
CITY OF MERCER ISLAND

COMMUNITY PLANNING & DEVELOPMENT

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Economic Development Work Group

TO: Economic Development Work Group

FROM: Adam Zack, Senior Planner
Sarah Bluvas, Economic Development Coordinator

DATE: June 8, 2022

SUBJECT: Economic Development Issue List

ATTACHMENTS: A. Economic Development Planning Framework

PURPOSE

The purpose of this memo is twofold:

- (1) Provide the Economic Development Work Group (EDWG) with the economic development planning framework established by state law, regional planning organizations, and King County, and
- (2) Provide the process by which the EDWG will develop an initial economic development issue list.

BACKGROUND

The EDWG is a joint Planning Commission and City Council subcommittee that will prepare the initial draft of the Economic Development Element (EDE). The EDE is a component of the City's Comprehensive Plan that will establish goals and policies to guide City decision making as it relates to economic development. The EDE will be added to the Comprehensive Plan during the update currently underway. This will be the first EDE adopted by the City.

ECONOMIC DEVELOPMENT PLANNING FRAMEWORK

The attached Economic Development Planning Framework summarizes the state, regional, and countywide framework and requirements for economic development planning (Attachment A). The framework primarily focuses on the following:

- Growth Management Act (GMA) requirements;
- Puget Sound Regional Council's *Vision 2050*; and
- King County Countywide Planning Policies.

The purpose of the Economic Development Planning Framework paper is to familiarize EDWG with the general planning framework for economic development under state law and regional planning efforts.

This paper outlines the requirements at a high-level to prepare the Economic Development Work Group to discuss potential goals and policies for the Economic Development Element, with additional discussion expected later in the process. This paper is provided for background purposes only and does not make recommendations or propose specific policy responses.

ISSUE LIST PROCESS

At the first EDWG meeting staff will facilitate a small-group workshop to develop an initial issue list. Issues are topics or problems the work group wants to consider throughout the drafting of the EDE. The initial issue list will be refined as the work group gathers more information and public input. Eventually, the issue list, additional information, and public input will be the basis for the first draft of the EDE goals and policies.

Small Group Workshop to Develop an Initial Prioritized Issue List

Objective: To collaboratively prepare an initial list of economic development issues.

Process: Small-group workshop to arrive at an initial prioritized list of economic development issues with the following steps:

Step 1: Introductions

- Each member will share the reason they volunteered for the work group, and
- Provide a brief description of how they picture the economy on Mercer Island will look in 25 years if the EDE is successful.

Step 2: Individual and Group Issues

- (1) Each member will start by identifying 1 to 5 economic development issues. Issues are Economic Development topics of importance such as “encourage more retail in Town Center” or “new business startup costs”.
- (2) Members will work in one group of two and one group of three to consolidate shared issues and decide on their top five issues.
- (3) Each group will share their top five issues and the issues that didn’t make the cut. When they share, they can discuss the selection process and other members can ask questions. Issues that didn’t make the cut will be added to a “Tier 2” issue list. The top five issues from each group are added to the “Tier 1” issue list, for a total of ten Tier 1 issues.
- (4) Before moving to step 3, the group can discuss the Tiers 1 and 2 issue lists. If they would like to move an issue, they have to make a corresponding change to keep the lists balanced.

Step 3: Issue List Prioritization

- (1) Each group member will make a list of their top 3 Tier 1 issues, ranked from first to third. Members will share their rankings and staff will keep a tally.
- (2) After voting, the group will discuss the results and decide on which issues to add to the Tier 1 primary issues list and which to add to the Tier 1 secondary issues list.

Step 4: Review Issue Lists

- (1) The group will review each level of the initial prioritized issue list: Tier 2, Tier 1 secondary, and Tier 1 primary.
- (2) This review should include whether the group has questions about any issue and would like staff to conduct additional research.
- (3) Step 4 will result in an agreed upon initial prioritized issue list with topics highlighted for additional staff research.

Step 5: Homework

- After the meeting, staff will email the work group members with the initial prioritized issue list.
- Before the next work group meeting, each member should consider the following questions about the issue list:
 - Are there edits or additional context that will make the issues clearer?
 - Is something missing from the list?
- Edits and additions will be discussed at the next meeting.



ECONOMIC DEVELOPMENT PLANNING FRAMEWORK

State, Regional, and Local Planning Framework

ABSTRACT

A summary of the general planning framework for economic development under state law and regional planning efforts. This paper is a discussion primer for the City of Mercer Island Economic Development Work Group to supplement the Economic Analysis.

Adam Zack, Senior Planner

City of Mercer Island Economic Development Work Group



Economic Development Planning Framework

June 7, 2022

City of Mercer Island, WA

Department of Community Planning and Development

Adam Zack, Senior Planner

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Introduction and Purpose

The City of Mercer Island is updating its Comprehensive Plan as part of the state-mandated periodic review. The Comprehensive Plan update will include drafting a new Economic Development Element to ensure that the Plan is responsive to economic development issues the City will face in the coming years. The initial draft of the Economic Development Element will be drafted by the Economic Development Work Group. The Economic Development Work Group is composed of two volunteers from the Planning Commission and three volunteers from the City Council. Between May and December 2022, the Economic Development Work Group will refine a draft of the Economic Development Element. This paper provides a general discussion of the economic development issues and topics likely to arise while drafting the Economic Development Element.

Purpose

The purpose of this paper is to familiarize City policy makers with the general planning framework for economic development under state law and regional planning efforts. This paper outlines the requirements at a high-level to prepare the Economic Development Work Group to discuss potential goals and policies for the Economic Development Element, with additional discussion expected later in the process. This paper does not make recommendations or propose specific policy responses.

Economic Development Element

The Economic Development Element will be a new element of the City Comprehensive Plan. It will establish the goals and policies to guide City program, budget, and capital improvement decision making. As an element of the Comprehensive Plan, the Economic Development Element will be linked with the other elements. All Comprehensive Plan elements must be internally consistent, without different elements working at cross-purposes. As a result, the goals and policies in the Economic Development Element will be considered in concert with the other elements. For example, land use regulation decisions must consider the relevant policies from the Land Use *and* Economic Development elements in addition to the related policies in the other elements. In this way, the Comprehensive Plan coordinates planning and decision making throughout the City, placing economic development on equal footing with other City efforts.

The Economic Development Element guides decision making with a vision, goals, and policies. A vision is a general statement of where the comprehensive plan ought to guide the City. An example of a vision statement is:

Vision – The City economy provides a range of employment opportunities and services that enable a high quality of life.

Goals articulate a desired outcome that will further the vision. Goals are more specific and targeted than a vision. In the vision example above, a link could be made between providing a broad range of employment opportunities and supporting innovation in the local economy. An example of a goal directed at supporting innovation is:

Goal 1 – Support entrepreneurs and innovation in business by minimizing regulatory burdens in the City’s commercial development regulations and permitting processes.

Policies are a general direction that the City sets to follow when taking action to meet its goals. Policies are typically associated with a specific goal. In general, policies describe a high-level approach to achieving a goal. An example of a policy that could be linked with the goal above is:

Policy 1.A – Audit commercial development code and permitting processes every five years to improve effectiveness, increase efficient use of City resources, and lower compliance costs.

Once a vision, goals, and policies are set in the Economic Development Element, they are implemented through an implementation plan. The implementation plan for the Economic Development Element will include strategies and actions and could eventually be developed into a more detailed strategic plan. Implementation strategies and actions are more specific than policies and typically focus on near-term projects, budget decisions, and programs. Policy in the Economic Development Element could include direction to develop a strategic plan following adoption of the Comprehensive Plan Update. A strategic plan could build on the other implementation actions identified in the element. An example of implementation actions for the goal and policy example above is:

Implementation Action 1.A.I – Complete an audit of the commercial development code and permitting processes by the end of 2025.

Implementation Action 1.A.II – Adopt updates to the commercial development code and permitting processes by the end of 2026.

Once the vision, goals, policies, and implementation actions have been established, the City then takes action. In the example above, the City’s next steps would include:

- List an audit of commercial development code and permitting processes in the Community Planning and Development work plan for the upcoming year(s);
- Budget for the cost of the commercial development code and permitting process audit;
- Issue a Request for Proposals to audit the commercial development code and permitting processes; and
- Undertake the audit and adoption of corresponding updates in the timeline established in the implementation plan.

The benefit of this planning process is that the current Comprehensive Plan does not articulate a vision, goals, and policies for economic development. Having an Economic Development Element as a foundation for decision making will keep City efforts coordinated and boost efficiency of programs. **High-level planning today will improve the functioning of government tomorrow.**

Economic Analysis

The City of Mercer Island is updating its comprehensive plan as part of the periodic review required by the WA Growth Management Act (GMA). The Comprehensive Plan update will extend the planning horizon through the year 2044. The Comprehensive Plan update will include adoption of a new Economic Development Element. To prepare for drafting of the Economic Development Element, the City will prepare an Economic Analysis. The Economic Analysis will be a report analyzing economic data to describe

existing economic conditions and expected growth through the year 2044. This analysis will establish a shared understanding of the economy on Mercer Island for the City to consider as it adopts a vision, goals, and policies in the Economic Development Element. The Economic Analysis will provide important background information on existing economic conditions for the Economic Development Work Group as they draft the new Economic Development Element.

Growth Management Act

The GMA establishes fourteen statewide planning goals to guide the development of local comprehensive plans. The statewide planning goals are the foundation of what comprehensive plans should seek to accomplish. Statewide planning goal 5 established in RCW 36.70A.020(5) addresses economic development, stating:

“Economic development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new businesses, recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities.”

In addition to outlining the goal for planning for economic development, the GMA requires cities to adopt an Economic Development Element as part of their comprehensive plan. The GMA Economic Development Element requirement includes direction on what must be included in an Economic Development Element in RCW 36.70A.070(7) – Mandatory Elements, which states:

(7) An economic development element establishing local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life. A city that has chosen to be a residential community is exempt from the economic development element requirement of this subsection.

Cities that choose to be a residential community are exempted from the requirement. The City of Mercer Island is exempt from the requirement but has chosen to add an Economic Development Element and thus is subject to the GMA requirements.

The Department of Commerce has established additional economic development element requirements and recommendations in WAC 365-196-435 Economic Development Element. WAC 365-196-435 states:

(1) Requirements.

(a) The economic development element should establish local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life. An economic development element should include:

(i) A summary of the local economy such as population, employment, payroll, sectors, businesses, sales, and other information as appropriate;

(ii) A summary of the strengths and weaknesses of the local economy defined as the commercial and industrial sectors and supporting factors such as land use, transportation, utilities, education, workforce, housing, and natural/cultural resources; and

(iii) An identification of policies, programs, and projects to foster economic growth and development and to address future needs. Identification of these policies, programs, and projects should include a summary of each.

(b) A city that has chosen to be a residential community is exempt from the economic development element requirement of this subsection.

(c) The requirement to include an economic development element is null and void until sufficient funds to cover applicable local governments costs are appropriated and distributed at least two years before the due date for the periodic review and update required in RCW 36.70A.130(1).

(2) Recommendations for meeting the requirements. Counties and cities should consider using existing economic development plans developed at the county and regional level and may adopt them by reference as a means of including an economic development element within their comprehensive plan. Counties and cities should consider developing partnerships with organizations within the community and with state and federal agencies and the private sector. Because labor markets typically encompass at least one county and may encompass a multicounty region, counties and cities should coordinate economic development activities on a regional basis. The department recommends counties and cities consider the following in preparing an economic development element:

(a) A summary of the local economy.

(i) Economic development begins with information gathering. The purpose of information gathering is to provide a summary of the local economy. Much of this information is available from regional, state or federal agencies.

(ii) Counties and cities should use population information consistent with the information used in the land use element and the housing element.

(iii) Counties and cities are not required to generate original data, but can rely on available data from the agencies who report the information. Employment, payroll, and other economic information is available from state and federal agencies, such as the Washington state department of employment security, the Bureau of Labor Statistics and the Census Bureau. Some of this information may not be available at the city level, but may be available only at the county-wide level. Government agencies that report this data may be prohibited from releasing certain data to avoid disclosing proprietary information. Local governments should also consult with their associate development organization, economic development council and economic development districts. Counties and cities may also use data such as permit volume, local inventories of available land and other data

generated from their activities that is useful for economic development planning.

(b) Summary of strengths and weaknesses of the local economy.

(i) Counties and cities should consult with their associated development organization, economic development council and/or economic development district to help with identifying appropriate commercial and industrial sectors.

(ii) Shift-share analysis is one method of identifying strengths and weaknesses of the local economy. This method identifies industrial sectors that have a relatively greater proportion of the local area's employment than exists in the national economy. It is one method of identifying sectors with a local competitive advantage. This is a method that can be employed using readily available existing data.

(iii) Identification of industry clusters is another method of identifying strengths and weaknesses of the local economy. State and local economic development organizations, including some associated development organizations and the department, have identified a number of industry clusters in the state. An industry cluster is a group of related firms that provide interdependent specialized goods or services. The presence of existing suppliers of specialized services and a specialized work force makes attracting additional economic activity in the cluster easier.

(iv) Identifying strong industry sectors or clusters can help determine strengths and weaknesses, help a city or county develop a realistic profile of land and infrastructure needs, and identify ways to focus economic development activities. It does not confer preferred status on any particular firm or industry. Counties and cities should still treat all individuals and firms as equal under the law.

(v) Counties and cities may also refer to information and public input collected during public participation to identify strengths and weaknesses based on community perception of their community. Counties and cities may conduct a separate visioning exercise to help identify strengths and weaknesses.

(vi) Counties and cities may employ asset mapping, which builds from the information gathered. Asset mapping is similar to traditional strengths, weaknesses, opportunities, and threats (SWOT) analysis with several significant distinctions. Under the SWOT analysis, strength and opportunity factors may not be linked together.

(c) Identification of policies, programs, and projects to foster economic growth and development and to address future needs.

(i) After identifying strengths and weaknesses, the economic development element may identify policies, programs and projects that foster economic growth and development and address future needs. The programs and policies should be targeted at addressing weaknesses or capitalizing on strengths identified in the community.

(ii) Counties and cities should consider using specific, quantified, and time-framed performance targets that provide a measurement of the success of an economic development element and serve as a reference point in the economic development process.

The guidance in WAC 365-196-435 outlines three major components of an economic development element: (1) a summary of the local economy, (2) a summary of the economy's strengths and weaknesses, and (3) policies, programs, and projects. The first two sections summarizing the economy and its strengths and weaknesses can be drawn from the Economic Analysis currently in development. The final section of policies, programs, and projects will be the principal focus of the Economic Development Work Group over the next six to nine months.

WAC 365-196-435(2)(c) provides additional recommendations for developing policies, programs, and projects. The central concept in the guidance is that the policies and actions outlined in the Economic Development Element should support the strengths and address the weaknesses identified in the first sections of the element to ensure the element is data-driven and tied to existing conditions.

The final piece of guidance in WAC 365-196-435(2)(c)(ii) is a recommendation to use specific targets tied to a timeframe so the City can measure performance of the Economic Development Element over time. The Economic Development Work Group can consider setting performance measures while drafting policies. An important consideration will be ensuring that any effectiveness measures set in the element are measurable and timeframes are reasonable.

During work on the Economic Development Element, the City should develop a timeline for implementation of the element. This will direct City efforts and help future City Councils make budget decisions to ensure the City achieves its economic development vision and goals. This will be a focus of the latter portion of the Economic Development Work Group work program, after goals and policies have been drafted.

King County

Under GMA counties play an important role in coordinating planning for the jurisdictions within their boundaries. This is primarily accomplished through adopting countywide planning policies, setting growth targets, and analyzing development capacity. King County Countywide Planning Policies, including growth targets, and analysis of development capacity are discussed below.

Countywide Planning Policies

The King County Countywide Planning Policies (CPPs) establish requirements for the City's Comprehensive Plan Economic Development Element. The King County CPPs are available online at: <https://kingcounty.gov/~media/depts/executive/performance-strategy-budget/regional-planning/CPPs/2021-CPPs-Adopted-and-Ratified.ashx?la=en> One of the principal purposes of the CPPs is to set growth targets, allocating expected growth to the jurisdictions within the County. This includes an

employment growth target of 1,300 new jobs in the City by the year 2044. The City is not expected to produce these jobs or the commercial development to accommodate these jobs; rather, it must provide adequate development capacity to accommodate the growth target.

Urban Growth Capacity Report

The County has prepared the Urban Growth Capacity (UGC) report to determine whether cities in the County have adequate capacity to accommodate growth targets as part of its GMA required review and evaluation program. The UGC report is available online at: <https://kingcounty.gov/~media/depts/executive/performance-strategy-budget/regional-planning/GrowthManagement/GMPC-2021/GMPC-Meeting-062321/KC-UGC-Final-Draft-Report-June-2021.ashx?la=en>. The UGC report finds that the City has capacity for up to 961 jobs through the year 2039 (UGC Report, Exhibit 31, page 51). The City's development capacity through 2039 (961 jobs) is slightly less than the 2044 employment growth target (1,300 jobs); if the additional years through 2044 are added to the capacity there is enough capacity to accommodate the growth target. Major changes to development capacity such as rezoning areas are not expected to be needed to meet the employment growth target.

Example Economic Development Elements

Most of the cities in King County have adopted economic development elements in their comprehensive plans. Some example economic development elements from neighboring cities are available at the links below. Each example element has slightly different organization, formatting, and approaches to economic development. These examples are provided to give the Economic Development Work Group a sense of the kind of goals and policies nearby jurisdictions have adopted.

- Imagine Bothell Comprehensive Plan, Economic Development Element:
<http://www.ci.bothell.wa.us/DocumentCenter/View/464/Economic-Development-Element-PDF>
- City of Kirkland Comprehensive Plan, Economic Development Element:
<https://www.codepublishing.com/WA/Kirkland/?KirklandCP08/KirklandCP08.html>
- City of Kenmore Comprehensive Plan, Economic Development Element (pp 142-149 in PDF):
<https://www.kenmorewa.gov/home/showdocument?id=1539&t=637469151985830000>
- City of Edmonds Comprehensive Plan, Economic Development Element (pp 107-118 in PDF):
https://cdn5-hosted.civiclive.com/UserFiles/Servers/Server_16494932/File/Government/Departments/Development%20Services/Planning%20Division/Plans%20Long%20Range%20Planning/CP_2020_adop ted.pdf

Appendix A

Selected Sections of Chapter 36.70A RCW

RCW 36.70A.020 Planning Goals

The following goals are adopted to guide the development and adoption of comprehensive plans and development regulations of those counties and cities that are required or choose to plan under RCW 36.70A.040. The following goals are not listed in order of priority and shall be used exclusively for the purpose of guiding the development of comprehensive plans and development regulations:

- (1) Urban growth. Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner.
- (2) Reduce sprawl. Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.
- (3) Transportation. Encourage efficient multimodal transportation systems that are based on regional priorities and coordinated with county and city comprehensive plans.
- (4) Housing. Plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.
- (5) Economic development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new businesses, recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities.
- (6) Property rights. Private property shall not be taken for public use without just compensation having been made. The property rights of landowners shall be protected from arbitrary and discriminatory actions.
- (7) Permits. Applications for both state and local government permits should be processed in a timely and fair manner to ensure predictability.
- (8) Natural resource industries. Maintain and enhance natural resource-based industries, including productive timber, agricultural, and fisheries industries. Encourage the

conservation of productive forestlands and productive agricultural lands, and discourage incompatible uses.

(9) Open space and recreation. Retain open space, enhance recreational opportunities, conserve fish and wildlife habitat, increase access to natural resource lands and water, and develop parks and recreation facilities.

(10) Environment. Protect the environment and enhance the state's high quality of life, including air and water quality, and the availability of water.

(11) Citizen participation and coordination. Encourage the involvement of citizens in the planning process and ensure coordination between communities and jurisdictions to reconcile conflicts.

(12) Public facilities and services. Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

(13) Historic preservation. Identify and encourage the preservation of lands, sites, and structures, that have historical or archaeological significance.

RCW 36.70A.070 Mandatory Elements

The comprehensive plan of a county or city that is required or chooses to plan under RCW 36.70A.040 shall consist of a map or maps, and descriptive text covering objectives, principles, and standards used to develop the comprehensive plan. The plan shall be an internally consistent document and all elements shall be consistent with the future land use map. A comprehensive plan shall be adopted and amended with public participation as provided in RCW 36.70A.140. Each comprehensive plan shall include a plan, scheme, or design for each of the following:

- (1) A land use element designating the proposed general distribution and general location and extent of the uses of land, where appropriate, for agriculture, timber production, housing, commerce, industry, recreation, open spaces, general aviation airports, public utilities, public facilities, and other land uses. The land use element shall include population densities, building intensities, and estimates of future population growth. The land use element shall provide for protection of the quality and quantity of groundwater used for public water supplies. Wherever possible, the land use element should consider utilizing urban planning approaches that promote physical activity. Where applicable, the land use element shall review drainage, flooding, and stormwater runoff in the area and nearby jurisdictions and provide guidance for corrective actions to mitigate or cleanse those discharges that pollute

Economic Development Element Related RCW and WAC Sections

waters of the state, including Puget Sound or waters entering Puget Sound.

(2) A housing element ensuring the vitality and character of established residential neighborhoods that:

(a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth, as provided by the department of commerce, including:

(i) Units for moderate, low, very low, and extremely low-income households; and

(ii) Emergency housing, emergency shelters, and permanent supportive housing;

(b) Includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences, and within an urban growth area boundary, moderate density housing options including[,] but not limited to, duplexes, triplexes, and townhomes;

(c) Identifies sufficient capacity of land for housing including, but not limited to, government-assisted housing, housing for moderate, low, very low, and extremely low-income households, manufactured housing, multifamily housing, group homes, foster care facilities, emergency housing, emergency shelters, permanent supportive housing, and within an urban growth area boundary, consideration of duplexes, triplexes, and townhomes;

(d) Makes adequate provisions for existing and projected needs of all economic segments of the community, including:

(i) Incorporating consideration for low, very low, extremely low, and moderate-income households;

(ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;

(iii) Consideration of housing locations in relation to employment location; and

(iv) Consideration of the role of accessory dwelling units in meeting housing needs;

(e) Identifies local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing, including:

(i) Zoning that may have a discriminatory effect;

(ii) Disinvestment; and

(iii) Infrastructure availability;

(f) Identifies and implements policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions;

(g) Identifies areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments; and

(h) Establishes antidisplacement policies, with consideration given to the preservation of historical and cultural communities as well as investments in low, very low, extremely low, and moderate-income housing; equitable development initiatives; inclusionary zoning; community planning requirements; tenant protections; land disposition policies; and consideration of land that may be used for affordable housing.

In counties and cities subject to the review and evaluation requirements of RCW 36.70A.215, any revision to the housing element shall include consideration of prior review and evaluation reports and any reasonable measures identified. The housing element should link jurisdictional goals with overall county goals to ensure that the housing element goals are met.

(3) A capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element.

(4) A utilities element consisting of the general location, proposed location, and capacity of all existing and proposed utilities, including, but not limited to, electrical lines, telecommunication lines, and natural gas lines.

(5) Rural element. Counties shall include a rural element including lands that are not designated for urban growth, agriculture, forest, or mineral resources. The following provisions shall apply to the rural element:

(a) Growth management act goals and local circumstances. Because circumstances vary from county to county, in establishing patterns of rural densities and uses, a county

Economic Development Element Related RCW and WAC Sections

may consider local circumstances, but shall develop a written record explaining how the rural element harmonizes the planning goals in RCW 36.70A.020 and meets the requirements of this chapter.

(b) Rural development. The rural element shall permit rural development, forestry, and agriculture in rural areas. The rural element shall provide for a variety of rural densities, uses, essential public facilities, and rural governmental services needed to serve the permitted densities and uses. To achieve a variety of rural densities and uses, counties may provide for clustering, density transfer, design guidelines, conservation easements, and other innovative techniques that will accommodate appropriate rural economic advancement, densities, and uses that are not characterized by urban growth and that are consistent with rural character.

(c) Measures governing rural development. The rural element shall include measures that apply to rural development and protect the rural character of the area, as established by the county, by:

(i) Containing or otherwise controlling rural development;

(ii) Assuring visual compatibility of rural development with the surrounding rural area;

(iii) Reducing the inappropriate conversion of undeveloped land into sprawling, low-density development in the rural area;

(iv) Protecting critical areas, as provided in RCW 36.70A.060, and surface water and groundwater resources; and

(v) Protecting against conflicts with the use of agricultural, forest, and mineral resource lands designated under RCW 36.70A.170.

(d) Limited areas of more intensive rural development. Subject to the requirements of this subsection and except as otherwise specifically provided in this subsection (5)(d), the rural element may allow for limited areas of more intensive rural development, including necessary public facilities and public services to serve the limited area as follows:

(i) Rural development consisting of the infill, development, or redevelopment of existing commercial, industrial, residential, or mixed-use areas, whether characterized as shoreline development, villages, hamlets, rural activity centers, or crossroads developments.

(A) A commercial, industrial, residential, shoreline, or mixed-use area are subject to the requirements of (d)(iv) of this subsection, but are not subject to the requirements of (c)(ii) and (iii) of this subsection.

(B) Any development or redevelopment other than an industrial area or an industrial use within a mixed-use area or an industrial area under this subsection (5)(d)(i) must be principally designed to serve the existing and projected rural population.

(C) Any development or redevelopment in terms of building size, scale, use, or intensity shall be consistent with the character of the existing areas. Development and redevelopment may include changes in use from vacant land or a previously existing use so long as the new use conforms to the requirements of this subsection (5);

(ii) The intensification of development on lots containing, or new development of, small-scale recreational or tourist uses, including commercial facilities to serve those recreational or tourist uses, that rely on a rural location and setting, but that do not include new residential development. A small-scale recreation or tourist use is not required to be principally designed to serve the existing and projected rural population. Public services and public facilities shall be limited to those necessary to serve the recreation or tourist use and shall be provided in a manner that does not permit low-density sprawl;

(iii) The intensification of development on lots containing isolated nonresidential uses or new development of isolated cottage industries and isolated small-scale businesses that are not principally designed to serve the existing and projected rural population and nonresidential uses, but do provide job opportunities for rural residents. Rural counties may allow the expansion of small-scale businesses as long as those small-scale businesses conform with the rural character of the area as defined by the local government according to RCW 36.70A.030(23). Rural counties may also allow new small-scale businesses to utilize a site previously occupied by an existing business as long as the new small-scale business conforms to the rural character of the area as defined by the local government according to RCW 36.70A.030(23). Public services and public facilities shall be limited to those necessary to serve the isolated nonresidential use and shall be provided in a manner that does not permit low-density sprawl;

(iv) A county shall adopt measures to minimize and contain the existing areas or uses of more intensive rural development, as appropriate, authorized under this subsection. Lands included in such existing areas or uses shall not extend beyond the logical outer boundary of the existing area or use, thereby allowing a new pattern of low-density sprawl. Existing areas are those that are clearly identifiable and contained and where there is a logical boundary delineated predominately by the built environment, but that may also include undeveloped lands if limited as provided in this subsection. The county shall establish the logical outer boundary of an area of more intensive rural development. In establishing the logical

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outer boundary, the county shall address (A) the need to preserve the character of existing natural neighborhoods and communities, (B) physical boundaries, such as bodies of water, streets and highways, and land forms and contours, (C) the prevention of abnormally irregular boundaries, and (D) the ability to provide public facilities and public services in a manner that does not permit low-density sprawl;

(v) For purposes of (d) of this subsection, an existing area or existing use is one that was in existence:

(A) On July 1, 1990, in a county that was initially required to plan under all of the provisions of this chapter;

(B) On the date the county adopted a resolution under RCW 36.70A.040(2), in a county that is planning under all of the provisions of this chapter under RCW 36.70A.040(2); or

(C) On the date the office of financial management certifies the county's population as provided in RCW 36.70A.040(5), in a county that is planning under all of the provisions of this chapter pursuant to RCW 36.70A.040(5).

(e) Exception. This subsection shall not be interpreted to permit in the rural area a major industrial development or a master planned resort unless otherwise specifically permitted under RCW 36.70A.360 and 36.70A.365.

(6) A transportation element that implements, and is consistent with, the land use element.

(a) The transportation element shall include the following subelements:

(i) Land use assumptions used in estimating travel;

(ii) Estimated traffic impacts to state-owned transportation facilities resulting from land use assumptions to assist the department of transportation in monitoring the performance of state facilities, to plan improvements for the facilities, and to assess the impact of land-use decisions on state-owned transportation facilities;

(iii) Facilities and services needs, including:

(A) An inventory of air, water, and ground transportation facilities and services, including transit alignments and general aviation airport facilities, to define existing capital facilities and travel levels as a basis for future planning. This inventory must include state-owned transportation facilities within the city or county's jurisdictional boundaries;

(B) Level of service standards for all locally owned arterials and transit routes to serve as a gauge to judge performance of the system. These standards should be regionally coordinated;

(C) For state-owned transportation facilities, level of service standards for highways, as prescribed in chapters 47.06 and 47.80 RCW, to gauge the performance of the system. The purposes of reflecting level of service standards for state highways in the local comprehensive plan are to monitor the performance of the system, to evaluate improvement strategies, and to facilitate coordination between the county's or city's six-year street, road, or transit program and the office of financial management's ten-year investment program. The concurrency requirements of (b) of this subsection do not apply to transportation facilities and services of statewide significance except for counties consisting of islands whose only connection to the mainland are state highways or ferry routes. In these island counties, state highways and ferry route capacity must be a factor in meeting the concurrency requirements in (b) of this subsection;

(D) Specific actions and requirements for bringing into compliance locally owned transportation facilities or services that are below an established level of service standard;

(E) Forecasts of traffic for at least ten years based on the adopted land use plan to provide information on the location, timing, and capacity needs of future growth;

(F) Identification of state and local system needs to meet current and future demands. Identified needs on state-owned transportation facilities must be consistent with the statewide multimodal transportation plan required under chapter 47.06 RCW;

(iv) Finance, including:

(A) An analysis of funding capability to judge needs against probable funding resources;

(B) A multiyear financing plan based on the needs identified in the comprehensive plan, the appropriate parts of which shall serve as the basis for the six-year street, road, or transit program required by RCW 35.77.010 for cities, RCW 36.81.121 for counties, and RCW 35.58.2795 for public transportation systems. The multiyear financing plan should be coordinated with the ten-year investment program developed by the office of financial management as required by RCW 47.05.030;

(C) If probable funding falls short of meeting identified needs, a discussion of how additional funding will be raised, or how land use assumptions will be reassessed to ensure that level of service standards will be met;

(v) Intergovernmental coordination efforts, including an assessment of the impacts of the transportation plan and land use assumptions on the transportation systems of adjacent jurisdictions;

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(vi) Demand-management strategies;

(vii) Pedestrian and bicycle component to include collaborative efforts to identify and designate planned improvements for pedestrian and bicycle facilities and corridors that address and encourage enhanced community access and promote healthy lifestyles.

(b) After adoption of the comprehensive plan by jurisdictions required to plan or who choose to plan under RCW 36.70A.040, local jurisdictions must adopt and enforce ordinances which prohibit development approval if the development causes the level of service on a locally owned transportation facility to decline below the standards adopted in the transportation element of the comprehensive plan, unless transportation improvements or strategies to accommodate the impacts of development are made concurrent with the development. These strategies may include increased public transportation service, ride-sharing programs, demand management, and other transportation systems management strategies. For the purposes of this subsection (6), "concurrent with the development" means that improvements or strategies are in place at the time of development, or that a financial commitment is in place to complete the improvements or strategies within six years. If the collection of impact fees is delayed under RCW 82.02.050(3), the six-year period required by this subsection (6)(b) must begin after full payment of all impact fees is due to the county or city.

(c) The transportation element described in this subsection (6), the six-year plans required by RCW 35.77.010 for cities, RCW 36.81.121 for counties, and RCW 35.58.2795 for public transportation systems, and the ten-year investment program required by RCW 47.05.030 for the state, must be consistent.

(7) An economic development element establishing local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life. A city that has chosen to be a residential community is exempt from the economic development element requirement of this subsection.

(8) A park and recreation element that implements, and is consistent with, the capital facilities plan element as it relates to park and recreation facilities. The element shall include: (a) Estimates of park and recreation demand for at least a ten-year period; (b) an evaluation of facilities and service needs; and (c) an evaluation of intergovernmental coordination opportunities to provide regional approaches for meeting park and recreational demand.

(9) It is the intent that new or amended elements required after January 1, 2002, be adopted concurrent with the scheduled update provided in RCW 36.70A.130. Requirements to incorporate any such new or amended elements shall be null and void until funds sufficient to

cover applicable local government costs are appropriated and distributed by the state at least two years before local government must update comprehensive plans as required in RCW 36.70A.130.

Selected Sections of Chapter 365-196 WAC**WAC 365-196-060 Goals**

The act lists thirteen overall goals in RCW 36.70A.020, plus the shoreline goal added in RCW 36.70A.480(1). Counties and cities should design comprehensive plans and development regulations to meet these goals.

(1) This list of fourteen goals is not exclusive. Counties and cities may adopt additional goals. However, these additional goals must be supplementary. They may not conflict with the fourteen statutory goals.

(2) Balancing the goals in the act.

(a) The act's goals are not listed in order of priority. The ultimate burden and responsibility for planning, harmonizing the planning goals of this chapter, and implementing a county's or city's future rests with that community. Differences in emphasis are expected from jurisdiction to jurisdiction. Although there may be an inherent tension between the act's goals, counties and cities must give some effect to all the goals. Counties and cities should consider developing a written record demonstrating that it considered the planning goals during the development of the comprehensive plan and development regulations.

(b) When there is a conflict between the general planning goals and more specific requirements of the act, the specific requirements control.

(c) In some cases, counties and cities may support activities outside their jurisdictional boundaries in order to meet goals of the act.

(d) Development regulations must be consistent with the goals and requirements of the act and the comprehensive plan. In most cases, if a comprehensive plan meets the statutory goals, development regulations consistent with the comprehensive plan will meet the goals.

WAC 365-196-435 Economic Development Element

(1) Requirements.

(a) The economic development element should establish local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life. An economic development element should include:

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(i) A summary of the local economy such as population, employment, payroll, sectors, businesses, sales, and other information as appropriate;

(ii) A summary of the strengths and weaknesses of the local economy defined as the commercial and industrial sectors and supporting factors such as land use, transportation, utilities, education, workforce, housing, and natural/cultural resources; and

(iii) An identification of policies, programs, and projects to foster economic growth and development and to address future needs. Identification of these policies, programs, and projects should include a summary of each.

(b) A city that has chosen to be a residential community is exempt from the economic development element requirement of this subsection.

(c) The requirement to include an economic development element is null and void until sufficient funds to cover applicable local governments costs are appropriated and distributed at least two years before the due date for the periodic review and update required in RCW 36.70A.130(1).

(2) Recommendations for meeting the requirements. Counties and cities should consider using existing economic development plans developed at the county and regional level and may adopt them by reference as a means of including an economic development element within their comprehensive plan. Counties and cities should consider developing partnerships with organizations within the community and with state and federal agencies and the private sector. Because labor markets typically encompass at least one county and may encompass a multicounty region, counties and cities should coordinate economic development activities on a regional basis. The department recommends counties and cities consider the following in preparing an economic development element:

(a) A summary of the local economy.

(i) Economic development begins with information gathering. The purpose of information gathering is to provide a summary of the local economy. Much of this information is available from regional, state or federal agencies.

(ii) Counties and cities should use population information consistent with the information used in the land use element and the housing element.

(iii) Counties and cities are not required to generate original data, but can rely on available data from the agencies who report the information. Employment, payroll, and other economic information is available from state and federal agencies, such as the Washington state department of employment security, the Bureau of Labor Statistics and the

Census Bureau. Some of this information may not be available at the city level, but may be available only at the county-wide level. Government agencies that report this data may be prohibited from releasing certain data to avoid disclosing proprietary information. Local governments should also consult with their associate development organization, economic development council and economic development districts. Counties and cities may also use data such as permit volume, local inventories of available land and other data generated from their activities that is useful for economic development planning.

(b) Summary of strengths and weaknesses of the local economy.

(i) Counties and cities should consult with their associated development organization, economic development council and/or economic development district to help with identifying appropriate commercial and industrial sectors.

(ii) Shift-share analysis is one method of identifying strengths and weaknesses of the local economy. This method identifies industrial sectors that have a relatively greater proportion of the local area's employment than exists in the national economy. It is one method of identifying sectors with a local competitive advantage. This is a method that can be employed using readily available existing data.

(iii) Identification of industry clusters is another method of identifying strengths and weaknesses of the local economy. State and local economic development organizations, including some associated development organizations and the department, have identified a number of industry clusters in the state. An industry cluster is a group of related firms that provide interdependent specialized goods or services. The presence of existing suppliers of specialized services and a specialized work force makes attracting additional economic activity in the cluster easier.

(iv) Identifying strong industry sectors or clusters can help determine strengths and weaknesses, help a city or county develop a realistic profile of land and infrastructure needs, and identify ways to focus economic development activities. It does not confer preferred status on any particular firm or industry. Counties and cities should still treat all individuals and firms as equal under the law.

(v) Counties and cities may also refer to information and public input collected during public participation to identify strengths and weaknesses based on community perception of their community. Counties and cities may conduct a separate visioning exercise to help identify strengths and weaknesses.

(vi) Counties and cities may employ asset mapping, which builds from the information gathered. Asset mapping is similar to traditional strengths, weaknesses, opportunities,

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and threats (SWOT) analysis with several significant distinctions. Under the SWOT analysis, strength and opportunity factors may not be linked together.

(c) Identification of policies, programs, and projects to foster economic growth and development and to address future needs.

(i) After identifying strengths and weaknesses, the economic development element may identify policies, programs and projects that foster economic growth and development and address future needs. The programs and policies should be targeted at addressing weaknesses or capitalizing on strengths identified in the community.

(ii) Counties and cities should consider using specific, quantified, and time-framed performance targets that provide a measurement of the success of an economic development element and serve as a reference point in the economic development process.