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## PLANNING COMMISSION

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**TO:** Planning Commission

**FROM:** Adam Zack, Senior Planner

**DATE:** October 18, 2023

**SUBJECT:** Comprehensive Plan Update  
Economic Development Element – Fourth Draft

**DISCUSSION DATE:** October 25, 2023

**ATTACHMENTS:** A. Economic Development Element – Fourth Draft  
B. Comments on the Economic Development Element

### 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 (Attachment A). A matrix of all comments is provided in Attachment B.

### 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 B. This attachment includes a matrix that summarizes the comments and logs each by number. Public comments on the Economic Development Element are also provided in Attachment B. Where needed, staff provided clarifying notes in the comment matrix.

### SIMPLE AMENDMENTS

On September 27, the Planning Commission continued its review of the draft Economic Development Element. At that meeting, the Planning Commission deferred resolving the remaining comments on policies marked as simple amendments in the comment matrix until the October meeting. The remaining simple amendments do not significantly change the policy direction in the Economic Development Element. To reserve meeting time to address the proposals requiring further deliberation, staff recommends that the Planning Commission resolve the simple amendments with the following motion:

Move to resolve the simple amendments as proposed and listed in Table 1 of the October 25, 2023 staff memo.

If members of the Planning Commission would like to discuss any of the simple amendments further, individual policies can be discussed prior to a vote on the proposed motion. If additional edits to a given simple amendment are proposed the motion may be either amended to exclude that policy or the motion can be withdrawn and a new motion excluding that policy can be made.

Table 1 lists the remaining simple amendments that require Planning Commission resolution.

**Table 1. Remaining Simple Amendments.**

Policy #	Log #	Amendment
2.4	69	Partner with community organizations to facilitate a mentorship program that connects Mercer Island business owners, entrepreneurs, and retirees with <del>young adults</del> <u>people</u> interested in starting new businesses.
3.4	11	Partner with community organizations, <del>with a focus on</del> 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.
Goal 7	20	The City actively reduces <del>the regulatory</del> <u>any unnecessary</u> burden created by commercial development regulations and permitting processes to support a healthy business ecosystem, entrepreneurs, and innovation in business.
7.4	24	Update home business regulations to <del>support ensure that they allow</del> a mix of commercial uses while ensuring home businesses remain compatible with neighboring residential uses. [Make the change and move this policy to be listed under Goal 2]
7.6	76	Convene an ad hoc committee of at least one architect, at least one developer, the Mercer Island Building Official, <del>the business owner Planning Commissioner,</del> 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. [note: this change is just housekeeping, the text was unintentionally carried over from a previous draft]
10.2	28	Focus on public safety as an important component of <del>the high quality of life on Mercer Island</del> <u>a thriving business community</u> .
10.4.A-F	44 & 77	[re-order A-F] 10.4.A <del>Pedestrian improvements</del> <u>On street parking</u> ; 10.4.B <del>Electric vehicle charging</del> <u>Time-limited public parking</u> ; 10.4.C <del>Bike parking and infrastructure</del> <u>Public safety</u> ; 10.4.D <del>Time-limited public parking</del> <u>Pedestrian improvements</u> ; 10.4.E <del>Public safety</del> <u>Electric vehicle charging</u> ; and 10.4.F <del>On street parking</del> <u>Bike parking and infrastructure</u> .
12.4	31 & 45	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. [Comment Log #45 proposes changing the order of policies to switch 12.2 and 12.4]

## FURTHER DELIBERATIONS

After the simple amendments have been resolved, the Planning Commission can discuss the remaining amendments that need additional discussion. At the meeting on October 25, staff recommends the Planning Commission make a motion for each proposed amendment, the Planning Commission can make one round of comments on the proposed amendment, and then hold a vote on the motion. If the Planning Commission would like to give additional direction, the motion can be amended by making a second motion to amend the first motion, the motion to amend also requires a second. After the motion to amend is seconded, a majority vote is needed to decide whether the amendment is accepted. Then a vote is taken on the amended motion. This proposed process is intended to help the Planning Commission efficiently reach a decision.

Table 2 lists the remaining seven policies needing deliberation. If discussion of each remaining policy takes around ten minutes, the Planning Commission would need about an hour to deliberate and reach a decision for all of the proposed amendments.

**Table 2. Proposed Amendments Needing Deliberation**

Policy #	Log #	Amendment
New 7.1.F	22 & 74	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: [ ... ] <u>7.1.F Reducing greenhouse gas emissions.</u>
7.3	23 & 75	Evaluate additional process or code improvements on an annual basis with input from the <del>dedicated</del> economic development staff, <u>Climate Action Plan project manager</u> , and Council local business liaison. This evaluation should inform the development of annual docket recommendations as needed.
New 7.7	86	<u>Study allowing small scale retail outside the existing commercial districts.</u>
10.1	27	<del>Emphasize quality of life as a cornerstone of the Mercer Island economy.</del> [strike entire policy 10.1]
New 10.5	65	<u>Review residential development standards and consider addition of small neighborhood establishments such as cafes and small boutique grocery.</u>
12.4	78	Ensure that sufficient parking is provided <u>through a combination of regulations and incentives like parking credits</u> as commercial areas redevelop. <del>Interpretation of the policies in this element should not lead to a reduction in parking.</del>
New 12.5	66	<b>Proposed in Comment:</b> <u>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.</u> <b>Staff Alternative:</b> <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>

## PARKING LOT

On September 27, the Planning Commission placed several proposed amendments and new policies in the 'parking lot' for discussion after the Housing Element is drafted. The purpose of the parking lot when it was created was to give the Planning Commission time to consider the housing related policies after a draft of the Housing Element was prepared and ensure that those policies are consistent. Several of the policies in the parking lot do not refer to housing (proposed new Policies 4.2, 6.4, and 6.5). The Housing Element is not likely to provide additional information about these policies.

The parking lot amendments and policies are listed in Table 3. By placing these proposed amendments in the parking lot, they will stay in the draft of the Economic Development Element until the Planning Commission decides whether to keep them in the recommended draft following the preparation of the draft Housing Element. No further action on these policies is required at the October meeting, but staff recommends a few clarifications for the parking lot policies.

### Simplifying the Parking Lot

Staff recommends that the parking lot policies be simplified and clarified to gather more direct feedback from the public on the concepts in the policies. Making a few modifications to the items in the parking lot will make the draft more concise when it comes back for consideration after the Housing Element is drafted. Three of the five policies in the parking lot do not relate to housing and the Housing Element is unlikely to provide additional information about these topics. Without new information, holding off on a decision until after the Housing Element is drafted is not likely to be beneficial. The discussion below provides options for resolving non-housing parking lot policies at this stage of review. Staff recommends the following simplification of the parking lot policies:

- **Decide whether to keep the proposed new Policy 4.2 in the draft, taking it out of the parking lot** – This policy is broad direction regarding which factors the City should balance as it takes actions to grow the economy. The proposed policy does not link to a specific action and is more about approach. The Housing Element is unlikely to provide more insight on how to balance these factors. If the Planning Commission, as a body, agrees with the approach in the proposed policy it can be retained to get more public comment as the draft moves forward. If the Planning Commission does not want to include this approach the proposed policy can be dropped. If the policy stays in the draft, the public will be able to provide input on this policy through the comment periods in advance of the Planning Commission making its final recommendation.
- **Drop proposed new Policy 6.3 and its alternate in favor of proposed new Policy 6.6** – The proposed new Policy 6.3 and its alternate will not be necessary once the Housing Element is completed because the Housing Element will address housing affordability in much more detail. Furthermore, the proposed new Policy 6.6 creates a strong link between housing policies and the Economic Development Element. By dropping proposed Policy 6.3 and its alternate and retaining proposed Policy 6.6, the public will be able to provide comments on the concept of ensuring that people that work in Mercer Island have access to housing within their means as an approach to economic development. The public will be able to comment on the issue of the supply of affordable housing, as outlined in proposed Policy 6.3 and its alternate, during the Housing Element comment periods.
- **Clarify the purpose of placing proposed new Policies 6.4 and 6.5 in the parking lot** – Proposed policies 6.4 and 6.5 relate to worker wages and benefits. As currently constructed, the parking lot holds further discussion of these policies until the Housing Element draft is prepared. The Housing Element is unlikely to provide additional insight into these two topics. If the purpose is to get additional public feedback on these two policies prior to the Planning Commission recommendation, that should be clarified. Otherwise, the Planning Commission will be asked to decide whether to keep these policies in the public review draft of the Economic Development Element after the Housing Element is drafted but there will not be additional information to assist in the decision.

**Table 3. Parking Lot Policies.**

Policy #	Log #	Amendment
New 4.2	14	<u>Balance economic growth with maintaining easy access to services and small town feel.</u>
New 6.3	19	<u>Take steps to increase the supply of affordable housing on the Island.</u>
Alt. New 6.3	73	<u>Take steps to increase the supply of affordable and housing priced in the middle range on the island.</u>
New 6.4	64	<u><del>Establish</del> Study a minimum wage on Mercer Island.</u>
New 6.5	64	<u>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.</u>
New 6.6	64	<u>Coordinate with the Housing Element to ensure that the employees that work in our community have future opportunities for housing in our community.</u> <b>Staff Alternative</b> <u>Ensure that people who work in our community have access to housing in the City that is affordable given their income level.</u>

#### IMPLEMENTATION PLAN

No further Planning Commission action regarding the Economic Development Implementation Plan is needed on October 25. Staff will need to update the Economic Development Implementation once the Planning Commission arrives at its public review draft of the Economic Development Element. The Planning Commission will be briefed on the updated Economic Development Implementation Plan later in the Comprehensive Plan update process prior to their making a recommendation.

#### PLANNING COMMISSION REVIEW SCHEDULE

**October 25** The Planning Commission can finish consideration of the proposed amendments and complete this round of review. After finishing this round of review, the draft Economic Development Element will be considered the public hearing draft.

**November 8** Date reserved for a special meeting, if necessary. The special meeting would be necessary if review is not completed on October 25.

Once the Planning Commission arrives at a public hearing draft of the Economic Development Element, there will be more rounds of review:

**Remaining 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 be briefed on the updated Economic Development Implementation Plan.

- 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.