



CITY COUNCIL MINUTES REGULAR MEETING JUNE 19, 2018

CALL TO ORDER & ROLL CALL

Mayor Debbie Bertlin called the 2018 City Council Regular Meeting to order at 7:00 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 7:04 pm), David Wisenteiner, and Benson Wong were present.

AGENDA APPROVAL

Mayor Bertlin noted that the public hearing regarding the City Manager's recommendation to address the City's Financial Challenges was canceled and that it may be moved to a later meeting depending on the Council's direction to staff.

It was moved by Bassett; seconded by Wong to:

Approve the agenda as presented.

Passed 7-0

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

SPECIAL BUSINESS

Citizen of the Year

The Mercer Island City Council presented the 2017 Citizen of the Year Award to Laurie and Victor Raisys, who have made a significant impact on the community as residents and as owners of Island Books.

Mayor Bertlin noted that as third generation Islanders, Laurie and Victor bought Island Books in July of 2015 after careers at Microsoft and have worked diligently to preserve the sense of community found at the bookstore and enhance this local legacy ever since. She acknowledged their support of the Mercer Island community and giving back to local organizations is second nature to Laurie and Victor. They have sponsored special events like the Mercer Island Youth and Family Services Giving from The Heart Breakfast & Shopping Day, the Mercer Island Schools Foundation Breakfast, the Farmers Market, Summer Celebration, and supported the local business community through the Mercer Island Chamber of Commerce, where Victor is a board member.

Victor and Laurie thanked the Council for the award and recognition.

WMCA Recognition of Ali Spietz

Virginia Olsen (City Clerk for the City of Mountlake Terrace), President and Paula Swisher (City Clerk for the City of Briar), Vice-President of the Washington Municipal Clerks Association (WMCA) presented Ali Spietz, Assistant to the City Manager, with an award for her 16 years of service to WMCA.

AB 5443: Introduction of New King County Library System Executive Director, Lisa Rosenblum

Lisa Rosenblum, the new Executive Director for the King County Library System (KCLS) introduced herself to the Council and spoke about upcoming KCLS issues and initiatives.

AB 5435: Parks & Recreation Month Proclamation

Community & Event Center Manager Ryan Daly introduced residents who have supported and engaged in Mercer Island Parks and Recreation Department Programs:

- Bob Burmeister: The All Island Track Meet official and Run Like a Girl 5k race starter.
- Sofia & Sarina Watson: Participants in the Parent's Night Out program at MICEC
- Theodore Freeman: Former day camp and current Counselor in Training participant.
- Carolyn Yasui: Parks & Recreation staff and Jazzercise/fitness participant
- Biz Gilman: Mercer Island resident for 42 years. Solemates and Trailmates participant.

Mayor Bertlin read the proclamation and proclaimed June 2018 Parks and Recreation Month for the City of Mercer Island.

CITY MANAGER REPORT

City Manager Julie Underwood spoke about the following topics:

- South Mercer Playground Grand Reopening
- Flash Family Inspirational Award Nominations Due June 22, 2018
- New Additions to Town Center (Island Treats and Barrels)
- HAM Radio Field Day, June 23 from 1 to 4 pm
- Juneteenth Event, June 24, 1 pm to 3 pm at Mercerdale Field Gazebo
- Solarize Mercer Island - Workshops start June 26
- Summer Celebration, July 14 & 15
- Groveland Beach Improvement Project
- YFS staff receives Children's Advocate Award
- City Facilities closed Independence Day

APPEARANCES

Lisa Anderl, 7278 N. Mercer Way – If the Council chooses to proceed with a Levy Lid Lift, she asked Council to consider what is the need for a Levy Lid Lift, will anyone pass it, and how will it be perceived. She reminded Council that the minority CAG and Next Door think there are enough resources to proceed without a Levy Lid Lift.

Mike Cero, 8300 Avalon Drive, addressed the City's financial challenges, the Levy Lid Lift proposal, and staff's community outreach on the issue. He outlined an oppositional analysis, including funds raised, campaign sign development, and other forecasting efforts.

Mohammad Taherzadeh, 7239 E. Mercer Way, spoke in support of the CAG minority report and no new taxes.

Brian Hildebrant, 6880 W. Mercer Way, congratulated Council on the action they took regarding parking. He encouraged Council to develop parking that is a public service and free of cost. He further commented that attempting to prevent a tax proposal being placed on the ballot is undemocratic.

William Shadbolt, president of Rental Housing Association of Washington State – spoke in opposition to a levy lift will and does not believe that an increase in the B&O tax and utility tax will not be received well. He has studied the city budget and doesn't understand how the city got into such a difficult position and does not believe residents and business owners can afford another tax.

Ira Appleman, Mercer Island, spoke in opposition to the proposed property tax levy lid lift.

City Attorney Kari Sand clarified why the public hearing was canceled, explaining that the City Manager wanted direction prior to holding a public hearing. She further noted that the public hearing is required by state law and will be held later.

CONSENT CALENDAR

Payables: \$309,100.46 (06/07/18), \$151,461.72 (06/14/18)

Recommendation: Certify that the materials or services hereinbefore specified have been received and that all warrant numbers listed are approved for payment.

Payroll: \$868,662.54 (6/8/18)

Recommendation: Certify that the materials or services specified have been received and that all fund warrants are approved for payment.

Minutes: February 20, 2018 Regular Meeting Minutes, March 6, 2018 Regular Meeting Minutes & March 12, 2018 Special Meeting Minutes

Recommendation: Adopt the February 20, 2018 Regular Meeting Minutes, March 6, 2018 Regular Meeting Minutes & March 12, 2018 Special Meeting Minutes as written.

It was moved by Wisenteiner; seconded by Bassett to:

Approve the Consent Calendar and the recommendations contained therein.

Passed 7-0

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

REGULAR BUSINESS

AB 5445: City's Financial Challenges: Review City Manager's Recommendation

City Manager Julie Underwood provided her recommendation for addressing the City's financial challenges to the Council. She recommended the following:

- **6-Year Levy Lid Lift**
Ask the voters to consider a 6-year levy lid lift in November 2018 General Election which would reset current levy rate of \$1.00 per \$1,000 of assessed value to \$1.22 and tie the maximum increase for property tax levies for 2020-2024 to First Half CPI-W (Seattle-Tacoma-Bellevue).
- **Additional Revenue Enhancements**
 - 1) Increase the Business & Occupancy (B&O) tax from 0.10% to 0.15%;
 - 2) Maintain the utility tax rate at 8.0%;
 - 3) Consolidate the Beautification Fund into the General Fund;
 - 4) Eliminate the 1.7% water utility tax transfer to the Water Fund;
 - 5) Continue to conduct regular fee studies; and
 - 6) Develop and adopt a master fee schedule
- **Organizational Effectiveness Review**
Implement an organizational effectiveness review, with a detailed review and evaluation of City programs and services, including examining staffing and service delivery models as well as costs and value.
- **Comprehensive Financial Management Policies**
Create a work plan item devoted to having thorough and thoughtful discussions with the Council regarding formal financial management policies and their implications.
- **Adopt a Balanced Budget with Level of Service (LOS) Reductions**
The City Council is required to adopt a balanced budget. Without additional revenues, the City Manager recommends level of service reductions.

Finance Director Chip Corder explained the City's fund balances and reserves as of December 21, 2017. He noted that most fund balances/reserves cannot be used to address the City's projected operating deficits, but that the General Fund's reserves (LEOFF I long-term care, budgeted fund balance, compensated absences, and revenue stabilization), the Beautification Fund, and the Contingency Fund's rainy day and 2019 operating budget funding reserves could be used.

City Manager Underwood requested direction from Council on the following:

1. Levy Lid Lift Ask: Yes or No
2. Services Identified for the Levy: a) Parks and YFS (CM Recommendation), b) YFS/community safety net only, c) YFS/community safety net + Thrift Store

3. Levy Lid Amount: a) Is there a “sweet spot” on what amount to ask for? (e.g., no more than \$200), b) Actual or Smoothed method?
4. Levy Lid Lift Annual Growth Factor: CPI-W?
5. Levy Lid Lift Duration: 6-year?

Councilmember Wisenteiner proposed the following:

1. Fix the current gap using as many sources of one-time money excluding the Rainy-Day fund as proposed by Deputy Mayor Nice on June 9.
2. Ask that department directors to submit a 2-year cost reduction plan with either a straight-percentage or aggregate number reduction for each department.
3. Put a YFS Counselor and Thrift Shop remodel “micro-levy” on the ballot to eliminate the risk that beyond this biennium the counseling program is jeopardized and to optimize the Thrift Shop as a resource for YFS to become financially self-sustaining in combination with their foundation. In addition, bring the Thrift Shop under the Finance department and have a complete store re-evaluation regarding professional retail management to maximize the output of the store and allow the YFS team to concentrate on their charter.

The Council discussed City Manager Underwood and Councilmember Wisenteiner’s recommendation at length. They also discussed balancing the budget on one-time funds, addressing only the YFS mental health counselors funding, the implications of a 4-year or 6-year levy, finding further expenditure reductions, concerns with using too much of the reserve funds to balance the next biennium, and a levy for Community Safety Net funding.

There was consensus from the Council to direct the City Manager to:

- Present two levy lid lift scenarios for their consideration at the July 10 Council Meeting: (1) school-based and community-based counseling levy lid lift and (2) community safety net levy lid lift.
- Provide 6-year and 4-year options for each levy lid lift scenario and assume that the Mercer Island School District would cease paying the City (1) \$60,000 per year for school counseling services, and (2) \$26,000 per year for School Resource Officer.
- Include a remodel and expansion of the Thrift Store option.

City Manager Underwood reviewed the schedule and next steps:

- June 26: Continue discussion (possible 1st reading).
- July 10: Review findings of third-party review of assumptions and methodology for General Fund forecast and continue discussion (possible 2nd reading).
- July 17: Continue discussion (possible 3rd reading).

AB 5442: Sunset the Community Advisory Board

It was moved by Wong; seconded by Nice to:

Suspend the City Council Rules of Procedure 6.3 requiring a second reading of ordinances.

Passed 7-0

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

It was moved by Wong; seconded by Nice to:

Adopt Ordinance No. 18C-05, repealing chapter 3.42 MICC and sunseting the Community (Youth, Senior and Family Services) Advisory Board.

Passed 7-0

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

OTHER BUSINESS

Councilmember Absences

There were none.

Planning Schedule

City Manager Underwood noted that two meetings need to be added on either June 25 or June 26 and July 24. She noted that the July 3 meeting is canceled and that the RFQ criteria for Tully's Parcel 12 was pushed out to July 17.

Board Appointments

There were no appointments. Mayor Bertlin spoke about the upcoming resignations of two Design commissioners and that the City is seeking applicants.

Councilmember Reports

Councilmember Basset spoke about the MICA listening session.

Councilmember Wong spoke about the Moms Demand Action meeting and the SCA PIC meeting.

Mayor Bertlin thanked and congratulated the City and Mercer Island Preschool Association on the opening of the South Mercer Playground.

ADJOURNMENT

The Regular Meeting adjourned at 11:21 pm.

Attest:

Debbie Bertlin, Mayor

Deborah Estrada, City Clerk