



CITY COUNCIL MINUTES REGULAR MEETING MAY 15, 2018

CALL TO ORDER & ROLL CALL

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

Mayor Debbie Bertlin, Deputy Mayor Salim Nice, Councilmembers Tom Acker, Bruce Bassett, Wendy Weiker (arrived 5:37 pm), David Wisenteiner and Benson Wong were present.

AGENDA APPROVAL

It was moved by Wisenteiner; seconded by Bassett to:

Approve the agenda as presented.

Passed 6-0

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

ABSENT: 1 (Weiker)

STUDY SESSION

AB 5430: 2018 Biennial Citizen Satisfaction Survey Results

City Manager Julie Underwood explained that every two years the City administers a random scientific survey to objectively measure satisfaction with City services and to gather input about priorities for the community. She noted that this year the City retained a new survey company, ETC Institute, to conduct the survey to:

- Objectively assess resident satisfaction with the delivery of major City services
- Help determine priorities for the community
- Compliment other sources of data that City leaders have for decision-making

City Manager Underwood introduced Jason Morado, Senior Project Manager from ETC to review the preliminary survey results. He noted that the goal to obtain completed surveys from 400 residents was exceeded with a total of 711 residents completing the survey and that the overall results have a precision of at least +/-3.7% at the 95% level of confidence.

Mr. Morado spoke about the five-page survey explaining that it contained questions to assess a wide range of City services and priorities for the community. He noted that it was mailed to households with follow-up by email and phone. Feedback states that the survey took most people about 10-15 minutes to complete.

Mr. Morado reviewed the preliminary results as follows:

- 90% of the residents surveyed were satisfied with the overall quality of life in the City; only 3% are dissatisfied (28% above the U.S. Average)
- 95% were satisfied with FIRE services
- 86% were satisfied with POLICE services
- Residents think the following should be emphasized most over the next two years:
 - Efforts by City to regulate development on the Island
 - Maintenance of City streets & rights-of-way
 - City parks, trails, & open space
- Residents generally do not support a tax increase:
 - 18% Supported an increase of up to \$28 per month
 - 25% Supported an increase of up to \$21 per month
 - 45% Did not support a tax increase
 - 12% Did not have an opinion

City Manager Underwood noted that the final report will be submitted by May 31 and ETC Institute will present the full set of findings at the June 5 meeting.

SPECIAL BUSINESS

Eagle Scout Recognition

Mayor Debbie Bertlin welcomed new Eagle Scouts and recognized their projects:

- Henry Weiker: Worked on a bike trail at Duthie Hill
- Connor Hanson: Created an outdoor horseshoe pit at Joint Base Lewis-McChord
- Graeme Stoney: Revamped the outdoor space at the Puget Sound Community School
- Scott McLellen: Rebuilt the interior of the Mercer Island High School band trailer
- Nathaniel Nichol: Landscaped the front of The Mercer Island Presbyterian Church

AB 5425: National Gun Violence Awareness Day Proclamation

Mayor Debbie Bertlin proclaimed the first Friday in June, June 1, 2018, to be National Gun Violence Awareness Day in the City of Mercer Island and encouraged all citizens to support their local communities' efforts to prevent the tragic effects of gun violence and to honor and value human lives.

AB 5429: Safe Boating and Paddling Week Proclamation

Police Chief Ed Holmes introduced Marine Patrol Sergeant Brian Noel, resident Tom Heltzel, and members of the Coast Guard Auxiliary to accept the proclamation on behalf of the community. Mayor Debbie Bertlin proclaimed May 19-25, 2018, as Safe Boating & Paddling Week and encouraged all of Mercer Island's residents to dedicate themselves to learning about and practicing safe boating, including wearing life jackets.

CITY MANAGER REPORT

City Manager Julie Underwood spoke about the following:

- Mercer Island Schools Foundation 'Breakfast of Champions' raised \$500,105
- MIHS Horticulture Plant Sale - Sat., May 19 & Sat., June 2, 9:00 am - 3:00 pm. Location: Greenhouses at Crest Learning Center (4150 86th Ave. S.E.)
- Senior Lunch Luau & Beach Party - Thurs., May 31, 12:00-1:00 pm. Location: Community Center
- National Trails Day & Letterboxing - Sat., June 2, 10:00 am-12:00 pm. Pioneer Park – meet in the NW quadrant along 68th (across from Starbucks)
- MI Farmers Market - Opening Day is Sunday, June 3rd, 10 am - 3pm. Location: The north end of Mercedale Park (7700 SE 32nd St)
- MI Student Hannah Stewart won an AWC Center for Quality Communities Scholarship!
- Volunteers Contribute Over 33,000 Hours in 2017!
- City Facilities Closed Memorial Day - Monday, May 28

APPEARANCES

John Hubbard stated that he was surprised to learn that Mercer Island is facing financial challenges. He suggested three options: (1) continue the cycle to cut services; (2) cut police and fire, and work with surrounding governments; and (3) work with WA State to divert property tax dollars to Mercer Island to cover deficiencies.

Craig Reynolds, 8105 SE 48th Street, spoke about his work on the Community Advisory Group (CAG). He supports the majority recommendation from the CAG.

Ira Appelman, 9039 E. Shorewood Drive, believes that the CAG is rigged with stooges and rubber-stamped the recommendation for a levy lid lift.

Leslie Meagley, 8039 SE 75th Place, spoke about the Community Advisory Group (CAG) process.

Terry Moreman, 3628 72nd Place SE, spoke about her experience on the Community Advisory Group (CAG).

Daniel Thompson, 7265 North Mercer Way, spoke about the proposed agreements for commuter parking.

Tim Hunkapillar, 7710 89th Place SE, spoke about his experience on the Community Advisory Group (CAG). He stated that the CAG process was done very well and complimented City Manager Julie Underwood.

Lisa Anderl, 7278 North Mercer Way, spoke about her experience on the Community Advisory Group (CAG).

Robert Harper, 4651 Forest Ave SE, spoke about his experience on the Community Advisory Group (CAG).

Orna Samuelly, 8830 Avalon Drive, opposes increasing the tax rate and encouraged the City to focus on cost containment.

Gary Robinson, 6026 East Mercer Way, spoke about discussions on NextDoor and stated that it plays an important role in understanding the conflict or solidarity regarding issues on the Island. He hopes that Council would pay close attention, as it will give a good sense of what people think. He noted that he did not fill out the citizen survey as it asked for an address.

Laurie Givan, 7850 SE 63rd Place, Executive Director of the Chamber of Commerce, thanked the Council for working to secure more parking in the Town Center.

Kathy McDonald, 8403 East Mercer Way, expressed support for proposal for standalone 6-year levy lid lift for mental health counseling.

John Stewart, 7807 SE 73rd Place, expressed his support for the CAG recommendations.

CONSENT AGENDA

Payables: \$138,851.53 (05/03/2018)

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

Payroll: \$864,887.06 (05/11/2018)

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

AB 5414: Arts Council 2017 Annual Report and 2018 Work Plan

Recommendation: Accept report and work plan.

AB 5420: Arts Council Town Center Public Art Banner Project - Artist Selection Panel Approval

Recommendation: Approve the proposed Artist Selection Panel for the Town Center Public Art Banner project as listed in AB 5420.

AB 5427: SE 40th Street Corridor Improvements Bid Award

Recommendation: Award Schedules 'A', 'B', and 'C' of the SE 40th Street Corridor Improvements project to Kamins Construction in the amount of \$1,528,951.42. Allocate \$733,165 from the Street Fund, set the total project budget to \$2,033,049 and direct the City Manager to execute the contract.

AB 5426: 2018 Arterial and Residential Street Overlays Bid Award

Recommendation: Award Schedules 'A', 'B', and 'C' of the 2018 Arterial and Residential Street Overlays project to Watson Asphalt Paving Company in the amount of \$497,839.30. Set the total project budget to \$675,242 and direct the City Manager to execute the construction contract.

AB 5424: Groveland Park Repair and Shoreline Improvements Bid Award

Recommendation: Award the Groveland Park Repair and Shoreline Improvements project to American Construction Co in the amount of \$704,550. Set the project budget to \$981,655, with a budget reallocation of \$179,000 from other Park projects and a new appropriation of \$70,000 from available fund balance in the

CIP Fund and \$302,500 from available fund balance in the General Fund. Direct the City Manager to execute the construction contract.

It was moved by Bassett; seconded by Weiker 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 5422: City's Financial Challenges: Review Community Advisory Group's Recommendations

City Manager Julie Underwood reviewed the public engagement process that the City embarked on 18 months ago to share information about the City's financial challenges with the community and to seek public input on how best to balance the budget while sustaining City service levels. She and Finance Director Chip Corder presented the recommendations from the 23-member Community Advisory Group (CAG).

Finance Director Chip Corder provided an overview of the financial challenges and reviewed the 2019-2024 General and Youth & Family Services Funds forecasts. He thanked each of the members of the CAG for their time and careful review of the information staff presented.

Director Corder reviewed the five operating budget balancing options that were presented to the CAG as follows:

Option	Other Revenues	Levy Lid Lift Cost in 2019
1. Levy lid lift only (6 yrs)	None	\$331
2. Smaller levy lid lift (6 yrs) + other revenues	Make 8% utility tax permanent Increase B&O tax rate to 0.15%	\$254
3. Smaller levy lid lift (6 yrs) + other revenues + Thrift Shop	Make 8% utility tax permanent Increase B&O tax rate to 0.15%	\$290
4. Even smaller levy lid lift (6 yrs) + other revenues	Make 8% utility tax permanent Increase B&O tax rate to 0.15% Implement 0.5% REET option	\$178
5. No levy lid lift + other revenues + expenditure cuts	Make 8% utility tax permanent Increase B&O tax rate to 0.15% Implement 0.5% REET option	\$0
6. No levy lid lift + cost containment + use fund balances/reserves	None	\$0

He also presented the CAG's recommendations as follows:

- **Majority report (17 of 23 CAG members)**
 - Option #2: Smaller levy lid lift (6 yr) + other revenues
 - Combine Beautification Fund with General Fund
 - Make temporary 8.0% utility tax on City's utilities permanent
 - Increase B&O tax rate from 0.10% to 0.15%
 - Conduct a departmental effectiveness study each biennium
- **Minority report (6 of 23 CAG members)**
 - No levy lid lift in Nov 2018
 - Implement a cost containment program
 - Use fund balances/reserves in 2019-2020
 - Explore leaving KCLS & creating economic development opportunities
 - Consider going to voters in Nov 2020, if needed

Director Corder also reviewed three potential cost saving/revenue options for the operating budget and the support from the CAG members to explore these:

- Contracting out marine patrol services to King County Sheriff's Office: 4 votes
- Contracting out fire/EMS services to City of Bellevue or Eastside Fire & Rescue: 9 votes
- De-annexing from King County Library System to help bridge funding gap: 10 votes

He explained that CAG was also asked to provide a recommendation on placing a capital levy lid lift or a bond levy on the ballot and, if so, what type and amount. There was a strong consensus around Option 3 (18 of 23 CAG members, or 78%). The options presented were:

1. Capital levy lid lift (9 years; no bonds issued)
2. Bond levy (20 years; 60% voter approval required)
3. No Capital levy in 2018 (wait until Fire Station levy lid lift expires in 2021)

Mayor Bertlin reviewed the proposed timeline for addressing the financial challenges:

- June 5: (1) full results of the citizen survey and (2) the 2017 Year-End Financial Status Report
- June 9: Discuss service preservation/cuts and provide guidance for 2019-2020 budget preparation
- June 19: (1) 2018 1st Quarter Financial Status Report and (2) City Manager recommendation (1st reading of levy ordinance)
- June 26: City Manager recommendation (2nd reading of levy ordinance)
- July 10: City Manager recommendation (3rd reading of levy ordinance, if needed)

City Manager Julie Underwood clarified that the proposed 2019-2020 biennial budget will contain cuts as it will be prepared assuming no levy.

The following requests for information were made:

- Deputy Mayor Nice asked if the staff would be able to provide a preview of the first quarter sales tax and development activity revenues.
- Deputy Mayor Nice requested a report of the 2018 first quarter revenues collected at the Thrift Store.
- Councilmember Wong asked about the projected earnings the staff anticipated if the Thrift Store expansion occurred.
- Deputy Mayor Nice asked for more details regarding the proposal to increase the Business and Occupation Tax (B&O) from 0.10% to 0.15%.
- Councilmember Wong inquired about the impact this proposal would have on local businesses and requested that staff reach out to the Chamber for their feedback.
- Councilmember Acker requested that staff provide an overview of what they heard when presenting the City's "roadshow" presentations to the community.
- Councilmember Weiker asked that staff provide more information regarding the CAG's subgroup's recommendation to implement an immediate 5% "cost containment," also referred to as a "5% reduction."
- Council requested a review of the City's reserves and fund balances.

AB 5417: Purchase and Sale Agreement between the City of Mercer Island and Twenty Four Eleven, LLC to Develop Long-Term Transit Commuter Parking in the Town Center, Including Declaring Part of Parcel 7 Surplus Property

City Manager Julie Underwood provided an overview of the commuter parking issues on the Island and the unique public-private partnerships that are possible to help solve the issues. Bob Stowe from Stowe Development & Strategies reviewed the following key business terms associated with the proposed Purchase and Sale Agreement/Parking Agreement with Twenty Four Eleven LLC: price, area purchased, public parking, due diligence period, earnest money, closing, and performance.

City Manager Underwood noted that this is the Council's first review and discussion of the proposed surplus and sale of the Parcel 7 site and the proposed Parking Agreement and that the Council is scheduled to approve the PSA/PA at its June 5 regular meeting.

The Council thanked Leon Cohen and Twenty Four Eleven LLC for this unique public-private partnership opportunity.

AB 5418: Purchase and Sale Agreement between the City of Mercer Island and Parkway Management Group et al. to Develop Long-Term Transit Commuter Parking in the Town Center

City Manager Julie Underwood provided an overview of the commuter parking issues on the Island and spoke about evaluating options for long-term commuter parking, including purchasing the property at 7810 SE 27th Street, also known as the former Tully's property, and combining it with a portion of land the City already owns at Sunset Highway, known as Parcel 12, to create a public-private partnership to build an underground parking garage and potential mixed-use development. Bob Stowe from Stowe Development & Strategies reviewed the following key business terms associated with the proposed Purchase and Sale Agreement with Parkway Management Group et al. to acquire the Tully's property: price, area purchased, due diligence, earnest money, environmental, and closing.

City Manager Underwood spoke about a Comprehensive Plan Amendment and rezone to maximize the value of Parcel 12 in order to leverage private investment, thereby reducing the City's financial share, the City is considering. She noted that while parking is currently allowed in the P zone, by rezoning Parcel 12 to match the adjacent Tully's parcel, which is TC, the City desires to attain the greatest redevelopment flexibility.

City Manager Underwood noted that this is the first review and discussion of the proposed purchase of the former Tully's site and that at the June 5 regular meeting the Council is tentatively scheduled to approve the PSA and initiate a proposed out of cycle Comprehensive Plan amendment to change the land use designation and zoning of a portion of the Parcel 12 property adjacent to Tully's.

Councilmembers thanked staff for their work in making this project possible.

City Attorney Kari Sand requested a 15-minute Executive Session to discuss pending or potential litigation pursuant to RCW 42.30.110(1)(i).

AGENDA AMENDMENT

It was moved by Bassett; seconded by Weiker to:

Amend the agenda to add an Executive Session at the end of the meeting.

Passed 7-0

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

OTHER BUSINESS

Councilmember Absences

Councilmember Acker will be absent July 10.

Councilmember Wisenteiner will be absent May 17 and June 26.

Councilmember Weiker will be absent June 26.

Planning Schedule

City Manager Underwood noted the joint meeting with MISD Board on May 17, the joint meeting with Planning Commission on May 22 and an added Study Session regarding Solid Waste Contract RFP on June 5.

Board Appointments

There were no appointments.

Councilmember Reports

Councilmember Wong spoke about the King County Regional Water Committee meeting, thanked City Manager Underwood and IT Director Mike Kaser for hosting the Digital Citizen Workshop, noted the year-end celebration of the Healthy Youth Initiative.

Deputy Mayor Nice spoke to the Arts Council's about the Tully's purchase and the Great Hackett Sculpture Garden.

Mayor Bertlin spoke to the Greta Hackett family about the possible changes, she spoke about the Utility Board meeting, ETP meeting last week, and she thanked the staff and volunteers at last night's Volunteer Appreciation Dinner.

EXECUTIVE SESSION

Executive Session to discuss with legal counsel pending or potential litigation pursuant to RCW 42.30.110(1)(i) for 15 minutes. No Council action was anticipated following the Executive Session.

At 10:56 pm, Mayor Bertlin convened the Executive Session for 15 minutes.

At 11:11 pm, Mayor Bertlin extended the Executive Session for 15 minutes.

At 11:25 pm, the Executive Session was adjourned.

ADJOURNMENT

The Regular Meeting adjourned at 11:25 pm.

Attest:

Debbie Bertlin, Mayor

Allison Spietz, City Clerk