



CITY OF KIRKLAND

Planning and Community Development Department

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MEMORANDUM

Date: July 2, 2014

To: Planning Commission

From: Janice Coogan, Senior Planner
Paul Stewart, AICP, Deputy Planning Director
Eric R. Shields, AICP, Planning Director

Subject: Comprehensive Plan Update, File No. CAM13-00465 #5

This memo addresses the following Comprehensive Plan Update topic:

- Economic Development Element Update, Study Session #3

I. RECOMMENDATION

Review final draft goals and policies for the Economic Development Element and provide direction to staff to finalize the draft.

The Element will continue to be shaped by the following ongoing processes:

- Neighborhood Plan update discussions
- Public input
- EIS analysis of growth alternatives

II. BACKGROUND DISCUSSION

In preparation for updating the Economic Development Element, staff conducted several public outreach activities with the business and neighborhood community to seek input on changes they would like to see to the Element including: meetings with the Kirkland Business Roundtable and Greater of Kirkland Chamber of Commerce, questions on the Ideasforum website, and input at public meetings related to the Kirkland 2035 update.

At your [March 27th](#) and [May 8, 2014](#) study sessions, the Planning Commission reviewed key statutory and policy requirements and provided direction to staff on an outline of draft goals and policies for the Element. Staff has taken the revised goals and policies and incorporated them into a draft of the Economic Development Element for Planning Commission review and direction.

Attachment 1 contains track changes and Attachment 2 contains a clean copy with all the changes incorporated.

Below summarizes the major changes to the existing Element:

- Added to the Economic Concept Section B, the importance of striving for a sustainable and resilient economy.
- Two goals ED-7 and ED-4 and related policies were deleted. ED-4 and its policies were deleted because they were redundant with ED-6 which fosters partnerships with community groups and regional organizations to achieve Kirkland's economic goals. Goal ED-7 and its policy were deleted and combined with the tourism policy ED-1.7 promoting Kirkland as a tourism, cultural and entertainment destination.
- Policy ED-1.2 supporting a strong job and wage base and policy ED-2.1 regarding business retention were deleted and combined with Policy ED-1.1 to target recruitment efforts toward businesses that provide living wage jobs.
- Policy ED-2.5 related to providing a skilled workforce was deleted and combined with new Policy ED-6.2 to encourage businesses and schools to collaborate to provide job training.
- Policies ED-3.1, 3.4, 3.5 were deleted because policies promoting the economic success of each commercial area and encouraging mixed use development is covered in the Land Use Element.
- The following new goals and policies were added to support the City's new draft Vision Statement and Guiding Principles to be a more sustainable and resilient City, or to be consistent with the Puget Sound Regional Council Vision 2040's Regional Growth Strategy and Countywide Planning Policies:
 - Policy 1.8 encourages small, startup, locally developed enterprises.
 - Policy 3.4 encourages businesses that provide healthy, locally grown food .
 - Policy 3.5 is a place keeper for a policy for industrial areas based on the findings from the Heartland Industrial Lands Study and Planning Commission direction .
 - Policy 4.4 supports the Cross Kirkland Corridor to be a catalyst to attract new businesses, housing development and a multi-modal transportation facility connecting employees with business centers.
 - A new goal ED-5 encourages businesses to be socially and environmentally responsible businesses.
 - Policy 5.1 encourages businesses that provide products and services that support resource, conservation and environmental stewardship.
 - Policy 5.2 supports businesses to incorporate environmental responsible practices in business development and operations).
 - Policy 5.3 encourages private, public and non-profit organizations to incorporate social equity and responsibility into their practices.

- Policy 5.4 encourages employment, housing, economic development, infrastructure opportunities for the economically disadvantaged.
- Policy 5.5 encourages the City to help facilitate remediation of contaminated sites.
- Policy 6.2 supports partnering with schools, businesses and educational institutions to provide job training and education for a skilled work force.

III. KEY POLICY ISSUES FOR DISCUSSION

Staff would like the Planning Commission to discuss and provide direction on the following issues:

1. Does the Commission have guidance on an economic development policy specific to the light industrial areas?
2. Does the Commission have edits to the draft Element?
3. Does the Commission wish to hold another study session to discuss further edits or should it be considered a final draft pending additional public comment or EIS guidance?

Attachments:

1. Draft Element showing track changes
2. Draft clean copy of Element

VIII. ECONOMIC DEVELOPMENT

Draft 7/1/2014

A. INTRODUCTION

A healthy economy plays an important role in ensuring ~~that~~ Kirkland remains a vibrant, sustainable, and connected community for living and working. The purpose of the Economic Development Element is to establish the goals and policies for economic growth and vitality that will enhance the City's character and quality of life.

This element describes Kirkland's economic role locally and within the context of ~~the East King County~~ Countywide and the Central Puget Sound regional economy. This element ~~also~~ discusses the importance of business retention and recruitment, the types of businesses and jobs to be encouraged, ~~and a summary of the strengths, weaknesses and strategies~~ to address future economic needs of the community and priorities while accommodating employment growth targets for the year 2035.

B. ECONOMIC CONCEPT

(These section was moved up from below)

Economic development ~~may~~ be defined as public and private initiatives that promote job creation and business retention and recruitment, increase goods and services to residents and businesses, and provide job training programs, all of which contribute to a strong, sustainable, and resilient economy. ~~tax base.~~

The following goals and policies provide the framework for ~~a three-pronged strategy for the future of~~ the Kirkland economy for businesses, people, and for creating vibrant places. The ~~mission is~~ challenge will be to provide ~~an~~ economic business climate that maintains a healthy economy for jobs and businesses without sacrificing the qualities that make Kirkland a desirable place to live.

The overarching economic strategy for Kirkland strives to provide:

- A sustainable and resilient economy

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- A diverse tax base
- Access to job opportunities
- Goods and services ~~for~~ the community

To accomplish this, the Economic Development Element:

- Encourages economic growth while maintaining attractive residential neighborhoods and a healthy sustainable natural and built environment.
- Promotes a growing and diverse economy that has a variety of business sectors, living wage jobs, exports goods and services and encourages small, start up, locally owned companies.
- Promotes a positive business climate so businesses will grow and enhance Kirkland's role in the Eastside and Puget Sound regional-Seattle Metropolitan economy.
- Supports economic growth focused in the Totem Lake Urban Center, -and Downtown, Kirkland-and strengthening our other commercial retail shopping areas, including specialty retail in the Downtown, destination retail in Totem Lake, local goods and services in our neighborhoods, commercial areas and encourages attractive commercial and mixed use development.

What is economic development?

~~Economic development can be defined as public and private initiatives that promote job creation and business retention and recruitment, increase goods and services to residents and businesses, and provide job training programs, all of which contribute to a strong tax base.~~

Key issues for the Economic Development Element are:

- ~~How can Kirkland create a strategy that promotes and guides economic vitality, including local jobs and revenue for public services?~~
- ~~How can the Kirkland economy become more diversified and what types of businesses should be encouraged to achieve this?~~
- ~~How can all stakeholders in the community, including businesses, neighborhoods and government, find common ground to develop specific strategies and actions that achieve Kirkland's desired economic future?~~

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EXISTING CONDITIONS

Kirkland was founded by Peter Kirk, an entrepreneur who envisioned Kirkland as the “Pittsburgh of the West.” Instead, Kirkland commerce evolved from a ship building center in the 1940s to a suburb of Seattle starting throughout in the 1960s and 1970’s. Kirkland slowly rebounded from the 2008 economic downturn. A major annexation of the Finn Hill, Juanita and Kingsgate neighborhoods occurred in 2011 making Kirkland the thirteenth largest city in Washington. Today, Kirkland contains a balance of jobs and housing and is interrelated to other Eastside cities and the Puget Sound region.

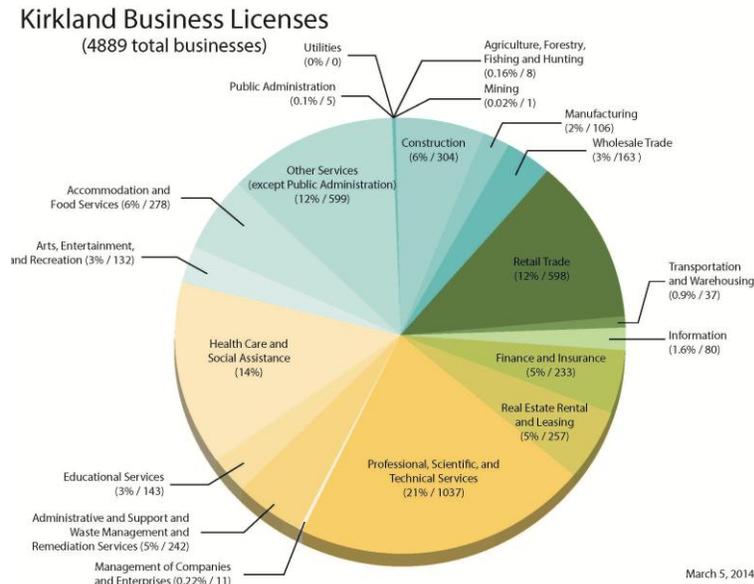
In 2000, As of 2012 Kirkland contained 22,100-37,221 housing units and 32,384-38,712 jobs. The median household income in 2000- 2013 was \$60,332-\$87,005, compared to \$53,157-\$70,567 throughout King County. It is estimated that Kirkland’s average wage rate is \$58,055 (2009) is on par with slightly higher than King County’s figure which, in 2002, was \$25,300 per worker per year (PSRC)¹. In 2013 approximately 18% of Kirkland residents lived and worked in the City.

In 2014 there were 4,889 licensed Kirkland businesses with. The with the majority of Kirkland businesses are in the small to medium size range (50 or fewer employees). Figure ED-1 below shows the number of businesses in each category.

Figure ED-1 Types of businesses in Kirkland

¹Economic data does not includes the 2011 annexation of Finn Hill, North Juanita, and Kingsgate.

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Kirkland’s largest employers represent a broad range of business types including health care, government, groceries, housewares, high technology and emerging aerospace related sectors. (Source: City of Kirkland Business Licenses Division.) Figure ED-2 shows a list of the largest employers in Kirkland based on self-reporting self-reporting number of employees. Of the 3,4604,889 licensed Kirkland businesses in 20032014, the largest number were in the following categories (1) the service sector (i.e., personal services, contracting services), (2) professional offices, (3) retail, (4) medical/dental, (5) other, (6) wholesale trade, and (7) manufacturing.

Figure ED-2 Kirkland’s Largest Employers as of 2013 (Source: Business License Division)

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Employer	Employees
Evergreen Healthcare	2,603
Google, Inc.	658
City of Kirkland	575
Kenworth Truck Company	439
Costco Wholesale	302
Evergreen Pharmaceutical LLC	269
iSoftStone, Inc.	265
IBM Corporation	256
Waste Management of Washington, Inc.	250
WB Games, Inc.	236
Wave Broadband	233
ATG Stores	233
Fairfax Hospital	231
Fred Meyer #391	208
Lake Washington Institute of Technology	200

Kirkland is a desirable place to do business and ~~has the infrastructure is well situated~~ to support businesses. Kirkland is accessible from freeways, water and ~~rail~~, the Cross Kirkland Corridor and is close to major markets, high technology and health care/medical industry clusters. The cost of doing business is competitive in Kirkland. A range of housing types and established neighborhoods exist in addition to quality schools, parks and health care facilities. Our beautiful waterfront setting and strong community support for recreation, cultural, ~~and~~ arts and entertainment activities ~~also~~ contribute to a positive business and tourism environment.



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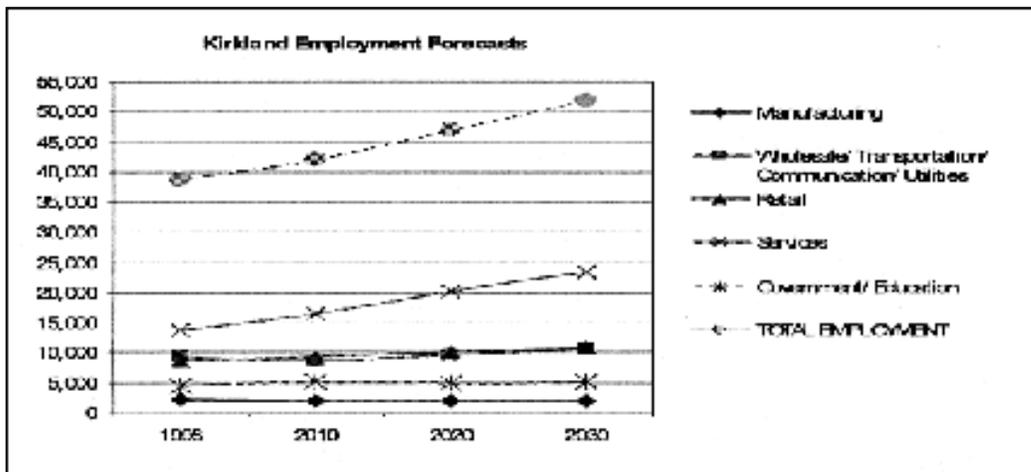
Google Kirkland offices

FUTURE TARGETS, TRENDS AND CAPACITY

~~Kirkland is part of a regional, national and international economy.~~ While the City of Kirkland we can work to attract and retain residents and businesses through policies that promote economic development and a high quality of life, many economic trends are beyond the City's control. Regional and national trends show an increase in service, high-technology, communication, and information technology industries, with continued decline in traditional light industrial companies. Kirkland is consistent with this trend by experiencing growth in the information technology, aerospace and healthcare sectors. In light industrial areas buildings are being renovated for professional offices, high technology, manufacturing, recreation and sports related businesses.

FUTURE TARGETS, TRENDS AND CAPACITY

~~The~~King County Countywide Planning Policies ~~have~~ assigned ~~Kirkland and other~~ jurisdictions housing and growth targets for the year 2031. Adjusting for the year 2035, Kirkland is targeted for an additional 22,435 jobs for a total employment of 61,147. Kirkland has the future land capacity to meet housing and employment targets.



Insert new Figure ED-13: Kirkland Employment Forecasts

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Source: 2003 Kirkland Community Profile Puget Sound Regional Council

~~Key trends that may have an impact on Kirkland and the regional economy are “globalization” of businesses, changes in demographics, and increased immigration. Businesses can now reach international customers and with the “freeing up” of trade agreements and advances in telecommunications, they can locate virtually anywhere. Consistent with our region, Kirkland’s workforce will continually change as the population ages and becomes more ethnically diverse.~~

RELATIONSHIP TO OTHER ELEMENTS

Other elements of the Comprehensive Plan contribute related goals and policies necessary for a vital local economy. The Land Use Element sets forth the development pattern for the City’s commercial areas and where growth should occur, targets new employment growth primarily in the Totem Lake Urban Center, and Downtown Activity Area, commercial and mixed use areas. The Housing Element policies promote a sufficient range of housing options, including increasing the amount of “affordable housing” to support a diverse employment base. The Transportation Element supports an efficient multimodal circulation-transportation system that enables the mobility of people, goods, services, customers and employees to access Kirkland businesses. The Capital Facilities and Utilities Elements ensure that adequate public infrastructure and facilities such as public utilities, telecommunications, and roads are available to support the economic viability of businesses and private development.

~~B. ECONOMIC CONCEPT~~

This section was moved up to Section B.

~~The following goals and policies provide the framework for a three-pronged strategy for the future of the Kirkland economy: the importance of diversifying our tax base, providing job opportunities, and providing goods and services to the community. The challenge will be to provide an economic climate that maintains a healthy economy for jobs and businesses without sacrificing the qualities that make Kirkland a desirable place to live.~~

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To accomplish this, the Economic Development Element:

~~Encourages economic growth while maintaining attractive residential neighborhoods and a healthy natural environment.~~

~~Promotes a growing and diverse economy that has a variety of business sectors.~~

~~Promotes a positive business climate so businesses will grow and enhance Kirkland's role in the Eastside and Seattle Metropolitan economy.~~

~~Supports strengthening our retail shopping areas, including specialty retail in the Downtown, destination retail in Totem Lake, providing local goods and services in our neighborhood commercial areas and encourages attractive commercial and mixed-use development.~~

C. ECONOMIC DEVELOPMENT GOALS AND POLICIES

A healthy economy is an integral part of Kirkland's high quality of life and an important community value. Kirkland's economy allows residents access to job opportunities, goods and services, and provides revenue sources that help to ensure needed public services. This section describes the goals and policies that will implement Kirkland's economic strategy. ~~Economic development should not compromise residential neighborhoods or the natural environment.~~ Balancing economic development with other community values is an overarching philosophy that should be taken into consideration as the following goals and policies are implemented.

Economic Development Goals:

Goal ED-1: Promote~~Foster~~ a strong and diverse economy ~~consistent with community values, goals and policies~~ that provides a sustainable tax base and jobs.

Goal ED-2: Promote a positive business climate.

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~~Goal ED-3: Strengthen the unique role and economic success of Kirkland's commercial areas.~~
Strengthen commercial areas to provide local goods, services, and vibrant community gathering places to live, work, shop and play.

~~Goal ED-4: Develop and implement economic development strategies that reflect the role of Kirkland businesses in the regional economy.~~

~~Goal ED-45:~~ Provide the infrastructure and public facilities to support economic activity and growth.

Goal ED-5: Foster socially and environmentally responsible businesses.

Goal ED-6: Foster collaborative partnerships among community ~~interest groups and regional organizations~~ to achieve Kirkland's desired economic goals.

~~Goal ED-7: Recognize Kirkland's artistic, cultural, historic and recreational resources as important contributors to economic vitality.~~

~~Goal ED-1: Foster~~Promote a strong and diverse economy ~~consistent with community values, goals and policies that provides a sustainable tax base and jobs.~~

~~Policy ED-1.1: Work to retain existing businesses and attract new businesses~~Support activities that retain and expand existing businesses. Target recruitment activities toward new businesses that provide living wage jobs.

~~Business retention is a number one priority for Kirkland's economic development efforts.~~ Existing businesses are the foundation of the Kirkland economy and are encouraged to thrive and expand. Businesses contribute to a stable tax base and are integral to the community as many business owners and employees are Kirkland residents.

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~~Existing businesses are the best source for business expansion and job growth, as 60 to 80 percent of all new jobs typically are created by existing businesses.~~

Attracting new businesses can help diversify the local economy and strengthen existing businesses. Business recruitment strategies differ for different commercial areas based upon market demand and the desired character of each neighborhood district. ~~Opportunities exist in several of our commercial areas for redevelopment to strengthen or intensify underutilized land~~ commercial development. ~~Ideally, in addition to strengthening retail areas,~~ Recruitment efforts should focus on businesses that provide higher paying jobs and draw customers from outside the community to purchase goods and services in Kirkland.



Juanita Village

~~**Policy ED-1.2:** *Maintain a strong job and wage base.*~~

~~Businesses that provide new employment opportunities and high wage rates are important to strengthening the economy. Higher than average wages are preferred to maximize the economic benefits to the community. Employment growth and wage rates are a measure of economic success and therefore should be monitored.~~

Policy ED-1.23: *Encourage a broad range of businesses that provide goods and services to the community.*

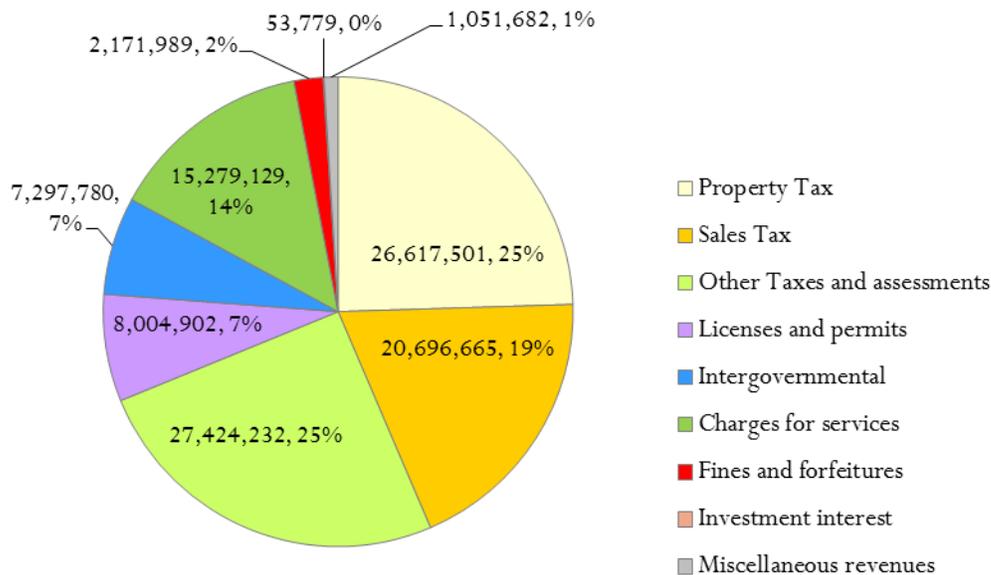
A healthy mix of businesses that provide goods and services for the everyday needs of Kirkland residents and businesses is important for a diverse economy. Businesses that bring customers from outside the City to purchase goods and services provide a net importation of sales tax and reduce sales leakage to other jurisdictions ~~bring dollars into the local economy~~. In Kirkland, businesses in retail sales, service, automobile sales and service, health care, tourism, entertainment, recreation, and wholesale distribution and manufacturing serve this purpose.

Policy ED-1.34: *Strengthen Kirkland's tax base to maintain long term fiscal sustainability.*

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Business plays an important role in the City's tax base by generating sales, property tax and fees. Taxes are a general purpose revenue source that are used to support basic government services such as public safety, transportation improvements and parks maintenance. Figure ED-5 shows the distribution of revenue sources to city government. Sales tax is the largest contributor () to the City's revenue. Retail businesses are the largest generator of sales tax followed by contracting, wholesale, and service businesses. A large amount of sales tax is generated from automobile sales and service. The amount of revenue generated by sales tax fluctuates from year to year due to changes in the economy, buying habits of consumers, ~~and~~ the level of construction activity taking place in the City and regional growth outside of the City.

Figure ED-5 distribution of City Government revenue sources as of 2013.



Source: City of Kirkland Finance and Administration 2013

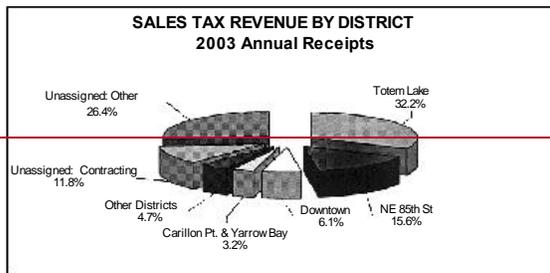
It is in the community's interest to encourage businesses that contribute to the City's revenue base in order to help provide the needed public services to the community. Fluctuations in the retail sector can have significant impact to the City's primary revenue source and thus City services. Steps should be taken to provide economic balance by maintaining a diversity of retail and other businesses that generate sales tax.

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Figure ED-6 below shows how in 2013, the key-commercial and mixed use areas~~districts and other districts (Houghton, Juanita, and Bridle Trails)~~ contributed to sales tax revenue. Totem Lake provided the largest percentage of retail sales tax to the City's total sales tax receipts followed by the Rose Hill Business District, Downtown and other commercial areas.

~~Note that the Unassigned Other and Contracting categories comprise the contracting sector, businesses with no physical location in Kirkland and unassigned small businesses in Kirkland. (Source: City of Kirkland Finance Department.)~~

~~In addition to the \$11.9 million (2003) in the General Fund, sales tax is a funding source for transportation related capital projects (\$670,000 in 2003) and neighborhood capital projects (\$100,000 in 2003).~~



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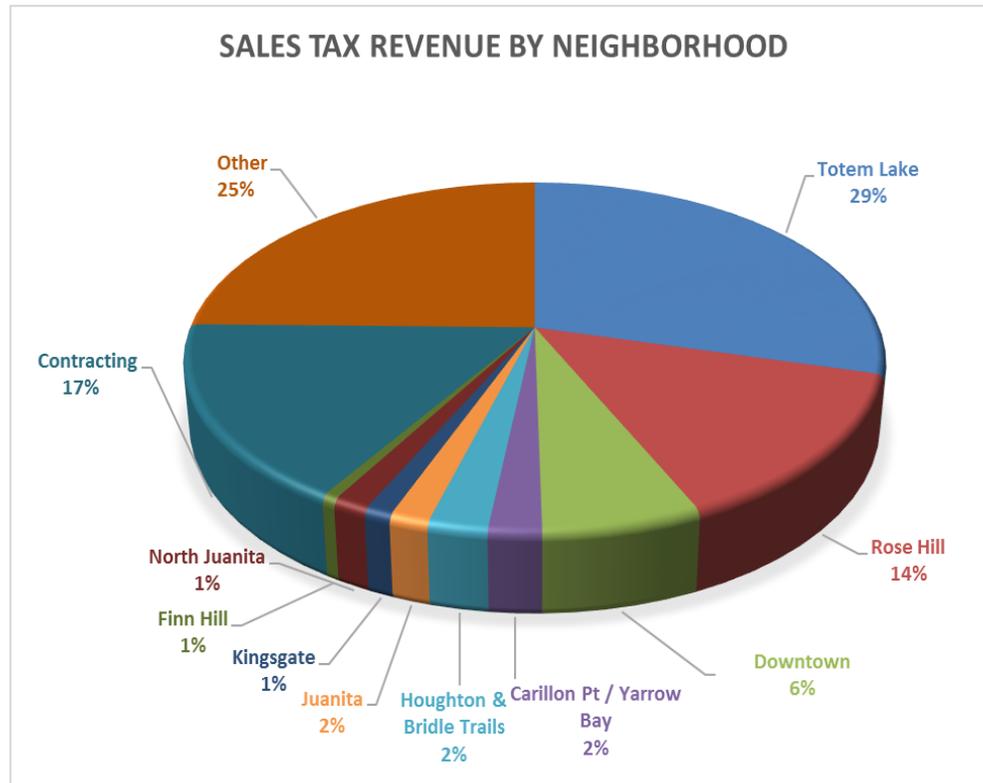


Figure ED-62: Sales Tax Revenue by District

Source: City of Kirkland Finance Department

~~This section was moved up to the Concept Section B: Businesses also make a significant contribution to the City's property tax base.~~

~~With the above in mind, economic strategies in Kirkland should strive to achieve:~~

~~A net importation of sales tax (reduce sales leakage to other jurisdictions);~~

~~A diversity of business sectors that contribute both jobs and revenue, such as high technology; start up companies; wholesale; manufacturing; contracting; and businesses involved in the emerging arts, tourism and recreation.~~

~~The mix of businesses in the community should be monitored so that business recruitment efforts can adjust to maintaining a diverse tax base.~~

Policy ED-1.45: Encourage clusters of complementary businesses that bring revenue and jobs into the community and export goods and services.

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Industry clusters are geographic concentrations of mutually supportive businesses. ~~They can export goods and services, drive job creation, and import revenue into a city or region. In 2003, the prominent business clusters were in the areas of automobile sales and services, art galleries, health care, restaurants, high technology, and furniture sales. Encouraging clustering of complementary businesses helps diversify our local economy.~~ Businesses can foster a competitive economic advantage by locating near each other to draw consumers, to be near the wholesale distributor or to attract employees with specialized skills or experience. ~~For example, many businesses and professional services involved in the medical field locate near Evergreen Medical Center. Higher than average wages are preferred to maximize the economic benefits to the community. Employment growth and wage rates are a measure of economic success and therefore should be monitored.~~

In Downtown Kirkland, restaurants, galleries, shops, hotels and performing arts organizations work together to promote the area as a destination. Kirkland is benefiting from the region's industry clusters with growth in aerospace, business services to high technology and information technology companies, healthcare companies and automobiles sales. These businesses provide new employment opportunities and high wage rates important to strengthening the economy. Economic development efforts should strive to develop new business clusters and identify ways to strengthen existing clusters, both locally and within the region.

Policy ED-1.65: *Strive to maintain a balance of jobs and housing to enable residents to live near work.*

Job growth should be accompanied by growth in housing opportunities for workers filling those new jobs. When a significant percentage of the population can both work and live in Kirkland, economic vitality, quality of life and civic involvement are enhanced and transportation problems are mitigated. ~~In 2000, Kirkland's ratio of jobs to housing is was fairly balanced. 1.5 (similar to the region as a whole).~~ As growth occurs, Kirkland should strive to maintain this balance. As discussed in the Housing Element and the Affordable Housing Strategy, Kirkland should also seek to encourage a variety of housing types including housing that is affordable to a range of income levels.

Policy ED-1.76: *Promote Kirkland as a visitor, cultural, and entertainment ~~Tourism~~ destination.*

Tourism is another economic development tool to help diversify the economy. Visitors from outside the community spend money in local shops ~~and~~ restaurants, stay in hotels, and attend performing arts events. Tourism also creates jobs. Tourism promotion ~~also~~ benefits residents by providing increased amenities, community events and shopping opportunities.

Kirkland's tourism marketing focus is on promoting Kirkland as a waterfront community with cultural arts, culinary, shopping, ~~eco-tourism~~ and recreation opportunities destination. The targeted audiences for tourism promotion are regional, national, international ~~visiting friends and relatives of residents,~~ and business travelers. Kirkland is a unique destination on the Eastside and region because of its beautiful lakeside location setting,

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pedestrian-oriented Downtown, art galleries, restaurants, performing arts facilities, locally owned retail shops, farmers markets, and historical buildings and parks. Our parks, recreation facilities and open space also offer tourism opportunities.

~~The Totem Lake and Juanita areas offer visitors nature and recreational experiences, lodging in close proximity to I-405, and the nearby attractions of Woodinville wineries, breweries, and other East King County destinations.~~

Policy ED-1.8: Support home-based businesses that are compatible with neighborhood character.

Home-based businesses continue to be a key component of the local economy—growing trend as telecommunication infrastructure and the internet computers have increased opportunities to allow for integration of home and work. Many of Kirkland’s small businesses began as home-based businesses and now are a source for new jobs. Forty percent of the business licenses in Kirkland are home based businesses with the largest portion (33%) in professional, scientific and technical services. Home-based businesses also can ~~also~~ reduce commuter traffic and increase security for neighborhoods while other residents are away at work.

Development standards should be maintained to minimize impacts of home-based businesses on residential neighborhoods by limiting them to the types of activities that are ~~not~~ complementary to residential areas, such as the number of signs; number of employees; parking; truck deliveries and noiselight, outdoor storage, odors and construction activity. Some businesses by their nature are not compatible with residential neighborhoods and, therefore, should be located in commercial or industrial areas.

Policy ED-1.8: Support locally developed enterprises by encouraging small startup businesses.

Small, startup businesses should be nurtured to promote locally owned businesses and job growth.

Goal ED-2: Promote a positive business climate.

Policy ED-2.1: Recognize that businesses are a valued part of the community.

~~Businesses play important roles in our community. They contribute a high percentage of public revenue to enable government to provide public services, facilities and community amenities. Our commercial areas contribute to the distinctive character of our City and neighborhoods and provide valuable goods and services to our residents. Kirkland strives to provide a positive business climate by nurturing business success through business retention programs, and values business interests in both community discussions and in making policy decisions.~~

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~~Moved to new ED 2.4 Below: Kirkland is committed to providing excellent customer service to all sectors of the community. Business customer service needs are distinct from those of other customers and can be a factor in whether or not a business chooses to stay or locate in Kirkland. The City should continue to assess customer service and provide open communication to ensure business needs are being met.~~

~~Policy ED-2.21: Create and maintain a competitive tax and regulatory environment that is reasonable, responsive and timely.~~

~~A business climate that combines a fair and competitive tax environment with a positive regulatory environment contributes to business success. Kirkland has favorable tax rates and user fees compared with other cities in the region. The City should proactively work with businesses and neighborhoods to improve the business climate in our community for everyone's benefit. Businesses are encouraged to work with the City and neighborhood organizations to identify and make recommendations for changes to regulations and improvements to permit processes. Having clear and reasonably fast permit processes in government also contributes to a positive business climate. The City should remove unnecessary barriers to economic development and provide a regulatory environment that allows for flexibility without sacrificing community standards. Improvements to permit processes should be continually made so that permits are handled in a reasonable, responsive and timely manner.~~

~~Policy ED-2.23: Foster a culture of creativity, entrepreneurship and innovation.~~

~~A business climate that supports the entrepreneurial, creative and innovative spirit of business practices owners generates new businesses and ensures helps promote a healthy economic future job creation for Kirkland. Kirkland is unique as a center for such creativity and innovation. Kirkland It is strong in arts, culture, and amenities for both residents and visitors to enjoy. Kirkland attracts living wage employers, strives to provide the highest quality technology infrastructure, and supports emerging trends in industry sectors such as start-up companies from nearby technology and aerospace companies, as green practices, staggered work times and use of shared business facilities.~~

~~Policy ED-2.34: Consider the economic Make land use decisions that take into consideration the effects on businesses and the economic benefit to the community when making land use decisions.~~

~~Land use regulations, and the decisions made in the implementation of these regulations, can impact the business community. The City should periodically review its regulations and, where appropriate, modify those which unreasonably restrict opportunities for economic development. At the same time, economic development should conform to the goals, policies and development standards established by the Comprehensive Plan and City codes. It will be necessary to work closely with the Chamber of Commerce and other business organizations to ensure potential economic impacts of regulations are identified and considered to meet the intent of this policy.~~

~~Moved from above deleted ED 2.1: Kirkland is committed to providing excellent customer service to all sectors of the community. Business customer service needs are distinct from those of other customers and can be a factor in~~

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whether or not a business chooses to stay or locate in Kirkland. The City should continue to assess customer service and provide open communication to ensure business needs are being met.

When considering commercial land use decisions, City decision makers should carefully evaluate the short- and long-term economic benefits to the community in addition to social, environmental and aesthetic concerns. Economic factors to consider may include such things as the number and type of new jobs created, the types of goods or services provided, and fiscal benefits that businesses will contribute to the community.

Policy ED-2.4: Provide a regulatory environment that is predictable, fair, responsive and timely.

~~Text moved from existing ED 2.2 and 2.4 Land use regulations, and the decisions made in the implementation of these regulations, can impact businesses.~~ The City should remove unnecessary barriers to economic development and provide a regulatory environment that allows for flexibility without sacrificing community standards. Businesses are encouraged to work with the City and neighborhood organizations to identify and make recommendations for changes to regulations and improvements to permit processes. The City should periodically review its regulations and, where appropriate, modify those which unreasonably restrict opportunities for economic development. ~~At the same time, economic development should conform to the goals, policies and development standards established by the Comprehensive Plan and City codes.~~ ~~Businesses are encouraged to work with the City and neighborhood organizations to identify and make recommendations for changes to regulations and improvements to permit processes.~~ Having clear and reasonably fast permit processes in government also contributes to a positive business climate. Improvements to permit processes should be continually made so that permits are handled in a reasonable, responsive and timely manner.

~~**Policy ED-2.5: Support the provision of educational and training opportunities to maintain a skilled work force.**~~

~~A vital economy relies on maintaining educational and job training programs that keep up with business trends. In the future, a factor for business success will be workers' ability to keep up with accelerating changes in the work place, especially in the areas of technology. Kirkland is fortunate to have a high quality K—12 public school system, a university, a community college and other community education programs. Local, State and federal educational and job training programs are available. Partnerships between educational institutions and the business community, with the City's support, should continue.~~

Policy ED-2.65: Establish or support incentives tools that to encourage economic development.

Providing economic development incentives or tools are a way to attract and retain quality businesses or create new jobs may be necessary to create a positive business environment. Washington State statutes strictly limit the types of incentives that cities may use to attract or retain private business.

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Types of ~~incentives~~ economic development tools that could be explored are:

- Public/private development agreements ~~for construction projects~~
- Recruitment strategies that will result in new jobs
- Tax or fee deferrals, ~~or~~ credits, or waivers to certain industries
- County-sponsored industrial revenue bonds
- Participating in County, State or federally sponsored low interest loans or grants
- Installing infrastructure improvements
- Use of special taxing districts
- Expediting permitting and regulatory incentives
- Participation in regional Transfer of Development Rights or Landscape Conservation and Local-Infrastructure programs
- Legislative support for a form of tax increment and other economic development tools

Goal ED-3: ~~Strengthen the unique role and economic success of Kirkland's commercial areas.~~ Strengthen commercial areas to provide local goods, services, and vibrant community gathering places to places to live, work, shop and play.

Policy ED-3.1 (From ED-3.2): Encourage businesses to develop and operate in a manner that enhances the character of the community, minimizes impacts on surrounding development, and respects the natural environment.

As members of the community, businesses should be ~~corporate~~ stewards of the environment as well as good neighbors to adjacent less intensive uses. In some instances, economic activities may create impacts on surrounding development because of the way the business functions or building location and site design. Impacts may include open storage, large structures, poorly maintained grounds, parking lots, signs, exterior lighting, noise, air or water pollution, and pedestrian or vehicular traffic and may be especially noticeable along transition areas of commercial areas.

These adverse visual or other impacts created by economic activities should be minimized through development standards that maintain the character of adjacent development. Development standards should ensure that outdoor storage areas, parking lots, and structures are adequately buffered with landscaping or some other appropriate means, and that on-site debris and waste are removed. Landscaping, both within and around the edges of development, can serve to provide visual screening and separation, as well as help to decrease surface runoff.

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Additional standards may include noise limitations, appropriate setbacks, open space requirements and building design guidelines. Even with efforts taken by businesses to reduce impacts, residential uses located along commercial area boundary edges may continue to experience some level of unavoidable impact.

~~Policy ED 3.1: Promote economic success within Kirkland's commercial areas.~~

~~The Land Use Element sets forth the general land use development pattern for Kirkland's commercial areas. Consistent with each Neighborhood Plan there will be opportunities to strengthen commercial areas in the types of businesses provided and redevelopment opportunities. Following is a summary of the role of each commercial area.~~

~~———— Totem Lake's role is an Urban Center that serves as a community and regional center for destination Retailing, health care, automobile sales, high technology, light industrial, professional offices and housing.~~

~~Downtown's role is an Activity Area that serves as a community and regional center for professional and government services, specialty retail, tourism, arts and entertainment, neighborhood services and housing.~~

~~———— The Yarrow Bay and Carillon Point Business Districts provide corporate headquarters, professional offices, professional services, restaurants and housing.~~

~~———— The Rose Hill Business District along NE 85th Street provides regional and neighborhood services in general retail, automobile sales, high technology, small office parks and housing.~~

~~The North Rose Hill Business District provides both regional and neighborhood services, retail stores and housing.~~

~~Market, Juanita, Houghton and Bridle Trails Neighborhood Centers provide neighborhood retail stores, professional services, recreation and housing.~~

~~The Everest and Norkirk Industrial Areas provide opportunities for small businesses in light industrial, manufacturing, wholesale, office and high technology. Within the Norkirk Industrial Area, environmentally sustainable technology and clean energy commerce is encouraged.~~

~~The Residential Markets along Lake Washington Boulevard provide convenience commercial goods and services.~~

~~*Moved up to 3.* Policy ED 3.2: Encourage businesses to develop and operate in a manner that enhances the character of the community, minimizes impacts on surrounding development, and respects the natural environment.~~

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Policy ED-3.23: Encourage infill and redevelopment of ~~existing commercial~~ and industrial areas ~~consistent with the role of each commercial area.~~

Kirkland's commercial and industrial areas have the potential for increasing economic activity by infilling underutilized land or redeveloping without expanding district boundaries. ~~Consistent with the Land Use Element and Neighborhood Plans,~~ commercial areas are encouraged to be intensified where it will result in superior redevelopment. ~~Expansion of commercial area boundaries should be discouraged and considered only when adequate transitional uses or buffer issues can be resolved to reduce potential adverse impacts.~~ To maintain the land use capacity to support the local economy, it will be necessary to encourage full utilization of planned development potential within employment centers while, monitoring commercial development activity, and maintaining efficient infrastructure systems.

Policy ED-3.4: ~~Establish development standards that promote attractive commercial areas and reflect the distinctive role of each area.~~

Businesses with attractive site and building design, landscaping, and signs that blend in with the context of the neighborhood or commercial area ~~show pride in ownership and help~~ contribute to the economic success of the commercial area. ~~Commercial area revitalization programs are encouraged.~~ Gateway or unique signage, attractive public spaces, decorative pedestrian lighting and other urban design improvements help promote economic development by creating an inviting environment. ~~Depending on the commercial area,~~ specific design standards tailored to the unique characteristics and natural features of ~~each~~ the neighborhood ~~are encouraged, may be appropriate.~~ Public and private sector investment and commercial development that adheres to development standards will ensure that Kirkland's positive civic image and character will be maintained.



Downtown Kirkland

Policy ED-3.5: ~~Encourage mixed-use development within commercial areas.~~

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~~A mix of uses improves the vitality of commercial areas. Mixed-use residential and commercial development provides the opportunity for residents to live, shop and work in commercial areas. Mixed-use development encourages one-stop shopping when a variety of businesses are located in close proximity to each other and shared parking is provided. Mixed-use development, when combined with multi-story structures, promotes a more compact and sustainable land use pattern and encourages walking and transit use to reduce dependence on automobiles.~~

~~***Policy ED-3.3 (moved from Policy ED-7.1) Support businesses and organizations involved in the arts, cultural programs, historic preservation and civic activities.***~~

~~Businesses and organizations involved in the fine arts, cultural and performing arts, and historic preservation play an important role in diversifying Kirkland's economy, attracting visitors and businesses, and enhancing our distinctive character. Kirkland's hotels, restaurants, shops, galleries, entertainment and performing arts complement each other to create a vibrant destination for both visitors and residents, producing economic returns to the community. Kirkland is one of the older communities on the Eastside and contains buildings and places of historical significance. An assessment of the economic benefits of Kirkland's art, cultural, historic and recreational resources should be undertaken.~~

~~***Policy ED-3.4: Support businesses that encourage the health and well-being of all people by providing convenient access to healthy and locally grown food.***~~

~~Providing access to fresh, locally grown food encourages healthy living and self-sufficiency. Businesses that produce, process or wholesale locally grown food or products, farmers markets and community food gardens are encouraged.~~

~~***Policy ED-3.5: Industrial Policy- Hold for a policy related to industrial areas pending the guidance from the Heartland Industrial Lands Study***~~

~~Kirkland's industrial areas are in flux transitioning from traditional light industrial uses such as manufacturing, production and assembly and auto oriented service and repair uses to high technology, office and recreational facilities. As specified in the Land Use Element and neighborhood plans the light industrial areas should allow for a variety of light industrial- manufacturing and commercial uses based on market demands.~~

~~***Goal ED-4: Develop and implement economic development strategies that reflect the role of Kirkland businesses in the regional economy.***~~

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~~Policy ED-4.1: Enhance the competitive advantage of Kirkland businesses.~~

~~The City and business organizations should take a proactive role in the region to promote Kirkland as a place to do business. To stay competitive, Kirkland should be aware of and respond to international, national and regional trends, continue to provide excellent government customer service and a positive business climate, and provide sufficient public infrastructure to support economic development opportunities.~~

~~Policy ED-4.2: Collaborate with other cities and agencies to enhance economic growth on the Eastside and region.~~

~~Economic activities are not defined by political boundaries. Kirkland's economy is interrelated with other cities on the Eastside and King County and, therefore, it is important to cooperate with other cities and the region toward a common regional economic strategy.~~

Goal ED-54: Provide the infrastructure and public facilities to support economic activity and growth.

~~Policy ED-54.1: Build and maintain infrastructure systems for utilities, transportation and telecommunications to optimize service delivery to the business community. Encourage construction and maintenance of infrastructure systems for utilities, transportation and telecommunication that optimize service delivery to the business community.~~

Providing superior utilities, transportation and telecommunications networks to the community supports business growth and ~~maintains~~ helps give Kirkland ~~s~~ a competitive advantage to attract and maintain jobs. Emphasis should be on providing ~~telecommunication and transportation~~ infrastructure in higher density mixed-use employment and housing centers such as in the Totem Lake, Downtown, and other commercial areas.

~~Funding for infrastructure improvements comes from a combination of private and public sources. The City allocates public funds through capital improvement programs for transportation, sewer and water service and surface water management facilities. The private sector installs needed improvements with new development. The City should explore and encourage innovative and entrepreneurial efforts to provide technology infrastructure and communication services by forming public/private partnerships to facilitate or leverage funds for infrastructure improvements that will increase economic opportunities. The City, through the Capital Facilities and Utilities Elements, should continually assess our capacity and infrastructure needs as they relate to the needs of the business community, especially in the area of advanced technology infrastructure.~~

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Policy ED-54.2: *Create strong multimodal circulation linkages to and within commercial areas.*

Improving circulation within commercial areas and connecting neighborhoods to commercial areas, with both motorized and non-motorized options, make it easier for customers to access businesses. In some cases, this may require new street or sidewalk connections to break up large blocks or improve circulation. ~~As the City becomes more developed, p~~ Pedestrian and bicycle improvements should be encouraged to provide alternatives to driving ~~reduce vehicle congestion~~. Standards should be in place to minimize the impacts generated by economic activities on pedestrian, bike and vehicular traffic. For example, the location and number of access points should be controlled, and, where necessary, on- or off-site improvements should be made to ensure the safe passage of pedestrians, bikes and vehicles.

Policy ED-54.3: *Support regional infrastructure initiatives that ~~will~~ enhance economic development opportunities.*

Kirkland participates in regional partnerships to install transportation and telecommunications infrastructure. Partnering ~~regionally~~ keeps Kirkland competitive with other cities ~~from an economic development standpoint~~, and preserves financial resources for other infrastructure improvements. Partnerships should continue between the City and other public/private organizations ~~or agencies~~ to support regional infrastructure.

New Policy ED-4.4: *Develop the Cross Kirkland Corridor to attract business and housing development and provide a multimodal transportation facility connecting businesses and employees with local and regional employment centers.*

Portions of the abandoned Burlington Northern Railroad Right of Way within the City of Kirkland have been converted to the Cross Kirkland Corridor, a multimodal transportation conduit for bicycles, pedestrians and in the future- transit. With more than 60 businesses and over 10,000 employees bordering the corridor, full development of the Cross Kirkland Corridor will be a catalyst for new businesses, jobs and housing.

Goal ED-54: *Foster socially and environmentally responsible businesses.*

Policy ED-5.1: *Encourage businesses that provide products and services that support resource conservation and environmental stewardship.*

Local, green businesses involved in providing renewable energy, remediation, clean technology, green building, products or services or healthy lifestyles should be nurtured.

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Policy ED-5.2: Promote environmental responsible practices in business development and operations.

Businesses that integrate environmental practices into their business model show consumers and employees they care about the type of jobs created, products made, use of resources and impact of their actions. Encouraging construction and business operations to use sustainable development practices such as low impact development, green building, energy conservation, and waste reduction, results in reducing the City's ecological footprint, increases green space, and promotes healthy living and a more attractive Kirkland. Businesses that use green practices can reduce operational expenses, be more competitive or may utilize tax credits. The City should continue its green business, green building and recycling programs to support a network of local green businesses, green jobs and best green business practices.

Policy ED-5.3: Promote socially responsible practices in the private, public, and non-profit sectors.

All sectors of the community are encouraged to give back to the community by conducting and supporting community service projects or organizations to help the disadvantaged in need. Such practices may include promoting human rights, quality labor standards, environmental protection and participating in civic initiatives. Businesses can partner with non-profit and human service organizations, philanthropic foundations or other organizations to implement this policy.

Policy ED-5.4: Support programs that provide employment, housing, economic development and public infrastructure opportunities for economically disadvantaged populations.

Through the Human Services Advisory Committee the City should continue to provide funding to human service providers to offer employment, housing, and other infrastructure programs to assist economically disadvantaged populations improve their quality of life and lead productive lives. The Human Service's Element provides additional goals, policies and background information that support employment, housing and economic development opportunities for disadvantaged populations.

Policy ED-5.5: Help facilitate the environmental remediation of contaminated sites.

Kirkland has a few sites remaining classified as contaminated from past business practices such as gas

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stations, drycleaners or chemical production. The City can work with the property owner and overseeing government agencies to ensure that the sites are cleaned up before redevelopment.

Goal ED-6: Foster collaborative partnerships among community ~~interest groups~~ and regional organizations to create a prosperous Kirkland economy to achieve desired economic goals.

Policy ED-6.1: ~~Actively work~~ Partner with businesses organizations and community stakeholders organizations to ensure create a prosperous Kirkland economy.

The City should actively work together with business and community organizations such as ~~Kirkland Downtown on the Lake, the~~ Greater Kirkland Chamber of Commerce, ~~Seattle King County~~ Economic Development Council of ~~Seattle and King County~~ and ~~other organizations~~ to implement business retention, recruitment, tourism promotion and other strategies. Each of these groups plays a role in promoting Kirkland as a place to do business. As representatives on various task forces, they can provide a business perspective and assist in policy development. Formation of business associations or community working groups within each commercial area is encouraged to help develop and implement neighborhood plans, urban design projects, economic development strategies and promotional programs.

~~Policy ED-6.2: Support a partnership of diverse community representatives to develop and implement economic development strategies.~~

~~To achieve Kirkland's desired economic future and implement the goals and policies of this element, the City should support a partnership of representatives from residential, neighborhood, business, government, education and faith-based organizations. The partnership's role should be one of advocate on behalf of economic development activities. The partnership should focus on community education around the linkage between a strong economy and needed City services, and improving communication between residential and business organizations to resolve potential conflicts between business and other community interests.~~

Policy ED-6.23 Work with businesses, schools and other institutions to sustain a highly educated and skilled workforce through job training and education resources that lead to job opportunities.

(Text moved from existing Policy ED-2.5-) A vital economy relies on maintaining educational and job-training programs that keep up with business trends. In the future, a factor for business success will be workers' ability to keep up with accelerating changes in the work place, especially in the areas of technology. Kirkland is fortunate to

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have a high-quality K – 12 public school system, a university, a community college and other community education programs. Local, State and federal educational and job training programs are available. The City can help facilitate pPartnerships between human service programs to provide affordable housing, educational institutions and the business community to provide job training, ~~with the City's support, should continue~~ especially for the economically disadvantaged populations.

~~*Goal ED-7: Recognize Kirkland's artistic, cultural, historic and recreational resources as important contributors to economic vitality.*~~

~~*Policy ED-7.1: Support businesses and organizations involved in the arts, historic preservation and civic activities.*~~

~~Businesses and organizations involved in the fine arts, cultural and performing arts, and historic preservation play an important role in diversifying Kirkland's economy, attracting visitors and businesses, and enhancing our distinctive character. Kirkland's hotels, restaurants, shops, galleries, entertainment and performing arts complement each other to create a vibrant destination for both visitors and residents, producing economic returns to the community. Kirkland is one of the older communities on the Eastside and contains buildings and places of historical significance. An assessment of the economic benefits of Kirkland's art, cultural, historic and recreational resources should be undertaken.~~

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Draft 7/1/2014

A. INTRODUCTION

A healthy economy plays an important role in ensuring Kirkland remains a vibrant, sustainable, and connected community for living and working. The purpose of the Economic Development Element is to establish the goals and policies for economic growth and vitality that will enhance the City's character and quality of life.

This element describes Kirkland's economic role locally and within the context of East King County and the Central Puget Sound regional economy. This element discusses the importance of business retention and recruitment, the types of businesses and jobs to be encouraged to address future economic needs of the community and priorities while accommodating employment growth targets for the year 2035.

B. ECONOMIC CONCEPT

Economic development may be defined as public and private initiatives that promote job creation and business retention and recruitment, increase goods and services to residents and businesses, and provide job training programs, all of which contribute to a strong, sustainable, and resilient economy.

The following goals and policies provide the framework for the Kirkland economy for businesses, people, and for creating vibrant places. The mission is to provide a business climate that maintains a healthy economy for jobs and businesses without sacrificing the qualities that make Kirkland a desirable place to live.

The overarching economic strategy for Kirkland strives to provide:

- **A sustainable and resilient economy**
- **A diverse tax base**
- **Access to job opportunities**
- **Goods and services for the community**

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To accomplish this, the Economic Development Element:

- Encourages economic growth while maintaining attractive residential neighborhoods and a sustainable natural and built environment.
- Promotes a growing and diverse economy that has a variety of business sectors, living wage jobs, exports goods and services and encourages small, start up, locally owned companies.
- Promotes a positive business climate so businesses will grow and enhance Kirkland's role in the Eastside and Puget Sound regional economy.
- Supports economic growth focused in the Totem Lake Urban Center, Downtown, and other commercial areas.

EXISTING CONDITIONS

Kirkland was founded by Peter Kirk, an entrepreneur who envisioned Kirkland as the "Pittsburgh of the West." Instead, Kirkland commerce evolved from a ship building center in the 1940s to a suburb of Seattle starting in the 1960s. Kirkland slowly rebounded from the 2008 economic downturn. A major annexation of the Finn Hill, Juanita and Kingsgate neighborhoods occurred in 2011 making Kirkland the thirteenth largest city in Washington. Today, Kirkland contains a balance of jobs and housing and is interrelated to other Eastside cities and the Puget Sound region.

As of 2012 Kirkland contained 37,221 housing units and 38,712 jobs. The median household income in 2013 was \$87,005, compared to \$70,567 throughout King County.¹ In 2013 approximately 18% of Kirkland residents lived and worked in the City.

In 2014 there were 4,889 licensed Kirkland businesses with the majority in the small to medium size range (50 or fewer employees). Figure ED-1 below shows the number of businesses in each category.

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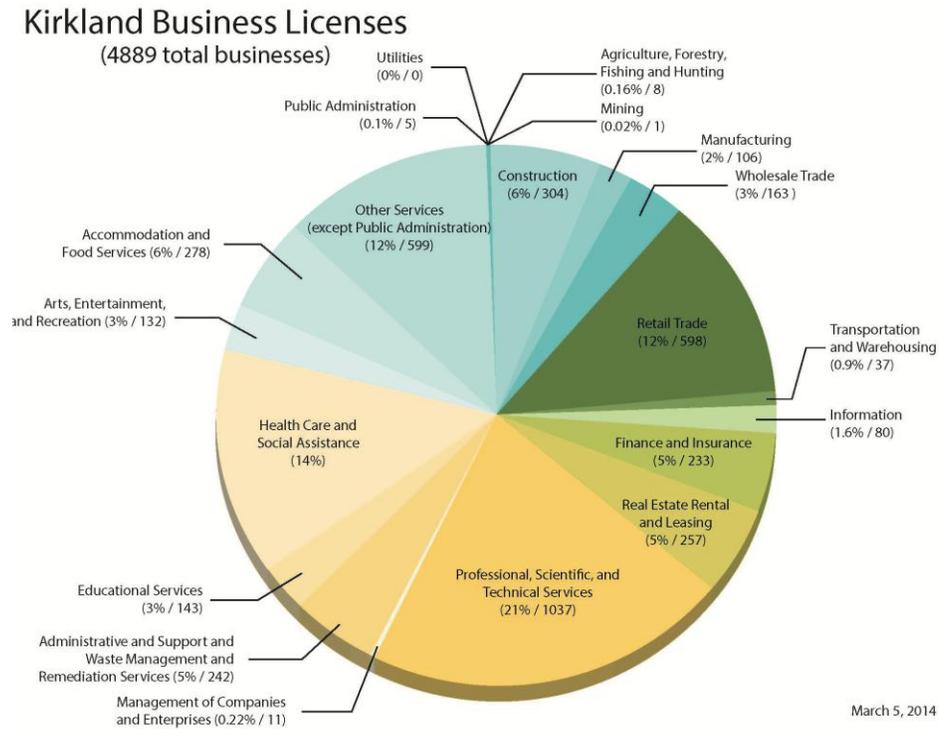


Figure ED-1 Percentage of businesses in each category

Kirkland’s largest employers represent a broad range of business types including health care, government, groceries, housewares, high technology and emerging aerospace related sectors. (Source: City of Kirkland Business Licenses Division.) Figure ED-2 shows a list of the largest employers in Kirkland based on self-reporting number of employees.

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Figure ED-2 Kirkland’s Largest Employers as of 2013 (Source: Business License Division)

Employer	Employees
Evergreen Healthcare	2,603
Google, Inc.	658
City of Kirkland	575
Kenworth Truck Company	439
Costco Wholesale	302
Evergreen Pharmaceutical LLC	269
iSoftStone, Inc.	265
IBM Corporation	256
Waste Management of Washington, Inc.	250
WB Games, Inc.	236
Wave Broadband	233
ATG Stores	233
Fairfax Hospital	231
Fred Meyer #391	208
Lake Washington Institute of Technology	200

* 100

Kirkland is a desirable place to do business and is well situated to support businesses. Kirkland is accessible from freeways, water and, the Cross Kirkland Corridor and is close to major markets, high technology and health care industry clusters. The cost of doing business is competitive in Kirkland. A range of housing types and established neighborhoods exist in addition to quality schools, parks and health care facilities. Our beautiful waterfront setting and strong community support for recreation, cultural, arts and entertainment activities contribute to a positive business and tourism environment.



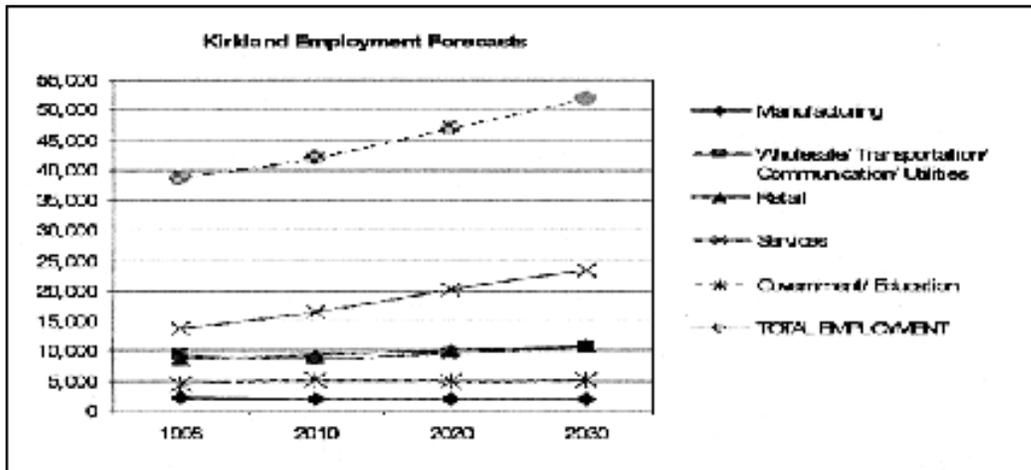
Google Kirkland offices

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While the City of Kirkland can work to attract and retain residents and businesses through policies that promote economic development and a high quality of life, many economic trends are beyond the City’s control. Regional and national trends show an increase in service, high-technology, communication, and information technology industries, with continued decline in traditional light industrial companies. Kirkland is consistent with this trend by experiencing growth in the information technology, aerospace and healthcare sectors. In light industrial areas buildings are being renovated for professional offices, high technology, manufacturing, recreation and sports related businesses.

FUTURE TARGETS, TRENDS AND CAPACITY

King County Countywide Planning Policies assign jurisdictions housing and growth targets for the year 2031. Adjusting for the year 2035, Kirkland is targeted for an additional 22,435 jobs for a total employment of 61,147. Kirkland has the future land capacity to meet housing and employment targets.



Insert new Figure ED-3: Kirkland Employment Forecasts

Source: Puget Sound Regional Council

RELATIONSHIP TO OTHER ELEMENTS

Other elements of the Comprehensive Plan contribute related goals and policies necessary for a vital local economy. The Land Use Element sets forth the development pattern for the City’s commercial areas and where growth should occur. The Housing Element policies promote a sufficient range of housing options, including

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increasing the amount of “affordable housing” to support a diverse employment base. The Transportation Element supports an efficient multimodal transportation system that enables the mobility of people, goods, services, customers and employees to access Kirkland businesses. The Capital Facilities and Utilities Elements ensure that adequate public infrastructure and facilities such as public utilities, telecommunications, and roads are available to support the economic viability of businesses and private development.

C. ECONOMIC DEVELOPMENT GOALS AND POLICIES

A healthy economy is an integral part of Kirkland’s high quality of life and an important community value. Kirkland’s economy allows residents access to job opportunities, goods and services, and provides revenue sources that help to ensure needed public services. This section describes the goals and policies that will implement Kirkland’s economic strategy. Balancing economic development with other community values is an overarching philosophy that should be taken into consideration as the following goals and policies are implemented.

Economic Development Goals:

Goal ED-1: Promote a strong and diverse economy that provides a sustainable tax base and jobs.

Goal ED-2: Promote a positive business climate.

Goal ED-3: Strengthen commercial areas to provide local goods, services, and vibrant community gathering places to live, work, shop and play.

Goal ED-4: Provide infrastructure and public facilities to support economic activity and growth.

Goal ED-5: Foster socially and environmentally responsible businesses.

Goal ED-6: Foster collaborative partnerships among

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community and regional organizations to achieve Kirkland's desired economic goals.

Goal ED-1: Promote a strong and diverse economy that provides a sustainable tax base and jobs.

Policy ED-1.1: Support activities that retain and expand existing businesses. Target recruitment activities toward new businesses that provide living wage jobs.

Existing businesses are the foundation of the Kirkland economy and are encouraged to thrive and expand. Businesses contribute to a stable tax base and are integral to the community as many business owners and employees are Kirkland residents. Attracting new businesses can help diversify the local economy and strengthen existing businesses. Business recruitment strategies differ for different commercial areas based upon market demand and the desired character of each neighborhood. Recruitment efforts should focus on businesses that provide higher paying jobs and draw customers from outside the community to purchase goods and services in Kirkland.



Juanita Village

Policy ED-1.2: Encourage a broad range of businesses that provide goods and services to the community.

A healthy mix of businesses that provide goods and services for the everyday needs of Kirkland residents and businesses is important for a diverse economy. Businesses that bring customers from outside the City to purchase

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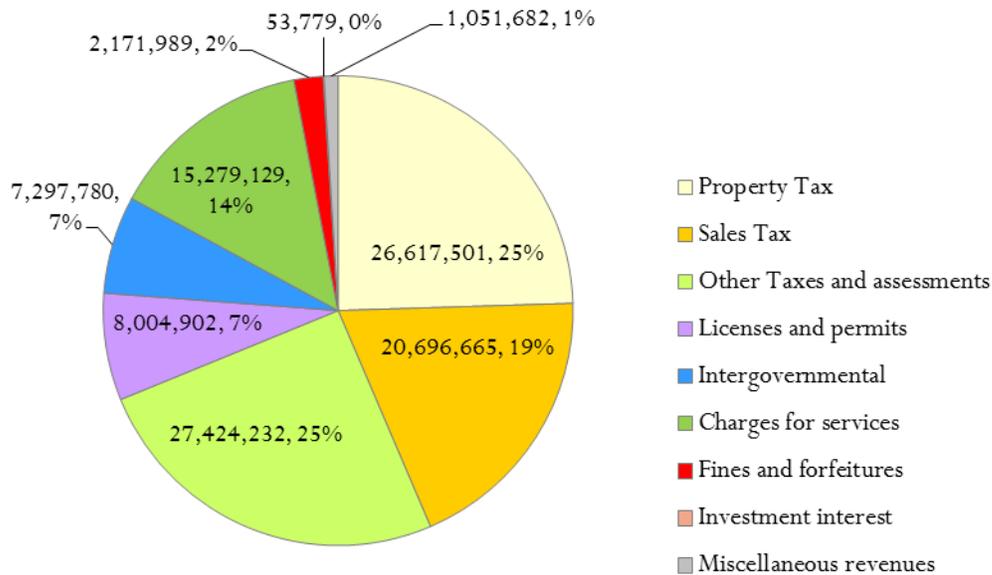
goods and services provide a net importation of sales tax and reduce sales leakage to other jurisdictions. In Kirkland, businesses in retail sales, service, automobile sales and service, health care, tourism, entertainment, recreation, and wholesale distribution and manufacturing serve this purpose.

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Policy ED-1.3: Strengthen Kirkland’s tax base to maintain long term fiscal sustainability.

Business plays an important role in the City’s tax base by generating sales, property tax and fees. Taxes are a general purpose revenue source that are used to support basic government services such as public safety, transportation improvements and parks maintenance. Figure ED-5 shows the distribution of revenue sources to city government. A large amount of sales tax is generated from automobile sales and service. The amount of revenue generated by sales tax fluctuates from year to year due to changes in the economy, buying habits of consumers, the level of construction activity in the City and regional growth outside of the City.

Figure ED-5 distribution of City Government revenue sources as of 2013.



Source: City of Kirkland Finance and Administration 2013

It is in the community’s interest to encourage businesses that contribute to the City’s revenue base in order to help provide the needed public services to the community. Fluctuations in the retail sector can have significant impact to the City’s primary revenue source and thus City services. Steps should be taken to provide economic balance by maintaining a diversity of retail and other businesses that generate sales tax.

Figure ED-6 below shows how in 2013, the commercial and mixed use areas contributed to sales tax revenue. Totem Lake provided the largest percentage of retail sales tax to the City’s total sales tax receipts followed by the Rose Hill Business District, Downtown and other commercial areas.

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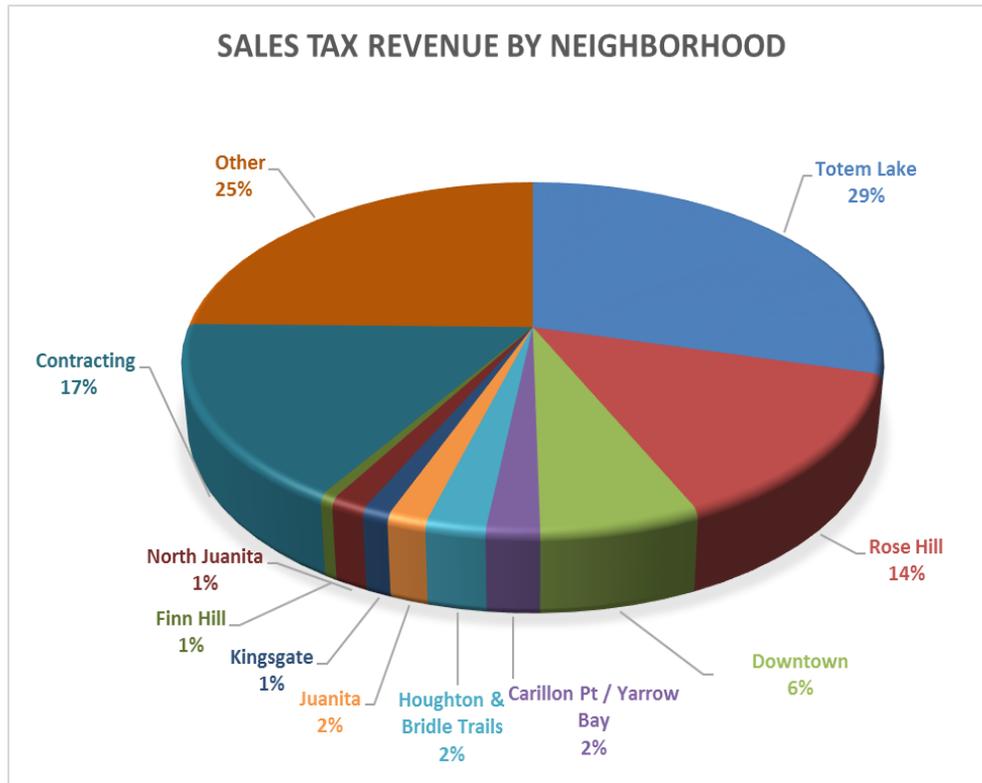


Figure ED-6: Sales Tax Revenue by District
Source: City of Kirkland Finance Department

Policy ED-1.4: Encourage clusters of complementary businesses that bring revenue and jobs into the community and export goods and services.

Industry clusters are geographic concentrations of mutually supportive businesses. They can export goods and services, drive job creation, and import revenue into a city or region. Businesses can foster a competitive economic advantage by locating near each other to draw consumers, to be near the wholesale distributor or to attract employees with specialized skills or experience. In Downtown Kirkland, restaurants, galleries, shops, hotels and performing arts organizations work together to promote the area as a destination. Kirkland is benefiting from the region's industry clusters with growth in aerospace, business services to high technology and information technology companies, healthcare companies and automobiles sales. These businesses provide new employment opportunities and high wage rates important to strengthening the economy. Economic development efforts should strive to develop new business clusters and identify ways to strengthen existing clusters, both locally and within the region.

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Policy ED-1.5: Strive to maintain a balance of jobs and housing to enable residents to live near work.

Job growth should be accompanied by growth in housing opportunities for workers filling those new jobs. When a significant percentage of the population can both work and live in Kirkland, economic vitality, quality of life and civic involvement are enhanced and transportation problems are mitigated. Kirkland's ratio of jobs to housing is fairly balanced. As growth occurs, Kirkland should strive to maintain this balance. As discussed in the Housing Element and the Affordable Housing Strategy, Kirkland should also seek to encourage a variety of housing types including housing that is affordable to a range of income levels.

Policy ED-1.6: Promote Kirkland as a visitor, cultural, and entertainment destination.

Tourism is another economic development tool to help diversify the economy. Visitors from outside the community spend money in local shops and restaurants, stay in hotels, and attend performing arts events. Tourism also creates jobs. Tourism promotion benefits residents by providing increased amenities, community events and shopping opportunities.

Kirkland's tourism marketing focus is on promoting Kirkland as a waterfront community with cultural arts, culinary, shopping, and recreation opportunities. The targeted audiences for tourism promotion are regional, national, international and business travelers. Kirkland is a unique destination on the Eastside and region because of its beautiful lakeside location, pedestrian-oriented Downtown, art galleries, restaurants, performing arts facilities, locally owned retail shops, farmers markets, and historical buildings. Our parks, recreation facilities and open space also offer tourism opportunities.

Policy ED-1.7: Support home-based businesses that are compatible with neighborhood character.

Home-based businesses continue to be a key component of the local economy as telecommunication infrastructure and the internet have increased opportunities to allow for integration of home and work. Many of Kirkland's small businesses began as home-based businesses and now are a source for new jobs. Forty percent of the business licenses in Kirkland are home based businesses with the largest portion (33%) in professional, scientific and technical services. Home-based businesses also can reduce commuter traffic and increase security for neighborhoods while other residents are away at work.

Development standards should be maintained to minimize impacts of home-based businesses on residential neighborhoods by limiting them to activities that are complementary to residential areas. Some businesses by their nature are not compatible with residential neighborhoods and, therefore, should be located in commercial or industrial areas.

Policy ED-1.8: Support locally developed enterprises by encouraging small startup businesses.

Small, startup businesses should be nurtured to promote locally owned businesses and job growth.

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Goal ED-2: Promote a positive business climate.

Policy ED-2.1: Create and maintain a competitive tax environment.

A business climate that combines a fair and competitive tax environment contributes to business success. Kirkland has favorable tax rates and user fees compared with other cities in the region. The City should proactively work with businesses and neighborhoods to improve the business climate in our community for everyone's benefit.

Policy ED-2.2: Foster a culture of creativity, entrepreneurship and innovation.

A business climate that supports entrepreneurial, creative and innovative business practices helps promote job creation. Kirkland is strong in arts, culture, and amenities for both residents and visitors to enjoy. Kirkland attracts living wage employers, strives to provide the highest quality technology infrastructure, and supports emerging trends in industry sectors such as start-up companies from nearby technology and aerospace companies, green practices, staggered work times and use of shared business facilities.

Policy ED-2.3: Make land use decisions that take into consideration the effects on businesses and the economic benefit to the community.

Kirkland is committed to providing excellent customer service to all sectors of the community. Business customer service needs are distinct from those of other customers and can be a factor in whether or not a business chooses to stay or locate in Kirkland. The City should continue to assess customer service and provide open communication to ensure business needs are being met. When considering commercial land use decisions, City decision makers should carefully evaluate the short- and long-term economic benefits to the community in addition to social, environmental and aesthetic concerns. Economic factors to consider may include such things as the number and type of new jobs created, the types of goods or services provided, and fiscal benefits that businesses will contribute to the community.

Policy ED-2.4: Provide a regulatory environment that is predictable, fair, responsive and timely.

The City should remove unnecessary barriers to economic development and provide a regulatory environment that allows for flexibility without sacrificing community standards. Businesses are encouraged to work with the City and neighborhood organizations to identify and make recommendations for changes to regulations and improvements to permit processes. The City should periodically review its regulations and, where appropriate, modify those which unreasonably restrict opportunities for economic development. . Having clear and reasonably fast permit processes in government also contributes to a positive business climate. .Improvements to permit processes should be continually made so that permits are handled in a reasonable, responsive and timely manner.

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Policy ED-2.5: Support tools that encourage economic development.

Providing economic development incentives or tools are a way to attract and retain quality businesses or create new jobs may be necessary to create a positive business environment. Washington State statutes strictly limit the types of incentives that cities may use to attract or retain private business.

Types of economic development tools that could be explored are:

- Public/private development agreements
- Recruitment strategies that will result in new jobs
- Tax or fee deferrals, credits, or waivers
- County-sponsored industrial revenue bonds
- Participating in County, State or federally sponsored low interest loans or grants
- Installing infrastructure improvements
- Use of special taxing districts
- Expediting permitting and regulatory incentives
- Participation in regional Transfer of Development Rights or Landscape Conservation and Local Infrastructure programs
- Legislative support for a form of tax increment and other economic development tools

Goal ED-3: Strengthen commercial areas to provide local goods, services, and vibrant community gathering places to live, work, shop and play.

Policy ED-3.1: Encourage businesses to develop and operate in a manner that enhances the character of the community, minimizes impacts on surrounding development, and respects the natural environment.

As members of the community, businesses should be stewards of the environment as well as good neighbors to adjacent less intensive uses. In some instances, economic activities may create impacts on surrounding development because of the way the business functions or building location and site design. Impacts may include open storage, large structures, poorly maintained grounds, parking lots, signs, exterior lighting, noise, air or water pollution, and pedestrian or vehicular traffic and may be especially noticeable along transition areas of commercial areas.

These adverse visual or other impacts created by economic activities should be minimized through development standards that maintain the character of adjacent development. Development standards should ensure that outdoor storage areas, parking lots, and structures are adequately buffered with landscaping or some other appropriate means, and that on-site debris and waste are removed. Landscaping, both within and around the edges of

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development, can serve to provide visual screening and separation, as well as help to decrease surface runoff. Additional standards may include noise limitations, appropriate setbacks, open space requirements and building design guidelines. Even with efforts taken by businesses to reduce impacts, residential uses located along commercial area boundary edges may continue to experience some level of unavoidable impact.

Policy ED-3.2: Encourage infill and redevelopment of commercial and industrial areas.

Kirkland's commercial and industrial areas have the potential for increasing economic activity by infilling underutilized land or redeveloping without expanding district boundaries. Commercial areas are encouraged to be intensified where it will result in superior redevelopment. To maintain the land use capacity to support the local economy, it will be necessary to encourage full utilization of planned development potential within employment centers while monitoring commercial development activity, and maintaining efficient infrastructure systems.

Businesses with attractive site and building design, landscaping, and signs that blend in with the context of the neighborhood or commercial area help contribute to the economic success of the commercial area. Gateway or unique signage, attractive public spaces, decorative pedestrian lighting and other urban design improvements help promote economic development by creating an inviting environment. Specific design standards tailored to the unique characteristics and natural features of each neighborhood are encouraged. Public and private sector investment and commercial development that adheres to development standards will ensure that Kirkland's positive civic image and character will be maintained.



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Policy ED-3.3 Support businesses and organizations involved in the arts, cultural programs, historic preservation and civic activities.

Businesses and organizations involved in the fine arts, cultural and performing arts, and historic preservation play an important role in diversifying Kirkland's economy, attracting visitors and businesses, and enhancing our distinctive character. Kirkland's hotels, restaurants, shops, galleries, entertainment and performing arts complement each other to create a vibrant destination for both visitors and residents, producing economic returns to the community. Kirkland is one of the older communities on the Eastside and contains buildings and places of historical significance..

Policy ED-3.4: Support businesses that encourage the health and well-being of all people by providing convenient access to healthy and locally grown food.

Providing access to fresh, locally grown food encourages healthy living and self-sufficiency. Businesses that produce, process or wholesale locally grown food or products, farmers markets and community food gardens are encouraged.

Policy ED-3.5: Industrial Policy- Hold for a policy related to industrial areas pending the guidance from the Heartland Industrial Lands Study

Kirkland's industrial areas are in flux transitioning from traditional light industrial uses such as manufacturing, production and assembly and auto oriented service and repair uses to high technology, office and recreational facilities. As specified in the Land Use Element and neighborhood plans the light industrial areas should allow for a variety of light industrial- manufacturing and commercial uses based on market demands.

Goal ED-4: Provide the infrastructure and public facilities to support economic activity and growth.

Policy ED-4.1: Encourage construction and maintenance of infrastructure systems for utilities, transportation and telecommunication that optimize service delivery to the business community.

Providing superior utilities, transportation and telecommunications networks to the community supports business growth and helps give Kirkland a competitive advantage to attract and maintain jobs. Emphasis should be on providing infrastructure in higher density mixed-use employment and housing centers such as in the Totem Lake, Downtown, and other commercial areas. The City should explore and encourage innovative and entrepreneurial efforts to provide technology infrastructure and communication services by forming public/private partnerships to facilitate or leverage funds for infrastructure improvements that will increase economic opportunities.

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Policy ED-4.2: Create strong multimodal circulation linkages to and within commercial areas.

Improving circulation within commercial areas and connecting neighborhoods to commercial areas, with both motorized and non-motorized options, make it easier for customers to access businesses. In some cases, this may require new street or sidewalk connections to break up large blocks or improve circulation. Pedestrian and bicycle improvements should be encouraged to provide alternatives to driving. Standards should be in place to minimize the impacts generated by economic activities on pedestrian, bike and vehicular traffic. For example, the location and number of access points should be controlled, and, where necessary, on or off-site improvements should be made to ensure the safe passage of pedestrians, bikes and vehicles.

Policy ED-4.3: Support regional infrastructure initiatives that enhance economic development opportunities.

Kirkland participates in regional partnerships to install transportation and telecommunications infrastructure. Partnering keeps Kirkland competitive with other cities and preserves financial resources for other infrastructure improvements. Partnerships should continue between the City and other public/private organizations to support regional infrastructure.

New Policy ED-4.4: Develop the Cross Kirkland Corridor to attract business and housing development and provide a multimodal transportation facility connecting businesses and employees with local and regional employment centers.

Portions of the abandoned Burlington Northern Railroad Right of Way within the City of Kirkland have been converted to the Cross Kirkland Corridor, a multimodal transportation conduit for bicycles, pedestrians and in the future transit. With more than 60 businesses and over 10,000 employees bordering the corridor, full development of the Cross Kirkland Corridor will be a catalyst for new businesses, jobs and housing.

Goal ED-5: Foster socially and environmentally responsible businesses.

Policy ED-5.1: Encourage businesses that provide products and services that support resource conservation and environmental stewardship.

Local, green businesses involved in providing renewable energy, remediation, clean technology, green building, products or services or healthy lifestyles should be nurtured.

Policy ED-5.2: Promote environmental responsible practices in business development and operations.

Businesses that integrate environmental practices into their business model show consumers and employees they care about the type of jobs created, products made, use of resources and impact of their actions. Encouraging

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construction and business operations to use sustainable development practices such as low impact development, green building, energy conservation, and waste reduction results in reducing the City's ecological footprint, increases green space, and promotes healthy living and a more attractive Kirkland. Businesses that use green practices can reduce operational expenses, be more competitive or may utilize tax credits. The City should continue its green business, green building and recycling programs to support a network of local green businesses, green jobs and best green business practices.

Policy ED-5.3: Promote socially responsible practices in the private, public, and non-profit sectors.

All sectors of the community are encouraged to give back to the community by conducting and supporting community service projects or organizations to help the disadvantaged in need. Such practices may include promoting human rights, quality labor standards, environmental protection and participating in civic initiatives. Businesses can partner with non-profit and human service organizations, philanthropic foundations or other organizations to implement this policy.

Policy ED-5.4: Support programs that provide employment, housing, economic development and public infrastructure opportunities for economically disadvantaged populations.

Through the Human Services Advisory Committee the City should continue to provide funding to human service providers to offer employment, housing, and other infrastructure programs to assist economically disadvantaged populations improve their quality of life and lead productive lives. The Human Service's Element provides additional goals, policies and background information that support employment, housing and economic development opportunities for disadvantaged populations.

Policy ED-5.5: Help facilitate the environmental remediation of contaminated sites.

Kirkland has a few sites remaining classified as contaminated from past business practices such as gas stations, drycleaners or chemical production. The City can work with the property owner and overseeing government agencies to ensure that the sites are cleaned up before redevelopment.

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Goal ED-6: Foster collaborative partnerships among community groups and regional organizations to create a prosperous Kirkland economy.

Policy ED-6.1: Partner with businesses and community organizations to create a prosperous Kirkland economy.

The City should actively work together with business and community organizations such as the Greater Kirkland Chamber of Commerce, Economic Development Council of Seattle and King County to implement business retention, recruitment, tourism promotion and other strategies. Each of these groups plays a role in promoting Kirkland as a place to do business. As representatives on various task forces, they can provide a business perspective and assist in policy development. Formation of business associations or community working groups within each commercial area is encouraged to help develop and implement neighborhood plans, urban design projects, economic development strategies and promotional programs.

Policy ED-6.2: Work with businesses, schools and other institutions to sustain a highly educated and skilled workforce through job training and education resources that lead to job opportunities.

A vital economy relies on maintaining educational and job-training programs that keep up with business trends. In the future, a factor for business success will be workers' ability to keep up with accelerating changes in the work place, especially in the areas of technology. Kirkland is fortunate to have a high-quality K – 12 public school system, a university, a community college and other community education programs. Local, State and federal educational and job training programs are available. The City can help facilitate partnerships between human service programs to provide affordable housing, educational institutions and the business community to provide job training, especially for the economically disadvantaged populations.