

Clinton Gateway Analysis

Island County Economic Development Element

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Prepared by:



Prepared for:





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President and CEO:
Chris Mefford

Project Manager:
Kristina Gallant

Analysts:
Tyler Coyle
Michaela Jellicoe
Elliot Weiss

Community Attributes Inc.
500 Union Street, Suite 200
Seattle, Washington 98101

www.communityattributes.com

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INTRODUCTION

Background and Purpose

Clinton is one of the most prominent communities in South Whidbey Island. It is the gateway for commuters and visitors on the heavily utilized State ferry route to and from Mukilteo. This market-driven analysis of growth and development opportunities identifies economic development considerations specific to Clinton for the Island County Comprehensive Plan. This report leverages data and stakeholder input to present Clinton's unique opportunities and challenges.

These opportunities include making best use of the County's Rural Areas of More Intensive Development (RAIDs), which are small rural centers that are outside of Urban Growth Areas and have greater regulatory flexibility under the Growth Management Act (GMA). Specifically, this report focuses on the Clinton RAID.

Methods

This report relies on secondary data analysis, including reviewing existing plans and reports. The report summarizes data at the planning area level. The analysis is informed by stakeholder interviews and a property owner survey. Support for this analysis includes the following data sources:

- Secondary data sources, including American Community Survey, Washington State Office of Financial Management, Washington State Employment Security Department, U.S. Bureau of Labor Statistics, and Washington State Ferries
- CAI survey of gateway property and business owners
- CAI stakeholder focus group discussions

Organization of this Report

This report includes the following sections:

- **Summary of Recommendations** provides a high-level summary of recommendations.
- **The Clinton Gateway** introduces Clinton in context with the region, and provides a vision for its future.
- **Strengths, Weaknesses, Opportunities and Challenges** distills key themes for economic development.
- **Existing Conditions** summarizes Clinton's physical characteristics, market conditions, regulatory conditions, and infrastructure needs.
- **Recommendations** offers specific recommendations aligned with these themes.

SUMMARY OF RECOMMENDATIONS

Clinton an unincorporated community on the southeast coast of Whidbey Island. It is home to a Washington State ferry terminal, connecting Island County to mainland Washington at Mukilteo, and is one of Island County's Rural Areas of More Intensive Development (RAIDs). Under the Growth Management Act (GMA), this designation provides Clinton with greater regulatory flexibility to accommodate higher intensities of development, despite being rural.

Based on past outreach efforts, residents envision Clinton as a sustainable village with a range of services and amenities. While Clinton's RAID status grants some flexibility to provide these services, it has critical limitations, including a prohibition on new sewer systems. There are economic development opportunities for Clinton that would be difficult to capture without increased growth and development. For example, Clinton could capture untapped demand for retail and services as Island County's population and visitation increase. Based on anticipated change in population and ferry ridership, as well as known spending patterns, Clinton in 2040 could potentially capture enough spending to support as much retail space as Freeland has today.

This report presents additional recommendations and implications for the Economic Development Element of Island County's Comprehensive Plan.

Produce a clear vision for Clinton. Planning for Clinton would benefit from a clear, updated vision. The vision should communicate the role the County would like to see Clinton play in the local economy and their connections to community. The absence of such a vision has resulted in a zoning code that limits development potential and challenges investment interest.

Evaluate opportunities to consolidate Clinton Rural Residential and Rural Center zones. The community of Clinton is one consolidated area, yet is composed of multiple contiguous RAIDs. The County should explore its legal ability to adjust the margins of the mixed-use center, so long as more intense development is contained between the overall Clinton footprint.

Review zoning and allowed land uses, and make changes to align with the vision and market potential. Relatively large minimum lot sizes and low height limits, for example, prevent the Gateways from creating density to support clustered development or multifamily housing to support the county's housing needs.

Evaluate feasibility of converting Clinton to a Non-Municipal Urban Growth Area (NMUGA). There is a natural limit to Clinton's growth and development so long as it remains a RAID. Given current limits to development on septic systems, NMUGA status and sewer infrastructure may be required to maintain Clinton's current development intensity and desired character in future development.

THE CLINTON GATEWAY

Countywide Context

With the exception of the Coupeville Ferry Gateway, Island County's Gateways are a subset of its Rural Areas of More Intensive Development (RAIDs). When the Growth Management Act (GMA) was established, counties were permitted to designate RAIDs to permit continued development flexibility in areas outside Urban Growth Areas with preexisting non-rural development. As a rural county, Island County has limitations on commercial development in unincorporated areas, so its RAIDs are strategically important for economic development. However, due to their rural nature, the RAIDs cannot establish new sewer or public water systems, which limits development potential.

Island County's four planning areas, which include Camano Island, North Whidbey, Central Whidbey, and South Whidbey, are unique. Camano Island has no direct connection to Whidbey Island, and Whidbey Island is long and narrow, meaning that north and south Whidbey feel far removed from each other. As a result, opportunities and challenges in the RAIDs vary by subregion, and each RAID has unique characteristics. This report focuses on the Clinton Gateway RAID, located in South Whidbey Island.

Community Characteristics

Clinton is an unincorporated community on the southeast coast of Whidbey Island. The Mukilteo-Clinton ferry lands at this Gateway. While there is a bridge to the mainland in North Whidbey, it is typically more efficient for South Whidbey residents to take the ferry between Clinton and Mukilteo. This ferry is a critical transportation link for Whidbey Island. All Whidbey ferry traffic disembarks onto Highway 525, which bisects Clinton. This traffic includes a mixture of tourists and commuters, and both groups present growth opportunities for Clinton.



Freeland is the only other South Whidbey community on the highway competing for pass-through ferry traffic. While not incorporated, Freeland is designated as a non-municipal urban growth area (NMUGA), and there is allowed to accommodate urban development. It features a retail center with several large stores that likely serve a large area. However, Freeland is nine miles from Clinton and the ferry terminal and it may be more convenient for many South Whidbey residents to travel to Clinton for shopping and services.

Langley is the third significant community in South Whidbey. While it is incorporated, it is located off the highway. As a historic coastal town, Langley serves as a destination for dining and tourism, rather than daily resident shopping.

Clinton experienced a surge of commercial development during the 1960s and 1970s. Consistent with development patterns at the time, Clinton's commercial core is low-density and auto-oriented, with surface parking lots oriented to the street. There are no stop lights on the highway through town, and traffic passes through very quickly. Clinton lacks a clear town center, or other enticement to draw motorists off the road if they are not already looking for a specific business.

There are additional commercial clusters to the west along Highway 525 which also serve the same community as central Clinton. Ken's Korner, two miles to the west, is a separate RAID with more substantial employment, including larger grocery, hardware, and drug stores. Many locals consider Ken's Korner to be a part of Clinton, and these businesses have Clinton addresses. There are small commercial developments spread along the highway between the Clinton and Ken's Korner RAIDs in rural zones.

While local residents have good access to many everyday essentials like groceries, there are several notable service gaps. Most medical services are concentrated in North Whidbey Island. Further, residents on healthcare exchange plans report needing to travel to the mainland for in-network care.

Vision

While Clinton is currently unincorporated, the community is well-established. Residents formed a Community Council and completed a visioning process for Clinton's future in 2012. That vision is consistent with a vibrant, modern village. Residents want Clinton to have a distinct identity, with an attractive, safe and pedestrian-friendly streetscape. They want central Clinton to provide all community services, including opportunities for recreation, socializing, and the arts. Some envision significantly more urban amenities, such as expanded bus service, a technology park, and denser multifamily housing. Residents expressed that sustainability is a priority, including a desire to reduce reliance on fossil fuels.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND CHALLENGES

Strengths

Clinton's primary strengths include accessibility, proximity to major markets, and inherent capture of visitor traffic based on its strategic role as the ferry terminal that serves the greater Seattle area.

A survey of business owners generally confirmed these strengths, indicating that Clinton's positive features were **good access to the mainland** via ferry (14% of respondents), which feeds a large volume of customer traffic through Downtown Clinton, the area's **commercial space** and room for growth (15%), and **environmental quality** (14%).

Weaknesses

Seventy-five percent of business owners reported **difficulty finding employees** and many of them attributed this labor shortage to a **lack of affordable housing** in the area. Besides this, the lack of **sewer infrastructure** (11% of respondents) was seen as the major impediment to business growth. Beautification was another frequent suggestion for helping business. Respondents believed that this would encourage people to spend more time in Clinton and patronize businesses.

Access to businesses in Clinton is a real and perceived challenge. Survey respondents mentioned **transportation infrastructure** often, especially for pedestrians, bicyclists, and mass transit. Stakeholders report feeling unsafe around the highway. Throughout the Gateway, sidewalks are discontinuous and, when present, are often unbuffered from the five-lane highway. One crosswalk exists on Highway 525, near Deer Lake Rd., but it is not signalized. Landscaping and other improvements that contribute to positive pedestrian experiences are inconsistent. According to survey respondents, transportation improvements relating to cars, such as slowing down speeders and increasing parking, were less important.

Clinton's **topography** presents specific challenges as well. From the ferry terminal, it is not clear that there is a commercial center up the hill. Drivers move quickly through the area, and local businesses struggle to capture their attention. Insufficient or inconsistent signage, wayfinding aids, and the **lack of a defined sense of place** are business development challenges.

Land is available for development in Clinton, but stakeholders report **challenges with zoning**. Available **lots are too small** to accommodate minimum standards for development. Stakeholders have reported specific challenges with parcels located on the highway. The highway easement cuts into development potential, and many lots have **irregular, challenging shapes** due to the angle of the highway passing through.

Improved transportation connectivity will increase the desirability of living in and near Clinton. This includes terminal improvements in Mukilteo, to include transfers to commuter rail to Seattle. Shuttle expansions to Payne Field and employment centers north will also help commuters. However, if attracting more commuters is a goal, there may be a need for greater housing diversity.

Opportunities

Perhaps more than in other Gateways in Island County, **pass-through traffic** in Clinton provides an economic opportunity. Clinton is a natural stop or pause area for ferry riders, which is an opportunity to leverage.

It is a **quick commute** from the Mukilteo ferry terminal to Boeing and other major employers around Paine Field. There is potential to provide more **workforce housing** for Paine Field-area employees who could avoid taking a car on the ferry by living in Clinton.

The new **Mukilteo ferry station**, scheduled to open in Fall 2020, will offer improved access to transit. This could make the Clinton area more attractive to commuters, who will be able to make a direct connection onto Sounder commuter rail. The Sounder offers service south through Seattle to Tacoma, and north to Everett.

Ferry ridership on the Clinton/Mukilteo route is expected to continue to grow by 0.7% per year through 2040. This will mean that around 1,800 more people per day will pass through Clinton every day, on average, by 2040.

Whidbey Island is a **popular tourist destination**, and Clinton is the first introduction to Whidbey Island for tourists coming from the Seattle area. Many visit Whidbey for weddings, which is a growing local sector. Weddings support many local Clinton businesses, including lodging and catering.

A **new physical plan**, covering urban design and circulation, would support capture of more spending from visitors and pass-through traffic, if the community desires to pursue that economic opportunity. Local residents and workers could benefit from safer traffic circulation and could result in greater demand for offices and services in the areas. Adding signage so that drivers waiting in line understand ferry capacity and wait times could encourage more waiting drivers to visit local businesses.

Whidbey Telecom provides **excellent high-speed internet coverage** in Clinton. This is an asset that could be leveraged to attract tech startups and satellite offices.

Retail, dining, lodging, personal and professional services all make sense for Clinton in general. Detailed site analysis would inform how much makes sense and specific opportunities.

Threats

Community members have expressed concern over environmental degradation caused by unsustainable development. They feel that the area's natural beauty underpins much of the community's economic potential.

Growth Management Act Limitations

Under the Growth Management Act, RAIDs are allowed greater flexibility, but they are not permitted to concentrate urban growth in the same fashion as UGAs. The County may be limited in its ability to reduce lot size minimums, and implement other measures that could encourage more development in Clinton. New sewer systems are also not permitted for RAIDs. Absent any other restrictions, this naturally limits the scope of future development. This is particularly relevant in coastal areas, where failing septic systems can seriously impact marine environments.

Infrastructure

Clinton has experienced challenges with failing septic systems, and cannot establish a sewer system unless it becomes an NMUGA.

Highway 525 bisects the community, and represents its commercial core. The highway is not pedestrian friendly, and traffic moves quickly through the area. Traffic calming infrastructure and other infrastructure to improved pedestrian and bicyclist safety is needed.

There is a mixture of private infrastructure systems serving the gateways with drinking water and other key infrastructure, and their capacity constraints are varied.

Tourism

Island County is a popular tourist destination. While tourist traffic is important for many local businesses, stakeholders have reported increased impacts due to noise and crowds. There is a desire to manage peak season impacts, while finding opportunities to draw more visitors during the off-season.

Livability

Island County's lifestyle and environment are often cited as some its greatest assets. At the same time, many businesses owners have reported struggling to recruit and retain staff due to a lack of affordable housing. Identifying RAIDs which are well-suited to support more housing is an opportunity to address this need.

Island County's population is aging and access to medical services can be challenging. Many medical facilities are concentrated in North Whidbey, and

Whidbey residents with health care exchange plans must travel to the mainland to receive care.

Clinton is an established center and the ferry terminal offers a clear market opportunity to build it out as a more urban center, if the County so desires.

EXISTING CONDITIONS

Clinton functions as an established town, though it is unincorporated. Local residents tend to think of Clinton as a town, and express interests that reflect public service expectations similar to those of an incorporated city. It is located due east of the Ken's Korner RAID. While Ken's Korner is technically a separate RAID from Clinton, local residents consider it part of Clinton.

Highway 525 climbs a short, steep bluff from the ferry terminal and then passes through Clinton's commercial core. Existing commercial uses are oriented toward the highway, and most occupy detached structures with adjacent surface parking lots. Despite proximity to Possession Sound, these businesses do not generally have physical or visual access to the waterfront. Business owners report challenges in attracting fast-moving travelers off the highway. Many existing commercial structures are aging and lack the visual appeal to draw visitors. Clinton lacks an established center, and there is a lack of streetscaping or signage to indicate that one is in a defined community.

The highway cuts through Clinton's core at a diagonal to the cross streets. As a result, many parcels in central Clinton are irregularly shaped. Existing property and business owners have reported challenges in developing highway-fronted parcels, as the highway easement cuts further into the buildable area.

There is low-density commercial development along the highway, and single family residential development throughout the rest of the Gateway. Clinton's single family development is typical of pre-GMA development trends in Island County. In the past, rural parcels on and near the water were subdivided and developed for suburban-density single family homes, which are often used as vacation homes. However, most other residential and commercial RAIDs are isolated pockets – an isolated residential subdivision on the water, or a small commercial development with services to serve the surrounding rural area. Clinton is unique among the RAIDs in having a concentration of both non-rural housing and commercial uses.

Built Environment and Development Patterns

Most land and parcels in the Clinton Rural Center zone are developed with single family housing. The second most common use by total land area is retail trade, followed by services (**Exhibit 1**).

Exhibit 1. Current Land Use Summary, Clinton Rural Center Zone

Current Use	Parcels	Acreage
Single Family Residential	32	18.3
Retail Trade	16	12.0
Services	20	8.7
Transportation, Communication, and Utilities	6	7.9
Vacant	11	7.9
Multifamily Residential	6	3.6
Other	9	2.7
Recreation	2	1.6
Manufacturing	1	0.5
Government	1	0.4
	104	63.5

Source: Island County, 2019

Clinton's rural residential zones are primarily occupied by single family homes. There is a large share of development capacity available, with 29 acres of vacant land (**Exhibit 2**).

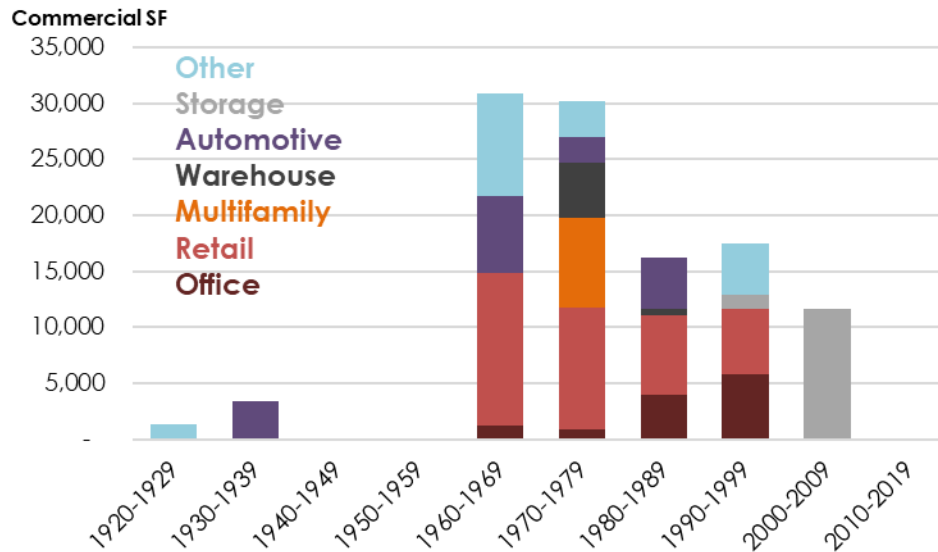
Exhibit 2. Current Land Use Summary, Clinton Rural Residential Zones

Current Use	Parcels	Acreage
Single Family Residential	371	152.1
Vacant	49	28.9
Recreation	2	10.8
Retail Trade	1	0.7
Services	4	1.4
Transportation, Communication, and Utilities	1	0.4
Multifamily Residential	2	3.7
Other	69	23.2
Other Commercial	4	2.5
Manufacturing	1	0.5
Government	0	0.0

Source: Island County, 2019

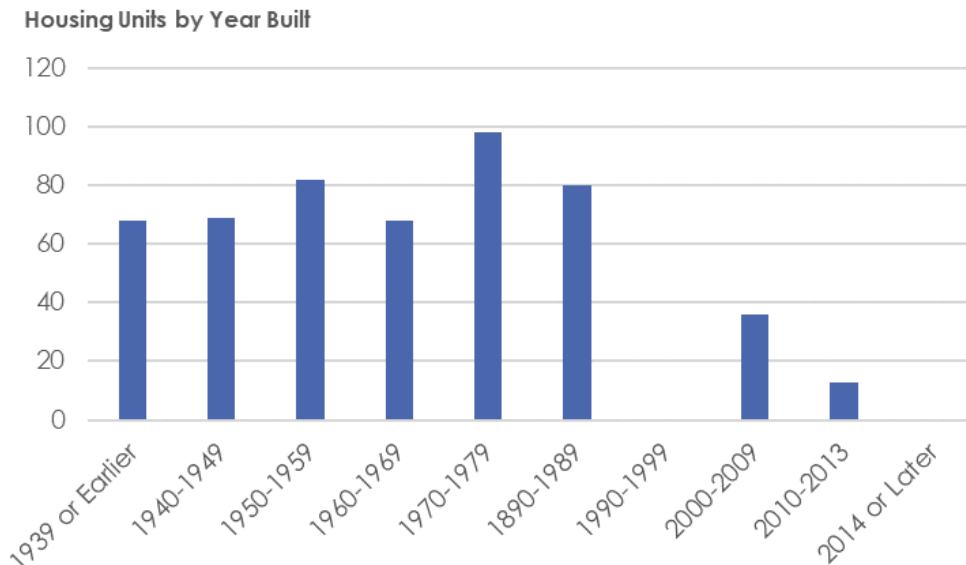
Clinton's commercial and industrial spaces are low density and aging. Most commercial and industrial development took place between 1960 and 1979, with about half as much from 1980 to 1999. The only new commercial or industrial development since 2000 has been mini storage. (**Exhibit 3**) The local housing stock is also older, with a significant portion built in the 1970s, though there has been residential development since 2000 (**Exhibit 4**).

Exhibit 3. Commercial and Industrial Space by Year Built, Clinton



Source: CoStar, 2020

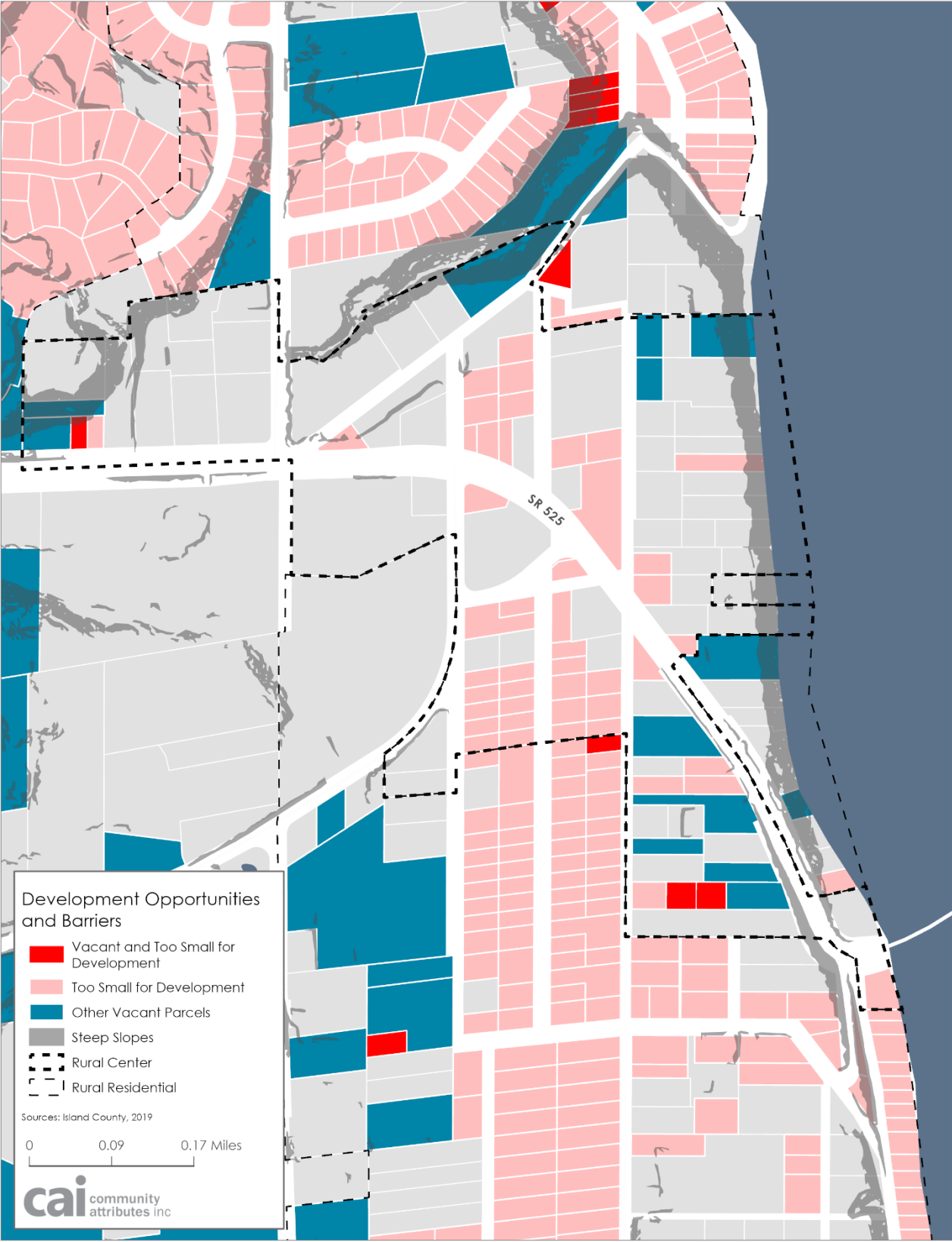
Exhibit 4. Housing Units by Year Built, Clinton, 2018



Source: US Census Bureau, American Community Survey 2014-2018 5-Year Estimates

Many parcels in Clinton are smaller than permitted under current development regulations. These parcels would need to be assembled with an adjacent parcel for development or redevelopment, which can make development effectively impossible if the adjacent parcel is fully developed. There is a group of large vacant parcels west of the highway near the ferry terminal, but these will have limited or no access to the highway due to steep slopes (**Exhibit 5**).

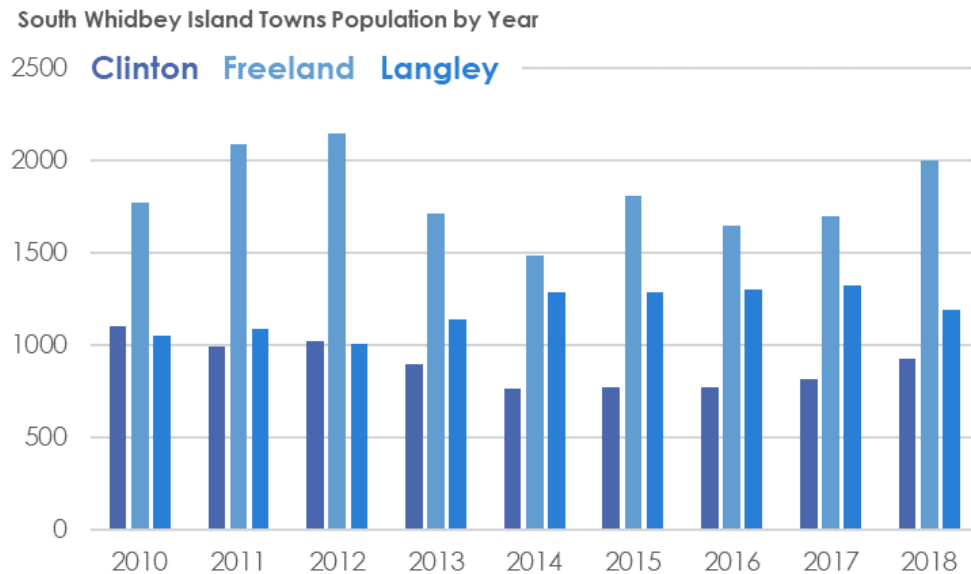
Exhibit 5. Development Opportunities and Barriers, Clinton, 2020



Residents and Businesses

According to ACS estimates, Clinton's population declined from 2010 to 2014, was roughly level through 2016, and grew through 2017 and 2018. Today, Clinton is home to nearly 1,000 people. Until 2014, Clinton and Langley had similar populations. At that point, Langley began to grow while Clinton was losing population. The two cities' population numbers have begun to converge again in recent years (**Exhibit 6**).

Exhibit 6. Housing Units by Year Built, Clinton, 2018



Source: US Census Bureau, American Community Survey 2014-2018 5-Year Estimates

Clinton is small yet dense for South Whidbey Island. The Census block group it belongs to is the most dense in South Whidbey, though Freeland's population is distributed among several large block groups. At the UGA or Census-Designated Place-level, Clinton's population density is similar to Freeland – between 900 and 1,000 people per square mile (**Exhibits 7-8**).

Exhibit 7. Population Density, South Whidbey Island, 2019

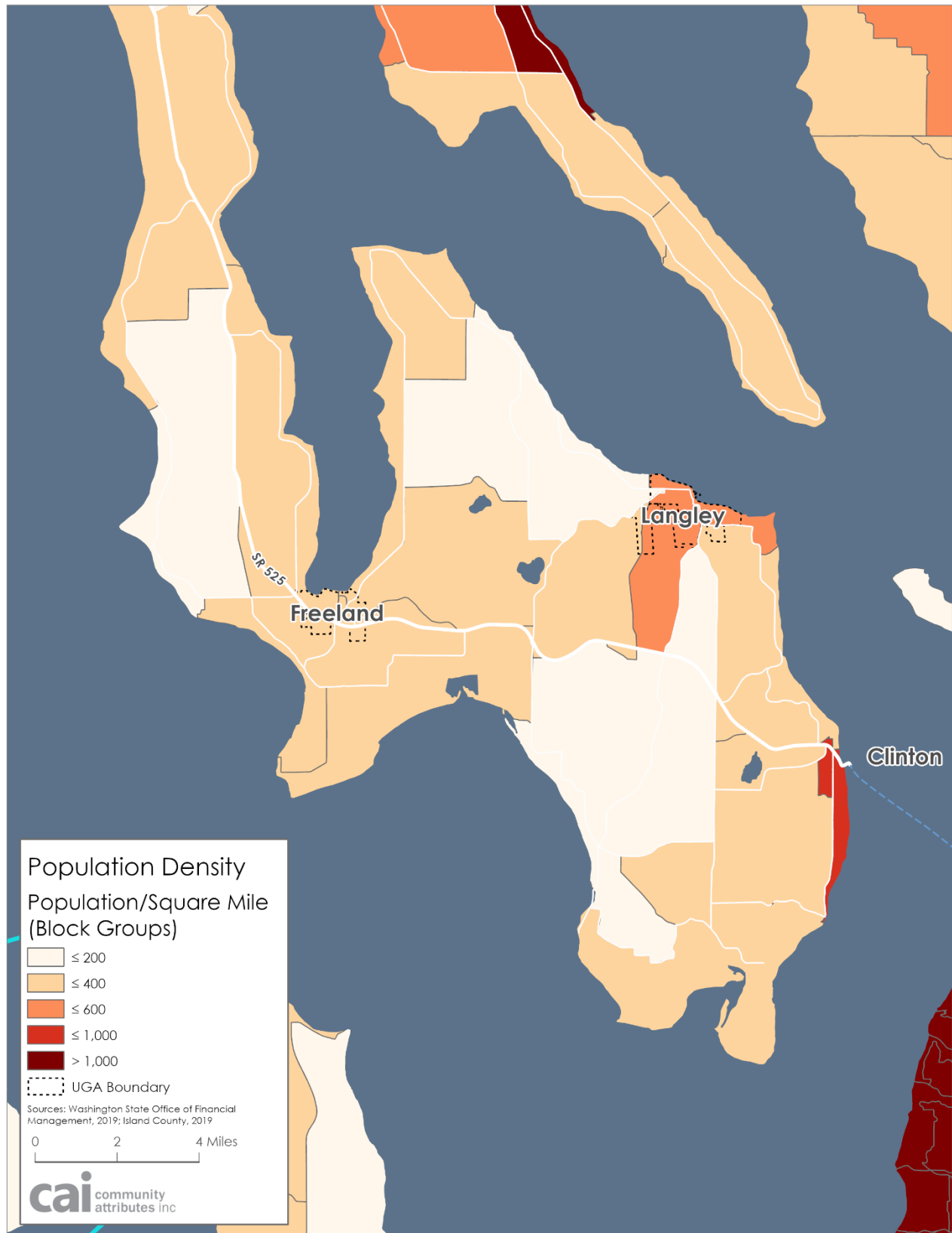
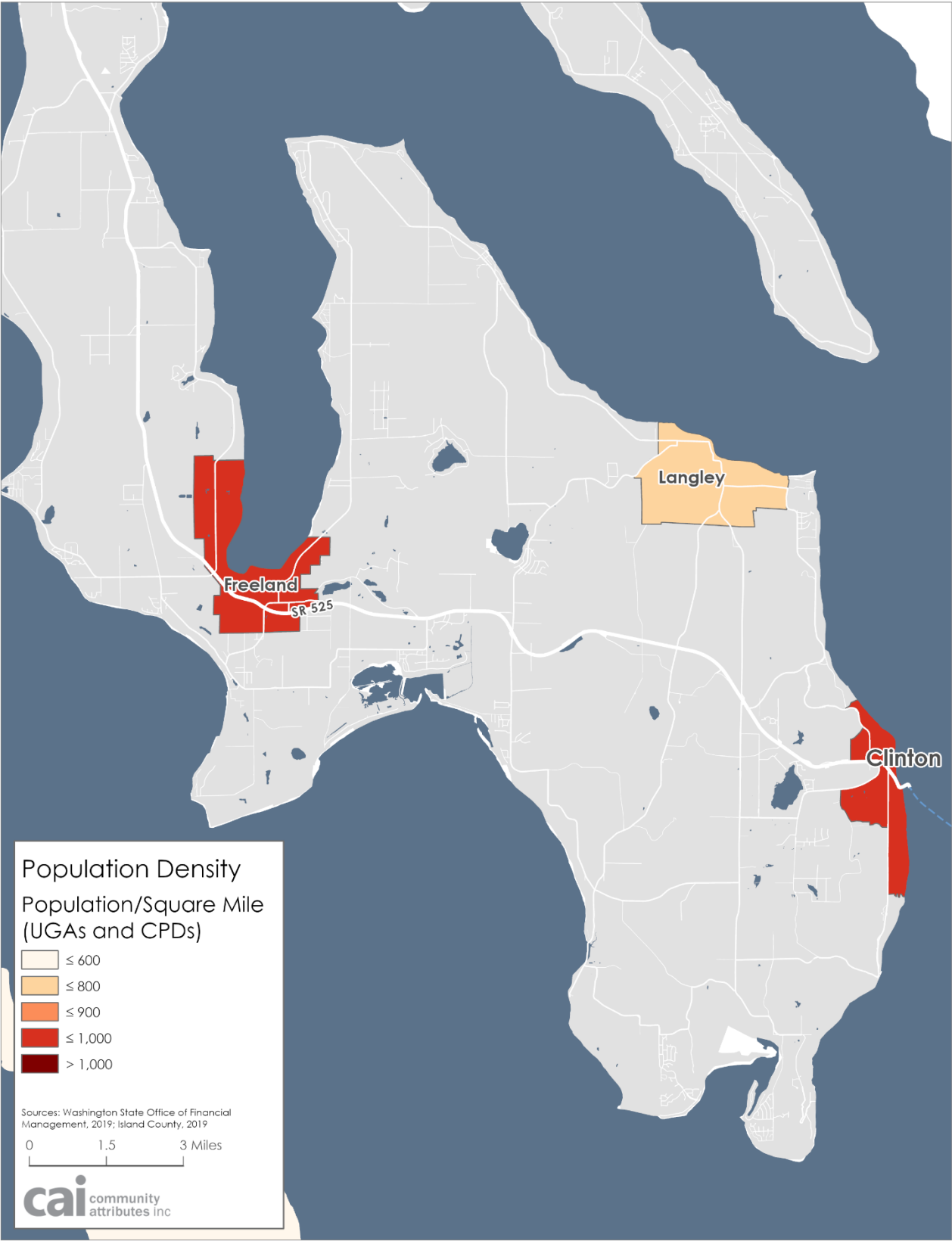


Exhibit 8. Population Density, South Whidbey Island Urban Growth Areas and Census Designated Places, 2019



Demographic Characteristics

Clinton's 2018 median household income is \$72,599, which is higher than that of the County overall (\$64,793). Fifty-one percent of Clinton's owner-occupied homes have a value above \$500,000 (**Exhibit 9**).

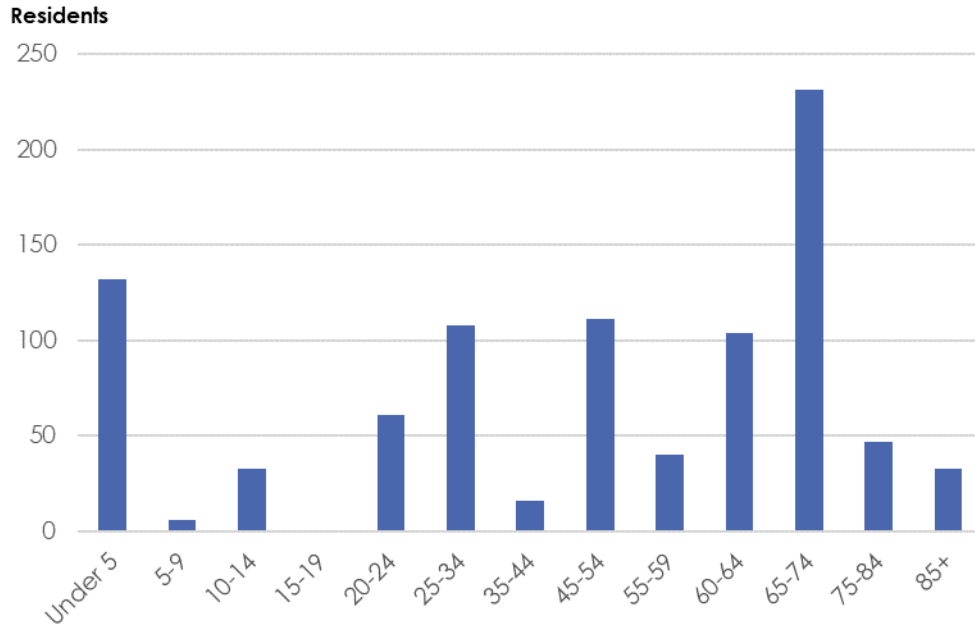
Exhibit 9. Owner-Occupied Home Values, Clinton, 2018

Owner-Occupied Home Value	
Less than \$50,000	0%
\$50,000-\$99,999	0%
\$100,000-\$149,999	0%
\$150,000-\$199,999	3%
\$200,000-\$299,999	27%
\$300,000-\$499,000	19%
\$500,000-\$999,999	36%
\$1,000,000+	15%

Source: US Census Bureau, American Community Survey 2014-2015 5-Year Estimates

Thirty-six percent of Clinton households rent their homes, which is relatively high for a community where 90% of all housing units are detached single family units. Clinton is also unique that its average renter household size, at 2.75, is larger than its average homeowner household size, at 1.97. Clinton's median age is 55, so Clinton homeowners could be more likely to be retirees without children. At the same time, the second largest population by age group after adults age 65-74 is children under 5, so Clinton is also a family community. The divergence in household size between owners and renters may reflect a lack of affordable and appropriate housing options, both for young families as they grow and for seniors as they age and consider downsizing (**Exhibit 10**).

Exhibit 10. Residents by Age, Clinton, 2018



Source: US Census Bureau, American Community Survey 2014-2015 5-Year Estimates

According to 2019 data from Hoover's, Inc., the largest business in Clinton, by on-site employment, was Jpspringer LLC, which owns and operates the Ken's Korner Red Apple Market. These data suggest that the business employs 80 individuals. However, the Ken's Korner Red Apple Market is not located within the Clinton Gateway. Several other larger employers in the Clinton area, including Casey's Crafts and Sebo's Do-It Center, are also located outside the Gateway.

The US Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) data indicates that there were 219 jobs located in Clinton in 2017. Clinton's leading industries for employment were Accommodation and Food Services with 14%, Retail Trade, Other Services, and Construction each accounted for 11%. Clinton's jobs are fairly evenly spread across sectors. Most of Clinton's existing jobs do not require a bachelors degree (**Exhibit 11-12**).

Exhibit 11. Clinton 2017 Employment by Industry Sector

Jobs by NAICS Industry Sector		
Sector	Count	Share
Accommodation and Food Services	31	14%
Retail Trade	25	11%
Other Services (excluding Public Administration)	25	11%
Construction	23	11%
Transportation and Warehousing	21	10%
Professional, Scientific, and Technical Services	19	9%
Information	17	8%
Administration & Support, Waste Management and Remediation	16	7%
Public Administration	15	7%
Finance and Insurance	11	5%
Health Care and Social Assistance	7	3%
Manufacturing	3	1%
Utilities	2	1%
Wholesale Trade	2	1%
Real Estate and Rental and Leasing	1	0%
Arts, Entertainment, and Recreation	1	0%
Agriculture, Forestry, Fishing and Hunting	0	0%
Mining, Quarrying, and Oil and Gas Extraction	0	0%
Management of Companies and Enterprises	0	0%
Educational Services	0	0%
Total	219	100%

Source: CAI, 2019; LEHD, 2017

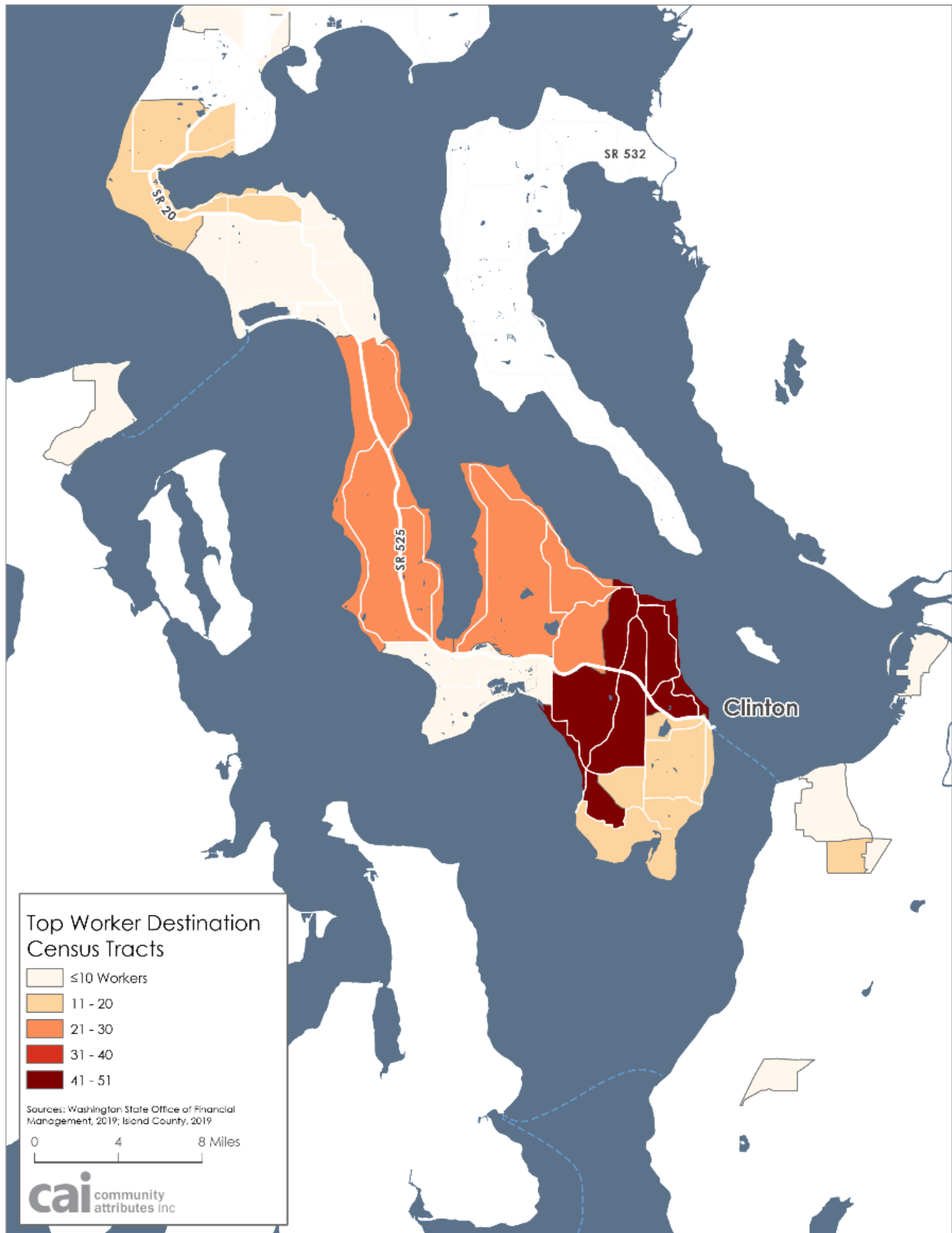
Exhibit 12. Jobs by Worker Educational Attainment, Clinton, 2017

Jobs by Worker Educational Attainment		
Attainment Level	Count	Share
Less than high school	15	7%
High school or equivalent, no college	41	19%
Some college or Associate degree	73	33%
Bachelor's degree or advanced degree	32	15%
Data Not Available	58	26%
Total	219	100%

Source: US Census Bureau, LEHD, 2017

Most of Clinton's residents commute out of town for work. The areas around Freeland and Langley are the most common destinations, followed by areas further north. Some residents also commute to the mainland, particularly to the area surrounding Paine Field, where Boeing and its suppliers employ thousands of workers. (**Exhibit 13**)

Exhibit 13. Most Common Places of Work, Clinton Residents, 2017

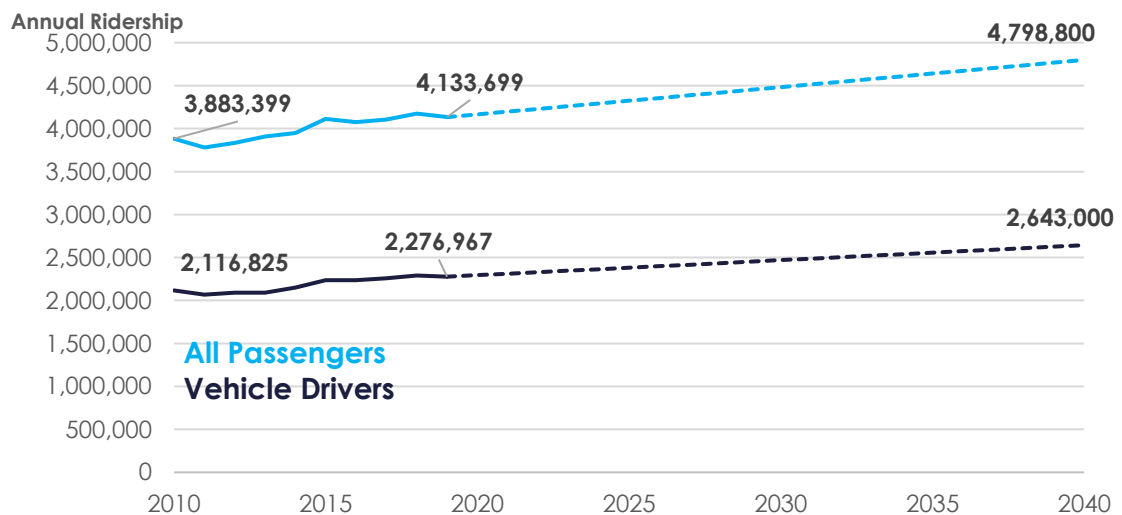


Transportation and Visitation

Clinton's defining economic asset is the Washington State ferry terminal with service to and from Mukilteo. On average, in 2019, around 11,300 riders rode the Clinton-Mukilteo ferry every day. This is the Washington State Ferry system's second-busiest route, after Seattle-Bainbridge Island, and accounts for 17.3% of total ridership systemwide. Ridership on Clinton-Mukilteo has grown at an annualized rate of 0.7% per year from 2010 to 2019. This is the same rate as the state system overall. This growth has not been even over time, and ridership dropped significantly in 2011, 2016, and 2019 (Washington State Ferries, 2020).

By 2040, Washington State Ferries plans to accommodate 665,000 additional riders per year, or just over 1,800 additional riders per day on average. This translates to the same annual growth rate observed from 2010-2019, 0.7%. The projected growth rate is the same for vehicle drivers and other passengers, which suggests that the ferry system is not anticipating a shift toward more pedestrian or bicycle ridership (**Exhibit 14**).

Exhibit 14. Past and Projected Ridership, Clinton-Mukilteo Ferry Route, 2010-2040



Source: Washington State Ferries, 2020

The Clinton-Mukilteo route has a slightly smaller seasonal surge than the system overall. For the Clinton route, total ridership in the first quarter of 2019 was 70% of ridership in the third quarter. Systemwide, it was 66%. This suggests that ridership on this route is more heavily influenced by commuters, or that visitation is less seasonal (**Exhibit 15**).

Exhibit 15. Ridership by Quarter, Clinton-Mukilteo and System Total, 2019

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q3
Clinton	850,794	1,091,392	1,217,536	973,984	70%
System Total	4,797,617	6,308,838	7,322,124	5,456,344	66%

Source: Washington State Ferries, 2020

The 2018 Washinton State Ferries Long Range Plan anticipates that the Clinton/Mukilteo route will experience moderate growth through 2040. The Market Assessment section of this report explores projected trends and their connection to spending and jobs in further detail.

The Plan identified several recommended improvements with implications for Clinton. These include increasing vehicle capacity through replaced vessels and adding overhead passenger loading at the Clinton terminal. Existing vessels on the Clinton/Mukilteo route are planned to be replaced in 2023 and 2024 with two new electric-hybrid 144-car capacity vessels. This will increase off-peak capacity. Overhead passenger loading is proposed for the 2025-2027 biennium. The Plan anticipates that the Clinton/Mukilteo route will soon be a candidate for a reservation system, though this would require improved vehicle holding in Clinton and potential reconfiguration of the Mukilteo holding lanes.

The Plan identified additional projects which are not priorities based on current funding levels, but which may be revisited during the 2025 planning process. This includes adding a third vessel to the Clinton/Mukilteo route, along with an additional operating slip at each terminal. The two 144-vehicle vessels coming in 2023 and 2024 would be redistributed to other routes and replaced with three 114-vehicle vessels.

While traffic moves quickly along Highway 525 through town and feels very heavy when a ferry has just arrived, the average daily traffic volume is not high relative to other sections of the highway through Whidbey Island. In 2018, on average, 7,200 vehicles per day passed through Clinton's commercial center. (6,300 per day through the ferry terminal) As a comparison, the average volume was 22,000 vehicles per day through Oak Harbor and 14,000 vehicles per day through Freeland. (WSDOT, 2020)

Critical Areas

Development potential is limited along Highway 525 adjacent to the ferry terminal due to steep, unstable slopes. This area is also located on the Puget Sound shoreline, and is thus subject to additional regulation, including the Island County Shoreline Master Program. These are summarized in the "Regulatory Conditions" section of this report.

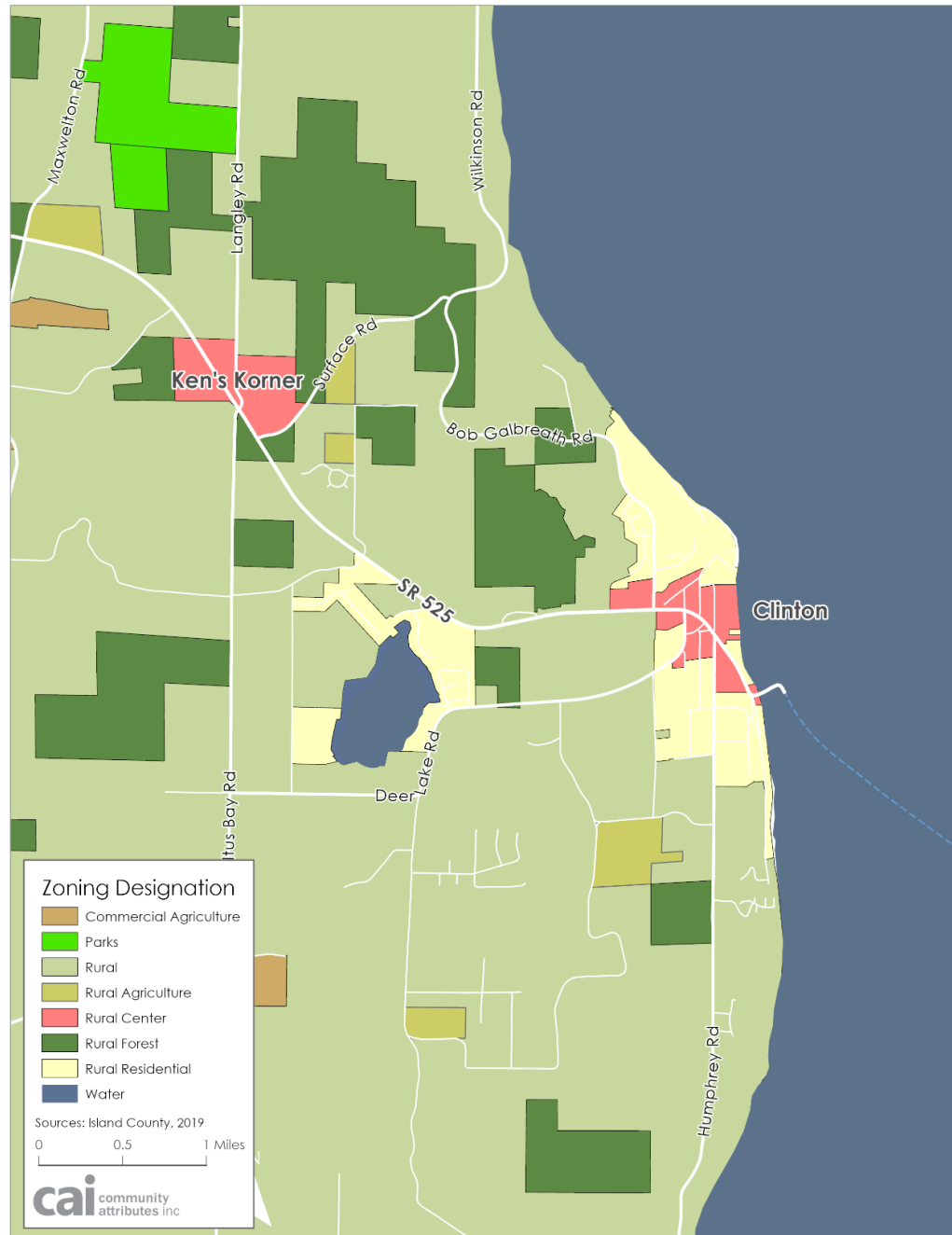
Regulatory Conditions

This section identifies applicable regulatory frameworks and key regulatory considerations for growth and development.

Zoning

Exhibit 16 presents a map of zoning designations in the Clinton vicinity.

Exhibit 16. Current Zoning, Clinton and Surrounding Area



Clinton lies within a Rural Area of More Intense Development (RAID) and is divided between Rural Residential (RR) and Rural Center zoning designations. The Rural Center (RC) zone largely follows State Highway 525 from the ferry terminal to Bob Galbreath Road. The zone covers the main commercial area as well as residential areas on both sides of Highway 525. The Rural Residential zones are located to the north and south, encompassing historic coastal single family development.

RAID is Island County's term for Limited Areas of More Intensive Rural Development (LAMIRD), a Growth Management Act designation for rural places that had existing non-rural development patterns at the time the Act was enacted. LAMIRDs can accommodate greater density and a wider range of uses than rural areas, but future development and redevelopment should be consistent with the area's established character. No new sewage systems or other urban services may be established in LAMIRDs, limiting densities to those practically allowable by septic systems. LAMIRDs must be limited to a "logical outer boundary" that contains development to the area that was clearly already partially built out in 1990 (*RCW 36.70A.070(5)(d)*). The "State Growth Management Act" provides further detail on opportunities and limitations specific to RAID designations.

Island County's RAID zoning restrictions are established in the Island County zoning code. The code is also driven by the Island County Department of Health, which establishes density limits based on septic system standards. The Department of Health applies minimum lot size by locality rather than zone, so the minimum lot size of 14,500 square feet and base density of three dwelling units per acre apply to all zones in Clinton (*Island County Code 17.03.075*).

Rural Center Zone

Rural Center (RC) is a mixed use zone that permits commercial, light manufacturing, and multifamily residential uses. It requires 10 foot rear and side yard setbacks, and height is limited to three stories and 40 feet, excluding rooftop mechanical equipment. Septic tanks have a separate setback requirement equal to at least half the tank's height. A site plan must be submitted for water tanks over 32 feet in height (*Island County Code 17.03.180*). Maximum lot coverage and impervious surface coverage are both 80%. Beyond these universal regulations, each individual RC zone carries specific restrictions that only apply to defined areas such as the Clinton RAID.

The Clinton RC zone carries three locality-specific restrictions. First, for all proposed land divisions and residential developments including more than one single family residence per extant 14,500 sf or smaller lot, the proposed development must not preclude future urban development. Lot layout, street location(s), other improvements, and building sites must allow for future growth beyond the proposed development (*Island County Code 17.03, Appendix A*). Any permit application for such a project must be submitted with a site plan

showing the ultimate development at a density of at least 4 dwelling units per acre. Second, no building may exceed 14,000sf of gross floor area, and multifamily uses must not exceed 12 units per acre. Third, all non-residential and residential development including more than one single family residence per existing lot must include a development agreement to be executed in a form prescribed by the county. The development agreement must include provisions wherein the applicant agrees to participate on a fair pro-rata share basis in costs of future public facilities that are approved through the LID or ULID process.

Rural Residential Zone

The Clinton Rural Residential (RR) zone's purpose is to define the "logical outer boundary" required for the RAID under GMA. This designation allows higher density residential compared to rural areas but lower density and fewer uses than the RC zone. The maximum density is three dwelling units per acre. The first and third restrictions applied to the RC zone also apply to the RR zone. The RR zone has its own front setback requirements based on the nearest road's classification. Local access roads require 20 feet, arterials and collectors 30 feet, and state highways require a 30 foot setback (*Island County Code 17.03.180S*). Minimum lot widths are 60 feet (*Island County Code 17.03.070*).

Parking Requirements

The RC and RR zones have the same parking requirements. The requirements for some of Clinton's most common uses include:

- **Single Family:** Two spaces per dwelling unit
- **Multifamily:** 1.5 spaces per dwelling unit
- **Accessory Dwelling Units:** One space per unit
- **Office:** One space per 250 square feet
- **Restaurants and Bars:** One space per 150 square feet of floor area
- **Food Stores and Shopping Centers:** One space per 300 square feet of floor area

The full list of requirements is provided in the ICC 17.03.180Q. Residential parking must be onsite, while other uses may concentrate parking in an approved joint-use parking facility within 300 feet of each building served. Parking in the RC zone is required to be located in a given facility's rear when possible.

State Growth Management Act

As previously mentioned, Island County's Rural Areas of More Intense Development (RAIDs) are designed to meet the conditions of Limited Areas of More Intensive Rural Development (LAMIRDs) as established in the Growth Management Act. (*RCW 36.70A.070(5)(d)*) The purpose of LAMIRDs is to help

counties reconcile pre-GMA development in rural areas with the need to preserve rural character. This designation allows greater flexibility for densities and uses within a defined area, but does not allow new urban services like sewer systems. Infill and redevelopment is still possible in these areas. Counties must establish “logical” boundaries delineated predominantly by the built environment, though undeveloped land may exist within the “logical” boundary. Boundaries can only be revised if the county’s updated population projection justifies re-designating the LAMIRD as a UGA.

Island County established three types of RAIDs: residential, non-residential, and mixed use. Per the Island County Land Use Element, these are not technically land use designations, but were used to help define logical boundaries for preexisting rural development as of July 1, 1990. Island County has established a mixed-use RAID for Clinton’s commercial core, with contiguous residential RAIDs surrounding established compact single family neighborhoods. These areas translate to the established “Rural Center” and “Rural Residential” zones in Clinton.

Development and redevelopment is permitted in these areas, including on vacant land. Per GMA, however, it should principally serve the existing and projected population, and be consistent with the character of the area. The law includes exceptions to serving the existing and projected population for small-scale recreational or tourist uses and small-scale businesses that provide job opportunities for rural residents. (*RCW 36.70A.070(5)(d)*)

Effectively, the Clinton’s Rural Center and Rural Residential zones constitute one combined area of more intensive development that predated GMA. There is a question if the County can alter the boundaries between Rural Center and Rural Residential, so long as it does not alter the overall footprint of the Clinton RAIDs and development remains consistent with the area’s character. This may be desirable in Clinton’s case to shift more intense development potential away from the sensitive shoreline area.

Transitioning from a RAID to an NMUGA

If Island County deems it necessary and appropriate for Clinton to accommodate a greater share of future population growth, Clinton may need to become a Non-Municipal Urban Growth Boundary (NMUGA). This process was recently completed for Freeland, and can serve as a model for Clinton if desired.

Freeland was designated a RAID by the Board of Island County Commissioners (BICC) in September 1998 as part of the county’s comprehensive plan. The RAID’s borders were relatively expansive. In November that year, the BICC adopted “Findings of Fact and Legislative Intent” noting that Freeland’s development pattern was historically more intense than typically found in rural areas, and so it was a candidate for future UGA/NMUGA designation.

After the Comprehensive Plan was adopted, the Citizen's Growth Management Coalition appealed the Freeland RAID designation boundary to the Western Washington Growth Management Hearing Board (WWGMHB). In June 1999, the WWGMHB ruled that Freeland had urban characteristics, and its RAID zoning allowed densities that aligned with the more intense non-municipal urban growth area (NMUGA) status. In 2000, WWGMHB disallowed the RAID zoning as written but gave the county the choice to either upzone it to an NMUGA or downzone the RAID and shrink its boundaries to fit a more rural development pattern. The BICC restricted the size of the RAID and downzoned shortly after but also started the process of studying Freeland and laying the groundwork for becoming an NMUGA. In 1999, the BICC established the Freeland Sub Area Planning Committee (FSAPC).

The BICC charged the FSAPC with creating a 20 year growth management plan for Freeland. In 2004, after holding 74 meetings, the FSAPC sent its recommendation to the BICC. In 2007, the BICC held two public hearings, and in October that year the Island County Planning Commission (ICPC) finished evaluating plans for providing sewage and stormwater service and their environmental impacts. The ICPC recommended that Freeland be designated an NMUGA and have the subarea plan incorporated into the county's comprehensive plan. The BICC approved the FSAP and related findings of fact and incorporated it into the county's comprehensive plan. The FSAP consisted of only a land use element at the time, and the BICC recognized the need for the other elements to be adopted later.

The FSAP was appealed to the WWGMHB in 2008, but the plan was upheld. The following year, the county began drafting development regulations consistent with the FSAP, but work was paused pending the creation of the plan's remaining elements to keep the county in compliance with state law. In April, 2010, the BICC placed FSAP on the 2010 Annual Review Document to complete the remaining elements. Three public meetings were held in September and October 2010 to review the completed FSAP, with comments incorporated iteratively. The ICPC held two public hearings in December 2010 and February 2011 and voted to recommend the plan for adoption by the BICC after the latter. The BICC approved the completed FSAP in March 2011.

If Clinton is to become an NMUGA, it would likely follow a similar process to Freeland. This should be confirmed with County attorneys to ensure compliance with the Growth Management Act. Using the Freeland process as a model, the critical steps are as follows:

1. The BICC establishes a planning committee, similar to the FSAP.
2. The planning committee begins drafting a 20 year plan for the area's development, including at least a land use element and an environmental impact statement (EIS) at this stage. Important considerations for this step:

- Consider drafting all elements before Board of Island County Commissioners' approval to allow the county to begin writing new regulations immediately after the plan's initial adoption
 - Intensive public outreach is necessary to develop the plan
3. The planning committee sends its recommendations to the BICC
 4. The ICPC approves the EIS and sends a recommendation of the plan's adoption to the BICC.
 - a. Draft remaining plan elements required by the Growth Management Act if not drafted concurrently with the land use element and EIS
 5. The BICC holds public hearings reviewing the plan
 6. The BICC approves the plan, incorporates it into the county's comprehensive plan, and directs the county to begin drafting enforcing regulations

Other Plans and Regulations

Shoreline Master Program

Under the Island County Shoreline Master Program, Clinton's shoreline is designated as Shoreline Residential, with the exception of the area immediately surrounding the ferry terminal, which is classified High Intensity. Multifamily residential and water-oriented commercial uses are permitted outright in the Shoreline Residential area, along with less intensive residential uses. Non-water-oriented uses are permitted if part of a multifamily development.

Comprehensive Plan

Island County's 2016 Comprehensive Plan Land Use Element highlights Clinton as an area that could be upgraded from a RAID to a Non-Municipal Urban Growth Area (NMUGA), as was done with Freeland in 2007. The county committed themselves to, "researching the potential for designation of the area as a NMUGA and/or developing a Subarea Plan for Clinton." Such a status change would allow for developing a sewage system, among other changes.

Potential Regulatory Barriers

Clinton's current zoning regulations are shaped by GMA limits and the County Department of Health's standards for development on septic systems. New sewer systems are only permitted in UGAs. As a result, zoning regulations can only be changed to accommodate greater flexibility if Clinton became a UGA or if there were a viable alternative to traditional septic or sewer systems.

If the septic issue were resolved, Clinton's current zoning regulations could be modified to better support local desires for a walkable commercial area, sustainable development, and affordably-priced housing. The current 14,500 square foot minimum lot size requires more land than a typical single family

house needs, which drives up the cost to build and buy housing. It also works against the community's environmental and economic sustainability goals by requiring development patterns that discourage walking and biking as a means of transportation. The resulting development patterns would be less dense than Clinton's existing character, as a significant share of Clinton's existing parcels are smaller than 14,500 square feet. This suggests that it would not be possible to maintain Clinton's existing character in redevelopment. Cozy's Roadhouse, for example, sits on a 13,000 square foot lot. In addition, lower densities inhibit the strong local customer base needed to support Clinton's commercial areas.

Existing zoning standards establish absolute maximum square footage for buildings, regardless of site characteristics. While regulating size and intensity are valid public goals, setting a hard limit on building size is an imperfect way to regulate urban form. Such requirements do not prevent oversized development on small lots, and they may form an unnecessary constraint on large sites. The County may consider alternate ways to plan for a walkable place that balances development and a rural feel, such as through the creation of bulk requirements that change based on lot size, such as creating limitations by floor area ratio (FAR).

Amending parking requirements could support more walkable and reasonably priced development. As a rural community, automotive travel and parking are necessary to facilitate transportation and economic development. At the same time, providing parking adds to construction costs. The current code allows commercial uses to share spaces in approved parking lots provided that the parking is within 300 feet of the uses it serves. Expanding this program to other uses could reduce the demand for parking. Current parking policies may require more parking capacity than is practically needed. Requiring two units per single family home may be excessive for small housing types such as cottage housing, for example. This is particularly relevant for housing oriented toward seniors, who may be less likely to drive. The County may consider easing parking requirements for senior housing and affordable housing. A parking study can help identify Clinton's true parking needs.

Another issue in the current code is administrative. Currently, all developments greater than one unit must enter a development agreement with the County. While the County has legitimate interests in ensuring quality development, requiring all developers to negotiate with the county on each project raises uncertainty and perceived risk for developers. This discourages development, especially for smaller developers that can undertake smaller, possibly more context-sensitive developments. The County should consider explicitly defining its needs in the development code to limit the necessity of negotiation on small- and medium-sized projects.

Clinton's RAID designation is itself a barrier to the area's development. While RAIDs allow for pockets of relative density in rural areas, they are also meant

to prevent the development of urban characteristics, some of which would be advantageous to Clinton. First, RAIDs limit allowable land uses to whatever was present in a given community in 1990. Clinton already contained multiple uses at that point, but those use restrictions could still potentially limit development in the future. Secondly, RAIDs cannot start new sewage networks under GMA. This decreases allowable density, because septic tanks require significant space for safe operation that would keep the effective minimum lot size near its current level (14,500sf) even if zoning were more permissive. Additionally, stormwater runoff would pose a significant hazard for flooding and environmental contamination at higher densities without a storm sewer system. This problem could be mitigated by green infrastructure such as bioswales but would be difficult to solve entirely. RAID designation makes creating a compact walkable area in Clinton challenging.

Infrastructure Analysis

Existing Conditions

Drinking Water

The Clinton Water District serves Clinton with drinking water. The District currently has 759 connections, and the total number of approved connections is not currently specified by the Washington State Department of Health. The 2006 Washington Department of Health letter approving the District's 2005 Water System Plan stated that the system had capacity for around 835 connections. The system is served by eight groundwater wells. The system is considered adequate for existing uses and additional connections up to the number of approved connections, though the extent of remaining capacity is unclear.

Saltwater intrusion is a major water quality concern in Island County. The 2006 Washington Department of Health letter stated that Clinton Water District is classified as medium risk for saltwater intrusion.

Wastewater

Clinton's wastewater is conveyed with on-site septic systems. Island County Public Health regulates development capacity for septic systems, which limits opportunities to increase density through zoning alone.

According to the Island County Comprehensive Plan, Clinton has been "experiencing major problems such as septic systems age and collapse, as well as interrelated problems with stormwater management and slope stability".

Transportation

State Route 525 runs through Clinton's commercial core and forms the spine of Whidbey Island's transportation network. WSDOT's most recent figures show SR 525's average annual daily traffic at 8,600 vehicles in Clinton's commercial core and 6,300 at the ferry terminal. The terminal has a significant impact on

traffic flows, especially westbound through Clinton. The county's regional transportation plan stated that westbound traffic counts were 2-3 times higher after ferry arrivals compared to the intervening period.

As currently designed, SR 525 is effective at supporting auto traffic, but there may be opportunities to improve it for pedestrians, bicyclists and other non-motorized traffic. The County's regional transportation plan and the 2017 Clinton Market study found that currently motorists drive aggressively through Clinton, seeking to gain an advantage before the highway reduces to one lane in each direction outside of town. In addition to aggressive driving, local businesses reported cars queuing for the ferry were blocking ingress and egress to their establishments. SR 525 also has poor pedestrian infrastructure including a lack of street trees, inadequate crosswalks, and no bicycle facilities.

The Clinton ferry terminal is a major transportation asset for Clinton and the whole of Whidbey Island. It has the highest traffic volumes of any ferry connecting to the Island, and is the only point of access to Whidbey Island from the south, including to the wider Seattle metropolitan area. It is currently served by two parking lots owned by WSDOT at and the Port of South Whidbey that have 200 and 209 spaces respectively. Pedestrian access is limited from the WSDOT lot (located at SR 525 and Deer Lake Rd), but the Port of South Whidbey lot at Humphrey Rd has stairs down a steep hill to a sidewalk leading to the terminal. Mukilteo is currently replacing its ferry terminal, which may increase strain on current infrastructure.

Franchise Utilities

Puget Sound Energy provides power service to this gateway.

Whidbey Telecom provides the area with excellent high-speed internet access, which is an asset to leverage.

Infrastructure Needs

Infrastructure limitations affect the capacity of the Clinton area to absorb growth. Clinton's Public Water and Sewer District is one of the largest water systems in the south part of the County, but is dealing with aging septic systems, stormwater management and slope stability.

Clinton would benefit from improvements to improve the perception of safety for pedestrians and bicyclists, and slow traffic through town. Design and engineering studies can identify practical opportunities and strategies for developing traffic calming infrastructure and pedestrian enhancements.

Infrastructure Funding

There are many sources of infrastructure funding, each with limitations. Some sources will only fund certain types of projects or certain levels of government. The following is a preliminary list of potential funding sources for

infrastructure investments for Island County staff to evaluate on a case-by-case basis for fit with project needs.

BUILD grants. The U.S. Department of Transportation awards BUILD Transportation grants annually for planning and capital investments in surface transportation infrastructure projects that will have a significant local or regional impact. BUILD funding can support roads, bridges, transit, rail, ports or intermodal transportation. Projects for BUILD will be evaluated based on merit criteria that include safety, economic competitiveness, quality of life, environmental sustainability, state of good repair, innovation, and partnership. For the current funding year, DOT intends to award 50% of BUILD Transportation grant funding to projects located in rural areas that deliver positive benefits for these communities. The current maximum grant award is \$25 million, and no more than \$100 million can be awarded to a single State.

Community Economic Revitalization Board (CERB). The Community Economic Revitalization Board (CERB) was formed in 1982 to support local economic development in Washington communities. CERB provides funding to local governments and federally-recognized tribes for public infrastructure which supports private business growth and expansion. Eligible projects include domestic and industrial water, storm water, wastewater, public buildings, telecommunications, and port facilities.

Community Development Block Grants (CDBG). The CDBG program improves the economic, social and physical environment of eligible, rural cities and counties to enhance the quality of life for low- and moderate-income residents, thereby strengthening the entire community. The CDBG Program offers General Purpose and Specialty grants. Small, rural cities/towns and counties that are not entitled to receive CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD) can apply for a state CDBG grant. To be eligible, cities and towns must have a population of less than 50,000, and counties must have populations less than 200,000. The following types of projects may be funded:

- Sewer, water, streets/sidewalks and other infrastructure
- Community facilities
- Economic development, local micro-enterprise assistance programs
- Housing rehabilitation, infrastructure in support of affordable housing
- Planning
- Public Services

Activities must principally benefit low- and moderate-income persons.

Washington State Public Works Board. The Public Works Board is authorized by state statute (RCW 43.155). Its purpose is to loan money to

counties, cities, and special purpose districts to repair, replace, or create infrastructure. The Board offers pre-construction and construction loans for infrastructure systems that include:

- Domestic Water
- Roads/Streets
- Bridges
- Sanitary Sewer
- Solid Waste/Recycling
- Stormwater

Bond Cap Allocation Program. Tax-exempt private activity bonds provide lower-cost financing for eligible projects. Private activity bonds are a financing option for projects that have a substantial benefit for private business or individuals, but also provide significant benefits to the public. Projects are eligible if they fit into one of four categories, including:

- Small-issue manufacturing
- Housing (both multifamily and single family)
- Exempt (capital) facilities
- Student loans.

Businesses or developers work with public authorities to develop projects and issue the bonds for financing.

Local Infrastructure Financing Tool (LIFT). LIFT is authorized by Ch. 39.102 RCW. The program provides funding for local infrastructure using sales tax, property tax, and other excise tax increases generated by an economic development project as part of a revenue development area designated by the sponsoring local government.

Local Revitalization Financing (LRF). LRF is authorized by Ch. 39.104 RCW, under which participating local governments, such as cities, counties, and port districts, may create revitalization areas, and may use certain tax revenues which increase within the area to finance local public improvements. Under the program, bonds are issued to pay for improvements, and increased local sales/use tax revenues and property tax revenues generated from within the revitalization area are used to repay the debt.

Market Assessment

Commercial Demand

Demand for commercial space in Clinton is tied to population and employment growth, as new residents desire goods and services and new employees need

space to work. Forecasts indicate that South Whidbey could add about 300 employees through 2036. Island County as a whole is forecasted to add just over 2,000 additional jobs by 2036, half of which will be military employment in North Whidbey (**Exhibit 17**).

Exhibit 17. Island County Planning Area and UGA Employment Allocations

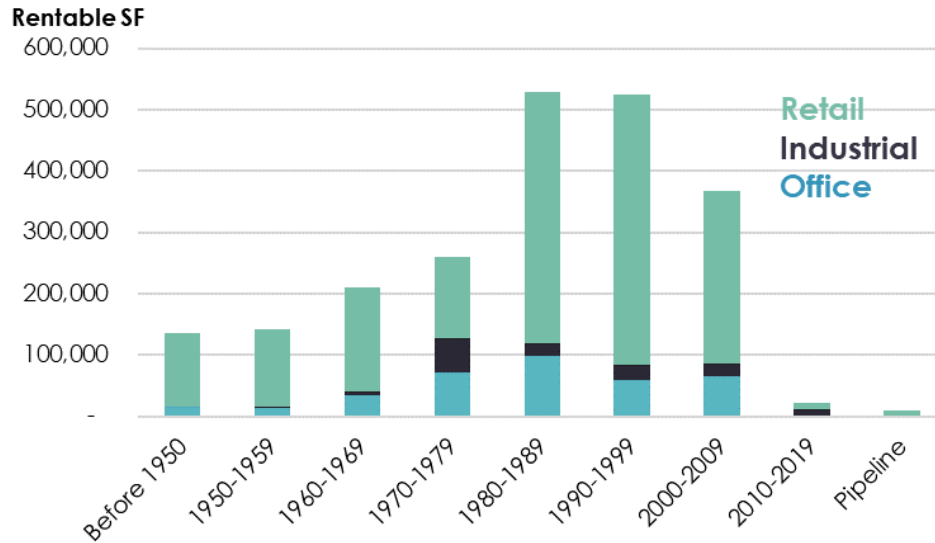
	2012 Total	2012 Share	Est. 2036 Total	2012 Urban/Rural Split		Est. 2036 Urban/Rural	
				Urban (inside UGA)	Rural (Outside UGA)	Urban (inside UGA)	Rural (Outside UGA)
North	16,613	69%	18,011	42%	58%	7,812	10,199
Non-Military	9,313	39%	9,711				
Military	7,300		8,300				
Central	2,864	13%	3,110	66%	34%	2,056	1,054
South	3,552	15%	3,857	51%	49%	1,958	1,899
Langley	592					643	
Freeland	1,211					1,315	
Camano	960	4%	1,042		100%		1,042
Total	23,989		26,020			11,826	14,194

Source: Island County, 2016

Market Characteristics

The recession affected Island County more deeply and for a longer period of time than elsewhere in the Puget Sound area. The age of commercial development in the County reflects this, as very little space has been built since 2009. A significant share of existing space was built between 1980 and 1999 (**Exhibit 18**).

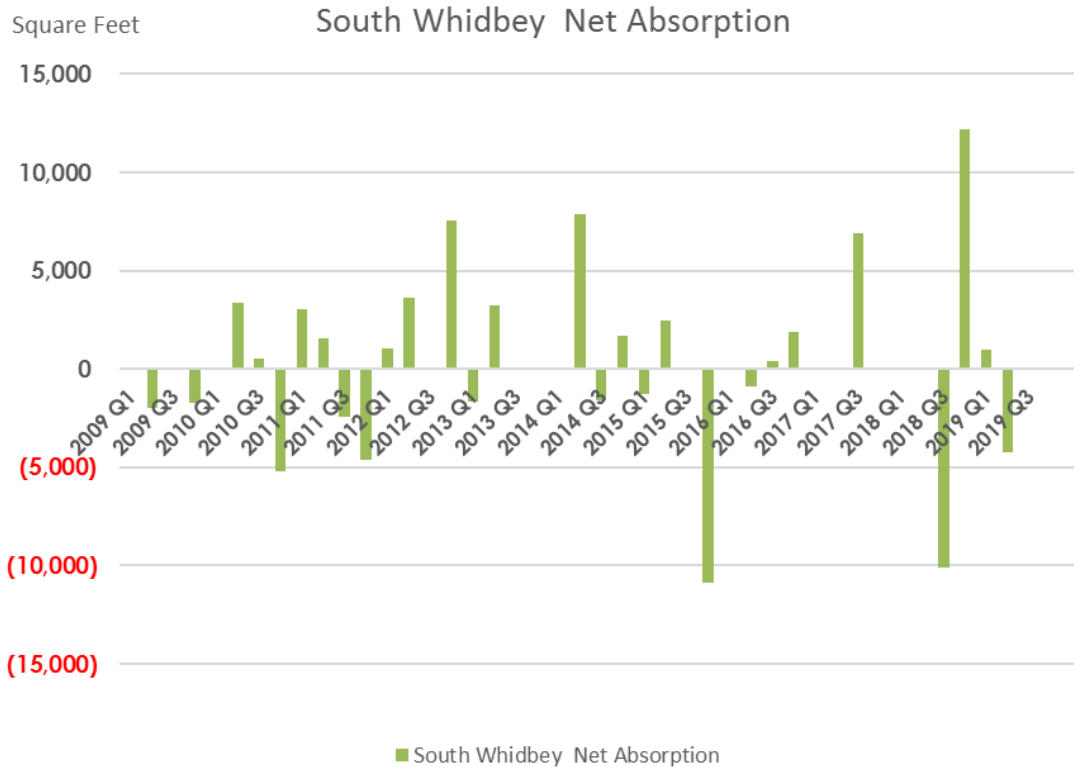
Exhibit 18. Existing Commercial Property Age, Island County



Source: CoStar, 2019

With little new commercial development, the absorption of commercial space varies based on the leasing activity in existing commercial spaces. This leads to volatile trends in commercial absorption, as businesses enter and exit their leases. Absorption of commercial space was net negative in Q3 2019, but net positive in the two quarters prior (**Exhibit 19**).

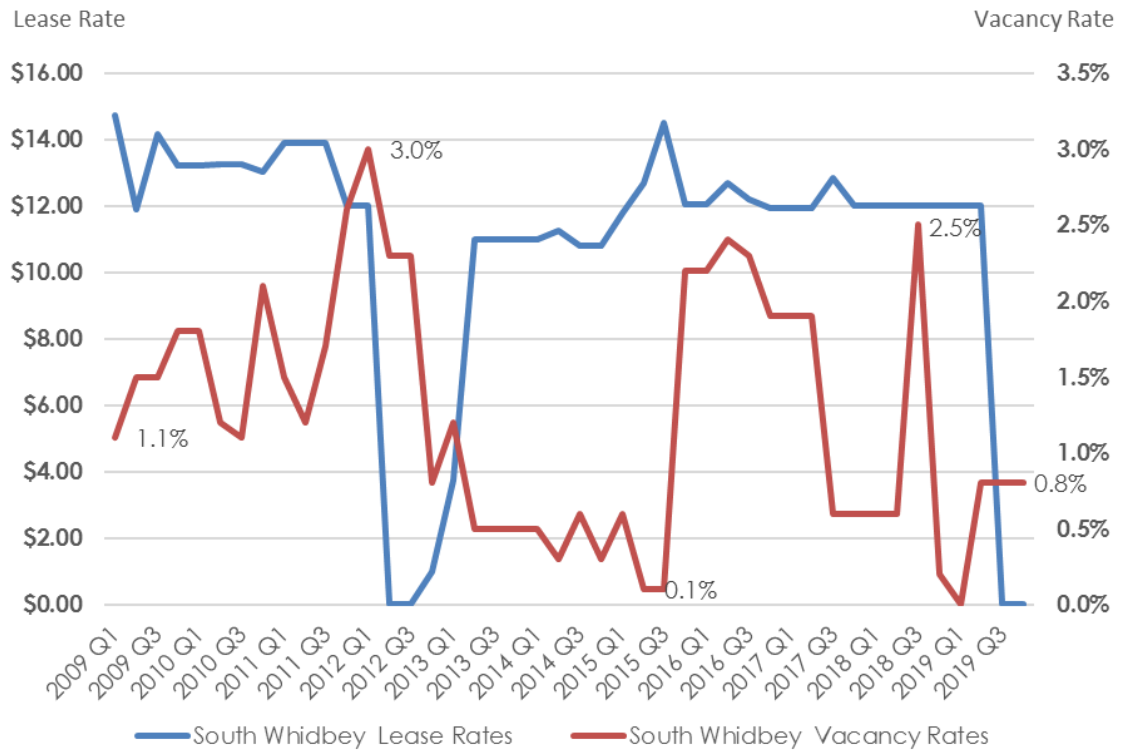
Exhibit 19. Net Commercial Absorption, South Whidbey, 2009-2019



Source: CoStar, 2020; Community Attributes Inc., 2020

During periods where data has been available, the average lease rate for non-industrial commercial space in South Whidbey Island has generally varied between \$12 and \$14 per square foot (per year). During this time the average vacancy rate has varied from 0% to 3%. Even at South Whidbey’s peak (3%), vacancy has been consistently low. Taken together, the consistent lease and low vacancy rates suggest a market for commercial space that is relatively static (**Exhibit 20**).

Exhibit 20. Average Lease and Vacancy Rates for Non-Industrial Commercial Space, South Whidbey, 2009-2019



Source: CoStar, 2020; Community Attributes Inc., 2020

According to LoopNet, there are currently no commercial properties available for lease in South Whidbey. In Oak Harbor, currently available properties are listed at rates that are marginally higher than the average lease rates for South Whidbey illustrated above. The comparables in Exhibit X show that available retail properties are asking an average of about \$16 per square foot for retail spaces and about \$13 per square foot for office spaces (**Exhibit 21**).

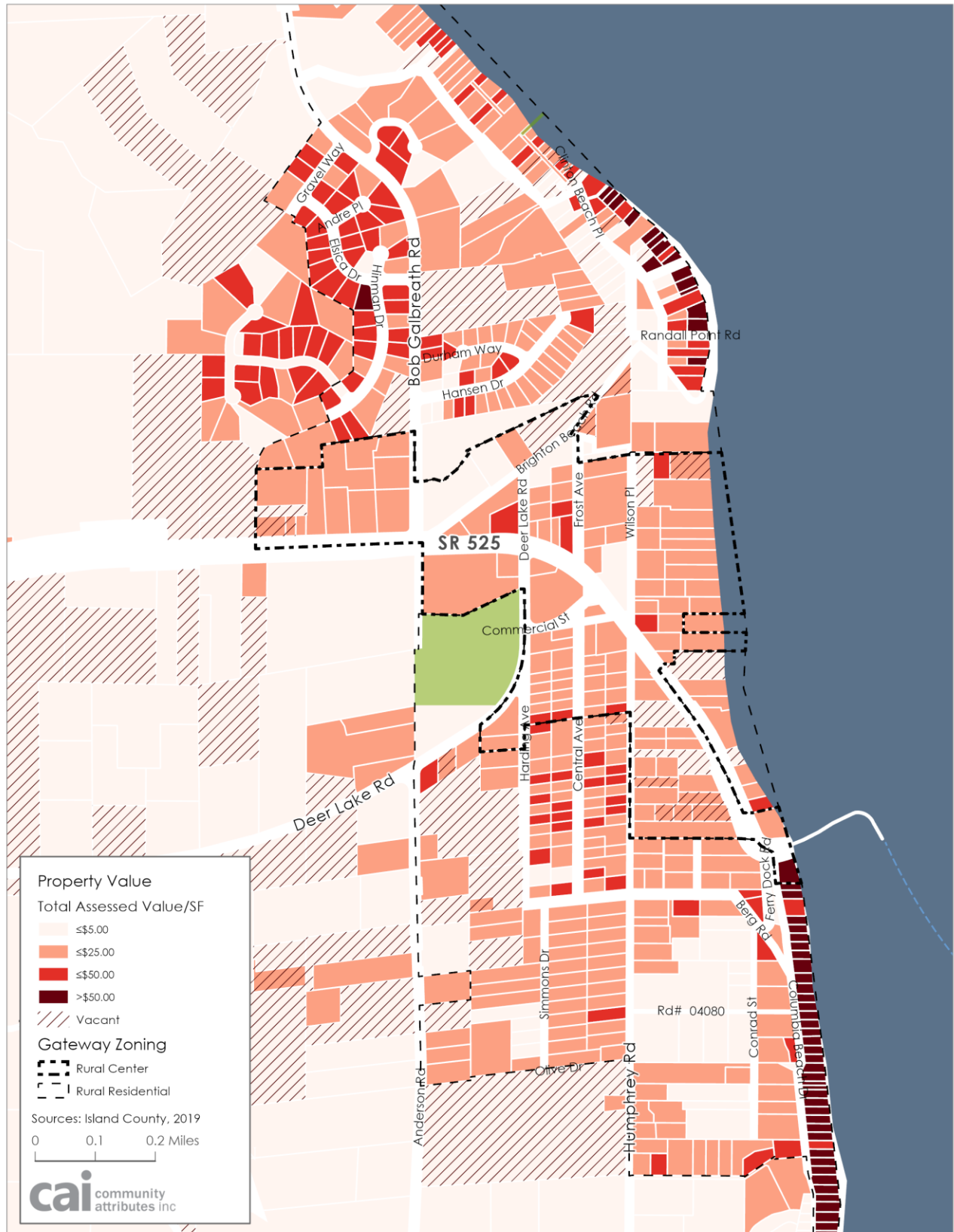
Exhibit 21. Currently Available Commercial Space, Island County, April 2020

Address	Market Area	Use	Lease Rate
31780 SR 20	Oak Harbor	Office	\$15.00
690 SE Pioneer Way	Oak Harbor	Office	\$12.00
720 SE Pioneer Way (1)	Oak Harbor	Retail	\$18.85
720 SE Pioneer Way (2)	Oak Harbor	Office	\$10.76
520 E. Whidbey Ave.	Oak Harbor	Office	\$13.28
231 SE Barrington Dr. (1)	Oak Harbor	Office	\$23.32
231 SE Barrington Dr. (2)	Oak Harbor	Office	\$13.00
31565 SR 20 (1)	Oak Harbor	Retail	\$14.00
31566 SR 20 (2)	Oak Harbor	Retail	\$19.00
31567 SR 20 (3)	Oak Harbor	Retail	\$12.00
1751 NE Goldie St. (1)	Oak Harbor	Office	\$8.76
1752 NE Goldie St. (2)	Oak Harbor	Office	\$9.72

Source: LoopNet.com accessed 4/22/20; Community Attributes Inc.

Commercial property is often assessed at higher values than residential property, but the map in Exhibit 21 suggests the opposite is true in Clinton. This is likely because Clinton's commercial buildings along the highway are in poor condition and/or are built at low intensities, while the residential building stock includes many large and expensive homes, particularly on the waterfront (**Exhibit 22**).

Exhibit 22. Clinton Property Values, 2019



Retail Market Support

Ferry Ridership

By 2040, the Clinton-Mukilteo route is projected to accommodate more than 1,800 additional passengers per day. Based on trends from the 2013 Washington State Ferries Origin-Destination Travel Survey Report, at least 540 of these riders will be traveling for recreation or shopping, and at least 460 for another personal purpose. The weekend daily average increase could rise to at least 2,300 additional riders per day (**Exhibits 23-24**).

Exhibit 23. Projected 2040 Clinton-Mukilteo Ferry Ridership Trends

Annual Estimates	2019	2040 Projected	Total Increase	New Daily Passengers
Total Ridership	4,133,699	4,798,800	665,101	1,822
Work/School Ridership	1,847,767	2,145,100	297,333	815
Recreation/Shopping Ridership	1,231,844	1,430,000	198,156	543
Other Ridership	1,054,095	1,223,700	169,605	465
Weekday Ridership	2,629,329	3,052,392	423,063	1,621
Return Same Day	2,121,868	2,463,280	341,412	1,308
Return Another Day	507,460	589,112	81,651	313
Weekend Ridership	1,504,377	1,746,434	242,056	2,327
Return Same Day	1,086,160	1,260,925	174,765	1,680
Return Another Day	418,217	485,509	67,292	647
Quarterly Estimates	2019	2040 Projected	Total Increase	New Daily Passengers
Q1 Total	850,794	987,700	136,906	1,521
Q2 Total	1,091,392	1,267,000	175,608	1,930
Q3 Total	1,217,536	1,413,432	195,896	2,129
Q4 Total	973,984	1,130,693	156,709	1,703

Sources: Washington State Ferries, 2013 & 2019; CAI, 2020

Exhibit 24. Projected 2040 South Whidbey Ferry Riders by Trip Purpose

	Total	South Whidbey Origin or Destination
2040 Commuters		
Weekday	1,364,419	811,400
Weekend	780,656	450,700
	<hr/> 2,145,075	<hr/> 1,262,100
2040 Tourists and Shoppers		
Weekday	909,613	540,900
Weekend	520,437	300,500
	<hr/> 1,430,050	<hr/> 841,400
Other 2040 Riders		
Weekday	778,360	462,900
Weekend	445,341	257,100
	<hr/> 1,223,700	<hr/> 720,000

Sources: Washington State Ferries, 2013 & 2019; CAI, 2020

Retail Space Supported

By 2040, South Whidbey Island will be home to about 17,000 residents, and visitors will take more than 840,000 ferry trips per year to South Whidbey. Today, Clinton has around 46,000 square feet of retail space. If Clinton could capture 25% of both groups' retail spending, Clinton could support 201,900 total square feet of retail space. By comparison, Freeland currently has about 164,000 square feet of retail. If existing commercial space is retained, and assuming that Clinton competes for the same customers as Ken's Korner, there could still be demand for 35,900 additional square feet of space in central Clinton (**Exhibit 25**).

The data shown in Exhibit 25 present just one scenario based on trade capture rates that are more illustrative than presumptive. Higher trade capture rates, and thereby more retail demand, would support more new businesses. Higher trade capture rates can be achieved through competing for market share within Whidbey Island and by creating more destination retail and dining experiences, which would capture more spending from visitors.

Exhibit 25. Retail Space Supported by South Whidbey Residents and Visitors

Resident Spending

Island County per Capita Income		\$35,364	
Estimated Disposable Income per Capita	37%	\$12,921	
2040 South Whidbey Population		17,000	
Aggregate Disposable Income		\$ 219,653,000	
Clinton Trade Capture	25%	\$54,913,000	
Retail Space Supported	\$300	183,000	sf

Visitor Spending

2040 South Whidbey tourists and shoppers		841,400	
Aggregate Annual Spending	\$27	\$ 22,718,000	
Clinton Trade Capture	25%	\$ 5,679,500	
Retail Space Supported	\$300	18,900	sf

Total retail space supported		201,900	sf
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Less Existing Clinton Retail		46,000	sf
Less Existing Ken's Korner Retail		120,000	sf
New retail space supported in Clinton		35,900	sf

Sources: CAI, 2020; Island County, 2016; Dean Runyan Associates, 2018; US Bureau of Economic Analysis, 2018; US Census Bureau, ACS 2014-2018 5-Year Estimates; Washington State Ferries, 2020

Exhibit 26 provides context for the retail demand analysis above. The table illustrates the typical size, mix of uses and tenant types for a range of standard retail products. Comparing these retail typologies to the anticipated demand for Clinton can inform planning efforts and economic development strategy.

Exhibit 26. Typical Retail Characteristics

Locations	Size (SF GLA)	Retail Types	Description	Notes
Pad Sites	2,000 to 75,000 plus	Banks, chain restaurants, fast food	Free standing buildings often adjacent or part of a shopping center, vary greatly in size and use, auto oriented, surface parking	Purchased or ground leased, typically attract national and/or regional chains.
Convenience Center	Up to 30,000	Personal service, convenience/minimart	Small in scale providing space for personal service establishments, typically auto-oriented, unenclosed, surface parking	Attracts national chains, locally owned restaurants and personal service establishments
Neighborhood Center	30,000 to 100,000	Grocery/supermarket anchor, food and drugs, personal services	Typically anchored by single supermarket, auto oriented, unenclosed, surface parking, everyday convenience	Range in size and scale but typically house tenants offering day to day living needs
Mixed Use Center/Ground Floor	7,500 to 50,000	Personal service, grocery stores, specialty markets, boutique shops, food and drugs	Applicable examples include ground floor retail with residential or office above, small and mid size retail spaces, pedestrian oriented, structured parking	Often associated with high density apartment/housing developments
Freestanding/Ground Floor	2,000 or more	Broad range of restaurants, personal services, specialty grocery stores, boutiques, etc...	Often freestanding locations not connected to a shopping center, auto and/or pedestrian oriented, on street or surface parking, often smaller scale	A mix of national chains, local specialty shops and restaurants, includes a mix of older and/or historical structures, exist in older neighborhood centers

Source: Community Attributes Inc., 2020

Residential Demand

Residential demand is a function of population growth, as increases in population generally require additional housing units. Recent population growth in South Whidbey is an indicator of market demand for housing. Census data is available at the Census Tract level, allowing for distinctions between market areas in South Whidbey. Based on the change in population from 2013-2018, the Langley area has added the most residents. Growth throughout South Whidbey has been modest (**Exhibit 27**).

Exhibit 27. Five-Year Population Change, South Whidbey Census Tracts, 2013-2018

Tract	2013 Population	2018 Population	5-Year Growth	CAGR
9718 - Freeland North	2,279	2,281	2	0.0%
9719 - Freeland South	4,072	3,999	(73)	-0.4%
9720 - Langley	4,061	4,153	92	0.4%
9721 - Clinton	3,693	3,705	12	0.1%

Source: U.S. Census Bureau American Community Survey, 2018; Community Attributes Inc., 2020

Compared to Freeland and Langley, Clinton lags in attracting residents from outside Island County. Of the 11.6% of Clinton residents who had recently moved, 7.2% moved from another county, state or country. This compares to 10.5% in Langley and 14.8% in Freeland (**Exhibit 28**).

Exhibit 28. Resident Mobility, South Whidbey Census Tracts, 2018

Tract	Moved w/in County	Moved from Different County	Moved from Different State	Moved from Abroad	Total
9718 - Freeland North	4.0%	12.7%	2.1%	0.0%	18.8%
9719 - Freeland South	4.8%	2.7%	1.0%	0.5%	9.0%
9720 - Langley	9.0%	8.1%	2.4%	0.1%	19.6%
9721 - Clinton	4.4%	3.9%	3.3%	0.0%	11.6%

Source: U.S. Census Bureau American Community Survey, 2018; Community Attributes Inc., 2020

Data from Zillow uses proprietary metrics, such as the Zillow Market Health Index and the Zillow Home Value Index, to assess the health of residential real estate markets. The Market Health Index ranges from 0 to 10 and the Home Value Index indicates the median estimate home value. These data indicate that Clinton's market is generally healthy with a market index of 8.52.

Nevertheless, Clinton trails other proximate market areas, including Freeland, Anacortes, Coupeville, Langley and Greenbank (**Exhibit 29**).

Exhibit 29. Zillow Residential Indicators, Island County and Nearby Market Areas, 2019

Market Area	Market Health Index	Zillow Home Value Index	One-Year Forecast (Price)
Freeland	9.63	\$455,200	5.1%
Anacortes	9.37	\$443,100	4.8%
Coupeville	9.32	\$400,500	2.8%
Langley	9.26	\$487,800	4.8%
Greenbank	9.00	No Data	No Data
Clinton	8.52	\$443,100	3.0%
Mukilteo	7.89	\$598,900	6.9%
Camano Island	7.11	\$456,300	4.1%
Oak Harbor	7.02	\$323,800	5.4%

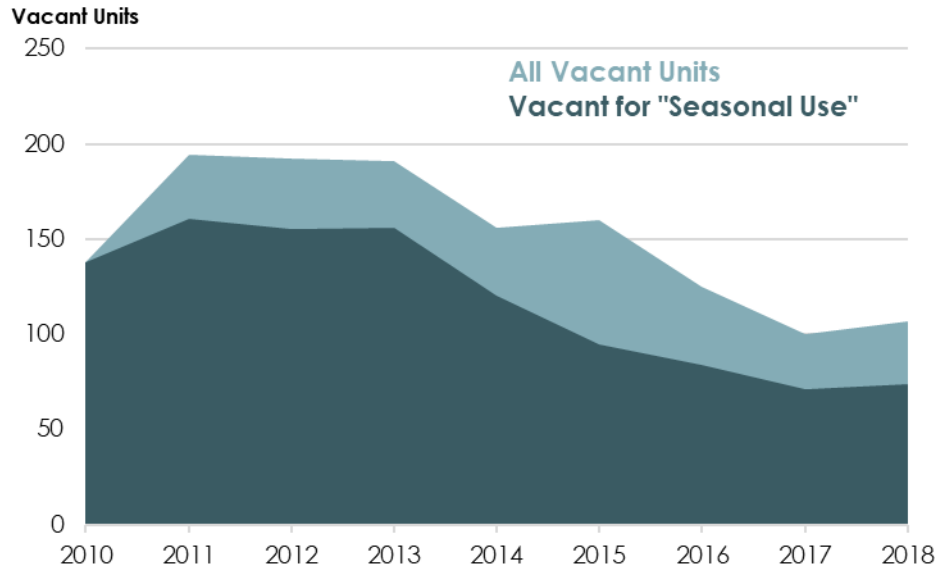
Source: Zillow, 2020

Vacation Homes

Whidbey Island is a popular vacation destination, particularly for Puget Sound residents. Services like Airbnb have expanded access to vacation homes, though this can increase traffic and noise in rural neighborhoods and impact affordability by removing units from the rental and sale market.

According to ACS estimates, 14% of Clinton’s housing was reserved for “seasonal, recreational, or occasional use” in 2018. This share has decreased as the housing market strengthened following the recession – in 2011, vacation homes were 23% of the total. (**Exhibit 30**)

Exhibit 30. Vacancy Status, Clinton, 2010-2018



Source: US Census Bureau, American Community Survey 2014-2018 5-Year Estimates

Understanding the impact of vacation homes is more complex than knowing the total number of units. While the number of dedicated vacation homes may have decreased, with services like Airbnb there is also the potential that the remaining vacation homes are being more consistently occupied throughout the year. As a result, the number of visitors could still rise while homes decrease. If former vacation homes are now permanently occupied, these new residents also contribute to a sense of increased traffic.

RECOMMENDATIONS

The following are recommendations for consideration by Island County staff.

Economic Development Element

- Strengthen regional coordination - Fostering strong working relationships with external mobility partners such as Washington State Parks, Island Transit and WSDOT is vitally important to gateway mobility and access.
- Evaluate interests between Department of Defense partners and seek to coordinate programs and infrastructure that support gateway development.
- Ensure the efficient flow of people, goods, services, and information in and through the County with infrastructure investments, particularly in RAIDs.
- Pursue local funding techniques to support needed transportation improvements (*Whidbey Airpark Access Economic Development Study and Funding Options, 2019*):
 - Right-of-way dedications by property owners
 - Development agreements and public-private partnerships
 - Road improvement districts
 - Transportation impact fees
- Conduct a Multimodal Circulation and Access Management Study for Deception Pass (*Island Access 2040 Action 32*)
- Improve access to SR 525, providing adequate water, power, and telecommunications infrastructure. (*Whidbey Airpark Access Economic Development Study and Funding Options, 2019*)
- Give funding priority to support designated gateway centers.
- Initiate a study to identify ways to improve system operations at the Coupeville Ferry Terminal. Explore options for vehicle storage, traffic patterns, parking, and addressing impacts on other system users like cyclists, pedestrians, park visitors, and through traffic. The study should consider the needs of freight traffic, passenger vehicle traffic, and non-motorized access to and from the ferry and Fort Casey. (*Island Access 2040 Action 33*)
- Convene a multi-agency, multimodal, multi-disciplinary group to assess recommendations for ongoing SR-532 beautification and non-motorized studies. Identify low-cost/high-value strategies, funding and partnership opportunities. (*Island Access 2040 Action 30*)

- Ensure changes to the built environment preserve and enhance the County’s unique attributes and identity.
- Refine development code to encourage more “missing middle” housing development that is more consistent with Island County’s rural character and more economically feasible, given infrastructure limitations.
- Create partnerships between Island County, the South Whidbey Port District and/or State to help acquire parcels to the north of the ferry terminal area to create a park. (*Clinton Sub-Area Plan, Adopted 2000 Goal*)
- Work with Island Transit to strengthen transit service. Expand opportunities for Island residents such as the Park and Ride shuttle between Terry’s Corner Park and Ride, located at SR 532 / Sunrise Boulevard with 80 parking spaces. (*Island Access 2040 Action 35*)
- Encourage linkage of parks, recreation areas and shoreline public access points with linear systems, such as hiking trails, bicycle routes and scenic drives. (*Island County Comprehensive Plan*)
- Design and install an electronic signage and phone application system at the park-and-ride and along SR-525 queuing lane to inform vehicles, bicyclists, and pedestrians of ferry arrival times, loading limits, etc. (*Clinton Market Study, 2017*)
- Study benefits and threats of short term vacation rentals. Consider requiring business licenses for rentals.
- Rebrand the Whidbey Airpark Gateway to Porter Business District. (*Whidbey Airpark Access Advisory Group Recommendations*)
- Enhance wayfinding infrastructure at the Camano and Clinton gateways.
- Encourage public and private art. Explore the feasibility of a “1% for the Arts” program to enhance gateway districts. (*Clinton Sub-Area Plan, 2000*)
- Support a positive business climate by encouraging collaboration among business, government, education, labor, military, workforce development, and nonprofit organizations.
- Recognize the need for employment within the gateways and promote compatible occupations and industries that do not conflict with rural character and resource-based land uses.

Zoning

Rural Center Zone

- Consistent with public comments and economic development goals, update RC zoning requirements to allow greater density and reduce setbacks (*Contingent on NMUGA designation*)
- Adopt building bulk requirements based on floor area ratio (FAR) or other limitation based on site size rather than absolute maximum

- Complete a parking study to develop appropriate reduced commercial and residential parking requirements.
- Expand existing shared parking program to include residential uses as well as commercial uses. In addition:
 - Allow commercial properties to sell excess spaces to nearby residential developments
- Explore allowing double counting up of required parking spaces that are shared with another entity
- Incorporate locational standards for parking lots that encourage surface lots to be located behind buildings or that limit the percent of street frontage that may be occupied by a surface lot.

Administrative

- Work to standardize all requirements in one area of the code and limit direct negotiation with the county to the greatest extent practicable

Other Regulatory Frameworks

- Evaluate the designation of Clinton as a Non-Municipal Urban Growth Area (NMUGA) in the next periodic update of the Island County Comprehensive Plan.
- Prepare and adopt a subarea plan for downtown Clinton detailing design concepts and appropriate regulatory tools, including possible zoning overlays
- Identify, designate and protect significant view corridors from the commercial area to the south and east.
- Consider a Waterfront Overlay District and accompanying plan that would possibly identify potential redevelopable non-residential properties, plan investment in public spaces on the water, and or create linkages between existing assets like Clinton Beach Park and the commercial properties south of the ferry terminal.

Infrastructure Planning and Investment

- Increase standards for on-site stormwater treatment and adopt standards that require low impact development (LID) techniques. Update County infrastructure standards for consistency with LID and stormwater management best practices.
- Consider limitations to curb cut intervals and encourage access to commercial parking lots from side streets and alleyways.
- Provide visual queues to signify pedestrian crossings, including curb bump-outs (possibly for westbound traffic only if two lanes are necessary to accommodate ferry boarding), signature landscape

elements, paint treatments, and a pedestrian-activated signal. Create a phased plan to add a second signalized pedestrian crossing at the south end of the commercial corridor.

- Consider investing in the creation of a view point parklet at the south end of the commercial area as a complement to Clinton Beach Park and an entrance to the downtown core.
- Use signage, landscaping and other treatments to create a distinctive gateway “moment” at each end of Clinton’s commercial area.
- Strengthen connections between the ferry terminal and the business district for bicyclists and pedestrians. Consider expanding the sidewalk and adding viewpoints, historical markers, informational signs, seating and other interpretive elements to create an enjoyable pedestrian experience and to provide relief from uphill grades.
- Pursue appropriate sources of infrastructure funding for specific projects, including a sewer system and roadway infrastructure that facilitates bicycle and pedestrian safety.

Organizational Development and Programming

- Undertake a comprehensive branding and wayfinding program to coordinate the messaging and appearance of directional and informational signs throughout Clinton.
- Identify and vet available commercial land for a local shovel-ready development marketing program; consider expedited approvals and other incentives for desired uses on participating parcels.
- Continue to encourage the retention of existing trees while assessing the feasibility of a Clinton street tree program and other distinguishing, locally-sensitive landscape interventions.