



CITY COUNCIL MINUTES

SPECIAL MEETING

JULY 10, 2018

CALL TO ORDER & ROLL CALL

Mayor Debbie Bertlin called the meeting to order at 6:00 pm in the City Hall Council Chambers, 9611 SE 36th Street, Mercer Island, Washington.

Mayor Debbie Bertlin, Deputy Mayor Salim Nice, and Councilmembers Tom Acker, Bruce Bassett, Wendy Weiker (arrived at 6:12 pm), David Wisenteiner, and Benson Wong were present.

AGENDA APPROVAL

It was moved by Bassett; seconded by Wong to:

Approve the agenda as presented.

Passed 6-0

FOR: 6 (Acker, Bassett, Bertlin, Nice, Wisenteiner, Wong)

ABSENT: 1 (Weiker)

CITY MANAGER REPORT

City Manager Julie Underwood presented information regarding:

- The Mercer Island Police Department hosted **“Coffee with a Cop”** on June 29.
- **Adventure Playground** at Deane’s Children’s Park: Now through Sept. 30, Deane’s Children’s Park
- Upcoming **Restoration Event**, Sat., July 14, 9 am - 1 pm, Location: Luther Burbank Park
- **Summer Celebration**, Sat. & Sun, July 14-15.
 - Parade at Town Center: Saturday, 10 am
 - Festival at Mercerdale Park: Saturday, 11 am – 7 pm, Sunday, 10 am – 5 pm.
 - Fireworks at Luther Burbank Park: Saturday, 6 pm – 10 pm with fireworks at 10:15 pm
- **Fill-the-Van Food Drive**, Sat. & Sun., July 14 & 15, Location: YFS Booth at Summer Celebration
- **Council–School Board Softball Game**, Sat. July 14, 1:30 pm – 3 pm, Aubrey Davis Fields
- **2nd Annual Sk8te the Rock Competition**, Sun., July 15, 1pm – 3pm, Mercerdale Skate Park
- **No Farmers Market Sunday, July 15** due to Summer Celebration! and **August 5** due to Seafair.
- **Shakespeare in the Park**: The Merry Wives of Windsor (July 12, 13, 14, 20, 21, 26, August 9, 12) and King Lear (July 15, 19, 22, 27, 28, August 2, 3, 4, 5, 10, 11, 12)
- **Mostly Music in the Park** Summer Concert Series: Thursdays, 7pm to 8:30pm, Mercerdale Park
- 7/19: The Rumba Kings, 7/26: Scott Lindenmuth Group, 8/2: Joy Mills Band, 8/9: The Mighty Dreadful, 8/16: Ethan Keller Group, 8/24 The Infinity Project
- **Movies in the Park**: Moana (Sat. July 28, 9:15pm, Mercerdale Park) and A Wrinkle in Time (Sat. Aug 18, 8:35pm, Mercerdale Park)
- **Camp Burbank Community Campout**, Sat. Aug 11 to Sun, Aug 12, Luther Burbank Park meadow
- **Seafair Weekend**, August 3-5, **I-90 Closures** for Blue Angels:
 - Thurs., Aug. 2, 9:45 am - 12:15 pm; 1:00-2:45 pm (practices)
 - Fri., Aug. 3, Sat., Aug. 4, & Sun., Aug. 5, 12:55-2:45 pm
- **National Night Out**: All invited to a cookout and tours hosted by the Police Department at City Hall, Tues., Aug. 7, 5:00-8:00 pm
- **Solarize MI 2.0** Underway: Next workshop is Wed., July 18, 6:30-8pm at the Community Center
- **Bikeshare Pilot Program** Launching Soon! Mid-July through Mid-October, 25 electric-assist rental bicycles restocked daily at key locations throughout Mercer Island, Bikes are available 24/7
- **2018 YFS Annual Newsletter** Hits Mailboxes
- **Full Closure of NB I-5 This Weekend**, 8 pm on Fri., July 13 through 5 am on Mon., July 16

APPEARANCES

Jeff Henderson, 8431 85th Ave SE, spoke about King County Tax increase, STR (?) tax increase, does not support a tax levy increase. Voter fatigued. Doesn't feel there is sufficient reason to do this.

Peter Struck, 9130 SE 54th Street, spoke about staff says must reduce services, spoke about payable reports for the first part of the year, can come up with 1% savings that will not impact services. Put mental health counselors at a high priority. Would like concrete evidence of a cost containment program before any taxes.

Carolyn Boatsman, 3210 74th Avenue SE, is in favor the CAG recommendation as she does not want services to be cut and the amount of additional property tax is modest.

Tracy Granbois, 8440 SE 82nd Street, stated that rescuing the Thailand boys from a cave was a real emergency. What we have here is not an emergency and she does not support a levy

Patrick Allcorn, 2500 81st Avenue SE, #111, urged the Council to follow the advice of the CAG and put a levy on the ballot and let the voters decide to continue funding essential services with a property tax increase.

Beverly Horowitz, 4332 W. Mercer Way, spoke about Republic Services pickup up recycling at 6:00 am on her street. She was told by Republic that they have an agreement with the City to start at 6:00 am.

City Manager Underwood responded to the public comment regarding the Public Water Report explaining that it is a Federal requirement for all cities. She further explained that due to the 2014 E. coli emergency, the City was under greater regulatory scrutiny. The City has since been released from the regulatory restrictions due to its clean drinking water. For this reason, staff felt it was important to mail out a complete report to each household.

She also encouraged residents to contact the Public Works Department Regarding any issues with Republic Services (Garbage/Recycling).

SPECIAL BUSINESS

AB 5448: City's Financial Challenges: Continued Discussion and Review of City's Forecasting Model

City Manager Underwood introduced Steve Toler with Management Partners who provided information about his review of the City's General Fund forecast for 2019- to 2024. He spoke about the key assumptions, initial observations and his recommendations for revenues, expenditures, and fund balance reserves. He also recommended that the City:

- Use the existing forecast as a "baseline scenario" and develop alternative scenarios based on a set of possible solutions to solve future structural deficits. Scenarios may include a combination of budgetary solutions such as:
 - Revenue enhancements
 - Expenditure controls and cost shifts
 - Service delivery changes
 - Expenditure/service level reductions
- Develop a fiscal sustainability plan to address the long-term structural deficit identified in the baseline forecast.

City Manager Underwood presented three options for the Council to address the financial challenges:

1. Do Nothing – Address at a later time
2. Fund Youth and Family Services:
 - School-based and community-based counseling services
 - Community safety net services (includes above+)
3. Fully Fund Projected Deficit

She provided examples of service reductions for the "do nothing" option, the cost per year for a school-based and community-based counseling services levy or a community safety net services levy, and referred to

Management Partners' model for fully funding the projected deficit.

Finance Director Chip Corder reviewed the key assumptions for Management Partners' model for a 2019-2024 budget balancing scenario:

- Let temporary increase in utility tax rate expire at the end of 2018.
- No increase in B&O tax rate.
- Increase property tax levy by 1% each year (\$122K/yr)
- Eliminate 1.7% water utility tax transfer to Water Fund for fire hydrant maintenance beginning in 2019 (\$158K/yr retained in General Fund).
- Consolidate Beautification Fund with General Fund in 2019 (\$225K/yr net revenue).
- Assume 15-year Parks M&O levy lid lift is renewed by voters in 2023.
- Use REET rather than General Fund tax revenues to fund annual ARCH housing contribution beginning in 2019 (\$96K/yr).
- Increase Contingency Fund target from 10% to 17% (equals 2 months) of the General Fund budget (best financial practice).
- Put a levy lid lift on the November 2018 ballot to fund the projected deficits in 2019-2024.

Mr. Toler showed the model and how certain changes would reduce the structural deficit and the hit the targets for the reserve fund.

City Manager Underwood requested that the Council provide staff direction regarding maintaining or reducing service levels or putting forth a levy to the voters. She noted that Council needs to define the purpose, amount, and growth increase factor for a levy ordinance.

City Manager Underwood noted that she would work with the Mayor and Deputy Mayor to make appointments to the pro and con committees for writing the statements for the voters' pamphlet.

It was moved by Nice; seconded by Bassett to:

Direct staff to construct an ordinance in the amount of \$1.25/1,000 AV beginning in 2019 through 2024 with a 5% increase year-over-year, with an additional requirement of establishing a financial sustainability plan (as described by Management Partners), establishing a mechanism for the savings achieved by that plan to fund the Contingency Fund, and to end the six-year levy period with a Contingency Fund balance of two months or 17%.

Passed 6-1

FOR: 6 (Bassett, Bertlin, Nice, Wisenteiner, Weiker, Wong)

AGAINST: 1 (Acker)

The Council recessed for ten minutes until 8:57 pm

AB 5450: Due Diligence Costs for the City's Proposed Commuter Parking Project

City Manager Underwood explained that as part of the purchase and sale agreement between the City of Mercer Island and Parkway Management Group for the former Tully's property, the City has a six-month due diligence period to evaluate the suitability of the property for a future, long-term transit commuter parking and mixed-use development project. As part of the due diligence, the City proposes to contract with Aspect Consulting, LLC to conduct a Phase II environmental site assessment to determine the vertical and horizontal extent of the contamination that is known to exist on the site and the adjacent portion of Sunset Highway to the north (which the City already owns).

In addition, she noted that Sound Transit Settlement Funds need to be appropriated for this additional due diligence work including surveys, appraisals, environmental assessment, and legal fees.

City Manager Underwood reported that Sound Transit has identified an additional \$10 million for the settlement agreement which will help alleviate some of the very strict federal regulations for expending the funds. She noted that this will help to secure commuter parking for residents only.

It was moved by Bassett; seconded by Wisenteiner to:

Authorize the City Manager to enter into a professional services agreement with Aspect Consulting, LLC to conduct a Phase II Environmental Site Assessment at the Former Fuji Auto property located

at 7810 SE 27th Street and in a portion of Sunset Highway (the north, adjacent right-of-way) in Mercer Island.

Passed 7-0.

FOR: 7 (Acker, Bassett, Bertlin, Nice, Wisenteiner, Weiker, Wong)

It was moved by Nice; seconded by Wisenteiner to:

Appropriate \$225,750 from the Sound Transit Settlement Funds to be used for due diligence work such as surveys, appraisals, environmental assessment, legal fees, etc. and allocate the funds from the REET surplus balance until the long-term commuter parking project is constructed and the City is reimbursed by Sound Transit.

Passed 7-0.

FOR: 7 (Acker, Bassett, Bertlin, Nice, Wisenteiner, Weiker, Wong)

OTHER BUSINESS

Councilmember Wong asked Council to provide any comments on the SCA PIC meeting agenda. Councilmember Wisenteiner will be absent and Councilmember Bassett may be absent from the July 17 meeting.

ADJOURNMENT

The Special Meeting adjourned at 10:10 pm.

Attest:

Debbie Bertlin, Mayor

Deborah Estrada, City Clerk