it the largest employment sector. In 2021, the median annual  
17 earnings for this sector were \$134,265. The next three largest employment sectors are educational  
18 services, and health care and social assistance (16 percent), retail trade (13 percent), and finance and  
19 insurance, and real estate and rental and leasing (12 percent). In 2021, the median earnings for these  
20 three sectors ranges from between \$71,467 and \$105,913 annually. Table 1 shows the full-time, year-  
21 round employed population 16 years old and over by industry.  
22  
23

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%   | -                |
| 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=ACSST5Y2021.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.

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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%   |

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

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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.

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

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

13

Source: 2021 American Community Survey Table S1903.

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### Mercer Island Commercial Areas

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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.

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### Town Center

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

29

1 Older development in Town Center is lower-intensity, one-story, 'strip mall' development with surface  
2 parking in front of the commercial space.  
3

#### 4 **Northeast Commercial Area**

5 The northeast commercial area is south of Interstate 90, north of Stroum Jewish Community Center, west  
6 of East Mercer Way, and east of Gallagher Hill. This area is developed primarily for commercial and  
7 institutional uses. The majority of buildings in this area were constructed between 1957 and 1981.  
8 Commercial development is typically composed of one- and two-story buildings surrounded by surface  
9 parking lots. The commercial land uses in this area are offices for professional services and services such  
10 as daycares and private schools. City hall is located in this area. The intersection of E Mercer Way, SE 36<sup>th</sup>  
11 Street and eastbound I-90 ramps is located in the eastern portion of this area. This intersection  
12 experiences significant traffic levels during peak travel hours.  
13

#### 14 **South End Commercial Area**

15 The south end commercial area is south of Southeast 68<sup>th</sup> Street, west of Island Crest Way, east of 84<sup>th</sup>  
16 Avenue Southeast, and north of Southeast 71<sup>st</sup> Street. This is the smallest commercial area on Mercer  
17 Island at roughly 14 acres. The majority of the commercial development dates to the early 1960's. The  
18 commercial land uses here are primarily restaurants and retail. There are some commercial offices, a gas  
19 station, and a storage facility. This area has low intensity commercial development surrounded by surface  
20 parking lots.  
21

#### 22 **Land Use Connection**

23 There is a fundamental tie between the policies of this element and the Land Use Element. The Land Use  
24 Element envisions a primarily residential city with three defined commercial areas. It and the resultant  
25 regulations largely confine commercial land uses to three distinct commercial districts. This focuses the  
26 future economic growth in the City to those districts.  
27

28 Each of the three commercial areas is regulated differently, with the built environment reflecting those  
29 variations. The Town Center zones allow the highest intensity development and midrise mixed-use  
30 structures are the principal form of new commercial development in that area. The northeast commercial  
31 area is zoned for office and service uses as opposed to other commercial uses. It was largely developed  
32 forty years ago and has not seen the same degree of recent development as Town Center. The south end  
33 commercial area is zoned for a mix of small scale, neighborhood-oriented business, office, service, public  
34 and residential uses. ~~The smallest of the three commercial areas, the south end commercial area, is~~ are  
35 mostly developed, so absent rezoning most [no consensus] n—New c commercial development in ~~most~~  
36 ~~areas of~~ the City will likely come through redevelopment of existing commercial buildings.  
37

38 The supply of commercial development capacity is closely controlled by Land Use policies and regulations.  
39 Regulations that modulate the supply of an economic input such as, the space in which commercial activity  
40 can take place also affect the location, size, scale, and cost associated with doing businesses in the City.  
41 Controlling the supply of commercial development capacity is the primary way the Comprehensive Plan  
42 has shaped the local economy prior to the adoption of this Economic Development Element. Because of  
43 this connection, some goals and policies of this element connect directly to land use policies and  
44 regulations.  
45

## 1 **Relationship to Other Comprehensive Plan Elements and Other Plans**

2 The Housing, Transportation, Utilities, Capital Facilities, and Shoreline Master Program elements all  
3 interact with the local economy as follows:

### 4 **Housing**

5 Housing indirectly impacts the local economy because it has an effect on the local business' customer  
6 base and labor force. Housing on Mercer Island is primarily detached single-family homes and contributes  
7 to the unique Island neighborhood character. Multifamily development is largely limited to the area in  
8 and around Town Center. Housing has ~~two primary~~ several effects on the local economy. Higher cost  
9 housing can attract higher income residents and customer for local business. On the other hand, high  
10 housing costs may limit the ability for some workers to afford to live in the City, leading to increased  
11 commuting and potentially limiting a business's ability to hire. ~~Conversely, higher cost housing can~~  
12 attract higher-income residents and customers for local businesses, though, higher cost housing may  
13 depress financial resources and reduce customer spending overall, including at Island businesses. Less  
14 expensive, multifamily housing may attract residents in and near the Town Center who are more likely to  
15 choose not to own a car and may be more likely to shop local than those in detached single-family housing.  
16 The quantity of multifamily housing available may correlate with the market for the basics of everyday  
17 living and experiences such as dining out. [Comment Log #60 and #67]  
18

### 19 **Transportation Element**

20 Transportation infrastructure is integral to the local economy. The Transportation Element establishes  
21 the goals and policies that guide how the City will maintain, improve, and expand the transportation  
22 network to account for growth throughout the planning period. The goals and policies of the  
23 Transportation Element aim to maintain adequate levels of service at high traffic intersections, reinvest  
24 in existing infrastructure, increase transportation choice in the City, and provide connectivity between the  
25 light rail station and the City's commercial areas. Transportation networks allow businesses to access  
26 markets in neighboring cities, make it easier for customers from outside the City to patronize local  
27 businesses, and enable local businesses to draw from the regional labor force.  
28

### 29 **Utilities**

30 The provision of utilities is vital to local businesses, all of which need reliable sewer, water, power, and  
31 internet. The Utilities Element details how the City will coordinate with its utility service providers to  
32 ensure adequate provision of these vital services for residents and businesses alike.  
33

### 34 **Capital Facilities**

35 Capital facilities such as parks and public buildings are critical to the provision of services to the local  
36 economy. In addition to planning for public assets, the Capital Facilities Element includes goals and  
37 policies to support a high quality of life, which can attract new businesses and workers to Mercer Island  
38

### 39 **Shoreline Master Program**

40 The Shoreline Master Program (SMP) Element establishes the policies for managing development in the  
41 shoreline. This element is designed to ensure that the shoreline environment is protected, and that the  
42 shoreline is available for water dependent uses. Those businesses located in the shoreline jurisdiction,  
43 within 200 feet of Lake Washington, are affected by the SMP. In situations where the policies in the SMP  
44 and Economic Development Element intersect, the Comprehensive Plan will need to balance shoreline  
45 environmental protection with fostering of appropriate water dependent commercial uses in the  
46 shoreline.  
47  
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1 Other Plans

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

- 6 • The Arts and Cultural Plan – Directs the provision of artistic and cultural infrastructure that draw  
 7 both residents and shoppers to commercial areas. Artistic and cultural infrastructure and events  
 8 in the community improve the quality of life. Well executed, they can attract local and off-island  
 9 residents to commercial areas where they may be more likely to shop. It may also attract workers  
 10 to the island, who in addition to contributing to the employment base, may shop here. [Comment  
 11 Log # 67]
- 12 • The Pedestrian and Bicycle Facilities Plan – Establishes strategies maintaining and improving  
 13 pedestrian and bicycle infrastructure to provide multimodal connections throughout the City.
- 14 • Parks, Recreation and Open Space Plan – Plans for the maintenance, improvement, and  
 15 development of parks and open space.
- 16 • Climate Action Plan – Establishes the strategies the City will use to reduce greenhouse gas  
 17 emissions and address the impacts of climate change.
- 18 • Capital Improvement Plan – Lists the capital investments the City will make through 2044.
- 19 • Transportation Improvement Program – Lists the Transportation Element implementation  
 20 projects the City will undertake throughout the life of the Comprehensive Plan.

22 **Employment Growth Target**

23 The King County Countywide Planning Policies (CPPs) establish growth targets for all of the jurisdictions  
 24 within King County. The CPPs were initially adopted in 1992 and have been amended several times since  
 25 then. Elected officials from King County, the cities of Seattle and Bellevue, and the Sound Cities Association  
 26 meet as the Growth Management Planning Council. This Council makes recommendations to the County  
 27 Council, which has the authority to adopt and amend the CPPs. King County amended the CPPs in 2021,  
 28 updating the growth targets for cities and towns throughout the County. The updated growth targets  
 29 extended the planning horizon through the year 2044. Mercer Island’s current employment is  
 30 approximately 7,700 jobs; the growth target is 1,300 new jobs by the year 2044.

32 **I.B Strengths, Weaknesses, Opportunities, and Threats**

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

43 **Strengths**

44 Strengths are the cornerstones of the economy. These are the aspects of the local economy that are  
 45 advantageous for economic growth. Strengths are factors that contribute to the prosperity, environment,  
 46 and social cohesion of the City and as such represent topic areas the City can support or expand to

1 overcome weaknesses and threats. Some of the principal strengths identified are listed and discussed  
2 below.

### 4 High Quality of Life

5 The high quality of life on Mercer Island is a considerable strength. The Island's parks, open space, high  
6 quality public schools, safe and walkable neighborhoods, and cultural amenities helps attract new  
7 businesses and workers alike. Community input gathered during the drafting of this element often  
8 pointed to the high quality of life in Mercer Island as an asset the City can build upon to strengthen the  
9 local economy. Quality of life may also serve as a draw for off-island visitors to patronize local businesses.  
10 Since this high quality of life is a considerable strength, it must be protected. [No consensus Planning  
11 Commission asked Chris Goelz to draft an amendment]

### 13 High-Income Residents

14 Another key strength is the relatively high income of Mercer Island residents. During public input,  
15 business owners pointed out that the spending power of the Mercer Island community helped with the  
16 initial success of businesses. In 2021, the median household income for Mercer Island was \$170,000. For  
17 reference, the 2021 median household income in King County was \$106,326. Table 4 shows the 2021  
18 household income distribution in Mercer Island and King County. Figure 1 shows the median household  
19 income in King County and Mercer Island between 2010 and 2020. It is worth noting that over the last  
20 few years, the percent gap between King County and Mercer Island household income has been closing.

22 Table 4. Household Income and Benefits, 2021.

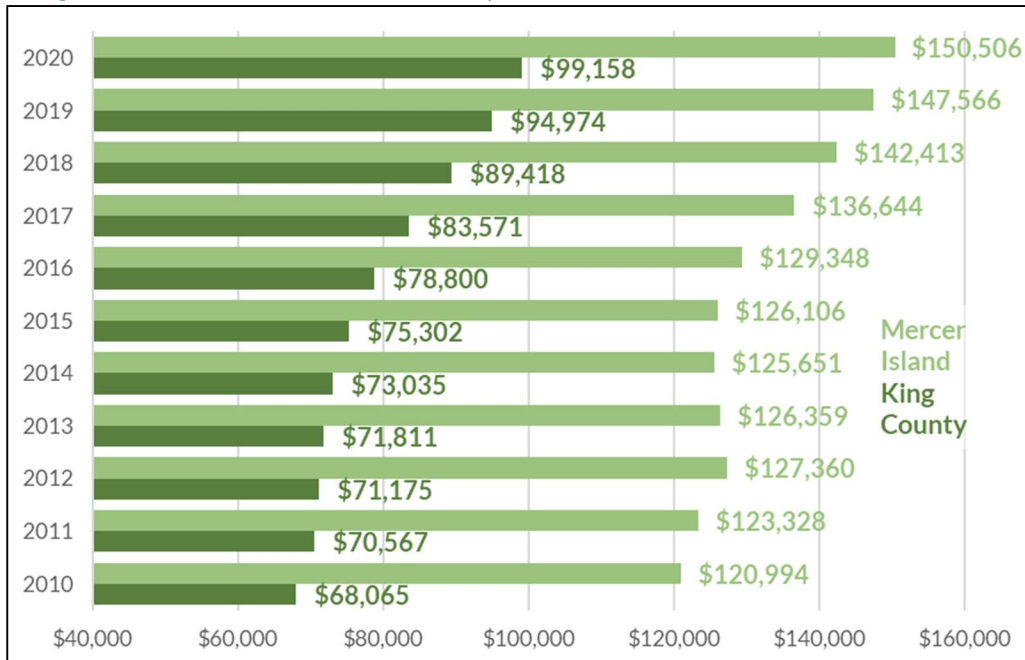
| Income and Benefits in 2021 Inflation-Adjusted Dollars |               |             |
|--|---------------|-------------|
|  | Mercer Island | King County |
| Total households                                       | 9,758         | 924,763     |
| Less than \$10,000                                     | 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>

1

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



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

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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.

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### Location of the City

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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.

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### Weaknesses

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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

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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



1 development code and permitting processes can be complicated and make starting a business more  
 2 difficult. Permit fees and the time spent on permit review are also ~~Another~~ challenging factors related to  
 3 ~~permitting is the additional cost that fees and delays in permitting can add to~~ starting a new business. As  
 4 the City considers permit fees, impact fees, and other regulatory requirements it can assess how those  
 5 changes might add to or reduce the cost of starting a new business. The City can address this weakness  
 6 by auditing its regulations and permit processes to ensure that they do not unnecessarily restrict or  
 7 complicate the process of starting or expanding a business. Another way for the City to address this  
 8 weakness is to engage the business community in the legislative process.

#### 9 10 **Business Climate and Culture**

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

#### 19 20 **Lack of Visitor Customer Base**

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

#### 27 28 **Affordability and Availability of Commercial Space**

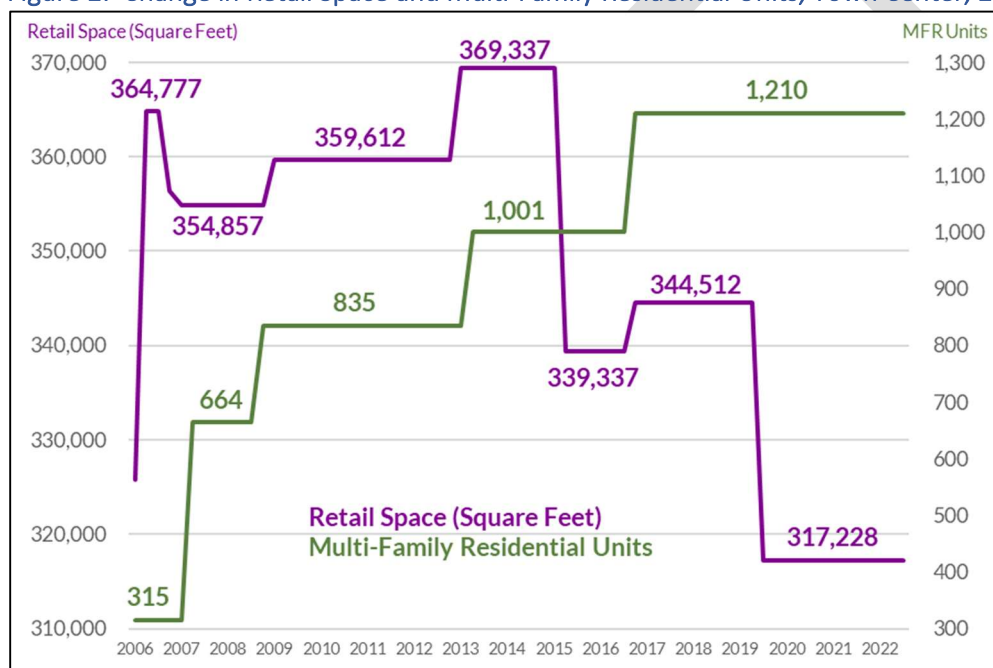
29 The lack of commercial space in the city and its cost can be a challenge for new business formulation and  
 30 expansion of existing businesses. Under the current zoning, commercial activities are largely limited to  
 31 three areas in the city. The largest of these areas, Town Center, is a mixed-use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

36  
37 The City's future land use map in the Land Use Element and the zoning that implements that policy  
 38 framework limits the areas where commercial uses are allowed to the Town Center, the planned business  
 39 zone, and commercial-offices zone. The size of commercial zones can influence the cost and availability  
 40 of commercial real estate. If the area available for commercial development is not large enough to  
 41 accommodate the projected growth, prices can rise, and businesses can have trouble finding available  
 42 spaces as supply reduces. The City must monitor the size of its commercial areas to ensure that the supply  
 43 of developable commercial land is not so restricted that it limits opportunities for development. This is  
 44 why the GMA includes a requirement to plan for projected growth in the form of adopting an employment  
 45 growth target. The employment growth target is derived from the projected population increase through  
 46 the planning period. By setting an employment growth target and ensure the Comprehensive Plan can

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

3  
4 Figure 2 compares the change in commercial square footage and residential units in Town Center between  
5 2006 and 2022. The retail space referred to in the figure is commercial store fronts that could be retail or  
6 restaurant space. From 2006 to 2022, the multi-family residential units increased by 895 units to a total  
7 of 1,210 (Figure 1). In that same period, the square footage of commercial space initially increased to a  
8 peak of about 369,000 square feet in 2013, before decreasing to about 317,000 square feet in the third  
9 quarter of 2019. This may be the result of a demolished building at 2431-2441 76th Ave SE. Although all  
10 development in Town Center is interconnected due to the mixed-use zoning in the area, this data does  
11 not mean that the amount of commercial space and number of residential units in Town Center are  
12 proportional or causal. From 2006 to 2022, the amount of commercial space has decreased by  
13 approximately 2.5% while the number of multi-family residential units have increased by nearly 75%.

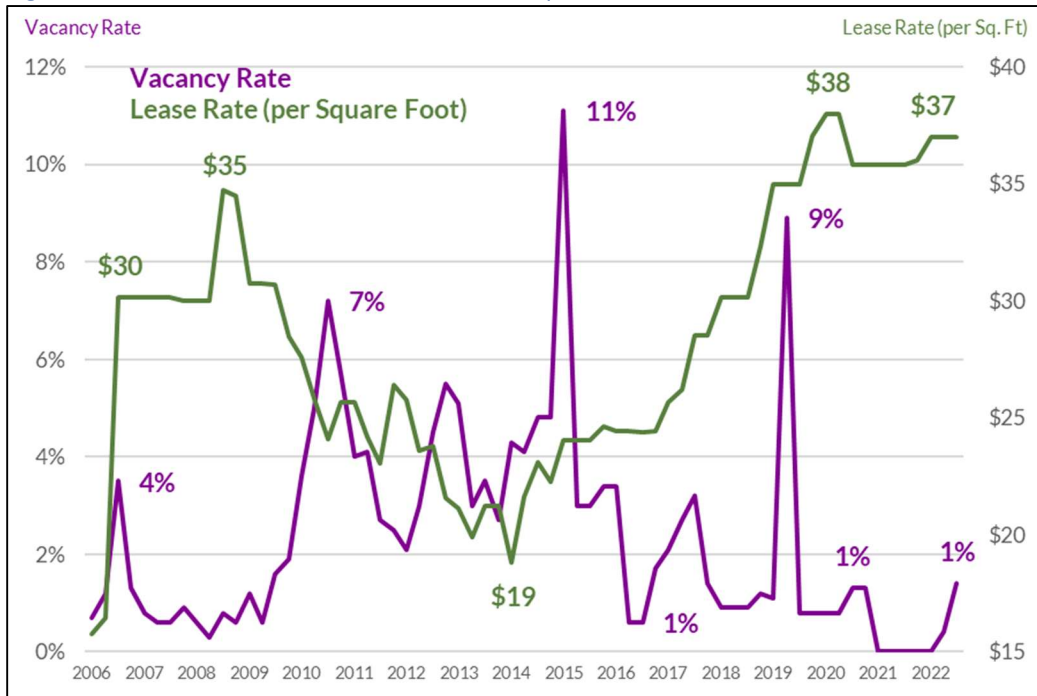
14  
15 **Figure 2. Change in Retail Space and Multi-Family Residential Units, Town Center, 2006 to 2022**



16  
17 Source: CoStar, 2022; CAI, 2022.

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

1 **Figure 3. Retail Annual Lease Rate and Vacancy Rate, Town Center, 2006 to 2022.**



2 Source: CoStar, 2022; CAI, 2022.

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4  
5 In 2022, the City Council enacted regulations in Town Center that expanded commercial frontage  
6 requirements along specific streets and added a new commercial floor area requirement in an attempt to  
7 prevent loss of commercial space. The effectiveness of these regulations will need to be evaluated over  
8 time. If new development in Town Center does not include enough commercial space to meet the  
9 demand from new businesses looking to locate in the city and the expansion of existing businesses, the  
10 affordability and availability of commercial space may constrain future economic growth and those  
11 regulations may need to be revisited.

12  
13 **Opportunities**

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

19  
20 **Additional Transportation Connections**

21 The flow of goods and people is a major component of any city’s economy. Transportation infrastructure  
22 can be even more impactful for an island community where moving people and goods is complicated by  
23 lack of an overland route. For this reason, the East Link Light Rail station has the potential to be one of  
24 the most transformative transportation developments on Mercer Island since the construction of the first  
25 bridge to the island. The arrival of light rail will increase access to Mercer Island for off-island people. The  
26 potential to draw more off-island visitors to increase the customer base for local businesses is an  
27 opportunity to boost economic growth in the city. Leveraging the arrival of light rail will require some  
28 active steps to ensure that this opportunity is maximized, and impacts are adequately addressed.

1 [Planning Commission asked staff to draft clause at the end of this sentence referring to impacts] The City  
2 can help connect transit riders with local businesses to take advantage of the arrival of light rail.  
3

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

5 Riot Games acquired an office building in Town Center in 2022. Their use of this office space is expected  
6 to eventually add a couple hundred jobs to Town Center. This opportunity overlaps with the planned  
7 arrival of light rail. This influx of workers is expected to increase demand for goods and services from  
8 neighboring businesses in Town Center. The arrival of a large employer is also expected to generally spur  
9 economic growth. The City should explore partnerships and programs to begin encouraging commuters  
10 to spend more time in Town Center and shop locally.  
11

#### 12 More Islanders Working From Home

13 One of the changes prompted by the Covid-19 pandemic is the transition to more work-from-home  
14 options for commuters. The extent to which commuting workers will spend their workdays on-island  
15 instead of traveling to work off-island remains unclear. What seems increasingly likely is that workers will  
16 commute less often than they did before the pandemic. Changes in commuting could lead to new demand  
17 for different services in the city's commercial areas or increased demand for existing services.  
18

#### 19 More Housing Priced in the Middle Range

20 Recent legislation will encourage the development of more housing priced in the middle range, most of it  
21 in and near the Town Center. Residents of this housing will be located near the commercial area, will be  
22 less likely to own a car, and will be more likely to shop locally. The arrival of more residents in these  
23 locations will likely spur economic development. [Comment Log #60 and #67]  
24

#### 25 **Threats**

26 Threats are external events or factors that have the potential to impede, slow, or otherwise negatively  
27 affect economic growth. Whereas weaknesses are existing conditions in the City that might challenge  
28 growth, threats are potential future concerns. Threats are topic areas where the City can focus attention  
29 to prepare for possible challenges and build resilience in the local economy.  
30

#### 31 Economic Uncertainty

32 There currently is a high degree of uncertainty about the future in the regional, national, and global  
33 economy. The unknown future of market forces such as inflation, supply chain difficulties, labor  
34 shortages, stock market volatility, and rising transportation costs obfuscate the economic outlook ~~in for~~  
35 the coming years. Many of these market forces are beyond the reach of City policies, however the City  
36 can prepare for positive and negative swings in the regional, national, and global economy by planning  
37 for economic resilience. Policy interventions that look to build on the local economy's strengths,  
38 overcome its weaknesses, and capitalize on expected opportunities can build resilience in the local  
39 economy. Policies that establish contingency plans for economic downturns can also help position the  
40 City to be responsive to changing conditions in uncertain times.  
41

#### 42 The Changing Nature of Retail

43 Retail commerce is undergoing a transition as online retailers compete with brick-and-mortar stores. This  
44 change appears to have been accelerated during the Covid-19 pandemic as more shoppers opted to order  
45 goods online. Comments indicate that this could mean that retail will need to focus more on location-  
46 specific or experiential retail to differentiate their goods and services from those more readily available

1 in online marketplaces. Some comments proposed a shop local campaign and adaptive reuse regulations  
 2 for commercial spaces as possible measures to help local businesses respond to changes in demand.  
 3

#### 4 **Affordability in the Region**

5 The affordability of commercial and housing has the potential to slow economic growth in the coming  
 6 years. Rising commercial real estate costs negatively impact both business formation and retention by  
 7 making it more expensive to locate a business in the city. Higher rents can price out existing businesses,  
 8 make expanding cost-prohibitive, and increase startup costs for entrepreneurs. Higher rents in new  
 9 development can displace existing businesses as commercial areas redevelop. The City can monitor  
 10 commercial space availability and development capacity to ensure that zoning and other development  
 11 regulations do not create scarcity of commercial spaces in the city's commercial zones.  
 12

13 Housing affordability can impact workforce availability. Labor is an important input for local businesses.  
 14 As housing prices increase, filling middle and lower wage positions can potentially become more difficult  
 15 as many workers commute from outside the city. The majority of people employed on Mercer Island  
 16 commute from outside the city. In 2019, 87 percent of workers employed on Mercer Island live outside  
 17 the city. Only about 13 percent of workers employed in the city also live on Mercer Island. On the other  
 18 hand, 91 percent of workers living on Mercer Island commuted to jobs outside the City in 2019. Table 5  
 19 shows the inflow and outflow of Mercer Island workers as tracked by the U.S. Census Bureau in 2019.  
 20

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

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

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

23  
 24 Many workers commute from off-island to fill middle and lower wage positions. In 2019, more than half  
 25 of jobs in Mercer Island paid less than \$3,333 a month or about \$40,000 a year. The low earnings for on-  
 26 island jobs can make it difficult for workers to afford to live near Mercer Island and could make finding  
 27 workers difficult given that all of metro King County has a higher cost of living. Table 6 shows the earnings  
 28 for on-island jobs as tracked in 2019 by the U.S. Census Bureau.  
 29

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

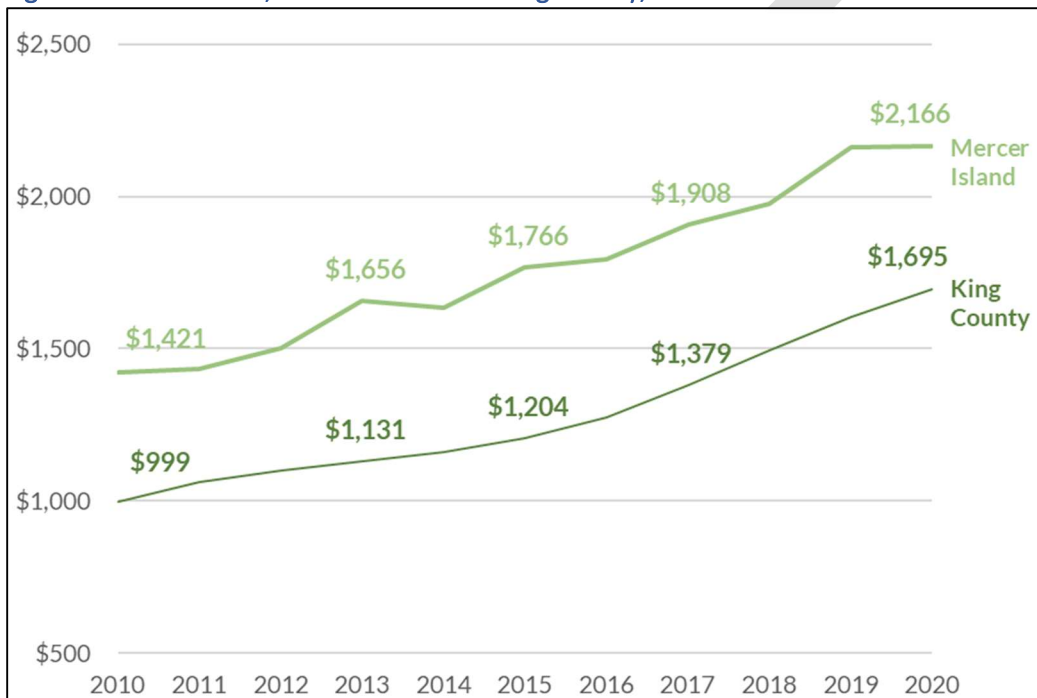
| Earning Range  | Mercer Island |       | King County    |              |
|--|---------------|-------|----------------|--------------|
|  | Count         | Share | Count          | Share        |
| \$1,250 per month or less (\$15,000 annually)                | 1,738         | 24.6% | <u>188,902</u>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

31 Source: U.S. Census Bureau On the Map, 2019.  
 32

1 While many jobs on Mercer Island pay relatively lower wages, the cost of housing is rising. Figure 4 shows  
 2 that in 2020, the median rent in Mercer Island was \$2,166 a month. Assuming that housing costs should  
 3 be around 30 percent of a household’s income, this would require a monthly income of roughly \$6,498 or  
 4 \$77,976 annually to be affordable. Expanding to the county level, the 2020 median rent in King County  
 5 was \$1,695. The King County median rent would require a monthly income of about \$5,085 or \$61,020  
 6 annually to be affordable. As highlighted earlier, many jobs on Mercer Island pay \$40,000 a year or less.  
 7 If rent outpaces wage growth, many workers may choose to live or work in more affordable cities or  
 8 regions. Difficulty in attracting workers can hinder economic growth as greater competition for workers  
 9 can drive up wages and costs to businesses.

10

11 **Figure 4. Median Rent, Mercer Island and King County, 2010 to 2020.**



12

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

14

15 **Displacement During Redevelopment**

16

17 The City’s commercial areas are largely developed. This causes most new commercial development on  
 18 the Island to occur through redevelopment of existing commercial buildings, which can displace  
 19 businesses in older developments. Displacement risk increases as sites redevelop because commercial  
 20 spaces in redeveloped sites can have higher rents, construction can interrupt business, and new spaces  
 21 might not fit existing business’ needs. The City can monitor the supply of developable commercial land  
 22 to determine whether the availability of commercial space is not increasing the displacement risk for local  
 23 businesses.

24

24 **Climate Change**

25

26 Climate change has the potential to have negative effects upon the economy. Business establishment  
 27 and success as well as customer spending patterns may be affected. Though many of the impacts of  
 28 climate change may be out of the control of local government, Mercer Island should implement and  
 29 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

1 upon the climate and where their employees may be more comfortable. Shoppers may seek commercial  
2 areas that are more comfortable in a warmer climate. [Comment Log #60 and #67]  
3

4 **II. Business Ecosystem Goals and Policies**  
5

6 **Goal 1 – The City of Mercer Island actively fosters a healthy business ecosystem.**  
7

8 Policies  
9

- 10 1.1 Partner with local, regional, state, and federal economic development agencies to increase  
11 resources available for business owners and entrepreneurs.  
12
- 13 1.3 Dedicate one staff position to coordinating the implementation of the Economic Development  
14 Element.  
15
- 16 1.4 Support local economic development nongovernmental organizations to grow their capacity to  
17 support local businesses, attract new investment, and maintain a healthy business ecosystem.  
18
- 19 1.5 Analyze commercial development capacity periodically to evaluate the type and quantity of  
20 commercial development possible given existing development, zoning, and regulations.  
21
- 22 1.6 Develop a citywide retail strategic plan. The citywide retail strategic plan should include  
23 actionable steps the City can take to support existing retail businesses, attract new retail  
24 businesses, and diversify the local economy.  
25
- 26 1.7 Analyze the feasibility of establishing a Parking and Business Improvement Area (PBIA) or Local  
27 Improvement District (LID) in one or more commercial areas to fund improvements for economic  
28 development.  
29
- 30 1.8 Partner with community organizations such as the Chamber of Commerce to ~~M~~market Mercer  
31 Island as an ideal good place to do business.  
32
- 33 1.10 Study the feasibility of relocating City Hall facilities to Town Center. The study should consider  
34 creation of a public park, establishing City Hall as a gateway from the Sound Transit Light Rail  
35 Station, public access to City services, and accessibility for all Mercer Island residents.  
36

37 **Goal 2 – Mercer Island’s healthy business ecosystem attracts entrepreneurs, businesses, and**  
38 **investment.**  
39

40 Policies  
41

- 42 2.1 Partner with nongovernmental organizations and neighboring economic development agencies  
43 to market Mercer Island as a prime location for businesses and investment.  
44
- 45 2.2 Partner with community organizations to target the following types of businesses and investment  
46 when marketing the City as a prime location for business:  
47

- 1 2.2.A A complementary and balanced mix of retail businesses and restaurants;
- 2 2.2.B High wage employers; and
- 3 2.2.C Satellite offices and coworking spaces.
- 4
- 5 2.3 Partner with community organizations to develop a guide to doing business on Mercer Island to
- 6 help entrepreneurs navigate City processes and find additional resources available to assist in
- 7 starting a new business.
- 8
- 9 2.4 Partner with community organizations to facilitate a mentorship program that connects Mercer
- 10 Island business owners, entrepreneurs, and retirees with ~~young adults~~ people interested in
- 11 starting new businesses. [Comment Log #69] [Simple Amendment]
- 12
- 13 2.5 Conduct a food truck pilot program to attract new entrepreneurs to Town Center. The pilot
- 14 program can include but is not limited to the following:
- 15
- 16 2.5.A Designated food truck parking on public property, including rights of way;
- 17 2.5.B Informational materials provided to existing food truck operators to attract them to
- 18 Mercer Island;
- 19 2.5.C Partnerships with food truck organizations in the region;
- 20 2.5.D Outreach to existing restaurants to consider the impacts of the pilot program on existing
- 21 businesses; and
- 22 2.5.E A report providing recommendations for potential programmatic and regulatory changes.
- 23

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

25 Policies

- 26
- 27
- 28 3.1 Convene an annual business owners’ forum to create a continuous feedback system during which
- 29 City elected officials and staff gather input from business owners. This input should inform City
- 30 decision making that affects the business community.
- 31
- 32 3.2 Facilitate periodic business roundtables with community organizations, local business owners,
- 33 and City staff.
- 34
- 35 3.3 Periodically distribute a business newsletter to local business owners and community
- 36 organizations.
- 37
- 38 3.4 Partner with community organizations, ~~with a focus on~~ including the Chamber of Commerce, to
- 39 initiate a “Shop Mercer Island” marketing campaign directed at drawing more residents and
- 40 visitors to commercial areas on the island. The City should fill a support role in this partnership.
- 41 [Comment Log #11] [Simple Amendment]
- 42
- 43 3.6 Conduct outreach to surrounding businesses before initiating capital projects in commercial
- 44 zones. This outreach should create a two-way dialogue with businesses, offering a seat at the
- 45 table when capital projects might affect business operation.
- 46
- 47 3.7 Identify and adopt measures to reduce displacement of existing businesses as new development
- 48 occurs. Notify nearby businesses of any potential redevelopment.



**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] [On September 27, the Planning Commission placed Policy 4.2 in the “parking lot” for consideration at a later date]

**NOTE:** Alternatives for the two Policies below will be drafted by commissioners Ragheb, Akyuz, and Boatsman in advance of the October 26 Commission meeting.

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]

**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

1 communications and fostering connections between community organizations, employers, and  
2 workers.

3  
4 **Goal 6 – The Mercer Island economy provides residents the option to both live and work on-**  
5 **island.**

6 Policies

7  
8 **NOTE:** On September 27, the Planning Commission placed the policies under Goal 6 in the “parking lot”  
9 for consideration later in the process. The originally proposed 6.2 was struck on 9/27.

10  
11 6.1 Plan to increase high-wage on-island job opportunities for residents, increase on-island  
12 employment options as a share of the City’s employment growth target, eliminate the need to  
13 commute, and reduce vehicle miles traveled.

14  
15 6.3 Take steps to increase the supply of affordable housing on the Island. [Comment Log #19]

16 6.3 Take steps to increase the supply of affordable and housing priced in the middle range on the  
17 island. [Comment Log #73]

18  
19 6.4 Establish Study a minimum wage on Mercer Island. [Comment Log #64]

20  
21 6.5 Provide tax incentives to retailers, landscapers, and home health care services that provide living  
22 wage jobs, paid time off, and health insurance to their employees. [Comment Log #64]

23  
24 6.6 Coordinate with the Housing Element to ensure that the employees that work in our community  
25 have future opportunities for housing in our community. [Comment Log #64]

26  
27 6.6 Ensure that people who work in our community have access to housing in the City that is  
28 affordable given their income level. [staff alternative, see Comment Log #64]

29  
30 **III. Regulatory Environment Goals and Policies**

31  
32 **Goal 7 – The City actively reduces ~~the regulatory~~ any unnecessary burden created by**  
33 **commercial development regulations and permitting processes to support a healthy**  
34 **business ecosystem, entrepreneurs, and innovation in business. [Comment Log #20]**  
35 **[Simple Amendment]**

36  
37 Policies

38  
39 7.1 Audit the development code and permitting processes to identify code amendments to support  
40 businesses, improve effectiveness, and make efficient use of City resources. The following goals  
41 should be coequally considered when identifying code amendments:

42  
43 7.1.A Lowering compliance costs for business owners;

44 7.1.B Minimizing delay and reduce uncertainty in the entitlement process;

45 7.1.C Improving conflict resolution in the entitlement process;

46 7.1.D Reducing the likelihood of business displacement as new development occurs; and

1 7.1.E Balancing parking requirements between reducing barriers to entry for new businesses  
2 and the need for adequate parking supply.

3 7.1.F Reducing greenhouse gas emissions. [Comment Log #22] [Comment Log #74]  
4

5 7.2 Evaluate City fees imposed on development to determine their effect on business startup costs  
6 and City finances. The impact on business startup costs must be balanced with the financial needs  
7 of the City.  
8

9 7.3 Evaluate additional process or code improvements on an annual basis with input from the  
10 ~~dedicated~~ economic development staff, Climate Action Plan project manager, and Council local  
11 business liaison. This evaluation should inform the development of annual docket  
12 recommendations as needed. [Comment Log #23] [Comment Log #75]  
13

14 7.4 Update home business regulations to support ~~ensure that they allow~~ a mix of commercial uses  
15 while ensuring home businesses remain compatible with neighboring residential uses. [Comment  
16 Log #24: possibly move policy to Goal 2] [Simple Amendment]  
17

18 7.5 Establish a small-business pre-application process to help guide applicants through the permitting  
19 process.  
20

21 7.6 Convene an ad hoc committee of at least one architect, at least one developer, the Mercer Island  
22 Building Official, ~~the business owner~~ Planning Commissioner, and City Council local business  
23 liaison to develop proposed amendments to City codes to better facilitate adaptive reuse of  
24 commercial real estate. The ad hoc committee's proposed amendments should be submitted  
25 through the annual docket process. [Comment Log #76] [Simple Amendment]  
26

27 7.7 Study allowing small scale retail outside the existing commercial districts. [Comment Log #86]  
28

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

30  
31 **Goal 8 – The Mercer Island business ecosystem includes a diversity of goods and services  
32 enjoyed by residents and visitors.**

##### 33 Policies

34 8.1 Ensure land use regulations in commercial zones allow a diversity of commercial uses.  
35  
36 8.2 Encourage commercial offices to locate in Mercer Island to bring more potential daytime  
37 customers to the Island without displacing existing retail space.  
38  
39  
40

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

##### 43 Policies

44 9.1 Encourage arts and cultural activities in commercial zones to draw the community to commercial  
45 areas.  
46  
47

1  
2 9.2 Partner with community organizations to develop a program to activate Town Center in the  
3 evening. The program should include strategies such as:

- 4  
5 9.2.A Evening events to draw people to Town Center;  
6 9.2.B Focusing on arts and cultural experiences;  
7 9.2.C Engaging local nonprofits; and  
8 9.2.D Incorporating existing community events.  
9

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

12  
13 Policies

14  
15 10.1 ~~Emphasize quality of life as a cornerstone of the Mercer Island economy.~~ [Comment Log #27]

16  
17 10.2 Focus on public safety as an important component of the high quality of life on Mercer Island a  
18 thriving business community. [Comment Log #28] [Simple Amendment]

19  
20 10.3 Activate public spaces in commercial areas by establishing design standards that encourage  
21 walkability and active use of street frontages in new development using strategies such as:

- 22  
23 10.3.A Emphasizing spaces that are human-scaled, safe and comfortable for walkers and bikers;  
24 10.3.B Incorporating principles of crime prevention through environmental design (CPTED);  
25 10.3.C Increasing wayfinding;  
26 10.3.D Incorporating public art;  
27 10.3.E Increasing street furniture/public seating provided it is designed with a specific purpose  
28 or function; and  
29 10.3.F Increasing the amount of public space, including parklets.

30  
31 10.4 Review street standards including the streetscape manual in Town Center, considering the  
32 following:

- 33  
34 10.4.A ~~Pedestrian improvements~~ On street parking;  
35 10.4.B ~~Electric vehicle charging~~ Time-limited public parking;  
36 10.4.C ~~Bike parking and infrastructure~~ Public safety;  
37 10.4.D ~~Time limited public parking~~ Pedestrian improvements;  
38 10.4.E ~~Public safety~~ Electric vehicle charging; and  
39 10.4.F ~~On street parking~~ Bike parking and infrastructure. [Comment Log #44] [Comment Log  
40 #77] [Simple Amendment]

41  
42 10.5 Review residential development standards and consider addition of small neighborhood  
43 establishments such as cafes and small boutique grocery. [Comment Log #65]  
44

45 **Goal 11 – Public space in Town Center is plentiful, providing residents and visitors places to**  
46 **gather, celebrate, and socialize.**  
47

1 Policies

- 2
- 3 11.1 Establish regulations for outdoor dining and temporary uses that allow flexible use of street  
4 frontages and public rights of way for public space to gather, celebrate, and socialize.
- 5
- 6 11.2 Seek to create more community gathering spaces when considering development standards in  
7 Town Center.
- 8
- 9 11.3 Maintain the existing City program to beautify Town Center with landscaping, street trees and  
10 flower baskets.
- 11

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

13 Policies

- 14
- 15
- 16 12.1 Ensure multimodal transportation options are available for workers to access on-island  
17 employment and customers to access goods and services.
- 18
- 19 12.2 Reduce car dependence without compromising existing available parking in commercial areas by  
20 prioritizing the following when considering regulatory amendments and capital improvements:
- 21
- 22 12.2.A Bike safety, parking, and infrastructure;
- 23 12.2.B Access to transit;
- 24 12.2.C Pedestrian safety;
- 25 12.2.D Traffic calming; and
- 26 12.2.E Human scale design.
- 27
- 28 12.3 Prioritize capital investment in creating robust pedestrian and bicycle connections between the  
29 park and ride, light rail station, Town Center and surrounding residential areas.
- 30
- 31 12.4 Ensure that sufficient parking is provided through a combination of regulations and incentives  
32 like parking credits as commercial areas redevelop. Interpretation of the policies in this element  
33 should not lead to a reduction in parking, [Comment Log #31] [Simple Amendment]
- 34
- 35 [Comment Log #45] proposes changing the order of policies to switch 12.2 and 12.4] [Simple  
36 Amendment]
- 37
- 38 12.4 Ensure that sufficient parking is provided through a combination of regulations and incentives  
39 like parking credits as commercial areas redevelop. Interpretation of the policies in this element  
40 should not lead to a reduction in parking. [Comment Log #78]
- 41
- 42 12.5 All new and improved public plaza development is aligned with the Pedestrian and [Bicycle]  
43 Facilities Plan so that safe walking and cycling routes are provided for residents, especially  
44 children, connecting neighborhoods with downtown public spaces. [Comment Log #66]
- 45

1 12.5 Align the development of public space with all City functional plans, including the Pedestrian  
2 and Bicycle Facilities Plan, to create safe walking and cycling routes that connect residential  
3 areas with public spaces. [staff alternative, see Comment Log #66]  
4

#### 5 **IV. Implementation Goals and Policies**

6  
7 **Goal 13 – The City takes specific actions and provides resources to implement the policies and**  
8 **achieve the goals of this Economic Development Element. Progress toward achieving**  
9 **Economic Development Element goals is regularly monitored and reported to the City**  
10 **Council and public.**

#### 11 Policies

- 12  
13  
14 13.1 Utilize federal, state, regional, and King County resources to implement this element.  
15  
16 13.2 Encourage public-private partnerships to achieve the goals of this element.  
17  
18 13.3 Seek grant funding for programs and activities that implement the policies of this element.  
19  
20 13.4 Appropriate funding for the implementation of this element through the City budget process.  
21 Funds should be allocated at the same time projects are added to City department work plans to  
22 ensure programs and projects are adequately funded to achieve the goals of this element.  
23  
24 13.5 Prepare a biennial report tracking implementation of the Economic Development Element. The  
25 report will be provided to the City Council prior to adoption of the budget.  
26  
27 13.6 Establish an implementation timeline for this element each budget cycle. The implementation  
28 timeline can be updated and amended each budget cycle to reflect the resources available to  
29 accomplish actions to implement this element. The implementation timeline should detail the  
30 following:  
31  
32 13.6.A Actions from this element to be added to department work plans for the upcoming  
33 budget cycle;  
34 13.6.B Actions from this element that should be added to work plans in the next three to six  
35 years; and  
36 13.6.C Actions from this element that should be added to future work plans in seven or more  
37 years.  
38  
39 13.7 Respond to potential budget shortfalls for actions to implement this element with the following  
40 strategies in descending order of priority:  
41  
42 13.7.A Alternate funding sources;  
43 13.7.B Public-private partnerships;  
44 13.7.C Reducing project or program scope to align with current budget constraints;  
45 13.7.D Delaying projects to the next budget cycle; and  
46 13.7.E Amending the policies of the Economic Development Element to reflect the City's capacity  
47 to implement the element.