

EXHIBIT 3

| Log# | Repondent | Comments / Questions |
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| 001 | Property owner | If you have a current use in place and that tenant sells their business, and the owner of the new business desires a 5-10 year lease extension (which may or may not be already provided for in the existing lease that is being assigned, and the use is not conforming with the Town Center amendments, are we able to provide the buyer with the lease extension (as a pre-existing use)? |
| 002 | Property owner | I have little concern with the requirements, including the minimum FAR. I do have concern with the frontage requirements, as 60' is quite restrictive. Not sure if anyone has raised this issue? I realize that the minimum depth required is 16', which is quite small. Our preferred target is a minimum of 30', but usually 40' to 45' (so that a 30' wide space would be 1,200 SF minimum), with a maximum of 50' to 60'. So, with a 60' wide space maximum, that would lead to a max space of 3,000 to 3,600 SF. I am understanding you want to target smaller, interesting, probably local restaurants and retailers? That makes sense and we have often done the same, turning down tenants such as Panera and Orange Theory in favor of local resaurants and other businesses. As an example, MM is 4,500 SF with 70' of frontage and P is 6,500 SF with closer to 100' of frontage (again, both are closer to 60' to 65' in depth). The only time we have ever done more is for CVS, where we were 100' deep. Which is also an interesting discussion. MI has a number of underutilized sites with larger tenants, many with longer leases, such as drug stores. With only 60' of frontage, you would need 200' or more of depth to accommodate these retailers, which is not realistic as it would be functional for only a bowling alley. So, that means either a site with a larger tenant could not be redeveloped until their lease expires, as I can't see them agreeing to an early termination unless you include them in the redevelopment. So, would the city prefer to not have that type of site redeveloped or should an exception be made? I expect the city doesn't want a downtown full of grocery and drug stores, but I also expect the residents do want to be able to go to drug or grocery stores. Hope that makes sense. |
| 003 | MI resident (economic development/planning professional) | <p>*Have you considered expanding the list of eligible uses? The use list seems too restrictive now.</p> <p>*Regarding theaters, have you considered that a theater could be setback with wrap-around retail street frontage in front?</p> <p>*Have you considered shortening the five-year review period to better ensure that the mechanisms are actually working? Five years seems a bit lengthy.</p> |
| 004 | Commercial leasing agent | <p>I have been the primary retail leasing agent for several of the mixed-use projects in the Town Center core for the past 17 years. My retail leasing projects have included Island Square, 77Central, Aviara, and Hadley.</p> <p>When I began leasing Island Square during its construction in 2005, Mercer Island had flexible regulations for the ground floor retail. We were able to lease the street level retail to a market-driven eclectic group of uses including restaurants and neighborhood services including banks, dental, real estate firms, a barber shop, nail salon, wine bar, and one fitness user (we now have 3 fitness users from re-tenanting). The street-level tenants were varied and essential businesses to serve the Downtown core and the surrounding neighborhoods. Shortly after the completion of Island Square, the regulations on the street-level uses became burdensome on leasing. Since the 60/40 rule put in place, the only viable businesses I can put in vacancies seem to be a few restaurants (when building infrastructure is in place and the parking restrictions imposed by the City allow for it) and, for the most part, fitness. We tried to put retail uses (Freshy's Market) and uses that serve more of a cultural niche with an events space at Aviara. Both concepts failed. Freshy's was re-tenanted with a yoga studio. At Hadley, we currently have Orange Theory Fitness, a Pilates studio, the yoga studio, and one restaurant – Mioposto. There was only enough building infrastructure to accommodate one restaurant which would be a reasonable amount of food for a 4-tenant project. We had several other tenants interested in the Freshy's space but, due to the restrictive use laws, the only tenant that was code compliant and a viable business was the yoga tenant.</p> <p>By amending the use restrictions as proposed by MICC 19.11.020 (B), the city will be sliding even further backwards in the activation and diversification of the street fronts in the Town Center. Since retail and cultural uses are rare as viable uses even in the strongest of retail markets, these additional restrictions will make an already extremely difficult leasing situation in Downtown Mercer Island even more dire. As a retail leasing expert, I ask that the City not make a difficult situation worse. This will very likely lead to unleaseable space, a lack of diversification in tenants, additional pressures on the current Town Center small businesses by bringing in more of the same uses, and vacant storefront. As it stands now with the 60/40 restrictions, my only options for viable leasing prospects are to personal services which are plentiful on the Island. The existing yoga, Pilates, fitness studios, and martial arts studios are doing their best at staying afloat. By limiting the options for tenants in the street fronts, the building owners of Downtown Mercer Island have no options but to further saturate the market with these redundant uses or let the spaces sit empty. Meanwhile, there are viable tenants who can serve as an important part of the community by bringing essential services, varied uses, and activation to the Town Center.</p> <p>Please, if anything, I would ask that the city rethink the limits that are already in place and make it easier for the building owners to make Downtown a livable and vibrant downtown.</p> |