



CITY COUNCIL MINUTES SPECIAL JOINT MEETING WITH MISD BOARD OCTOBER 26, 2017

CALL TO ORDER & ROLL CALL

School Board President David D'Souza called the Joint Meeting with the Mercer Island School District Board to order at 5:05 pm in the Council Chambers of City Hall, 9611 SE 36th Street, Mercer Island, Washington.

Deputy Mayor Debbie Bertlin and Councilmembers Benson Wong, Wendy Weiker, Salim Nice, and David Wisenteiner were present. Mayor Bruce Bassett and Councilmember Dan Grausz were absent.

School Board President David D'Souza, Vice-President Tracy Drinkwater, and Directors Adair Dingle, Ralph Jorgenson, and Dave Myerson were present.

SPECIAL BUSINESS

MISD and City Funding Constraints

MISD Executive Director Bergstrom provided an overview of House Bill 2242 and the changes in state education funding. He presented the information provided in the slide decks attached to the agenda, including the new state salary allocations, limits on local levy authority, state management of health benefits, reporting requirements, timeline for changes, and impacts on the District. He noted a new cap on local levy authority of \$1.50/\$1000 of assessed property value or \$2,500 per student, whichever is less, which will reduce the District's local levy funding. He noted, however, that the loss of local levy authority will largely be offset by the anticipated increase in state funds. He also commented about the importance and use of local funding, and the upcoming replacement Educational Maintenance & Operations levy (M&O Levy). The M&O Levy, subject to voter approval in February, will replace the expiring M&O levy but at a lower rate. Some discussion occurred about the impacts on the District and the importance of and appreciation for local funding.

Chip Corder, Assistant City Manager/Finance Director, gave a presentation regarding City's financial challenges. Part of the City's revenue struggle is that Mercer Island lacks a large retail and/or commercial tax base. Property tax accounts for 40% of the City's revenue but the annual property tax rate is subject to a 1% growth cap. Mercer Island Youth and Family Services (MIYFS) counselors in the schools account for \$627k of the MIYFS fund. To balance the City's budget, the City would need to reduce its workforce by 25%, with most of the cuts in the Parks & Recreation Department, and Youth and Family Services, but also in additional departments, such as, police and fire. MIYFS has been looking for alternative sources of revenue, such as grants, but has been unsuccessful. The group discussed funding of school counselors and budget planning challenges by the District and the City given that they have different fiscal years. The District follows a school-year based budget and the City follows a calendar-year based budget. Some comments occurred about the significant value of school counselors, funding school counselors for the full 2018-19 school year, and further review by the City to determine whether to run a stand-alone levy to fund school counselors.

Capital Projects

Superintendent Colosky gave a review of the following MISD capital projects funded by the 2014 capital project bond:

- Expansion of the high school and the middle school
- Construction of Northwood Elementary.
- 42nd Street Safe Routes to School walking path.
- Re-turfing the high school sports field, track replacement, and modification of the bus lot and stadium seating overflow.
- Elementary school security upgrades, fire alarm replacement and the relocation of two double portables at Island Park.

City Manager Underwood described the City Council's recent approval of the settlement agreement with Sound Transit which included \$5M for local traffic mitigation. As part of the settlement negotiations, there are also funds earmarked for the improvement of Aubrey Davis Park. City Manager Underwood advised that the City may be interested in exploring an Interlocal Agreement for a Community Emergency Reunification Shelter at IMS.

Future Projects

Superintendent Colosky provided an overview of the following anticipated 2017-18 levy-funded construction projects:

- Improvements to Mary Wayte Pool's infrastructure
- MIHS roof, stadium lighting replacement, and facility scheduling software

President D'Souza added a special thanks to Directors Myerson and Dingle for their service to the School Board. Deputy Mayor Bertlin noted that Councilmember Grauszwill be leaving the City Council after 18 years of service and a reception is being planned for the evening of December 5th prior to beginning of the Regular City Council meeting.

ADJOURNMENT

Deputy Mayor Bertlin adjourned the Joint Meeting at 6:40 pm.

Attest:

Debbie Bertlin, Deputy Mayor

Ellie Hooman, Deputy City Clerk