



CITY OF MERCER ISLAND CITY COUNCIL MEETING AGENDA

Tuesday
May 15, 2018
5:30 PM

Mayor Debbie Bertlin
Deputy Mayor Salim Nice
Councilmembers Tom Acker,
Bruce Bassett, Wendy Weiker,
David Wisenteiner, and Benson Wong

Contact: 206.275.7793, council@mercergov.org
www.mercergov.org/council

All meetings are held in the City Hall Council Chambers at
9611 SE 36th Street, Mercer Island, WA unless otherwise noticed

“Appearances” is the time set aside for members of the public to speak to the City Council about any issues of concern. If you wish to speak, please consider the following points:
(1) speak audibly into the podium microphone, (2) state your name and address for the record, and (3) limit your comments to three minutes.
Please note: the Council does not usually respond to comments during the meeting.

In compliance with the Americans with Disabilities Act, those requiring accommodation for the meeting should notify the City Clerk’s Office at least 24 hours prior to the meeting at 206.275.7793.

REGULAR MEETING

CALL TO ORDER & ROLL CALL, 5:30 PM

AGENDA APPROVAL

STUDY SESSION

AB 5430 2018 Biennial Citizen Satisfaction Survey Results

SPECIAL BUSINESS, 7:00 PM

Eagle Scout Recognition

AB 5425 National Gun Violence Awareness Day Proclamation

AB 5429 Safe Boating and Paddling Week Proclamation

CITY MANAGER REPORT

APPEARANCES

CONSENT CALENDAR

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

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

AB 5414 Arts Council 2017 Annual Report and 2018 Work Plan

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

AB 5427 SE 40th Street Corridor Improvements Bid Award

AB 5426 2018 Arterial and Residential Street Overlays Bid Award

AB 5424 Groveland Park Repair and Shoreline Improvements Bid Award

REGULAR BUSINESS

- AB 5422 City's Financial Challenges: Review Community Advisory Group's Recommendations
- 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
- 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

OTHER BUSINESS

- Councilmember Absences
- Planning Schedule
- Board Appointments
- Councilmember Reports

ADJOURNMENT



REVISED
BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA

AB 5430
May 15, 2018
Regular Business

2018 BIENNIAL CITIZEN SATISFACTION SURVEY RESULTS	Action: Receive report and presentation from ETC Institute.	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	City Manager (Julie Underwood))
COUNCIL LIAISON	n/a
EXHIBITS	1. Cover Letter and Survey Instrument 2. 2018 Citizen Satisfaction Survey Results Report 3. 2018 Citizen Satisfaction Survey Results
2018-2019 CITY COUNCIL GOAL	2. Maintain QofL/Essential Services
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$	19,700
AMOUNT BUDGETED	\$	20,000
APPROPRIATION REQUIRED	\$	0

SUMMARY

Please Note: This agenda bill will be amended when the final results are received on Monday, May 14, 2018.

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. This year the City retained a new survey company, ETC Institute, from Olathe, Kansas. ETC Institute was founded in 1982 by Dr. Elaine Tatham to help local governments gather data from residents to enhance community planning. Since its founding, ETC Institute has completed research projects for clients in 49 states. This includes thousands of surveys, focus groups, and stakeholder meetings.

ETC Institute developed a sampling plan ensuring the completion of 400 surveys, which provides a precision of at least +/- 5% at the 95% level of confidence. To achieve this, approximately 2,000 surveys were mailed to randomly selected households across the City.

The mailed survey included a cover letter (on City letterhead) and provided the option of completing it in one of the following three ways (see Exhibit 1):

- By mail using a postage-paid return envelope, which was included with the survey;
- By going online to a website; the website URL was printed on the survey; and

- By calling a toll-free number, which was printed on the survey; ETC Institute will have interviewers who will answer inbound calls from residents who prefer to complete the survey by phone.

ETC Institute monitors the distribution of the sample to ensure that the sample reasonably reflects the demographic composition of the City regarding age, geographic dispersion, gender, ethnicity, and other factors.

ETC Institute's CEO Chris Tatham will present the survey findings at the May 15 Council Study Session via webinar.

RECOMMENDATION

City Manager

No action; receive report.



**CITY MANAGER'S OFFICE
CITY OF MERCER ISLAND, WASHINGTON**

9611 SE 36th Street | Mercer Island, WA 98040-3732

(206) 275-7600 | www.mercergov.org

April 17, 2018

Dear Mercer Island Resident,

Your participation in the enclosed survey is extremely important. We hope you'll take a few minutes to complete it. We believe it is crucial for the City of Mercer Island to hear directly from residents about their satisfaction with the services we provide, so that we can make the best decisions going forward.

Your household was one of a limited number on Mercer Island selected at random to receive this survey. ETC Institute, the survey company we have contracted with, will aggregate the results and will not disclose individual responses.

We greatly appreciate your time. We recognize that this survey takes some time to complete, but every page and question is essential. The time you invest in this survey will help us assess how well we are meeting Islanders' needs and influence decisions on many fronts, including our financial choices and service adjustments.

If there is more than one adult in your household, we encourage you to have a younger adult fill out the survey. This will help us hear from younger residents in our community, who are typically under-represented. Absent that, please have any adult in your household complete the survey.

Please return your survey or complete it online sometime during the next week. We have selected ETC Institute to administer this survey. ETC will present the results to the City in May. Please return your survey in the enclosed post-paid envelope addressed to ETC Institute, 725 W. Frontier Circle, Olathe, Kansas, 66061, or go to mercergovsurvey.org to complete the survey online.

If you have questions, please contact Ross Freeman, Communications Manager for the City of Mercer Island, at ross.freeman@mercergov.org or (206) 275-7662. Thanks again for taking the time to participate in this survey.

Sincerely,

Julie Thuy Underwood
City Manager
City of Mercer Island



2018 City of Mercer Island Community Survey

Please take a few minutes to complete this survey. Your input is an important part of the city's ongoing effort to provide quality services that the residents of Mercer Island need and value. If you have questions, please call Ross Freeman, Communications Manager, at 206-275-7662.

1. **Perceptions of Mercer Island.** Several items that may influence your perception of the City of Mercer Island are listed below. Please rate each item on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. Overall quality of services provided by the City of Mercer Island	5	4	3	2	1	9
2. Overall quality of life in the city	5	4	3	2	1	9
3. Overall quality of shopping and retail options on Mercer Island	5	4	3	2	1	9
4. Overall quality of dining options on Mercer Island	5	4	3	2	1	9
5. Overall feeling of safety in the city	5	4	3	2	1	9
6. Mercer Island as a place to live	5	4	3	2	1	9
7. Mercer Island as a place to raise children	5	4	3	2	1	9
8. Mercer Island as a place to retire	5	4	3	2	1	9
9. Mercer Island as a place to operate a business	5	4	3	2	1	9
10. Mercer Island as an inclusive community	5	4	3	2	1	9

2. **Major Categories of City Services.** Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with the overall quality of...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. Police services	5	4	3	2	1	9
2. Fire and emergency medical services	5	4	3	2	1	9
3. Emergency preparedness services	5	4	3	2	1	9
4. City parks, trails, and open-space	5	4	3	2	1	9
5. Maintenance of city streets and rights-of-way	5	4	3	2	1	9
6. Water, sewer, and stormwater utility services	5	4	3	2	1	9
7. Enforcement of city codes and ordinances	5	4	3	2	1	9
8. Youth and family services, which includes mental health services in public schools	5	4	3	2	1	9
9. Recreation programs and special events	5	4	3	2	1	9
10. Customer service you receive from city employees	5	4	3	2	1	9
11. Efforts to sustain environmental quality	5	4	3	2	1	9
12. City communications	5	4	3	2	1	9
13. Efforts by the city to regulate development on the Island	5	4	3	2	1	9
14. Permitting and inspection services (e.g. issuing building, electrical, plumbing, and mechanical permits)	5	4	3	2	1	9

- 2a. Which THREE of the major categories of city services listed above do you think should receive the MOST EMPHASIS from city leaders over the next TWO years? [Write in your answers below using the numbers from the list in Question 2.]

1st: _____ 2nd: _____ 3rd: _____

3. Public Safety. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. The visibility of police in the community	5	4	3	2	1	9
2. The city's overall efforts to prevent crime	5	4	3	2	1	9
3. Enforcement of local traffic laws	5	4	3	2	1	9
4. Parking enforcement services	5	4	3	2	1	9
5. How quickly police respond to emergencies	5	4	3	2	1	9
6. How quickly fire and rescue personnel respond to emergencies	5	4	3	2	1	9
7. Quality of animal control	5	4	3	2	1	9

3a. Which TWO of the items listed above do you think should receive the MOST EMPHASIS from city leaders over the next TWO years? [Write in your answers below using the numbers from the list in Question 3.]

1st: ____ 2nd: ____

4. Communication. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. The availability of information about city programs and services	5	4	3	2	1	9
2. City efforts to keep you informed about local issues	5	4	3	2	1	9
3. Overall quality of the content on the city's website	5	4	3	2	1	9
4. Ease of using the city's website	5	4	3	2	1	9
5. The level of public involvement in local decision making	5	4	3	2	1	9
6. Timeliness of information provided by the city	5	4	3	2	1	9

4a. Which TWO of the items listed above do you think should receive the MOST EMPHASIS from city leaders over the next TWO years? [Write in your answers below using the numbers from the list in Question 4.]

1st: ____ 2nd: ____

5. Streets and Infrastructure. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. Maintenance of city streets	5	4	3	2	1	9
2. Maintenance of streets in your neighborhood	5	4	3	2	1	9
3. Mowing and trimming along city streets and other public areas	5	4	3	2	1	9
4. Adequacy of city street lighting	5	4	3	2	1	9
5. Condition of sidewalks in the city	5	4	3	2	1	9
6. Condition of bicycle infrastructure in the city	5	4	3	2	1	9
7. Cleanliness of city streets and public areas	5	4	3	2	1	9
8. Maintenance of trees in public areas along city streets	5	4	3	2	1	9

5a. Which TWO of the items listed above do you think should receive the MOST EMPHASIS from city leaders over the next TWO years? [Write in your answers below using the numbers from the list in Question 5.]

1st: ____ 2nd: ____

6. Parks and Recreation. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. Availability of city parks	5	4	3	2	1	9
2. Condition of city parks	5	4	3	2	1	9
3. Condition of city beaches	5	4	3	2	1	9
4. Condition city docks	5	4	3	2	1	9
5. Availability of trails and open spaces	5	4	3	2	1	9
6. Condition of trails and open spaces	5	4	3	2	1	9
7. Condition of picnic shelters, playgrounds, restrooms in city parks	5	4	3	2	1	9
8. Condition of the city's outdoor athletic fields (e.g. baseball, soccer)	5	4	3	2	1	9
9. Community and Event Center hours of operation and programming	5	4	3	2	1	9
10. City recreation programs for youth, adults, and seniors	5	4	3	2	1	9
11. Special events sponsored by the city	5	4	3	2	1	9

6a. Which TWO of the items listed above do you think should receive the MOST EMPHASIS from city leaders over the next TWO years? [Write in your answers below using the numbers from the list in Question 6.]

1st: ____ 2nd: ____

7. Utility Services. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. Water services	5	4	3	2	1	9
2. Sewer services	5	4	3	2	1	9
3. Stormwater (flood prevention) services	5	4	3	2	1	9
4. Residential curbside trash services	5	4	3	2	1	9
5. Residential curbside yard/food waste services	5	4	3	2	1	9
6. Residential curbside recycling services	5	4	3	2	1	9
7. Spring and fall recycling events	5	4	3	2	1	9

7a. Which TWO of the items listed above do you think should receive the MOST EMPHASIS from city leaders over the next TWO years? [Write in your answers below using the numbers from the list in Question 7.]

1st: ____ 2nd: ____

8. Code Enforcement. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. Enforcing construction codes and permit requirements	5	4	3	2	1	9
2. Enforcing the clean-up of junk and debris on private property	5	4	3	2	1	9
3. Enforcing the exterior maintenance of residential property	5	4	3	2	1	9
4. Enforcing the exterior maintenance of commercial property	5	4	3	2	1	9

8a. Which TWO of the items listed above do you think should receive the MOST EMPHASIS from city leaders over the next TWO years? [Write in your answers below using the numbers from the list in Question 8.]

1st: ____ 2nd: ____

9. **Other Services.** Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. King County Library services	5	4	3	2	1	9
2. Timeliness of the city's permit review and inspections	5	4	3	2	1	9
3. Shopping at the city's Thrift Store (proceeds benefit Youth and Family Services)	5	4	3	2	1	9
4. The process for dropping off donations at the city's Thrift Store	5	4	3	2	1	9

10. **Transportation.** On a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied," please rate your satisfaction with following aspects of transportation in the City of Mercer Island.

How satisfied are you with...	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Don't Know
1. Availability of safe biking facilities on Mercer Island	5	4	3	2	1	9
2. Availability of safe walking facilities on Mercer Island	5	4	3	2	1	9
3. Access to public transportation on Mercer Island	5	4	3	2	1	9
4. Ease of travel between Mercer Island and Bellevue/Eastside	5	4	3	2	1	9
5. Ease of travel between Mercer Island and Seattle	5	4	3	2	1	9
6. Availability of commuter parking in Town Center	5	4	3	2	1	9
7. Availability of retail parking in Town Center	5	4	3	2	1	9

10a. Which TWO of the items listed above do you think should receive the MOST EMPHASIS from city leaders over the next TWO years? [Write in your answers below using the numbers from the list in Question 10.]

1st: _____ 2nd: _____

11. Where do you currently get news and information about city programs, services, and events? [Check all that apply.]

- | | |
|---|--|
| <input type="checkbox"/> (1) Mercer Island Weekly (city e-newsletter) | <input type="checkbox"/> (5) Cable TV or video streaming City Council meetings |
| <input type="checkbox"/> (2) City e-mail update service | <input type="checkbox"/> (6) Mercer Island Reporter |
| <input type="checkbox"/> (3) City website | <input type="checkbox"/> (7) Social Media (e.g. Facebook, Twitter, NextDoor) |
| <input type="checkbox"/> (4) Attending public meetings | <input type="checkbox"/> (8) Other: _____ |

12. Do you think Mercer Island is generally going in the right direction, or do you think it is generally going in the wrong direction?

- (1) Right direction (2) Wrong direction (9) Don't know

13. How would you rate the job Mercer Island city government does overall?

- (1) Excellent (2) Good (3) Fair (4) Poor (9) Don't know

14. How would you rate the job the City of Mercer Island is doing using tax dollars responsibly?

- (1) Excellent (2) Good (3) Fair (4) Poor (9) Don't know

15. Do you think the City of Mercer Island provides too many services, too few services, or about the right amount of services?

- | | |
|---|---|
| <input type="checkbox"/> (1) Too many services | <input type="checkbox"/> (3) Too few services |
| <input type="checkbox"/> (2) About the right amount of services | <input type="checkbox"/> (9) Don't know |

16. The City of Mercer Island currently forecasts a projected 6-year budget deficit because the cost of providing services is increasing at a rate faster than the growth in property tax revenue. If the city asked voters to approve a 6-year levy lid lift that would raise property taxes enough to avoid reductions in service levels, what is the maximum increase in property taxes that you would be willing to pay (based on a \$1.2 million median assessed value home)? [Check only ONE.]

- (1) Approximately \$28 per month (or \$331 annually) (3) Do not increase taxes [Skip to Q17.]
 (2) Approximately \$21 per month (or \$254 annually) (9) Don't know

16a. Would you be supportive of adding \$36 more per year to the levy if it were used to remodel and expand the city's Thrift Store? Improvements to the Thrift Store would generate enough revenue to fund Youth and Family Services, which will eliminate the need to fund these services from the city's general fund budget in the future.

- (1) Yes (2) No (9) Don't know

17. Approximately how many years have you lived on Mercer Island? _____ years

18. What is your age? _____ years

19. Are you Hispanic or Latino? (1) Yes (2) No

20. Which of the following best describe your race/ethnicity? [Check all that apply.]

- (1) African American (3) Native American (5) Other: _____
 (2) Asian/Pacific Islander (4) White

21. How many children under age 18 live in your household? [Enter "0" if none.] _____ children

22. What is your gender?

- (1) Male (2) Female (3) Transgender (4) I don't identify as male, female, or transgender

23. Would you say your total annual household income is...

- (1) Under \$50,000 (3) \$100,000 to \$199,999 (5) \$500,000 to \$999,999
 (2) \$50,000 to \$99,999 (4) \$200,000 to \$499,999 (6) \$1,000,000 or more

24. If you have any other comments you would like to share, please provide them below.

This concludes the survey – Thank you for your time!

Please return your completed survey in the enclosed postage-paid envelope addressed to:
ETC Institute, 725 W. Frontier Circle, Olathe, KS 66061

The information printed to the right will only be used to identify needs and priorities for residents in different areas of the city. If your address is incorrect, please provide the correct information. Thank you.



CITY OF MERCER ISLAND COMMUNITY SURVEY RESULTS

May 14, 2018

Jason Morado
[Email address]

Q1. Perceptions of Mercer Island. Several items that may influence your perception of the City of Mercer Island are listed below. Please rate each item on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q1-1. Overall quality of services provided by City of Mercer Island	22.6%	51.4%	17.6%	4.0%	0.8%	3.6%
Q1-2. Overall quality of life in City	41.4%	48.0%	7.4%	2.4%	0.2%	0.6%
Q1-3. Overall quality of shopping & retail options on Mercer Island	7.0%	28.8%	34.6%	20.6%	8.0%	1.0%
Q1-4. Overall quality of dining options on Mercer Island	4.0%	18.4%	34.4%	30.0%	11.2%	2.0%
Q1-5. Overall feeling of safety in City	52.2%	41.0%	5.4%	0.4%	0.2%	0.8%
Q1-6. Mercer Island as a place to live	56.4%	37.4%	4.2%	1.4%	0.0%	0.6%
Q1-7. Mercer Island as a place to raise children	56.2%	29.6%	4.2%	1.2%	0.4%	8.4%
Q1-8. Mercer Island as a place to retire	25.6%	25.0%	21.4%	11.6%	4.8%	11.6%
Q1-9. Mercer Island as a place to operate a business	3.8%	8.0%	27.2%	10.0%	5.0%	46.0%
Q1-10. Mercer Island as an inclusive community	13.4%	29.4%	35.4%	12.4%	3.2%	6.2%

WITHOUT DON'T KNOW

Q1. Perceptions of Mercer Island. Several items that may influence your perception of the City of Mercer Island are listed below. Please rate each item on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q1-1. Overall quality of services provided by City of Mercer Island	23.4%	53.3%	18.3%	4.1%	0.8%
Q1-2. Overall quality of life in City	41.6%	48.3%	7.4%	2.4%	0.2%
Q1-3. Overall quality of shopping & retail options on Mercer Island	7.1%	29.1%	34.9%	20.8%	8.1%
Q1-4. Overall quality of dining options on Mercer Island	4.1%	18.8%	35.1%	30.6%	11.4%
Q1-5. Overall feeling of safety in City	52.6%	41.3%	5.4%	0.4%	0.2%
Q1-6. Mercer Island as a place to live	56.7%	37.6%	4.2%	1.4%	0.0%
Q1-7. Mercer Island as a place to raise children	61.4%	32.3%	4.6%	1.3%	0.4%
Q1-8. Mercer Island as a place to retire	29.0%	28.3%	24.2%	13.1%	5.4%
Q1-9. Mercer Island as a place to operate a business	7.0%	14.8%	50.4%	18.5%	9.3%
Q1-10. Mercer Island as an inclusive community	14.3%	31.3%	37.7%	13.2%	3.4%

Q2. Major Categories of City Services. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q2-1. Police services	41.2%	41.0%	8.8%	3.2%	1.2%	4.6%
Q2-2. Fire & emergency medical services	54.6%	30.6%	4.2%	0.6%	0.0%	10.0%
Q2-3. Emergency preparedness services	29.2%	33.6%	13.2%	2.4%	0.6%	21.0%
Q2-4. City parks, trails, & open space	48.0%	37.8%	9.4%	2.8%	1.0%	1.0%
Q2-5. Maintenance of City streets & rights-of-way	26.8%	47.8%	16.4%	6.4%	2.0%	0.6%
Q2-6. Water, sewer, & stormwater utility services	21.8%	43.2%	20.8%	7.6%	3.4%	3.2%
Q2-7. Enforcement of City codes & ordinances	12.8%	28.8%	24.0%	10.4%	4.4%	19.6%
Q2-8. Youth & family services, which includes mental health services in public schools	25.4%	25.8%	18.6%	1.4%	0.6%	28.2%
Q2-9. Recreation programs & special events	24.4%	41.4%	21.2%	2.2%	0.4%	10.4%
Q2-10. Customer service you receive from City employees	24.6%	33.4%	20.2%	5.6%	0.6%	15.6%
Q2-11. Efforts to sustain environmental quality	21.8%	34.6%	26.2%	5.6%	2.4%	9.4%
Q2-12. City communications	19.6%	36.4%	27.0%	10.0%	1.2%	5.8%
Q2-13. Efforts by City to regulate development on the Island	8.4%	18.2%	27.8%	22.4%	15.6%	7.6%
Q2-14. Permitting & inspection services (e.g. issuing building, electrical, plumbing, & mechanical permits)	6.6%	18.4%	27.4%	9.4%	7.6%	30.6%

WITHOUT DON'T KNOW**Q2. Major Categories of City Services. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")**

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q2-1. Police services	43.2%	43.0%	9.2%	3.4%	1.3%
Q2-2. Fire & emergency medical services	60.7%	34.0%	4.7%	0.7%	0.0%
Q2-3. Emergency preparedness services	37.0%	42.5%	16.7%	3.0%	0.8%
Q2-4. City parks, trails, & open space	48.5%	38.2%	9.5%	2.8%	1.0%
Q2-5. Maintenance of City streets & rights-of-way	27.0%	48.1%	16.5%	6.4%	2.0%
Q2-6. Water, sewer, & stormwater utility services	22.5%	44.6%	21.5%	7.9%	3.5%
Q2-7. Enforcement of City codes & ordinances	15.9%	35.8%	29.9%	12.9%	5.5%
Q2-8. Youth & family services, which includes mental health services in public schools	35.4%	35.9%	25.9%	1.9%	0.8%
Q2-9. Recreation programs & special events	27.2%	46.2%	23.7%	2.5%	0.4%
Q2-10. Customer service you receive from City employees	29.1%	39.6%	23.9%	6.6%	0.7%
Q2-11. Efforts to sustain environmental quality	24.1%	38.2%	28.9%	6.2%	2.6%
Q2-12. City communications	20.8%	38.6%	28.7%	10.6%	1.3%
Q2-13. Efforts by City to regulate development on the Island	9.1%	19.7%	30.1%	24.2%	16.9%
Q2-14. Permitting & inspection services (e.g. issuing building, electrical, plumbing, & mechanical permits)	9.5%	26.5%	39.5%	13.5%	11.0%

Q2a. Which THREE of the major categories of City services listed in Question 2 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q2a. Top choice	Number	Percent
Police services	44	8.8 %
Fire & emergency medical services	27	5.4 %
Emergency preparedness services	21	4.2 %
City parks, trails, & open space	38	7.6 %
Maintenance of City streets & rights-of-way	38	7.6 %
Water, sewer, & stormwater utility services	38	7.6 %
Enforcement of City codes & ordinances	16	3.2 %
Youth & family services, which includes mental health services in public schools	21	4.2 %
Recreation programs & special events	4	0.8 %
Customer service you receive from City employees	7	1.4 %
Efforts to sustain environmental quality	24	4.8 %
City communications	8	1.6 %
Efforts by City to regulate development on the Island	127	25.4 %
Permitting & inspection services (e.g. issuing building, electrical, plumbing, & mechanical permits)	19	3.8 %
None chosen	68	13.6 %
Total	500	100.0 %

Q2a. Which THREE of the major categories of City services listed in Question 2 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q2a. 2nd choice	Number	Percent
Police services	21	4.2 %
Fire & emergency medical services	30	6.0 %
Emergency preparedness services	30	6.0 %
City parks, trails, & open space	47	9.4 %
Maintenance of City streets & rights-of-way	55	11.0 %
Water, sewer, & stormwater utility services	38	7.6 %
Enforcement of City codes & ordinances	18	3.6 %
Youth & family services, which includes mental health services in public schools	26	5.2 %
Recreation programs & special events	13	2.6 %
Customer service you receive from City employees	10	2.0 %
Efforts to sustain environmental quality	39	7.8 %
City communications	16	3.2 %
Efforts by City to regulate development on the Island	59	11.8 %
Permitting & inspection services (e.g. issuing building, electrical, plumbing, & mechanical permits)	22	4.4 %
None chosen	76	15.2 %
Total	500	100.0 %

Q2a. Which THREE of the major categories of City services listed in Question 2 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q2a. 3rd choice	Number	Percent
Police services	23	4.6 %
Fire & emergency medical services	16	3.2 %
Emergency preparedness services	31	6.2 %
City parks, trails, & open space	38	7.6 %
Maintenance of City streets & rights-of-way	36	7.2 %
Water, sewer, & stormwater utility services	31	6.2 %
Enforcement of City codes & ordinances	28	5.6 %
Youth & family services, which includes mental health services in public schools	25	5.0 %
Recreation programs & special events	28	5.6 %
Customer service you receive from City employees	5	1.0 %
Efforts to sustain environmental quality	43	8.6 %
City communications	21	4.2 %
Efforts by City to regulate development on the Island	50	10.0 %
Permitting & inspection services (e.g. issuing building, electrical, plumbing, & mechanical permits)	16	3.2 %
None chosen	109	21.8 %
Total	500	100.0 %

SUM OF TOP 3 CHOICES

Q2a. Which THREE of the major categories of City services listed in Question 2 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years? (top 3)

Q2a. Sum of Top 3 Choices	Number	Percent
Police services	88	17.6 %
Fire & emergency medical services	73	14.6 %
Emergency preparedness services	82	16.4 %
City parks, trails, & open space	123	24.6 %
Maintenance of City streets & rights-of-way	129	25.8 %
Water, sewer, & stormwater utility services	107	21.4 %
Enforcement of City codes & ordinances	62	12.4 %
Youth & family services, which includes mental health services in public schools	72	14.4 %
Recreation programs & special events	45	9.0 %
Customer service you receive from City employees	22	4.4 %
Efforts to sustain environmental quality	106	21.2 %
City communications	45	9.0 %
Efforts by City to regulate development on the Island	236	47.2 %
Permitting & inspection services (e.g. issuing building, electrical, plumbing, & mechanical permits)	57	11.4 %
None chosen	68	13.6 %
Total	1315	

Q3. Public Safety. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q3-1. Visibility of police in the community	37.8%	46.6%	11.6%	1.0%	1.0%	2.0%
Q3-2. City's overall efforts to prevent crime	30.0%	46.0%	12.8%	3.0%	0.8%	7.4%
Q3-3. Enforcement of local traffic laws	24.0%	43.6%	19.8%	5.6%	1.8%	5.2%
Q3-4. Parking enforcement services	15.2%	28.0%	25.2%	3.8%	2.2%	25.6%
Q3-5. How quickly police respond to emergencies	32.4%	31.4%	8.4%	1.4%	0.2%	26.2%
Q3-6. How quickly fire & rescue personnel respond to emergencies	43.4%	26.0%	5.4%	0.6%	0.0%	24.6%
Q3-7. Quality of animal control	11.8%	20.4%	22.6%	5.6%	2.8%	36.8%

WITHOUT DON'T KNOW

Q3. Public Safety. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q3-1. Visibility of police in the community	38.6%	47.6%	11.8%	1.0%	1.0%
Q3-2. City's overall efforts to prevent crime	32.4%	49.7%	13.8%	3.2%	0.9%
Q3-3. Enforcement of local traffic laws	25.3%	46.0%	20.9%	5.9%	1.9%
Q3-4. Parking enforcement services	20.4%	37.6%	33.9%	5.1%	3.0%
Q3-5. How quickly police respond to emergencies	43.9%	42.5%	11.4%	1.9%	0.3%
Q3-6. How quickly fire & rescue personnel respond to emergencies	57.6%	34.5%	7.2%	0.8%	0.0%
Q3-7. Quality of animal control	18.7%	32.3%	35.8%	8.9%	4.4%

Q3a. Which TWO of the items listed in Question 3 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q3a. Top choice	Number	Percent
Visibility of police in the community	54	10.8 %
City's overall efforts to prevent crime	190	38.0 %
Enforcement of local traffic laws	36	7.2 %
Parking enforcement services	33	6.6 %
How quickly police respond to emergencies	50	10.0 %
How quickly fire & rescue personnel respond to emergencies	28	5.6 %
Quality of animal control	26	5.2 %
None chosen	83	16.6 %
Total	500	100.0 %

Q3a. Which TWO of the items listed in Question 3 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q3a. 2nd choice	Number	Percent
Visibility of police in the community	41	8.2 %
City's overall efforts to prevent crime	77	15.4 %
Enforcement of local traffic laws	44	8.8 %
Parking enforcement services	24	4.8 %
How quickly police respond to emergencies	81	16.2 %
How quickly fire & rescue personnel respond to emergencies	89	17.8 %
Quality of animal control	24	4.8 %
None chosen	120	24.0 %
Total	500	100.0 %

SUM OF TOP 2 CHOICES

Q3a. Which TWO of the items listed in Question 3 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years? (top 2)

Q3a. Sum of Top 2 Choices	Number	Percent
Visibility of police in the community	95	19.0 %
City's overall efforts to prevent crime	267	53.4 %
Enforcement of local traffic laws	80	16.0 %
Parking enforcement services	57	11.4 %
How quickly police respond to emergencies	131	26.2 %
How quickly fire & rescue personnel respond to emergencies	117	23.4 %
Quality of animal control	50	10.0 %
None chosen	83	16.6 %
Total	880	

Q4. Communication. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q4-1. Availability of information about City programs & services	18.2%	45.2%	23.0%	6.2%	1.0%	6.4%
Q4-2. City efforts to keep you informed about local issues	16.6%	42.8%	23.6%	10.2%	3.0%	3.8%
Q4-3. Overall quality of content on City's website	10.8%	33.8%	28.6%	4.2%	1.2%	21.4%
Q4-4. Ease of using City's website	9.0%	30.6%	28.0%	8.8%	2.0%	21.6%
Q4-5. Level of public involvement in local decision making	7.6%	21.8%	28.2%	15.2%	11.0%	16.2%
Q4-6. Timeliness of information provided by City	9.4%	31.4%	32.4%	9.0%	4.0%	13.8%

WITHOUT DON'T KNOW

Q4. Communication. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q4-1. Availability of information about City programs & services	19.4%	48.3%	24.6%	6.6%	1.1%
Q4-2. City efforts to keep you informed about local issues	17.3%	44.5%	24.5%	10.6%	3.1%
Q4-3. Overall quality of content on City's website	13.7%	43.0%	36.4%	5.3%	1.5%
Q4-4. Ease of using City's website	11.5%	39.0%	35.7%	11.2%	2.6%
Q4-5. Level of public involvement in local decision making	9.1%	26.0%	33.7%	18.1%	13.1%
Q4-6. Timeliness of information provided by City	10.9%	36.4%	37.6%	10.4%	4.6%

Q4a. Which TWO of the items listed in Question 4 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q4a. Top choice	Number	Percent
Availability of information about City programs & services	62	12.4 %
City efforts to keep you informed about local issues	115	23.0 %
Overall quality of content on City's website	17	3.4 %
Ease of using City's website	37	7.4 %
Level of public involvement in local decision making	151	30.2 %
Timeliness of information provided by City	32	6.4 %
None chosen	86	17.2 %
Total	500	100.0 %

Q4a. Which TWO of the items listed in Question 4 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q4a. 2nd choice	Number	Percent
Availability of information about City programs & services	52	10.4 %
City efforts to keep you informed about local issues	100	20.0 %
Overall quality of content on City's website	28	5.6 %
Ease of using City's website	35	7.0 %
Level of public involvement in local decision making	72	14.4 %
Timeliness of information provided by City	88	17.6 %
None chosen	125	25.0 %
Total	500	100.0 %

SUM OF TOP 2 CHOICES

Q4a. Which TWO of the items listed in Question 4 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years? (top 2)

Q4a. Sum of Top 2 Choices	Number	Percent
Availability of information about City programs & services	114	22.8 %
City efforts to keep you informed about local issues	215	43.0 %
Overall quality of content on City's website	45	9.0 %
Ease of using City's website	72	14.4 %
Level of public involvement in local decision making	223	44.6 %
Timeliness of information provided by City	120	24.0 %
None chosen	86	17.2 %
Total	875	

Q5. Streets and Infrastructure. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q5-1. Maintenance of City streets	19.2%	54.0%	16.8%	6.6%	2.0%	1.4%
Q5-2. Maintenance of streets in your neighborhood	18.2%	47.0%	20.0%	8.6%	4.2%	2.0%
Q5-3. Mowing & trimming along City streets & other public areas	20.0%	50.4%	18.8%	7.0%	1.4%	2.4%
Q5-4. Adequacy of City street lighting	15.4%	38.6%	19.2%	19.4%	5.4%	2.0%
Q5-5. Condition of sidewalks in City	14.8%	42.8%	24.4%	10.0%	3.8%	4.2%
Q5-6. Condition of bicycle infrastructure in City	9.4%	25.2%	28.4%	14.2%	5.4%	17.4%
Q5-7. Cleanliness of City streets & public areas	29.2%	54.8%	12.0%	3.0%	0.2%	0.8%
Q5-8. Maintenance of trees in public areas along City streets	21.6%	52.6%	15.6%	6.8%	2.6%	0.8%

WITHOUT DON'T KNOW

Q5. Streets and Infrastructure. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q5-1. Maintenance of City streets	19.5%	54.8%	17.0%	6.7%	2.0%
Q5-2. Maintenance of streets in your neighborhood	18.6%	48.0%	20.4%	8.8%	4.3%
Q5-3. Mowing & trimming along City streets & other public areas	20.5%	51.6%	19.3%	7.2%	1.4%
Q5-4. Adequacy of City street lighting	15.7%	39.4%	19.6%	19.8%	5.5%
Q5-5. Condition of sidewalks in City	15.4%	44.7%	25.5%	10.4%	4.0%
Q5-6. Condition of bicycle infrastructure in City	11.4%	30.5%	34.4%	17.2%	6.5%
Q5-7. Cleanliness of City streets & public areas	29.4%	55.2%	12.1%	3.0%	0.2%
Q5-8. Maintenance of trees in public areas along City streets	21.8%	53.0%	15.7%	6.9%	2.6%

Q5a. Which TWO of the items listed in Question 5 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q5a. Top choice	Number	Percent
Maintenance of City streets	106	21.2 %
Maintenance of streets in your neighborhood	60	12.0 %
Mowing & trimming along City streets & other public areas	25	5.0 %
Adequacy of City street lighting	88	17.6 %
Condition of sidewalks in City	33	6.6 %
Condition of bicycle infrastructure in City	55	11.0 %
Cleanliness of City streets & public areas	22	4.4 %
Maintenance of trees in public areas along City streets	37	7.4 %
None chosen	74	14.8 %
Total	500	100.0 %

Q5a. Which TWO of the items listed in Question 5 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q5a. 2nd choice	Number	Percent
Maintenance of City streets	59	11.8 %
Maintenance of streets in your neighborhood	58	11.6 %
Mowing & trimming along City streets & other public areas	28	5.6 %
Adequacy of City street lighting	65	13.0 %
Condition of sidewalks in City	43	8.6 %
Condition of bicycle infrastructure in City	38	7.6 %
Cleanliness of City streets & public areas	46	9.2 %
Maintenance of trees in public areas along City streets	51	10.2 %
None chosen	112	22.4 %
Total	500	100.0 %

SUM OF TOP 2 CHOICES

Q5a. Which TWO of the items listed in Question 5 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years? (top 2)

Q5a. Sum of Top 2 Choices	Number	Percent
Maintenance of City streets	165	33.0 %
Maintenance of streets in your neighborhood	118	23.6 %
Mowing & trimming along City streets & other public areas	53	10.6 %
Adequacy of City street lighting	153	30.6 %
Condition of sidewalks in City	76	15.2 %
Condition of bicycle infrastructure in City	93	18.6 %
Cleanliness of City streets & public areas	68	13.6 %
Maintenance of trees in public areas along City streets	88	17.6 %
None chosen	74	14.8 %
Total	888	

Q6. Parks and Recreation. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q6-1. Availability of City parks	54.8%	37.4%	4.0%	0.8%	0.4%	2.6%
Q6-2. Condition of City parks	40.0%	46.2%	9.4%	1.2%	0.0%	3.2%
Q6-3. Condition of City beaches	24.4%	38.4%	16.8%	4.2%	0.2%	16.0%
Q6-4. Condition of City docks	16.8%	26.6%	20.4%	7.0%	0.8%	28.4%
Q6-5. Availability of trails & open spaces	41.4%	43.2%	8.2%	1.8%	0.4%	5.0%
Q6-6. Condition of trails & open spaces	35.0%	43.6%	11.4%	3.2%	0.4%	6.4%
Q6-7. Condition of picnic shelters, playgrounds, restrooms in City parks	24.4%	41.6%	17.4%	2.8%	0.2%	13.6%
Q6-8. Condition of City's outdoor athletic fields (e.g. baseball, soccer)	30.8%	37.0%	11.6%	0.8%	0.2%	19.6%
Q6-9. Community & Event Center hours of operation & programming	23.6%	35.8%	17.0%	2.8%	0.2%	20.6%
Q6-10. City recreation programs for youth, adults, & seniors	23.8%	32.2%	18.6%	3.0%	0.2%	22.2%
Q6-11. Special events sponsored by City	24.2%	37.2%	20.6%	2.2%	0.2%	15.6%

WITHOUT DON'T KNOW

Q6. Parks and Recreation. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q6-1. Availability of City parks	56.3%	38.4%	4.1%	0.8%	0.4%
Q6-2. Condition of City parks	41.3%	47.7%	9.7%	1.2%	0.0%
Q6-3. Condition of City beaches	29.0%	45.7%	20.0%	5.0%	0.2%
Q6-4. Condition of City docks	23.5%	37.2%	28.5%	9.8%	1.1%
Q6-5. Availability of trails & open spaces	43.6%	45.5%	8.6%	1.9%	0.4%
Q6-6. Condition of trails & open spaces	37.4%	46.6%	12.2%	3.4%	0.4%
Q6-7. Condition of picnic shelters, playgrounds, restrooms in City parks	28.2%	48.1%	20.1%	3.2%	0.2%
Q6-8. Condition of City's outdoor athletic fields (e.g. baseball, soccer)	38.3%	46.0%	14.4%	1.0%	0.2%
Q6-9. Community & Event Center hours of operation & programming	29.7%	45.1%	21.4%	3.5%	0.3%
Q6-10. City recreation programs for youth, adults, & seniors	30.6%	41.4%	23.9%	3.9%	0.3%
Q6-11. Special events sponsored by City	28.7%	44.1%	24.4%	2.6%	0.2%

Q6a. Which TWO of the items listed in Question 6 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q6a. Top choice	Number	Percent
Availability of City parks	54	10.8 %
Condition of City parks	75	15.0 %
Condition of City beaches	27	5.4 %
Condition of City docks	16	3.2 %
Availability of trails & open spaces	43	8.6 %
Condition of trails & open spaces	49	9.8 %
Condition of picnic shelters, playgrounds, restrooms in City parks	40	8.0 %
Condition of City's outdoor athletic fields (e.g. baseball, soccer)	10	2.0 %
Community & Event Center hours of operation & programming	21	4.2 %
City recreation programs for youth, adults, & seniors	37	7.4 %
Special events sponsored by City	18	3.6 %
None chosen	110	22.0 %
Total	500	100.0 %

Q6a. Which TWO of the items listed in Question 6 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q6a. 2nd choice	Number	Percent
Availability of City parks	23	4.6 %
Condition of City parks	55	11.0 %
Condition of City beaches	32	6.4 %
Condition of City docks	16	3.2 %
Availability of trails & open spaces	34	6.8 %
Condition of trails & open spaces	55	11.0 %
Condition of picnic shelters, playgrounds, restrooms in City parks	47	9.4 %
Condition of City's outdoor athletic fields (e.g. baseball, soccer)	12	2.4 %
Community & Event Center hours of operation & programming	157	31.4 %
City recreation programs for youth, adults, & seniors	36	7.2 %
Special events sponsored by City	33	6.6 %
Total	500	100.0 %

SUM OF TOP 2 CHOICES

Q6a. Which TWO of the items listed in Question 6 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years? (top 2)

<u>Q6a. Sum of Top 2 Choices</u>	<u>Number</u>	<u>Percent</u>
Availability of City parks	77	15.4 %
Condition of City parks	130	26.0 %
Condition of City beaches	59	11.8 %
Condition of City docks	32	6.4 %
Availability of trails & open spaces	77	15.4 %
Condition of trails & open spaces	104	20.8 %
Condition of picnic shelters, playgrounds, restrooms in City parks	87	17.4 %
Condition of City's outdoor athletic fields (e.g. baseball, soccer)	22	4.4 %
Community & Event Center hours of operation & programming	40	8.0 %
City recreation programs for youth, adults, & seniors	73	14.6 %
Special events sponsored by City	51	10.2 %
<u>None chosen</u>	<u>110</u>	<u>22.0 %</u>
Total	862	

Q7. Utility Services. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q7-1. Water services	25.8%	42.8%	14.0%	7.2%	4.8%	5.4%
Q7-2. Sewer services	27.6%	46.0%	14.2%	4.4%	2.0%	5.8%
Q7-3. Stormwater (flood prevention) services	23.0%	37.2%	18.4%	5.8%	2.2%	13.4%
Q7-4. Residential curbside trash services	33.0%	46.8%	11.4%	2.4%	0.4%	6.0%
Q7-5. Residential curbside yard/food waste services	32.0%	43.4%	12.4%	2.8%	1.0%	8.4%
Q7-6. Residential curbside recycling services	33.6%	43.2%	11.8%	3.2%	1.0%	7.2%
Q7-7. Spring & fall recycling events	33.0%	36.6%	13.8%	2.4%	0.0%	14.2%

WITHOUT DON'T KNOW

Q7. Utility Services. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q7-1. Water services	27.3%	45.2%	14.8%	7.6%	5.1%
Q7-2. Sewer services	29.3%	48.8%	15.1%	4.7%	2.1%
Q7-3. Stormwater (flood prevention) services	26.6%	43.0%	21.2%	6.7%	2.5%
Q7-4. Residential curbside trash services	35.1%	49.8%	12.1%	2.6%	0.4%
Q7-5. Residential curbside yard/food waste services	34.9%	47.4%	13.5%	3.1%	1.1%
Q7-6. Residential curbside recycling services	36.2%	46.6%	12.7%	3.4%	1.1%
Q7-7. Spring & fall recycling events	38.5%	42.7%	16.1%	2.8%	0.0%

Q7a. Which TWO of the items listed in Question 7 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

<u>Q7a. Top choice</u>	<u>Number</u>	<u>Percent</u>
Water services	153	30.6 %
Sewer services	26	5.2 %
Stormwater (flood prevention) services	81	16.2 %
Residential curbside trash services	28	5.6 %
Residential curbside yard/food waste services	16	3.2 %
Residential curbside recycling services	15	3.0 %
Spring & fall recycling events	54	10.8 %
None chosen	127	25.4 %
Total	500	100.0 %

Q7a. Which TWO of the items listed in Question 7 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

<u>Q7a. 2nd choice</u>	<u>Number</u>	<u>Percent</u>
Water services	64	12.8 %
Sewer services	107	21.4 %
Stormwater (flood prevention) services	52	10.4 %
Residential curbside trash services	21	4.2 %
Residential curbside yard/food waste services	25	5.0 %
Residential curbside recycling services	30	6.0 %
Spring & fall recycling events	34	6.8 %
None chosen	167	33.4 %
Total	500	100.0 %

SUM OF TOP 2 CHOICES

Q7a. Which TWO of the items listed in Question 7 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years? (top 2)

<u>Q7a. Sum of Top 2 Choices</u>	<u>Number</u>	<u>Percent</u>
Water services	217	43.4 %
Sewer services	133	26.6 %
Stormwater (flood prevention) services	133	26.6 %
Residential curbside trash services	49	9.8 %
Residential curbside yard/food waste services	41	8.2 %
Residential curbside recycling services	45	9.0 %
Spring & fall recycling events	88	17.6 %
None chosen	127	25.4 %
Total	833	

Q8. Code Enforcement. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q8-1. Enforcing construction codes & permit requirements	6.0%	17.2%	23.0%	11.6%	6.8%	35.4%
Q8-2. Enforcing mowing & cutting of weeds & grass on private property	5.6%	16.4%	28.6%	10.8%	4.6%	34.0%
Q8-3. Enforcing exterior maintenance of residential property	7.0%	17.4%	30.4%	7.2%	2.8%	35.2%
Q8-4. Enforcing exterior maintenance of commercial property	8.6%	21.4%	28.8%	4.0%	1.0%	36.2%

WITHOUT DON'T KNOW

Q8. Code Enforcement. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q8-1. Enforcing construction codes & permit requirements	9.3%	26.6%	35.6%	18.0%	10.5%
Q8-2. Enforcing mowing & cutting of weeds & grass on private property	8.5%	24.8%	43.3%	16.4%	7.0%
Q8-3. Enforcing exterior maintenance of residential property	10.8%	26.9%	46.9%	11.1%	4.3%
Q8-4. Enforcing exterior maintenance of commercial property	13.5%	33.5%	45.1%	6.3%	1.6%

Q8a. Which TWO of the items listed in Question 8 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q8a. Top choice	Number	Percent
Enforcing construction codes & permit requirements	162	32.4 %
Enforcing mowing & cutting of weeds & grass on private property	102	20.4 %
Enforcing exterior maintenance of residential property	34	6.8 %
Enforcing exterior maintenance of commercial property	28	5.6 %
None chosen	174	34.8 %
Total	500	100.0 %

Q8a. Which TWO of the items listed in Question 8 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q8a. 2nd choice	Number	Percent
Enforcing construction codes & permit requirements	39	7.8 %
Enforcing mowing & cutting of weeds & grass on private property	96	19.2 %
Enforcing exterior maintenance of residential property	62	12.4 %
Enforcing exterior maintenance of commercial property	85	17.0 %
None chosen	218	43.6 %
Total	500	100.0 %

SUM OF TOP 2 CHOICES

Q8a. Which TWO of the items listed in Question 8 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years? (top 2)

Q8a. Sum of Top 2 Choices	Number	Percent
Enforcing construction codes & permit requirements	201	40.2 %
Enforcing mowing & cutting of weeds & grass on private property	198	39.6 %
Enforcing exterior maintenance of residential property	96	19.2 %
Enforcing exterior maintenance of commercial property	113	22.6 %
None chosen	174	34.8 %
Total	782	

Q9. Other Services. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied."

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q9-1. King County library services	52.8%	26.2%	8.8%	2.6%	0.6%	9.0%
Q9-2. Timeliness of City's permit review & inspections	6.2%	13.4%	22.8%	8.4%	5.0%	44.2%
Q9-3. Shopping at City's Thrift Store (proceeds benefit Youth & Family Services)	34.4%	35.0%	13.0%	2.2%	0.4%	15.0%
Q9-4. Process for dropping off donations at City's Thrift Store	32.2%	34.6%	15.0%	5.6%	1.6%	11.0%

WITHOUT DON'T KNOW

Q9. Other Services. Please rate each of the following on a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied." (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q9-1. King County library services	58.0%	28.8%	9.7%	2.9%	0.7%
Q9-2. Timeliness of City's permit review & inspections	11.1%	24.0%	40.9%	15.1%	9.0%
Q9-3. Shopping at City's Thrift Store (proceeds benefit Youth & Family Services)	40.5%	41.2%	15.3%	2.6%	0.5%
Q9-4. Process for dropping off donations at City's Thrift Store	36.2%	38.9%	16.9%	6.3%	1.8%

Q10. Transportation. On a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied," please rate your satisfaction with following aspects of transportation in the City of Mercer Island.

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Don't know
Q10-1. Availability of safe biking facilities on Mercer Island	11.4%	21.8%	25.2%	17.8%	3.8%	20.0%
Q10-2. Availability of safe walking facilities on Mercer Island	17.8%	41.2%	21.2%	13.0%	4.2%	2.6%
Q10-3. Access to public transportation on Mercer Island	9.4%	21.4%	24.8%	25.0%	11.0%	8.4%
Q10-4. Ease of travel between Mercer Island & Bellevue/Eastside	12.2%	39.0%	25.2%	15.2%	5.2%	3.2%
Q10-5. Ease of travel between Mercer Island & Seattle	10.4%	29.6%	20.6%	24.8%	12.0%	2.6%
Q10-6. Availability of commuter parking in Town Center	4.4%	8.2%	15.8%	26.4%	32.8%	12.4%
Q10-7. Availability of retail parking in Town Center	10.0%	35.4%	23.6%	19.2%	9.6%	2.2%

WITHOUT DON'T KNOW

Q10. Transportation. On a scale of 1 to 5, where 5 means "Very Satisfied" and 1 means "Very Dissatisfied," please rate your satisfaction with following aspects of transportation in the City of Mercer Island. (without "don't know")

(N=500)

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Q10-1. Availability of safe biking facilities on Mercer Island	14.3%	27.3%	31.5%	22.3%	4.8%
Q10-2. Availability of safe walking facilities on Mercer Island	18.3%	42.3%	21.8%	13.3%	4.3%
Q10-3. Access to public transportation on Mercer Island	10.3%	23.4%	27.1%	27.3%	12.0%
Q10-4. Ease of travel between Mercer Island & Bellevue/Eastside	12.6%	40.3%	26.0%	15.7%	5.4%
Q10-5. Ease of travel between Mercer Island & Seattle	10.7%	30.4%	21.1%	25.5%	12.3%
Q10-6. Availability of commuter parking in Town Center	5.0%	9.4%	18.0%	30.1%	37.4%
Q10-7. Availability of retail parking in Town Center	10.2%	36.2%	24.1%	19.6%	9.8%

Q10a. Which TWO of the items listed in Question 10 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q10a. Top choice	Number	Percent
Availability of safe biking facilities on Mercer Island	38	7.6 %
Availability of safe walking facilities on Mercer Island	46	9.2 %
Access to public transportation on Mercer Island	80	16.0 %
Ease of travel between Mercer Island & Bellevue/Eastside	34	6.8 %
Ease of travel between Mercer Island & Seattle	74	14.8 %
Availability of commuter parking in Town Center	150	30.0 %
Availability of retail parking in Town Center	24	4.8 %
None chosen	54	10.8 %
Total	500	100.0 %

Q10a. Which TWO of the items listed in Question 10 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years?

Q10a. 2nd choice	Number	Percent
Availability of safe biking facilities on Mercer Island	48	9.6 %
Availability of safe walking facilities on Mercer Island	39	7.8 %
Access to public transportation on Mercer Island	62	12.4 %
Ease of travel between Mercer Island & Bellevue/Eastside	47	9.4 %
Ease of travel between Mercer Island & Seattle	78	15.6 %
Availability of commuter parking in Town Center	82	16.4 %
Availability of retail parking in Town Center	66	13.2 %
None chosen	78	15.6 %
Total	500	100.0 %

SUM OF TOP 2 CHOICES

Q10a. Which TWO of the items listed in Question 10 do you think should receive the MOST EMPHASIS from City leaders over the next TWO years? (top 2)

Q10a. Sum of Top 2 Choices	Number	Percent
Availability of safe biking facilities on Mercer Island	86	17.2 %
Availability of safe walking facilities on Mercer Island	85	17.0 %
Access to public transportation on Mercer Island	142	28.4 %
Ease of travel between Mercer Island & Bellevue/Eastside	81	16.2 %
Ease of travel between Mercer Island & Seattle	152	30.4 %
Availability of commuter parking in Town Center	232	46.4 %
Availability of retail parking in Town Center	90	18.0 %
None chosen	54	10.8 %
Total	922	

Q11. Where do you currently get news and information about City programs, services, and events?

<u>Q11. Where do you currently get news & information about City programs, services, & events</u>	<u>Number</u>	<u>Percent</u>
Mercer Island Weekly (City e-newsletter)	191	38.2 %
City e-mail update service	149	29.8 %
City website	159	31.8 %
Attending public meetings	68	13.6 %
Cable TV or video streaming City Council meetings	62	12.4 %
Mercer Island Reporter	266	53.2 %
Social media (e.g. Facebook, Twitter, NextDoor)	237	47.4 %
Other	46	9.2 %
Total	1178	

Q11. Other

<u>Q11. Other</u>	<u>Number</u>	<u>Percent</u>
Word of mouth	8	17.4 %
Mails	6	13.0 %
Neighbors	4	8.7 %
Friends	4	8.7 %
Community Center	2	4.3 %
Nextdoor	2	4.3 %
Friends and neighbors	2	4.3 %
Flyers	2	4.3 %
Letters. Did not know there is e-newsletter, email or website	1	2.2 %
My cycling group	1	2.2 %
Seattle Times	1	2.2 %
Chamber of Commerce	1	2.2 %
MI PATACH	1	2.2 %
Newspaper	1	2.2 %
Postings in city lobby	1	2.2 %
Other residents	1	2.2 %
Elected officials	1	2.2 %
Hate Nextdoor	1	2.2 %
Nextdoor terrace emails	1	2.2 %
Starbucks Center	1	2.2 %
Emails from city council member	1	2.2 %
Instagram for younger population	1	2.2 %
City Mailers	1	2.2 %
Informational email	1	2.2 %
Total	46	100.0 %

Q12. Do you think Mercer Island is generally going in the right direction, or do you think it is generally going in the wrong direction?

Q12. Do you think Mercer Island is generally going in the right direction, or do you think it is generally going in the wrong direction

	Number	Percent
Right direction	277	55.4 %
Wrong direction	123	24.6 %
Don't know	100	20.0 %
Total	500	100.0 %

WITHOUT DON'T KNOW

Q12. Do you think Mercer Island is generally going in the right direction, or do you think it is generally going in the wrong direction? (without "don't know")

Q12. Do you think Mercer Island is generally going in the right direction, or do you think it is generally going in the wrong direction

	Number	Percent
Right direction	277	69.3 %
Wrong direction	123	30.8 %
Total	400	100.0 %

Q13. How would you rate the job Mercer Island City government does overall?

Q13. How would you rate the job Mercer Island City government does overall	Number	Percent
Excellent	69	13.8 %
Good	217	43.4 %
Fair	122	24.4 %
Poor	61	12.2 %
Don't know	31	6.2 %
Total	500	100.0 %

WITHOUT DON'T KNOW

Q13. How would you rate the job Mercer Island City government does overall? (without "don't know")

Q13. How would you rate the job Mercer Island City government does overall	Number	Percent
Excellent	69	14.7 %
Good	217	46.3 %
Fair	122	26.0 %
Poor	61	13.0 %
Total	469	100.0 %

Q14. How would you rate the job the City of Mercer Island is doing using tax dollars responsibly?

Q14. How would you rate the job City of Mercer Island is doing using tax dollars responsibly	Number	Percent
Excellent	47	9.4 %
Good	146	29.2 %
Fair	116	23.2 %
Poor	113	22.6 %
Don't know	78	15.6 %
Total	500	100.0 %

WITHOUT DON'T KNOW

Q14. How would you rate the job the City of Mercer Island is doing using tax dollars responsibly? (without "don't know")

Q14. How would you rate the job City of Mercer Island is doing using tax dollars responsibly	Number	Percent
Excellent	47	11.1 %
Good	146	34.6 %
Fair	116	27.5 %
Poor	113	26.8 %
Total	422	100.0 %

Q15. Do you think the City of Mercer Island provides too many services, too few services, or about the right amount of services?

Q15. Do you think City of Mercer Island provides too many services, too few services, or about right amount of services

	Number	Percent
Too many services	58	11.6 %
About right amount of services	324	64.8 %
Too few services	27	5.4 %
Don't know	91	18.2 %
Total	500	100.0 %

WITHOUT DON'T KNOW

Q15. Do you think the City of Mercer Island provides too many services, too few services, or about the right amount of services? (without "don't know")

Q15. Do you think City of Mercer Island provides too many services, too few services, or about right amount of services

	Number	Percent
Too many services	58	14.2 %
About right amount of services	324	79.2 %
Too few services	27	6.6 %
Total	409	100.0 %

Q16. The City of Mercer Island currently forecasts a projected 6-year budget deficit because the cost of providing services is increasing at a rate faster than the growth in property tax revenue. If the city asked voters to approve a 6-year levy lid lift that would raise property taxes enough to avoid reductions in service levels, what is the maximum increase in property taxes that you would be willing to pay (based on a \$1.2 million median assessed value home)?

Q16. What is the maximum increase in property taxes that you would be willing to pay	Number	Percent
Approximately \$28 per month (or \$331 annually)	90	18.0 %
Approximately \$21 per month (or \$254 annually)	123	24.6 %
Do not increase taxes	224	44.8 %
Don't know	63	12.6 %
Total	500	100.0 %

WITHOUT DON'T KNOW

Q16. The City of Mercer Island currently forecasts a projected 6-year budget deficit because the cost of providing services is increasing at a rate faster than the growth in property tax revenue. If the city asked voters to approve a 6-year levy lid lift that would raise property taxes enough to avoid reductions in service levels, what is the maximum increase in property taxes that you would be willing to pay (based on a \$1.2 million median assessed value home)? (without "don't know")

Q16. What is the maximum increase in property taxes that you would be willing to pay	Number	Percent
Approximately \$28 per month (or \$331 annually)	90	20.6 %
Approximately \$21 per month (or \$254 annually)	123	28.1 %
Do not increase taxes	224	51.3 %
Total	437	100.0 %

Q16a. Would you be supportive of adding \$36 more per year to the levy if it were used to remodel and expand the City's Thrift Store? Improvements to the Thrift Store would generate enough revenue to fund Youth and Family Services, which will eliminate the need to fund these services from the City's general fund budget in the future.

Q16a. Would you be supportive of adding \$36 more per year to the levy if it were used to remodel & expand City's Thrift Store

	Number	Percent
Yes	121	56.8 %
No	57	26.8 %
Don't know	35	16.4 %
Total	213	100.0 %

WITHOUT DON'T KNOW

Q16a. Would you be supportive of adding \$36 more per year to the levy if it were used to remodel and expand the City's Thrift Store? Improvements to the Thrift Store would generate enough revenue to fund Youth and Family Services, which will eliminate the need to fund these services from the City's general fund budget in the future. (without "don't know")

Q16a. Would you be supportive of adding \$36 more per year to the levy if it were used to remodel & expand City's Thrift Store

	Number	Percent
Yes	121	68.0 %
No	57	32.0 %
Total	178	100.0 %

Q17. Approximately how many years have you lived on Mercer Island?

Q17. How many years have you lived on Mercer Island	Number	Percent
0-5	88	17.6 %
6-10	54	10.8 %
11-15	62	12.4 %
16-20	56	11.2 %
21-30	90	18.0 %
31+	145	29.0 %
Not provided	5	1.0 %
Total	500	100.0 %

Q18. What is your age?

Q18. Your age	Number	Percent
18-34	78	15.6 %
35-44	81	16.2 %
45-54	97	19.4 %
55-64	112	22.4 %
65+	117	23.4 %
Not provided	15	3.0 %
Total	500	100.0 %

Q19. Are you Hispanic or Latino?

Q19. Are you Hispanic or Latino	Number	Percent
Yes	17	3.4 %
No	478	95.6 %
Not provided	5	1.0 %
Total	500	100.0 %

Q20. Which of the following best describe your race/ethnicity?

<u>Q20. Your race/ethnicity</u>	<u>Number</u>	<u>Percent</u>
African American	9	1.8 %
Asian/Pacific Islander	101	20.2 %
Native American	8	1.6 %
White	388	77.6 %
Other	12	2.4 %
Total	518	

Q20. Other

<u>Q20. Other</u>	<u>Number</u>	<u>Percent</u>
Indian	1	11.1 %
Norwegian	1	11.1 %
Bi-racial	1	11.1 %
Hispanic	1	11.1 %
Latino	1	11.1 %
Hispanic/Mexican	1	11.1 %
South Asian	1	11.1 %
Middle Eastern	1	11.1 %
African	1	11.1 %
Total	9	100.0 %

Q21. How many children under age 18 live in your household?

<u>Q21. How many children under age 18 live in your household</u>	<u>Number</u>	<u>Percent</u>
0	333	66.6 %
1	48	9.6 %
2	83	16.6 %
3	20	4.0 %
4	4	0.8 %
5	1	0.2 %
Not provided	11	2.2 %
Total	500	100.0 %

Q22. What is your gender?

<u>Q22. Your gender</u>	<u>Number</u>	<u>Percent</u>
Male	235	47.0 %
Female	251	50.2 %
Transgender	2	0.4 %
I don't identify as male, female, or transgender	1	0.2 %
Not provided	11	2.2 %
Total	500	100.0 %

Q23. Would you say your total annual household income is...

<u>Q23. Your total annual household income</u>	<u>Number</u>	<u>Percent</u>
Under \$50K	38	7.6 %
\$50K to \$99,999	77	15.4 %
\$100K to \$199,999	122	24.4 %
\$200K to \$499,999	130	26.0 %
\$500K to \$999,999	46	9.2 %
\$1,000K+	23	4.6 %
Not provided	64	12.8 %
Total	500	100.0 %



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5425
May 15, 2018
Special Business**

NATIONAL GUN VIOLENCE AWARENESS DAY PROCLAMATION	Action: Proclaim the First of June as National Gun Violence Awareness Day in the City of Mercer Island.	<input type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	City Manager (Julie Underwood)
COUNCIL LIAISON	n/a
EXHIBITS	1. National Gun Violence Awareness Day Proclamation
2018-2019 CITY COUNCIL GOAL	3. Sustainability and Livability
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

This proclamation declares June 1, 2018 to be National Gun Violence Awareness Day in the City of Mercer Island to honor and remember all victims and survivors of gun violence and to declare that we as a country must do more to reduce gun violence.

National Gun Violence Awareness Day honors the life of Hadiya Pendleton. Hadiya was killed by gunfire in her hometown of Chicago when she was just 15 years old, and just weeks after she marched in President Obama’s second inaugural parade. Orange is the color that Hadiya Pendleton’s friends wore in her honor. Today, Hadiya’s family and friends ask communities to stand up, speak out, and Wear Orange on June 1st (Hadiya’s birthday) to raise awareness about gun violence.

Wearing the color orange was inspired by a group of Hadiya’s friends, who asked their classmates to commemorate her life by wearing orange; they chose this color because hunters wear orange to announce themselves to other hunters when out in the woods and orange is a color that symbolizes the value of human life.

Accepting this proclamation on behalf of the community is Mercer Island resident Debi Gerstel. Ms. Gerstel has been a resident of Mercer Island since 2014. She is one of the co-founders of the Moms Demand Action chapter of Mercer Island and is an active member of the Mercer Island community, regularly volunteering with the arts and the school district.

Moms Demand Action for Gun Sense in America is among the organizations that recognize this important day. Moms Demand Action is a national, grass-roots organization working to reduce preventable gun violence in Washington communities and the US. The organization advocates for common-sense gun

legislation and encourages safe storage of firearms through the BeSMART education program. This program also empowers survivors of gun violence to share their stories through the Everytown Survivor Network.

Joining mayors all over Washington and the United States, Mayor Debbie Bertlin is proclaiming June 1st National Gun Violence Awareness Day in Mercer Island.

RECOMMENDATION

City Manager

Mayor presents the proclamation and proclaims June 1, 2018 as National Gun Violence Awareness Day in the City of Mercer Island.



City of Mercer Island, Washington

Proclamation

WHEREAS, every day, 96 Americans are killed by gun violence and on average there are nearly 13,000 gun homicides every year; and

WHEREAS, Americans are 25 times more likely to be killed with guns than people in other developed countries; and

WHEREAS, protecting public safety in the communities they serve is elected officials' highest responsibility; and

WHEREAS, support for the Second Amendment rights of law-abiding citizens goes hand-in-hand with keeping guns away from dangerous people; and

WHEREAS, elected officials and law enforcement officers know their communities best, are the most familiar with local criminal activity and how to address it, and are best positioned to understand how to keep their citizens safe; and

WHEREAS, we renew our commitment to reduce gun violence and pledge to do all we can to keep firearms out of the wrong hands and encourage responsible gun ownership to help keep our children safe.

NOW, THEREFORE, I, Debbie Bertlin, Mayor of the City of Mercer Island, do hereby proclaim the first Friday in June, June 1, 2018, to be

NATIONAL GUN VIOLENCE AWARENESS DAY

in the City of Mercer Island. I encourage all citizens to support their local communities' efforts to prevent the tragic effects of gun violence and to honor and value human lives.

APPROVED, this 15th day of May 2018

Mayor Debbie Bertlin



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5429
May 15, 2018
Special Business**

NATIONAL SAFE BOATING & PADDLING WEEK	Action: Proclaim May 19-25, 2018 as National Safe Boating & Paddling Week in the City of Mercer Island	<input type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	Police (Ed Holmes)
COUNCIL LIAISON	n/a
EXHIBITS	1. National Safe Boating & Paddling Week Proclamation
2018-2019 CITY COUNCIL GOAL	3. Sustainability and Livability
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

For nearly 90 million Americans, boating continues to be a popular recreational activity. From coast to coast, and everywhere in between, people are taking to the water and enjoying time together boating, sailing, paddling and fishing. During National Safe Boating Week, the U.S. Coast Guard, the Washington State Parks Boating Program, and the Mercer Island Police Marine Patrol encourage all boaters to explore and enjoy America’s beautiful waters responsibly.

Safe boating begins with preparation. The Coast Guard estimates that human error accounts for 70 percent of all boating accidents and that life jackets could prevent more than 80 percent of boating fatalities. Through basic boating safety procedures that include carrying lifesaving emergency distress and communications equipment, wearing life jackets, attending safe boating courses, participating in free boat safety checks, and staying sober when navigating, we can help ensure boaters on America’s coastal, inland, and offshore waters stay safe throughout the season.

National Safe Boating Week is observed to bring attention to important life-saving tips for recreational boaters so that they can have a safer, more fun experience out on the water throughout the year.

To accept the proclamation on behalf of the community, Mercer Island resident, Tom Heltzel, will be at the meeting.

Tom Heltzel has been a Mercer Island resident for 40 years. Tom has been involved with both sail and power boating for the past 50 years. He has been a windsurfer for the past 30 years and recently started paddle boarding. Tom was very involved with establishing and providing boating safety education to island youth through informal programs at the Mercer Island Beach Club for the past 40 years. In 1999 Tom was

part of the Airport Noise Advisory Steering Committee that was selected as the Mercer Island Citizens of the Year. We appreciate Tom's service to the community and his commitment to boating safety and education.

RECOMMENDATION

Police Chief

MOVE TO: Mayor presents the proclamation and proclaims May 19-25, 2018 as National Safe Boating & Paddling Week in the City of Mercer Island.



The City of Mercer Island, Washington

Proclamation

WHEREAS, on average, 700 people die each year in boating related accidents in the U.S., with the vast majority of those accidents caused by human error and poor judgment and not by the boat, equipment, or environmental factors; and

WHEREAS, a significant number of boaters who lose their lives by drowning each year would be alive today had they worn their life jackets; and

WHEREAS, the City of Mercer Island is completely surrounded by Lake Washington; and

WHEREAS, a large number of Mercer Island's residents of all ages engage in recreational boating; and

WHEREAS, the mission of the United States Coast Guard Auxiliary and the Mercer Island Marine Patrol is to promote and improve recreational boating safety by teaching boating safety courses and conducting vessel safety checks;

NOW, THEREFORE, I, Mayor Debbie Bertlin do hereby proclaim May 19-25, 2018, as

SAFE BOATING & PADDLING WEEK

and encourage all of Mercer Island's residents to dedicate themselves to learning about and practicing safe boating, including wearing life jackets.

APPROVED, May 15, 2018

Debbie Bertlin, Mayor

CERTIFICATION OF CLAIMS

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.

Charles L. Corder

Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date

<u>Report</u>	<u>Warrants</u>	<u>Date</u>	<u>Amount</u>
Check Register	192569 -192651	5/3/2018	\$ 138,851.53
			\$ 138,851.53

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: 001000 - General Fund-Admin Key</i>				
P0099163	00192574	ANTONIUS, ANASTASIA	Rental FA-0589 cancelled. Retu	978.00
P0099153	00192623	NCL-LAKE WA CHAPTER	Rental FA-0157 completed. Retu	170.00
P0099152	00192612	KING COUNTY PUBLIC HEALTH	Rental FA-0167 completed. Retu	150.00
P0099214	00192638	SHAH, MONICA	Rental FA-0874 completed. Retu	57.50
P0099164	00192576	BARABAN, HARVEY	FA-0117 rental completed. Retu	50.00
P0099151	00192608	KCSC - JUVENILE COURT SERVICES	Rental FA-0678 completed. Retu	50.00
P0099213	00192635	SCHOOL'S OUT WASHINGTON	Rental FA-0698 completed. Retu	50.00
P0099218	00192637	SEATTLE FOLK DANCE CLUB	Rental FA-0129 completed. Retu	50.00
<i>Org Key: 402000 - Water Fund-Admin Key</i>				
P0099158	00192643	SUPPLY SOURCE INC,THE	INVENTORY PURCHASES	1,097.01
P0099202	00192590	EXCEL SUPPLY COMPANY	INVENTORY PURCHASES	586.19
	00192591	FAZILAT PROPERTIES LLC	OVERPAYMENT REFUND	354.50
P0099162	00192570	A.M. LEONARD INC	INVENTORY PURCHASES	325.97
P0099110	00192573	ALPINE PRODUCTS INC	INVENTORY PURCHASES	324.50
	00192610	KIEWIT-HOFFMAN EAST LINK CONST	OVERPAYMENT REFUND	281.06
P0099101	00192594	GRAINGER	INVENTORY PURCHASES	305.55
	00192634	SAPORTA, STULL & D	OVERPAYMENT REFUND	9.62
<i>Org Key: CA1200 - Prosecution & Criminal Mngmnt</i>				
P0099168	00192600	HONEYWELL, MATTHEW V	Professional services - Invoice	800.00
P0099168	00192600	HONEYWELL, MATTHEW V	Professional services - Invoice	400.00
<i>Org Key: CM1100 - Administration (CM)</i>				
P0099261	00192648	VERIZON WIRELESS	VZ Billing J. Underwood	57.96
<i>Org Key: CR1100 - CORe Admin and Human Resources</i>				
P0099261	00192648	VERIZON WIRELESS	VZ Billing K. Segle	40.01
P0099261	00192648	VERIZON WIRELESS	VZ Billing L. Tawney	40.01
<i>Org Key: DS0000 - Development Services-Revenue</i>				
	00192632	PROVIDENT ELECTRIC	PERMIT REFUND	129.55
	00192589	EVERGREEN HOME HEATING & ENGY	PERMIT REFUND	100.48
	00192589	EVERGREEN HOME HEATING & ENGY	PERMIT REFUND	100.48
	00192595	GREENWOOD HEATING & A/C	PERMIT REFUND	100.48
	00192628	PK ELECTRIC CONTRACTORS CO	PERMIT REFUND	100.48
	00192571	ADT LLC	PERMIT REFUND	96.80
	00192571	ADT LLC	PERMIT REFUND	96.80
	00192571	ADT LLC	PERMIT REFUND	96.80
	00192571	ADT LLC	PERMIT REFUND	96.80
	00192647	UNITY ELECTRIC	LPERMIT REFUND	96.80
	00192647	UNITY ELECTRIC	PERMIT REFUND	96.80
	00192647	UNITY ELECTRIC	PERMIT REFUND	96.80
	00192632	PROVIDENT ELECTRIC	PERMIT REFUND	4.76
	00192589	EVERGREEN HOME HEATING & ENGY	PERMIT REFUND	3.89
	00192589	EVERGREEN HOME HEATING & ENGY	PERMIT REFUND	3.89
	00192595	GREENWOOD HEATING & A/C	PERMIT REFUND	3.89
	00192628	PK ELECTRIC CONTRACTORS CO	PERMIT REFUND	3.89
	00192571	ADT LLC	PERMIT REFUND	3.74
	00192571	ADT LLC	PERMIT REFUND	3.74
	00192571	ADT LLC	PERMIT REFUND	3.74

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
	00192571	ADT LLC	PERMIT REFUND	3.74
	00192647	UNITY ELECTRIC	PERMIT REFUND	3.74
	00192647	UNITY ELECTRIC	PERMIT REFUND	3.74
	00192647	UNITY ELECTRIC	PERMIT REFUND	3.74
<i>Org Key: DS1100 - Administration (DS)</i>				
P0098412	00192592	FCS GROUP	Cost of Service and Fee analys	4,253.56
P0099234	00192588	ESA	Peer review for the Valentin	3,108.56
P0099232	00192607	KC RECORDS	Pre-payment of recording fees	2,000.00
P0099235	00192603	HUTCHINSON, LISA K	CART Services for 4/4 & 4/18	589.60
P0099234	00192588	ESA	Peer review for Valentine Prop	412.50
P0099239	00192648	VERIZON WIRELESS	Phone & data charges	404.54
P0099239	00192648	VERIZON WIRELESS	Mobil hot spots	160.04
P0099241	00192575	ARC DOCUMENT SOLUTIONS	Document copying	16.50
<i>Org Key: DS1300 - Land Use Planning Svc</i>				
P0099238	00192613	KPG	Transportation analysis for	8,827.05
P0099240	00192585	DAILY JOURNAL OF COMMERCE	RFP advertising for Critical A	306.00
<i>Org Key: FN4501 - Utility Billing (Water)</i>				
P0099244	00192649	VERIZON WIRELESS	NEW CITYWORKS IPAD AND	383.28
<i>Org Key: FN4502 - Utility Billing (Sewer)</i>				
P0099244	00192649	VERIZON WIRELESS	NEW CITYWORKS IPAD AND	383.28
P0099176	00192606	KC RECORDER	SEWER LIEN RELEASE	34.00
<i>Org Key: FNBE01 - Financial Services</i>				
P0097790	00192620	MI CHAMBER OF COMMERCE	MONTHLY BILLING FOR SERVICES	1,200.00
P0099242	00192619	METROPRESORT	SHIPPING CHARGES NOT INCLUDED	35.00
<i>Org Key: FR1100 - Administration (FR)</i>				
	00192579	CENTURYLINK	PHONE USE APRIL 2018	305.92
P0099185	00192614	KROESENS UNIFORM COMPANY	Uniforms/Heitman and Mandella	281.08
P0099206	00192582	COMCAST	Internet Charges/Fire	106.35
P0099207	00192582	COMCAST	Internet Charges/Fire	86.40
P0099188	00192582	COMCAST	Internet Charges/Fire	72.40
P0099192	00192586	DEPT OF ENTERPRISE SERVICES	No. 10 Envelopes	53.25
P0099189	00192582	COMCAST	Internet Charges/Fire	11.44
<i>Org Key: FR2100 - Fire Operations</i>				
P0099184	00192626	PACIFIC POWER GROUP LLC	Transducer - 8611	165.62
P0099185	00192614	KROESENS UNIFORM COMPANY	Uniforms/Logsdon	139.58
P0099186	00192602	HUGHES FIRE EQUIPMENT INC	Apparatus Parts - 8611	137.34
P0099191	00192649	VERIZON WIRELESS	Cell Charges/Fire	17.17
<i>Org Key: FR2400 - Fire Suppression</i>				
P0099203	00192594	GRAINGER	Shop Supplies	1,017.01
<i>Org Key: FR2500 - Fire Emergency Medical Svcs</i>				
P0099187	00192572	AIRGAS USA LLC	Oxygen/Fire	178.20
<i>Org Key: GGM001 - General Government-Misc</i>				
P0099233	00192630	POT O' GOLD INC	Coffee suplies	575.71
P0099233	00192630	POT O' GOLD INC	water filter	68.31

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0099233	00192630	POT O' GOLD INC	Water cooler	27.50
<i>Org Key: GGM004 - Gen Govt-Office Support</i>				
P0099237	00192650	XEROX CORPORATION	Print & Copy charges for CM co	1,261.78
P0099237	00192650	XEROX CORPORATION	Print & Copy charges for Mail	499.49
P0099237	00192650	XEROX CORPORATION	Print & Copy charges for DSG c	175.43
P0099237	00192650	XEROX CORPORATION	Copy supplies for CM Copier	8.63
<i>Org Key: GGM005 - Genera Govt-LI Retiree Costs</i>				
P0099256	00192615	LEOPOLD, FREDERIC	LEOFF1 Retiree Medical Expense	7,775.00
P0099256	00192615	LEOPOLD, FREDERIC	LEOFF1 Retiree Medical Expense	22.33
<i>Org Key: GX9995 - Employee Benefits-General</i>				
P0099205	00192644	TAWNEY, LAURA	Insurance Coverage L. Tawney M	1,318.45
<i>Org Key: IGVO02 - ARCH</i>				
P0099236	00192577	BELLEVUE, CITY OF	Q1 ARCH contributions	8,046.25
P0099236	00192577	BELLEVUE, CITY OF	Q2 ARCH contributions	8,046.25
<i>Org Key: IS1100 - IGS Mapping</i>				
	00192617	LLAMAS, LEAH	ESRI CONFERENCE EXPENSE	116.60
<i>Org Key: IS2100 - IGS Network Administration</i>				
	00192579	CENTURYLINK	PHONE USE APRIL 2018	2,094.80
P0099243	00192649	VERIZON WIRELESS	IGS WIFI, LOANER, MDC1, SPARE	200.05
	00192605	KASER, MICHAEL	ACCIS CONFERENCE MILEAGE	153.69
	00192622	MORENO, ALFREDO	ACCIS CONFERENCE MILEAGE	153.69
	00192605	KASER, MICHAEL	ACCIS CONFERENCE PER DIEM REIM	111.80
	00192622	MORENO, ALFREDO	ACCIS CONFERENCE PER DIEM REIM	111.80
<i>Org Key: IS3101 - GIS Analyst Water Fund</i>				
	00192617	LLAMAS, LEAH	ESRI CONFERENCE EXPENSE	116.60
<i>Org Key: IS3102 - GIS Analyst Sewer Fund</i>				
	00192617	LLAMAS, LEAH	ESRI CONFERENCE EXPENSE	116.60
<i>Org Key: IS3103 - GIS Analyst Storm Fund</i>				
	00192617	LLAMAS, LEAH	ESRI CONFERENCE EXPENSE	116.61
<i>Org Key: MT2100 - Roadway Maintenance</i>				
P0099110	00192573	ALPINE PRODUCTS INC	"WATER OVER ROADWAY" SIGNS	242.00
P0099141	00192578	CEDAR GROVE COMPOSTING INC	VEGETABLE GARDEN MIX (5 YDS)	132.56
P0099179	00192611	KING COUNTY FINANCE	SIGNAL SERVICES	14.13
<i>Org Key: MT2300 - Planter Bed Maintenance</i>				
P0099225	00192621	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	210.81
<i>Org Key: MT3100 - Water Distribution</i>				
P0099138	00192580	CESSCO	SERVICE & REPAIR CUT OFF SAW	226.11
P0099139	00192580	CESSCO	BACKPACK BLOWER	211.18
P0099079	00192594	GRAINGER	PADDED GLOVES	44.88
<i>Org Key: MT3300 - Water Associated Costs</i>				
P0099094	00192640	SOUND SAFETY PRODUCTS	MISC. WORK CLOTHES	200.05

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: MT3400 - Sewer Collection</i>				
P0099139	00192580	CESSCO	BACKPACK BLOWER	105.59
<i>Org Key: MT3500 - Sewer Pumps</i>				
P0099161	00192627	PACIFIC RIM EQUIPMENT RENTAL	FORKLIFT RENTAL	723.89
P0099118	00192584	CUMMINS INC	PS 17 BATTERY CHARGER	638.00
	00192579	CENTURYLINK	PHONE USE APRIL 2018	505.01
P0099139	00192580	CESSCO	BACKPACK BLOWER	105.59
P0099225	00192621	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	35.13
<i>Org Key: MT3600 - Sewer Associated Costs</i>				
P0099095	00192640	SOUND SAFETY PRODUCTS	SAFETY BOOTS & MISC. WORK CLOT	325.23
P0099094	00192640	SOUND SAFETY PRODUCTS	MISC. WORK CLOTHES	320.51
<i>Org Key: MT4200 - Building Services</i>				
P0099225	00192621	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	349.56
P0099194	00192625	PACIFIC AIR CONTROL INC	HVAC MAINT SHOP	184.80
P0099198	00192646	THYSSENKRUPP ELEVATOR CORP	FS92 CARLIFT MAINTENANCE	147.77
<i>Org Key: MT4300 - Fleet Services</i>				
P0099181	00192636	SEATTLE BOAT COMPANY	DEC/JAN MARINE FUEL	1,022.71
P0099180	00192633	SAFELITE FULFILLMENT INC	FL-0484 WINDOW REPAIR	413.46
P0099115	00192601	HORIZON	EXMARK REPAIR PARTS	39.87
<i>Org Key: MT4501 - Water Administration</i>				
	00192579	CENTURYLINK	PHONE USE APRIL 2018	53.88
<i>Org Key: PO1350 - Police Emergency Management</i>				
P0099255	00192639	SKYLINE COMMUNICATIONS INC	EOC INTERNET SERVICE	206.55
	00192596	HACKETT, PAT	HALF MARATHON SUPPLIES	158.86
<i>Org Key: PO1800 - Contract Dispatch Police</i>				
P0099190	00192581	CITY OF SEATTLE	2018 Crime Stoppers Allocation	2,151.48
<i>Org Key: PO1900 - Jail/Home Monitoring</i>				
P0099069	00192604	ISSAQUAH CITY JAIL	Issaquah Jail bill for March 2	3,007.00
<i>Org Key: PO2100 - Patrol Division</i>				
P0099171	00192651	ZEE MEDICAL	Medical Cabinet Stocking -	106.98
P0099200	00192642	SUE'S TAILOR & ALTERATION	Uniform repair for new officer	22.00
<i>Org Key: PR1500 - Urban Forest Management</i>				
P0098923	00192616	LIFE TEK INC	Sommargren CPR Card - 4/4 Clas	24.15
<i>Org Key: PR2100 - Recreation Programs</i>				
P0099081	00192583	CORRECTIONAL INDUSTRIES ACCTG	staff clothing	559.83
<i>Org Key: PR4100 - Community Center</i>				
P0099081	00192583	CORRECTIONAL INDUSTRIES ACCTG	staff clothing	2,315.54
P0099197	00192625	PACIFIC AIR CONTROL INC	REPAIR BLILER FLAME SAFETY	404.80
P0098923	00192616	LIFE TEK INC	Vining, Yasui, Ryan CPR Cards	72.45
	00192579	CENTURYLINK	PHONE USE APRIL 2018	51.70
<i>Org Key: PR6100 - Park Maintenance</i>				
P0099219	00192621	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	1,582.40

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0099149	00192624	NW PLAYGROUND EQUIPMENT INC	CHAIN FOR SWINGS	598.79
P0099079	00192594	GRAINGER	PADDED GLOVE & EAR MUFFS	134.33
P0098923	00192616	LIFE TEK INC	Alonso CPR Card - 4/4 Class	24.15
<i>Org Key: PR6200 - Athletic Field Maintenance</i>				
P0099219	00192621	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	931.09
P0099099	00192594	GRAINGER	EAR MUFFS	111.87
	00192579	CENTURYLINK	PHONE USE APRIL 2018	90.95
P0098923	00192616	LIFE TEK INC	Seth CPR Card - 4/4 Class	24.15
<i>Org Key: PR6500 - Luther Burbank Park Maint.</i>				
P0099219	00192621	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	2,391.81
	00192579	CENTURYLINK	PHONE USE APRIL 2018	263.84
P0099113	00192599	HOME DEPOT CREDIT SERVICE	BEDDING PLANTS	171.07
P0098923	00192616	LIFE TEK INC	Brewin, David CPR Cards - 4/4	48.30
P0099079	00192594	GRAINGER	PADDED GLOVE	22.44
<i>Org Key: PR6600 - Park Maint-School Related</i>				
P0098923	00192616	LIFE TEK INC	Keniston CPR Card - 4/4 Class	24.15
<i>Org Key: PR6700 - I90 Park Maintenance</i>				
P0099219	00192621	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	2,866.46
P0098923	00192616	LIFE TEK INC	Belanger, Spier, Alvarez, Belt	96.60
<i>Org Key: PR6800 - Trails Maintenance</i>				
P0098923	00192616	LIFE TEK INC	Van Pelt, Prince, Chaves CPR C	72.36
<i>Org Key: ST0002 - ST Long Term Parking</i>				
P0099169	00192618	MARTEN LAW	Professional services - Invoic	3,199.50
P0099170	00192593	FIRST AMERICAN TITLE INSURANCE	Professional services - Invoic	550.50
<i>Org Key: WG134E - Police Equipment</i>				
P0098458	00192587	DOUBLESTAR CORP	Police Equipment Replacement -	21,376.24
P0099178	00192631	PROFORCE LAW ENFORCEMENT	Police Equipment Replacement -	2,489.21
<i>Org Key: WP115S - ICP North Out Field</i>				
P0099072	00192629	PLATT ELECTRIC	CONDUIT 3" GALV. STEEL (30')	528.29
<i>Org Key: WP122R - Vegetation Management</i>				
P0098923	00192616	LIFE TEK INC	Schock, Tomlinson, Frappier CP	72.45
<i>Org Key: WR111R - Pavement Markings</i>				
P0099110	00192573	ALPINE PRODUCTS INC	200TC THERMOLAZER W/12" FLEX D	6,555.45
P0099110	00192573	ALPINE PRODUCTS INC	BC 2000 WHITE EXTRUDE THERMO &	6,312.94
<i>Org Key: WR517R - SE 40th (A) Corridor Improvemnt</i>				
P0099182	00192585	DAILY JOURNAL OF COMMERCE	SE 40TH ST CORRIDOR	552.00
<i>Org Key: WS901E - Sewer Sys Emergency Repairs</i>				
P0098668	00192645	TETRA TECH INC	2018 LANDSLIDE DAMAGE TO	3,606.95
<i>Org Key: WW120S - Meter Replacement Residential</i>				
P0097695	00192598	HDR ENGINEERING INC	WATER METER MASTER	3,666.68
<i>Org Key: YF2600 - Family Assistance</i>				

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0097803	00192569	SHOREWOOD HEIGHTS	Rental and utility assistance	1,000.00
P0097801	00192641	STRUM JEWISH COMMUNITY CTR	Preschool scholarships for	680.00
P0099183	00192609	KIDS COMPANY	Childcare payment for EA clien	155.00
P0099193	00192597	HADLEY APARTMENTS	Utilities payment for EA clien	81.01
			Total	<u>138,851.53</u>

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00192569	05/01/2018	SHOREWOOD HEIGHTS Rental and utility assistance	P0097803	OH009786	05/01/2018	1,000.00
00192570	05/03/2018	A.M. LEONARD INC INVENTORY PURCHASES	P0099162	CI18063545	04/18/2018	325.97
00192571	05/03/2018	ADT LLC PERMIT REFUND		1710229	04/26/2018	402.16
00192572	05/03/2018	AIRGAS USA LLC Oxygen/Fire	P0099187	9074734204	04/09/2018	178.20
00192573	05/03/2018	ALPINE PRODUCTS INC INVENTORY PURCHASES	P0099110	TM174790	04/13/2018	13,434.89
00192574	05/03/2018	ANTONIUS, ANASTASIA Rental FA-0589 cancelled. Retu	P0099163	FA0589	04/25/2018	978.00
00192575	05/03/2018	ARC DOCUMENT SOLUTIONS Document copying	P0099241	1908419	04/26/2018	16.50
00192576	05/03/2018	BARABAN, HARVEY FA-0117 rental completed. Retu	P0099164	FA0117	04/25/2018	50.00
00192577	05/03/2018	BELLEVUE, CITY OF Q1 ARCH contributions	P0099236	33027/33037	04/12/2018	16,092.50
00192578	05/03/2018	CEDAR GROVE COMPOSTING INC VEGETABLE GARDEN MIX (5 YDS)	P0099141	0000386547	04/18/2018	132.56
00192579	05/03/2018	CENTURYLINK PHONE USE APRIL 2018		OH009810	04/20/2018	3,366.10
00192580	05/03/2018	CESSCO BACKPACK BLOWER	P0099139	8551	04/13/2018	648.47
00192581	05/03/2018	CITY OF SEATTLE 2018 Crime Stoppers Allocation	P0099190	SP1000114	04/05/2018	2,151.48
00192582	05/03/2018	COMCAST Internet Charges/Fire	P0099207	OH009790	04/17/2018	276.59
00192583	05/03/2018	CORRECTIONAL INDUSTRIES ACCTG staff clothing	P0099081	T062068	06/26/2018	2,875.37
00192584	05/03/2018	CUMMINS INC PS 17 BATTERY CHARGER	P0099118	00198041	04/16/2018	638.00
00192585	05/03/2018	DAILY JOURNAL OF COMMERCE RFP advertising for Critical A	P0099182	3335916	04/18/2018	858.00
00192586	05/03/2018	DEPT OF ENTERPRISE SERVICES No. 10 Envelopes	P0099192	73174604	04/18/2018	53.25
00192587	05/03/2018	DOUBLESTAR CORP Police Equipment Replacement -	P0098458	37040	04/04/2018	21,376.24
00192588	05/03/2018	ESA Peer review for Valentine Prop	P0099234	135998/130553	09/01/2017	3,521.06
00192589	05/03/2018	EVERGREEN HOME HEATING & ENGY PERMIT REFUND		1803094	04/26/2018	208.74
00192590	05/03/2018	EXCEL SUPPLY COMPANY INVENTORY PURCHASES	P0099202	94084/212/415	04/05/2018	586.19
00192591	05/03/2018	FAZILAT PROPERTIES LLC OVERPAYMENT REFUND		OH009807	05/02/2018	354.50
00192592	05/03/2018	FCS GROUP Cost of Service and Fee analys	P0098412	282021804043	04/20/2018	4,253.56
00192593	05/03/2018	FIRST AMERICAN TITLE INSURANCE Professional services - Invoic	P0099170	8744209107017	04/23/2018	550.50
00192594	05/03/2018	GRAINGER INVENTORY PURCHASES	P0099203	9758902614	04/16/2018	1,636.08

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00192595	05/03/2018	GREENWOOD HEATING & A/C PERMIT REFUND		1803207	04/26/2018	104.37
00192596	05/03/2018	HACKETT, PAT HALF MARATHON SUPPLIES		OH009806	04/25/2018	158.86
00192597	05/03/2018	HADLEY APARTMENTS Utilities payment for EA clien	P0099193	OH009791	04/26/2018	81.01
00192598	05/03/2018	HDR ENGINEERING INC WATER METER MASTER REPLACEMENT	P0097695	1200114815	04/16/2018	3,666.68
00192599	05/03/2018	HOME DEPOT CREDIT SERVICE BEDDING PLANTS	P0099113	0198989012376/31	04/19/2018	171.07
00192600	05/03/2018	HONEYWELL, MATTHEW V Professional services - Invoic	P0099168	1025/1026	04/17/2018	1,200.00
00192601	05/03/2018	HORIZON EXMARK REPAIR PARTS	P0099115	3M265410	04/18/2018	39.87
00192602	05/03/2018	HUGHES FIRE EQUIPMENT INC Apparatus Parts - 8611	P0099186	524372	04/13/2018	137.34
00192603	05/03/2018	HUTCHINSON, LISA K CART Services for 4/4 & 4/18	P0099235	3617	04/24/2018	589.60
00192604	05/03/2018	ISSAQUAH CITY JAIL Issaquah Jail bill for March 2	P0099069	0450008594	04/13/2018	3,007.00
00192605	05/03/2018	KASER, MICHAEL ACCIS CONFERENCE MILEAGE		OH009804	05/02/2018	265.49
00192606	05/03/2018	KC RECORDER SEWER LIEN RELEASE	P0099176	OH009792	04/26/2018	34.00
00192607	05/03/2018	KC RECORDS Pre-payment of recording fees	P0099232	742	04/27/2018	2,000.00
00192608	05/03/2018	KCSC - JUVENILE COURT SERVICES Rental FA-0678 completed. Retu	P0099151	FA0678	04/24/2018	50.00
00192609	05/03/2018	KIDS COMPANY Childcare payment for EA clien	P0099183	5573	04/23/2018	155.00
00192610	05/03/2018	KIEWIT-HOFFMAN EAST LINK CONST OVERPAYMENT REFUND		OH009808	05/02/2018	281.06
00192611	05/03/2018	KING COUNTY FINANCE SIGNAL SERVICES	P0099179	9088490884	03/31/2018	14.13
00192612	05/03/2018	KING COUNTY PUBLIC HEALTH Rental FA-0167 completed. Retu	P0099152	FA0167	04/24/2018	150.00
00192613	05/03/2018	KPG Transportation analysis for	P0099238	318018	04/04/2018	8,827.05
00192614	05/03/2018	KROESENS UNIFORM COMPANY Uniforms/Heitman and Mandella	P0099185	49677/643/652	04/11/2018	420.66
00192615	05/03/2018	LEOPOLD, FREDERIC LEOFF1 Retiree Medical Expense	P0099256	OH009793	05/02/2018	7,797.33
00192616	05/03/2018	LIFE TEK INC Sommargren CPR Card - 4/4 Clas	P0098923	4893	04/05/2018	458.76
00192617	05/03/2018	LLAMAS, LEAH ESRI CONFERENCE EXPENSE		OH009801	05/02/2018	466.41
00192618	05/03/2018	MARTEN LAW Professional services - Invoic	P0099169	44087008	04/18/2018	3,199.50
00192619	05/03/2018	METROPRESORT SHIPPING CHARGES NOT INCLUDED	P0099242	499723SHIP	02/16/2018	35.00
00192620	05/03/2018	MI CHAMBER OF COMMERCE MONTHLY BILLING FOR SERVICES	P0097790	OH009794	04/24/2018	1,200.00

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00192621	05/03/2018	MI UTILITY BILLS PAYMENT OF UTILITY BILLS FOR W	P0099219	OH009795	04/30/2018	8,367.26
00192622	05/03/2018	MORENO, ALFREDO ACCIS CONFERENCE MILEAGE		OH009805	05/02/2018	265.49
00192623	05/03/2018	NCL-LAKE WA CHAPTER Rental FA-0157 completed. Retu	P0099153	FA0157	04/24/2018	170.00
00192624	05/03/2018	NW PLAYGROUND EQUIPMENT INC CHAIN FOR SWINGS	P0099149	42433	04/18/2018	598.79
00192625	05/03/2018	PACIFIC AIR CONTROL INC HVAC MAINT SHOP	P0099197	11102	04/16/2018	589.60
00192626	05/03/2018	PACIFIC POWER GROUP LLC Transducer - 8611	P0099184	648155900	04/13/2018	165.62
00192627	05/03/2018	PACIFIC RIM EQUIPMENT RENTAL FORKLIFT RENTAL	P0099161	23098	04/19/2018	723.89
00192628	05/03/2018	PK ELECTRIC CONTRACTORS CO PERMIT REFUND		1804111	04/26/2018	104.37
00192629	05/03/2018	PLATT ELECTRIC CONDUIT 3" GALV. STEEL (30')	P0099072	R081977	04/14/2018	528.29
00192630	05/03/2018	POT O' GOLD INC Water cooler	P0099233	0155808/0156911/	04/19/2018	671.52
00192631	05/03/2018	PROFORCE LAW ENFORCEMENT Police Equipment Replacement -	P0099178	343174	04/18/2018	2,489.21
00192632	05/03/2018	PROVIDENT ELECTRIC PERMIT REFUND		1802271	04/26/2018	134.31
00192633	05/03/2018	SAFELITE FULFILLMENT INC FL-0484 WINDOW REPAIR	P0099180	01804508027	04/12/2018	413.46
00192634	05/03/2018	SAPORTA, STULL & D OVERPAYMENT REFUND		OH009809	05/02/2018	9.62
00192635	05/03/2018	SCHOOL'S OUT WASHINGTON Rental FA-0698 completed. Retu	P0099213	FA0698	04/29/2018	50.00
00192636	05/03/2018	SEATTLE BOAT COMPANY DEC/JAN MARINE FUEL	P0099181	OH009799	02/06/2018	1,022.71
00192637	05/03/2018	SEATTLE FOLK DANCE CLUB Rental FA-0129 completed. Retu	P0099218	FA0129	04/30/2018	50.00
00192638	05/03/2018	SHAH, MONICA Rental FA-0874 completed. Retu	P0099214	FA0874	04/29/2018	57.50
00192639	05/03/2018	SKYLINE COMMUNICATIONS INC EOC INTERNET SERVICE	P0099255	IN43893	05/01/2018	206.55
00192640	05/03/2018	SOUND SAFETY PRODUCTS MISC. WORK CLOTHES	P0099094	895313/895303	04/18/2018	845.79
00192641	05/03/2018	STRUM JEWISH COMMUNITY CTR Preschool scholarships for	P0097801	OH009798	04/26/2018	680.00
00192642	05/03/2018	SUE'S TAILOR & ALTERATION Uniform repair for new officer	P0099200	OH009797	04/17/2018	22.00
00192643	05/03/2018	SUPPLY SOURCE INC,THE INVENTORY PURCHASES	P0099158	1801965	04/19/2018	1,097.01
00192644	05/03/2018	TAWNEY, LAURA Insurance Coverage L. Tawney M	P0099205	OH009800	04/27/2018	1,318.45
00192645	05/03/2018	TETRA TECH INC 2018 LANDSLIDE DAMAGE TO	P0098668	51303128	04/17/2018	3,606.95
00192646	05/03/2018	THYSSENKRUPP ELEVATOR CORP FS92 CARLIFT MAINTENANCE	P0099198	3003839306	04/10/2018	147.77

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00192647	05/03/2018	UNITY ELECTRIC LPERMIT REFUND		1712100	04/26/2018	301.62
00192648	05/03/2018	VERIZON WIRELESS VZ Billing J. Underwood	P0099239	9804069667	03/23/2018	702.56
00192649	05/03/2018	VERIZON WIRELESS NEW CITYWORKS IPAD AND MONTHLY	P0099243	9805918572	04/23/2018	983.78
00192650	05/03/2018	XEROX CORPORATION Copy supplies for CM Copier	P0099237	153886735/092823	04/05/2018	1,945.33
00192651	05/03/2018	ZEE MEDICAL Medical Cabinet Stocking -	P0099171	68349035	02/01/2018	106.98
					Total	<u>138,851.53</u>



CITY OF MERCER ISLAND CERTIFICATION OF PAYROLL

PAYROLL PERIOD ENDING **5.4.18**
PAYROLL DATED **5.11.18**

Net Cash	\$	559,546.50
Net Voids/Manuals	\$	14,632.79
Net Total	\$	574,179.29
Federal Tax Deposit - Key Bank	\$	91,299.20
Social Security and Medicare Taxes	\$	50,935.78
Medicare Taxes Only (Fire Fighter Employees)	\$	2,408.72
Public Employees Retirement System 1 (PERS 1)		
Public Employees Retirement System 2 (PERS 2)	\$	30,002.72
Public Employees Retirement System 3 (PERS 3)	\$	6,362.52
Public Employees Retirement System (PERSJM)	\$	764.36
Public Safety Employees Retirement System (PSERS)	\$	189.73
Law Enforc. & Fire fighters System 2 (LEOFF 2)	\$	27,291.20
Regence & LEOFF Trust - Medical Insurance	\$	12,496.17
Domestic Partner/Overage Dependant - Insurance	\$	1,316.03
Group Health Medical Insurance	\$	1,161.04
Health Care - Flexible Spending Accounts	\$	2,356.79
Dependent Care - Flexible Spending Accounts	\$	1,673.09
United Way	\$	105.00
ICMA Deferred Compensation	\$	34,251.97
Fire 457 Nationwide	\$	16,248.09
Roth - ICMA	\$	50.00
Roth - Nationwide	\$	620.00
401K Deferred Comp	\$	206.88
Garnishments (Chapter 13)	\$	1,331.00
Child Support	\$	599.99
Mercer Island Employee Association	\$	322.50
Cities & Towns/AFSCME Union Dues		
Police Union Dues	\$	336.96
Fire Union Dues	\$	1,961.40
Fire Union - Supplemental Dues	\$	154.00
Standard - Supplemental Life Insurance		
Unum - Long Term Care Insurance	\$	687.20
AFLAC - Supplemental Insurance Plans	\$	752.99
Coffee Fund	\$	100.00
Transportation	\$	125.00
HRA - VEBA	\$	4,297.44
Miscellaneous		
Nationwide Extra		
GET	\$	300.00
Tax & Benefit Obligations Total	\$	290,707.77

TOTAL GROSS PAYROLL	\$ 864,887.06
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I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.

Charles L. Conder

Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5414
May 15, 2018
Consent Calendar**

**ARTS COUNCIL 2017 ANNUAL REPORT
AND 2018 WORK PLAN**

Action:
No action necessary. Receive 2017
annual report and 2018 work plan.

- Discussion Only
- Action Needed:
 - Motion
 - Ordinance
 - Resolution

DEPARTMENT OF

Parks and Recreation (Diane Mortenson)

COUNCIL LIAISON

Salim Nice

EXHIBITS

1. Mercer Island Arts Council 2017 Annual Report
2. Mercer Island Arts Council 2018 Work Plan

2018-2019 CITY COUNCIL GOAL

4. Focus on Arts and Culture

APPROVED BY CITY MANAGER

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

Under the Mercer Island City Council’s directive to provide the City and its residents with a variety of high quality arts programming, the Mercer Island Arts Council (“MIAC”) provides this report of its services, activities and contributions in 2017 and Work Plan for 2018. The City Council has recognized and embraced the important role of art and cultural enhancement in creating community by enacting several ordinances in support of the arts. The MIAC is providing these reports to inform the Council of the range and impact of multiple arts programs provided in the Mercer Island community to support Council Goal #4 Focus on Arts and Culture.

The 2017 Annual Report (Exhibit 1) provides an evaluation of the year’s programs and activities, which are organized by various working sub-committees of the MIAC. The report also includes statistical information regarding volunteer and staff hours, budget, audience and artists served.

The 2018 Work Plan (Exhibit 2) serves to identify the specific areas of focus for 2018 by sub-committee area, and the tasks required of Arts Council members and Parks and Recreation staff to achieve those tasks.

RECOMMENDATION

Recreation Superintendent

No action necessary. Receive the Arts Council 2017 Annual Report and 2018 Work Plan.



Mercer Island Art Council's
2017 Annual Report

Chair – Joy Langley /Vice-Chair – Rene Stratton

Intro from the 2017 Chair, Joy Langley:

2017 saw the Arts Council turning our focus inward as we identified how we can best serve the community while working outward, becoming deeply engaged in the Mercer Island and regional arts community.

We appreciated growth of our indoor gallery and sold a number of pieces which contributes to our operational budget.

We renamed the Outdoor Sculpture Gallery the Greta Hackett Outdoor Sculpture Gallery and created nameplates with links to STQRY; a mobile storytelling platform that helps people explore, engage, and discover more about the art. Speaking of the Gallery, we acquired Ingrid Lahti's "Rippling Water" which was installed in early 2018. Finally, we protected our sculptures against proposed moves by Sound Transit, encouraging development of a possible bus turnaround in a way that would not remove Primavera II, the anchor of our Outdoor Gallery.

We again partnered with the Mercer Island Chamber of Commerce to sponsor "Art Uncorked" which appreciated record attendance in 2017. The musicians we chose brought warmth and sophistication to this marquee event.

We identified and welcomed new performers for Mostly Music in the Park including dream pop band Lemolo which were enthusiastically greeted by Islanders Thursdays during the summer to celebrate Women's Equality Day.

We formally sponsored "Dance for Parkinson's," on the Island which is based on the internationally-acclaimed dance classes for people with Parkinson's disease in Brooklyn, New York. We are proud to be part of the network of partners and associates, in more than 250 communities in 24 countries.

We planned a second community dance which was held in early 2018 at the VFW and provided Islanders a chance to learn a dance and get to know their neighbors.

We identified a project - the Certified Creative District - which has the potential to bring the community together, stimulate economic development, and demonstrate community support for art, artists, and artistic endeavors.

Heading into 2018-2019, we plan to improve our community collection and bring inspiring artworks and artists to enhance Mercer Island's reputation as a gracious and beautiful city. We will formalize our evaluation process regarding funding. We will work closely with community arts organizations toward the completion of a plan to become a Certified Creative District. We will strengthen our core programs.

We will come together with the broader community, having recently identified the need for and created a Fine Arts Advisory Council liaison position. The eleven members of the Arts Council represent the continuing commitment of the community to the arts, and recognize the value of creativity to the community. Local businesses and organizations frequently support our programs. We rely on the City staff for support to bring consistency to our on-going programs and appreciate their facilitation.

We would be remiss to not acknowledge the Herculean efforts by Kai Fulginiti and Eileen Hemmis-Trifts, both of whom left us in 2018 - Kai for an opportunity in Seattle and Eileen to enjoy her well-deserved retirement. You leave big shoes to fill and we are so grateful for your service.

Arts Council members in 2017 included: Joy Langley, Joy Leichty, June Silverberg, Rene Stratton, An Tootill, Jessica Prince, Amy Barnes, Matt Lome, Angelina Odievich, Erin Vivion and Xixi Shakes.

City Council Liaison: Salim Nice

Staff Liaisons: Kai Fulginiti and Eileen Hemmis-Trifts

Highlights for 2017 include:

Two Classics on Film Series which totaled 20 films.

Twenty performances for Shakespeare in the Park by Wooden O.

Six Concerts at the Mostly Music in the Park summer concert series, which included a special performance at the Luther Burbank Amphitheatre by the Russian Chamber Orchestra.

Community Dance.

Seven indoor gallery exhibits.

The Arts Council Public Art Chair brought the Dance for Parkinson's program to Mercer Island and we are able to offer it as a free program through Parks & Recreation.

Local businesses and organizations frequently support our programs and, heading into the next year, we will reach out to the larger community to expand Mercer Island's reputation as a gracious and beautiful township.

PROGRAM ACCOMPLISHMENTS

Community Outreach

- Mercer Island's Quarterly, M.I. Weekly publications, Quarterly Senior Newsletters & the Recreation Guide.
- Advertised through Parks and Recreation Facebook.
- Flyers and Posters posted throughout community.
- Community events postcard listing MMIP and Shakespeare mailed to all Mercer Island residents.
- Sponsored activities at Summer Celebration
- Mercerdale Park Banner advertising Mostly Music in the Park.
- Hosted a booth at "Art Uncorked" Sister City & Chamber of Commerce event.

LITERARY PROGRAMS

Classics on Film

"Survivors: A Desert Island Selection on Mercer Island" in the Fall and "Best Picture Oscar-Winning Musicals" which presents the last eight winners in the spring. Presented by The Mercer Island Arts Council, with additional support from The Mercer Island Sister City Association on selected Fridays at Aljoja on Mercer Island. Free and open to the public, with refreshments provided courtesy of Aljoja. Screenings begin with introductions by film historian Lance Rhoades. Q&A follows each film. All films are presented with English subtitles unless otherwise indicated.

The Adventures of Robinson Crusoe-Sep 29

Timbuktu-Oct 6

Lord of the Flies-Oct 13

Cast Away-Oct 20

Touching the Void-Oct 27

La loi du marché (The Measure of a Man)-Nov 3

All Is Lost - Nov 17

Tracks-Dec 1

Room - Dec 8

The Martian - Dec 15

Going My Way - Jan 5

Les parapluies de Cherbourg (The Umbrellas of Cherbourg) -Jan 12

An American in Paris-Jan 19

Gigi-Jan 26

West Side Story-Feb 2

Les demoiselles de Rochefort (The Young Girls of Rochefort)-Mar 9

My Fair Lady -Mar 16

The Sound of Music-Mar 23

Oliver! -Apr 6

Chicago-Apr 13

Special Programs/Events

Online Artist Directory

The Special Projects Chair proposed the idea of an online Mercer Island Artist's Directory on the Arts Council's website, which was approved and made live in early 2017. This is a way for Mercer Island artists to get their name and work out and for the Arts Council to support and promote local artists.

Shakespeare in the Park

In its 24th year of staging plays at Luther Burbank Park, Wooden O Theatre produced twenty outdoor performances. Summer Outdoor Theater. Sponsored by The Mercer Island Arts Council, Wooden O presents two Shakespeare plays with multiple performances at the Luther Burbank Park amphitheater in July and August. With open seating and an outdoor setting, Wooden O brings the Shakespeare plays to life, engaging audiences of all ages.

Much Ado About Nothing – Directed by Jon Kretzu

Jul. 6-8, Jul. 13-15, Jul. 23, Aug. 3

Pericles – Directed by Annie Lareau

Jul. 9, Jul. 16, Jul. 20-23, July 27-29, Aug. 4-6

Art Uncorked

The Arts Council participated in the Art Uncorked event which was held in the outdoor Greta Hackett Outdoor Gallery downtown Mercer Island on September 8. This event was produced by the Mercer Island Chamber of Commerce and Mercer Island Visual Arts League. This year the Arts Council once again sponsored two bands to provide musical entertainment to the event.



MOSTLY MUSIC IN THE PARK

Concerts feature various bands and artists from around the region, performing a wide variety of music. Concerts are held on Thursdays from 7pm to 8:30pm at Mercerdale Park

Jul 20	Good Co (Electro Swing)
Jul 27	Chris Staples (Alt/Indie Songwriter)
Aug 3	Joe Ross and the Birdwatchers (New Orleans Style)
Aug 10	Woodland West (Bluegrass/Rock/Zydeco Blend)
Aug 17	Evening Bell (Americana)
Aug 24	Lemolo (Dream-Pop)

Russian Chamber Music Foundation of Seattle Concert

The Russian Chamber Music Foundation of Seattle presented chamber music performed by accomplished and exciting musicians at Luther Burbank Park on **Saturday August 19**.

GALLERY – INDOOR AND OUTDOOR

Indoor Gallery

Seven exhibitions were held at the Mercer Island Community Center Art Gallery in 2017. A total of \$11,671.30 worth of items sold, and the Art Council's revenue from the sales totaled \$2,378.97.

The 2017 Gallery Exhibits featured both individual artists and local arts organizations, and included an impressive range of styles, subjects, and mediums. The Arts Council hosted an opening reception for each exhibit with refreshments and live music.

- Winter Show featuring artists Anna Macrae, Cole Millard, Terry Smith (1/19 to 2/24)
- Eliza Brown and Lisa Strong (2/27 to 4/14)
- Seattle Co-Arts (4/17 to 6/2)
- Harmony of Color (6/5 to 7/21)
- On a Whim featuring artists Matt Lome, Louise Hanks, Virkam Madan (7/24 to 9/8)
- Colored Pencil Society of America, Seattle Chapter (9/11 to 10/27)
- MIVAL Holiday Show (10/30 to 12/15)

The number of artist applications picked up in 2017, indicating gallery awareness and interest grew in the visual arts community over the course of year. An Arts Council gallery subcommittee reviewed artist applications for the 2018 season, and booked seven new exhibits for the 2018 season, and have already booked a few for 2019.

PUBLIC ART

The Public Art Committee continued to focus energy on the Outdoor Sculpture Gallery and to nurture community engagement with art in public places.

- Outdoor Gallery work:
 - Council presented formal request to rename the Outdoor Gallery and the proposal passed unanimously by City Council vote on March 6, 2017. The gallery is now officially, the Greta Hackett Outdoor Sculpture Gallery.
 - Work began designing a new sign for the Greta Hackett Outdoor Sculpture Gallery.
 - New signage for the sculptures was installed at each piece.
 - "Rippling Water" by Ingrid Lahti was installed in the Hackett Outdoor Gallery winter 2018.

- As Sound Transit light rail station construction commenced, the Arts Council continued to monitor construction effects on current public art and looked to collaboration opportunity to enhance or augment public art in conjunction with light rail landscape.
- Cyclemates donated sculpture honoring community member Fran Call to the City's permanent collection. It was installed atop a grassy hill adjacent to the Aljoia, at 76th Avenue SE and SE 24th Street.
- The "milk bottles" portion of the Downtown Streetscape Project were reinstalled at their original location at 78th Avenue SE and SE 32nd Street in the sidewalk in front of the Pagliacci's pizza restaurant.
- Progress continued in adding public collection pieces to the digital STQRY app for the purpose of documentation and informing the public.
- Reviewed public collection policies regarding the Visual Artists Rights Act of 1990.
- The Arts Council, in collaboration with Parks and Rec, brought the internationally acclaimed Dance for PD[®] program to Mercer Island.
- Researched the new Arts WA Certified Creative District program in development by the state.
- Stayed apprised of regional arts activities by attending 4Culture Local Arts Agency meetings.
- Explored formalizing a relationship with the local school district's arts advocates, to improve collaboration amongst arts groups on Mercer Island and to reaffirm the Arts Council commitment to supporting youth engagement in the arts.

STATISTICAL SUMMARY

AUDIENCE SERVED: Mercer Island and neighboring communities

VOLUNTEER HOURS:

- Arts Council Members: 392

STAFF SUPPORT:

Administration

Public Art projects

Program Support

Art Gallery Coordination

Eileen Trifts 25% / Kai Fulginiti 75%

BUDGET SUMMARY:

2017/2018 1% For Art Fund Project Expenditure Approvals

West Mercer Way Mural 2018 completion	\$29,914.00
Town Center Banners 2018 completion	\$26,500.00
Annual Art Maintenance 2017	\$7,162
Total	\$66,414
Fund Balance after project completions	\$174,448.59

(This is the 1%-For-The-Arts account, which provides for the maintenance, repair, and acquisition of public art on Mercer Island.)

PROGRAM BUDGETS:

Expenses

<u>Program</u>	<u>Budgeted</u>	<u>Actual</u>
Public Art	\$800.00	\$880.00
Gallery - Indoor and Outdoor	\$5,500.00	\$3,083.86
Literary	\$2,800.00	\$2,550.00
Performances	\$23,620.00	\$23,274.91
Community Arts	\$1,900.00	\$396.08
<u>Special Programs (includes salaries,\$77,364)</u>	<u>\$80,839.00</u>	<u>\$79,438.06</u>
TOTALS	\$115,459.00	\$109,622.91

Revenues

<u>Program</u>	<u>Budgeted</u>	<u>Actual</u>
Grants/Sponsorships	\$18,000.00	\$18,000.00
Dance	\$0	\$1,492.55
<u>Gallery</u>	<u>\$4,500.00</u>	<u>\$2,794.81</u>
TOTALS	\$22,500.00	\$22,287.36



2018 Work Plan

1. Mostly Music in the Park

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Organize Band Selection Committee • Select performers and negotiate fees for 6 performances including Women’s Day performance • Schedule volunteers to work at concerts • Assist with development of publicity • Distribute posters and flyers in the community as available • Work MMIP events and/or recruit other Arts Council members to work MMIP events • Emcee concerts, thank sponsors at each concert • Send out thank-you letters to bands. • Communicate with bands prior to performance • Take photos of concerts for Annual Report/Recreation Guide 	<ul style="list-style-type: none"> • Prepare band contracts and payments • Coordinate sound and payment • Assist with and provide input for publicity and promotions • Work at concerts and assist with set up and take down, and supervise the event • Correspondence with bands • Purchase and inventory drinks and snacks for sale at events • Make Concert Signs and banners • Coordinate with Park Maintenance • Schedule staff to work events • Maintain income and fundraising tracking • Coordinate with MIVAL for artwork on posters • Take photos of concerts for Annual Report/Recreation Guide

2. Literary

Literary Programs

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Arrange films, lectures, and author events • Make contact with authors/speakers and negotiate date, time, venue, special arrangements, and payment amount • Continue partnership with Island Books on Meet the Author Events • Coordinate with Aljoya to plan events and determine programs to co-sponsor • Work with Aljoya and city staff to develop flyers for programs • Facilitate programs/events • Take photos of events and submit to Staff for Annual Report/Recreation Guide 	<ul style="list-style-type: none"> • Work with Chair to develop flyers for publicity • Prepare and process contracts and payments • Consult and assist on printed materials and promotion of events • Take photos of events and submit to Staff for Annual Report/Recreation Guide

Shakespeare

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Maintain Relationship with Wooden O Theater • Develop & schedule activities • Coordinate with staff on activities • Assist with publicity • Attend performances and make announcements/introductions 	<ul style="list-style-type: none"> • Maintain relationship with Wooden O Theatre • Coordinate with Park Maintenance • Schedule & monitor rehearsal/performance space • Assist with publicity • Prepare contracts, reserve facility, process payments as needed • Coordinate getting photos from Wooden O photographer for Annual Report/Recreation Guide

3. Galleries

Great Hackett Outdoor Gallery

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Identify appropriate projects or sculptures for Outdoor Gallery • Work on formal installation sites and guidelines for Outdoor Gallery • Coordinate new installations with the artist and staff • Utilize the Outdoor Gallery for public events more effectively • New Greta Hackett Outdoor Sculpture Gallery sign • Update STQRY QR codes on new signs • Install new cement sculpture pads in the amount of \$2000, as voted on by the Arts Council for a 2018 project. 	<ul style="list-style-type: none"> • Distribute names of artists interested in exhibiting in the Outdoor Gallery to the Gallery Chair and committee • Prepare revised Outdoor Gallery Brochure as needed • Assist with the coordination of new installations • Work with members on ideas to increase sales of the Outdoor Gallery pieces • Notify Park Maintenance and DSG of any new installations • List new Sculptures with WCIA for insurance • Coordinate new gallery sign • Work with Sound Transit on Gateway Sculpture protection. • Update website

Indoor Gallery

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Convene gallery committee to review exhibit applications and artwork submitted • Contact applicants with Gallery Committee acceptance/rejection • Schedule show and reception dates, times, details with artists along with staff input. • Coordinate hanging date and time and removal date and time with artists and with staff. • Take the lead for receptions and hangings • Arrange for volunteers to assist with hangings • Arrange for volunteers to assist with receptions 	<ul style="list-style-type: none"> • Provide copies of exhibit applications and art samples to Gallery Chair for review • Prepare artist information sheet and contracts to send to artist with a W-9. Return signed copies to artists. • Assist in preparation of materials for committee meetings, as needed • Create show labels for each piece which list price and artist information • List shows on the WCIA insurance policy prior to each show and remove them at the end of the show.

<ul style="list-style-type: none"> • Identify and include in all FREE listings whenever possible • Host the Toddler Art Critic event, put on by the Arts Council, which is one of their 2018 projects. 	<ul style="list-style-type: none"> • Receipt in sales from shows and process payment paperwork to artists • Process receipts and payments for expenses. • Coordinate gallery reception and entertainment upon musician suggestions from committee. Create contract and process for payment. • Purchase and prepare food and beverages for gallery receptions. • Email postcard to mailing list. Send show information to the Reporter Calendar Section. Post on City Website.
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4. Special Projects

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Assist in jury process of the Summer Celebration arts and craft vendors • Book one band for Art Uncorked event • Determine event to sponsor at Summer Celebration Festival • Revive the Artist Directory-online listings • Coordinate details for Community Dance • Coordinate dance instruction for Community Dance • Coordinate and host an Art Swap in 2018. • Creative District plan. • Arts & Culture policy addendum to the Comprehensive Plan. 	<ul style="list-style-type: none"> • Recruit volunteers to jury SC crafters, plan meetings and organize jury packets • Coordinate with MMIP Committee on any band recommendations for Art Uncorked event • Coordinate contracts and payment for Art Uncorked event • Prepare contracts for Community Dance • Coordinate mural project • Assist Arts Council with coordinating Art Swap. • Perform administrative and organization tasks for the comprehensive plan addendum. • Lead Creative District efforts

5. Public Art

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Work towards creating an online tour map of the Public Art Collection with staff • Develop appropriate media and launch campaigns for new public art installations with staff coordination • Begin long-term planning such as identify priorities for 1% for the arts projects • Plan for dedication of new art installations, coordinate all aspects with staff • Assist with dedication of new public art • Coordinate installation of new art pieces with staff • Update public art STQRYs, send staff information to update website • Host WMW Mural unveiling ceremony 	<ul style="list-style-type: none"> • Guide and support MIAC in process of determining new public art projects • Coordinate cleaning and maintenance of existing public art • Coordinate installation of new art pieces with Public Art Chair • Plan for dedication of new art installations with MIAC • Add new pieces to Collection Management program • Update STQRY website as stories are completed by Arts Council members • Continue work on mural project with city departments and WSDOT. • Coordinate WMW Mural unveiling ceremony

6. Community Relations

4 Culture/King County Performance Network

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Attend King County Performance Network meetings • Review and select from artist performance list as budget allows • Consult on publicity and promotion plan • Consult on facility needed and any special requirements needed for events • Provide event support as determined by Arts Council • To inform local artists and art agencies about state-wide projects that have “Call for artists” so our local artists know of the opportunity • Develop plans to further use STQRY to advertise public art, events, and programs of the Arts Council • Attend Fine Arts Advisory Committee meetings as circumstances arise 	<ul style="list-style-type: none"> • Work with chair to develop publicity and promotion plan • Reserve facility and coordinate any special requirements needed • Process contracts and payments • Attend and work events as needed • Write grant application, process paperwork • Assist with requests regarding fundraising plan and goals • Attend 4 Culture and L.A.A. meetings.

Marketing & Publicity

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Research other avenues for publicity/marketing, i.e. other web sites, brochures, publications, e-mail lists, etc. • Maintain current publicity –ads in MI Reporter, MI Weekly articles, and Recreation Guide, and P&R Facebook page • Work with staff to be included on approved social media tools • Receive approval on all ads/flyers not created by staff before advertising begins 	<ul style="list-style-type: none"> • Update website • Process and update information for Recreation Guide • Approve all ads/flyers, promotions • Promote w/ Facebook, MI weekly and P&R Monthly Newsletter, recreation guide, etc

7. Administrative

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Review current budget monthly or as needed with staff • Get all expenses approved by staff prior to spending • Turn in expense receipts and paperwork in a timely manner • Develop publicity and promotions for soliciting new members • Chair to assist with New Member Orientation • Track detailed volunteer hours and submit to staff monthly, including non-Arts Council members such as MMIP screening committee and Gallery Hanging helpers • Provide year-end report to Council and Chair • Assist in Work Plan for year • Recruit volunteers to assist in committee activities • Prepare agenda topics and submit to staff when requested • Work in subcommittees for monthly updates on programs/activities/proposals 	<ul style="list-style-type: none"> • Monitor and create new biennium budget and monitor • Develop monthly reports for Arts Council meetings • Approve expense requests in a timely manner • Process receipts and expenses for payment • Monitor compliance of OPMA • Coordinate new vacancies with City Clerk • Review any publicity and promotions for soliciting new members • Maintain hours and reports spent in support of Arts Council • Prepare information for annual report & work plan • Track volunteer hours • Create binders for new members • Member orientations for newly appointed MIAC members • Prepare monthly meeting agenda • Record meeting minutes • Correspondence with members • Reports • Policies & procedures developed

Coordination with Design Commission

Arts Council Volunteers Roles	Staff Role
<ul style="list-style-type: none"> • Provide input to the Design Commission and developers as needed on art components • Serve as a resource when requested for art projects on the island • Coordinate assistance with artwork for WSDOT Light Rail project as requested 	<ul style="list-style-type: none"> • Provide input for consistency with city policies and procedures • Arrange and attend meetings as necessary • Coordinate a member of Design Commission to serve on review selection committee for all new public art projects that use a Call for Artists • Coordinate assistance with artwork for WSDOT Light Rail project as requested



BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA

AB 5420
May 15, 2018
Consent Calendar

Table with 3 columns: Title (ARTS COUNCIL TOWN CENTER PUBLIC ART BANNER PROJECT- ARTIST SELECTION PANEL APPROVAL), Action (Accept the Artist Selection panel for the Town Center Public Art Banner project), and checkboxes (Discussion Only, Action Needed, Motion, Ordinance, Resolution).

Table with 2 columns: Department of (Parks and Recreation (Diane Mortenson)), Council Liaison (Salim Nice), Exhibits (1. Artwork Prospectus), 2018-2019 City Council Goal (4. Focus on Arts and Culture), and Approved by City Manager.

Table with 3 columns: Amount of Expenditure (\$ 26,500), Amount Budgeted (\$ 26,500), and Appropriation Required (\$ 0).

SUMMARY

BACKGROUND

On January 23, 2018 City Council approved the Town Center banner replacement project and authorized expenditure from 1% for the Arts Fund. For reference see AB 5372. This Agenda Bill is for the City Council to approve the Artist Selection Panel. After the Panel selects an artist, staff will return to City Council for approval to go into agreement with the selected artist.

1% FOR THE ARTS FUND

The 1% for the Arts Fund ("Fund") specifies that 1% of City capital improvement project (CIP) costs (excluding Utility projects) are set aside and dedicated to the commission, purchase, and installation of public artworks in a variety of settings in the City. MICC 3.55.040 states that the Mercer Island Arts Council ("MIAC") shall recommend projects to the City Council, using appropriations from the Fund. MICC 4.40.200(F) notes that the Funds shall be used for:

- 1. Selection, acquisition and installation or display of original works of visual art which may be an integral part of the project, or be placed in, on or about the project or in another public facility; and
2. Repairs and maintenance of public art acquired with 1% for the Arts Fund; and
3. Other project-specific expenses of selection and acquisition; provided, that no part of the funds shall be used to pay administrative staffing expenses of the program.

MICC 4.40.200(H) further states that the MIAC recommendations shall reflect short and long range planning for art works and sites regarding the appropriation of the Fund; and that the arts projects should be responsive to the developing public art needs of the community, reflect the scope, scale and character of

the site, and be part of new parks and building developments. The MIAC shall carry out all necessary tasks and procedures, consistent with established arts policies, for the selection, placement and conservation of art works.

PROJECT DETAILS

The Town Center Banner project will refresh the look in Town Center. The intent of the competition is to select a collection of 5 designs from one participant reflecting the spirit of Mercer Island based on these 5 themed Island icons:

- Architecture
- Sculpture and Art
- Parks and beaches
- Nature
- Mountains to Sound/I-90 connection to the US

Schedule

A MIAC member and City staff have created and distributed an Artwork Prospectus and Request for Proposals. The deadline to receive proposals is Monday, May 21, 2018.

Artist Selection Panel

An Artist Selection Panel ("Panel") is chosen by the MIAC and staff and shall be presented to the City Council. Upon City Council approval, the Panel will review the art acquisition program for this project and visit the artwork site. Then the Panel will review the artists' entries and select the one which in their estimation most closely complements the specifications of the Art Acquisition Program, illustrates creative skills, and evidences high quality work. The Panel's tentative meeting date is scheduled for the beginning of June. The proposed Panel members and their area of representation are listed below:

1. An artist generally recognized for producing quality work: **Eliza Brown**, established artist from the UK who relocated to Mercer Island in 2016. Currently has art in galleries in the UK, and has taken part in several exhibitions both on and off of Mercer Island.
2. A Mercer Island citizen with special interest in the proposed site: **Laurie Givan**, Mercer Island Chamber of Commerce Executive Director.
3. A MIAC member (will serve as Chair of the Panel): **Rene Stratton**
4. A Mercer Island Design Commission member: **T.B.D**
5. A lay citizen of the City: **Janet Froio**, Mercer Island resident for 23 years. Passionate about art, design, gardening and anything creative.
6. A Mercer Island City Council Member: **Salim Nice**, Arts Council City Council Liaison.
7. A City staff advisor (non-voting member): **Diane Mortenson**, Recreation Superintendent.

RECOMMENDATION

Recreation Superintendent

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



2018 **Street Banner Competition** **Mercer Island Icons**

SUBMISSION DEADLINE

Monday, May 21, 2018, 5:00 pm Pacific Time,
Submit to: Diane Mortenson diane.mortenson@mercergov.org

QUESTIONS

Please direct all questions regarding the competition to Diane
Mortenson diane.mortenson@mercergov.org 206-275-7861



Introduction and Instructions

A. Introduction






The Mercer Island Arts Council (MIAC) and the City of Mercer Island invite amateur and professional graphic designers (Participant) to enter a competition for the design of street banners to replace the existing banners throughout the City of Mercer Island. Banners are to be installed in 2018.

B. Objective

The intent of the competition is to select a collection of 5 designs from one participant reflecting the spirit of Mercer Island based on the theme **Island Icons**. Originality and creativity are paramount.








C. Banner Design

The set of 5 different designs should be distinctive and represent the unique spirit of Mercer Island using the theme **Island Icons** in the following 5 areas:

-  Architecture
-  Sculpture and Art
-  Parks and beaches
-  Nature
-  Mountain to Sound/ I90 connection to the US

Colors should be bold with no more than 3 colors per design plus black and white. If using lettering, please use a font that will read from at least 75 feet.

D. Banner Specifications

-  5 designs total (18 of each banner design)
-  Size: 22" wide by 42" tall
-  Full color, double sided banners (same artwork on both sides)
-  Banner brackets will be at the top and bottom of each banner
-  Heavyweight, reinforced vinyl (scrim inside preferred)
-  Sewed edges
-  Solvent-based inks that are UV protected

E. Eligibility

The competition is open to all amateur and professional designers. There is no minimum age to apply.

F. Submission Requirements

- ✚ One page letter of Interest that explains why the artist is interested in the project which includes the artist's name, street address, phone number, and e-mail address.
- ✚ Current resume and three professional references.
- ✚ A digital image to scale for each of the 5 designs.
- ✚ Only digital files (JPG, PDF or TIF) will be accepted.
- ✚ A description of the design ideas – 1 paragraph per design.
- ✚ Any information/images that support the design.
- ✚ The selected participant's rights of design will be returned back after the completion of the project.

G. Selection and Award

An Artist Selection Panel (ASP) of six members will make the selection after conducting a blind jury. The ASP will be made up of the following:

- ✚ A local artist generally recognized for producing quality work.
- ✚ A member of the Mercer Island Chamber of Commerce.
- ✚ A Mercer Island Arts Council member who will serve as chair of the ASP.
- ✚ A Mercer Island Design Commission member.
- ✚ A lay citizen of the City.
- ✚ A Mercer Island City Council member.
- ✚ A City Staff Advisor (non-voting member).

Artist Award and Contract: The winning Participant will enter into contract with the City of Mercer Island. The Participant will be awarded \$3,000 for the series of 5 designs, which will be paid upon acceptance of the final designs. The cost of manufacturing, installing, maintaining and removing banners is the responsibility of the City of Mercer Island.

H. Proposed Schedule

Submission Deadline: May 21, 2018 (5:00pm) no late or incomplete entries accepted.

Email submissions only to: Diane Mortenson diane.mortenson@mercergov.org

Selection Notification: The winning participant will be notified by email and phone by May 31, 2018. After acceptance, all other participants will be notified by email of the winning participant.

Banners installation: End of Summer/Fall 2018

Attached are images of Mercer Island that may be used as references to the Island Icon theme. We strongly encourage participants to visit the island and research the area on the internet.

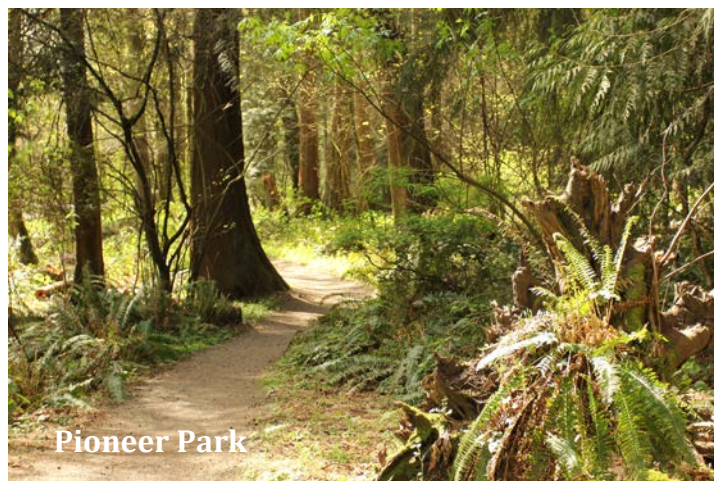




Roanoke Inn



VFW Hall







**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5427
May 15, 2018
Consent Calendar**

SE 40TH STREET CORRIDOR IMPROVEMENTS	Action: Award the project.	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	Public Works (Clint Morris)
COUNCIL LIAISON	n/a
EXHIBITS	1. Project Location Map
2018-2019 CITY COUNCIL GOAL	n/a
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$ 2,033,049
AMOUNT BUDGETED	\$ 1,299,884
APPROPRIATION REQUIRED	\$ 733,165

SUMMARY

BACKGROUND

This project will improve pedestrian and bicycle facilities in the SE 40th Street corridor, from Island Crest Way to Gallagher Hill Road. This arterial street is the primary east-west route on Mercer Island and provides access to Northwood Elementary, Mary Wayte Pool, and several residential neighborhoods. It also carries traffic to and from PEAK, Mercer Island High School, and the school district bus yard. This project has been included in the City's 6-Year Transportation Improvement Plan (TIP) since 2014.

In the fall of 2017, Staff submitted a grant application to the Washington State Transportation Improvement Board (TIB) for a SE 40th Street Corridor Improvement project, to include new curbs and sidewalks, bicycle lanes, and improved street lighting. The project was approved to receive \$500,000 in TIB grant funding for construction in 2018.

Design work began in January 2018. Final plans, specifications, and cost estimates were completed in early April and the project was then advertised for bids. Three bids were received and staff is ready to award a construction contract.

PROJECT DESCRIPTION

The project has been divided into three schedules, as described below. The project's location is shown on Exhibit 1.

Schedule 'A' is the construction of pedestrian and bicycle facility improvements. Work will generally include installing new concrete curb and gutter, new 5-foot wide concrete sidewalks, and new ADA curb ramps on both sides of SE 40th Street from Island Crest Way to Gallagher Hill Road. Some existing areas of concrete curb and sidewalk will be retained (for example, near Island Crest Way and along Northwood Elementary). A new bicycle lane will be constructed from Island Crest Way to 86th Avenue on the south side of SE 40th Street and existing paved shoulders from 86th Avenue to Gallagher Hill Road will be remarked as bicycle lanes. The new sidewalks will be replacing large amounts of asphalt walkways built in the 1970's that are only 4 feet wide and have become broken, uneven, and heaved by tree roots in several areas. The existing roadway's ramped asphalt thickened edges allow vehicles to pull off the roadway anywhere, sometimes parking on or near the existing walkways. New concrete curbs will provide a desirable vertical separation between the roadway and the sidewalks, which will provide a safer pedestrian facility than what is currently in place.

Other work under Schedule 'A' includes minor roadway drainage improvements, driveway connections for all homes along SE 40th, minor landscaping, and some modifications to the traffic and pedestrian signal at the SE 40th Street and 86th Avenue intersection. In addition, as part of the project's grant proposal, recycled aggregate will be used in the construction of all the sidewalk grades. The engineer's estimated construction cost for the work contained in Schedule 'A' at completion of design was \$1,035,672.

Schedule 'B' is the repair and resurfacing of SE 40th Street from 85th Avenue to 88th Avenue. This road was last repaved in 1999, and its pavement condition has been affected by recent construction of the new Northwood Elementary and several new homes along SE 40th. The pending work within Schedule A of this project will further degrade pavement condition with numerous utility cuts and minor realignment of roadway lanes. The scope of work for this project schedule involves full-width grinding of the existing pavement, "preleveling" to correct some poor roadway geometry, a 2" hot mix asphalt overlay, and new pavement markings. This work was estimated to cost \$181,820 to construct.

Schedule 'C' involves water system modifications on SE 40th Street between 86th and 88th Avenues to abandon a segment of existing 6" asbestos cement (AC) water main. The Comprehensive Water System Plan has a long term goal of replacing all AC water mains on the Island, and the new sidewalk and repaving work on SE 40th Street provides an opportunity to do the underground work to abandon this two-block section of AC pipe. Water services to the few homes served by this piece of AC will be switched over to an existing 12" cast iron water main already in service in SE 40th Street, a fire hydrant will be replaced (it needs to be moved out of the way of the new sidewalk as well), and then the AC line will be disconnected from the water system. This work was estimated to cost \$61,750, and will be funded by the City's Street Related Water Improvements Program.

At completion of design work, the total estimated construction cost for all three work schedules was \$1,279,242.

In addition, Puget Sound Energy will be relocating several utility poles, so they will lie outside of the new sidewalk areas, and existing street lighting along SE 40th Street will be upgraded to more energy efficient and brighter LED fixtures. This work is occurring outside of the SE 40th Street Corridor Improvements construction contract.

BID RESULTS AND AWARD RECOMMENDATION

Three construction bids for the project were received and opened on May 2, 2018. The lowest responsible bid was received from Kamins Construction, in the amount of \$1,528,951.42, for Schedules 'A', 'B', and 'C'. This bid was approximately \$250,000 (19%) higher than the Engineer's Estimate. Reasons for this increased project cost (as stated by Kamins) include a large amount of similar public agency work currently available and the rather narrow window for construction of this project (SE 40th Street between Island Crest Way and 88th Avenue is to be constructed during school summer break).

Kamins Construction has a good history of completing projects within the specified time frame and to the satisfaction of the contracting agency and has successfully completed numerous roadway construction projects for nearby public agencies. Kamins has also completed previous contracts for the City of Mercer Island, including two storm drainage projects in 2016 and the Roadside Shoulders East Mercer Way Phase 8 project in 2013. A review of the Labor and Industries (L&I) website confirms Kamins Construction is a contractor in good standing, with no license violations, outstanding lawsuits, or L&I tax debt. Staff's review of the bid submittals and reference checks confirms the recommendation to award all three schedules of the SE 40th Street Corridor Improvements project to Kamins Construction as the lowest responsible bidder. The bid results for the project are shown in the following table.

SE 40TH STREET CORRIDOR IMPROVEMENTS CONSTRUCTION BID RESULTS				
	Engineer's Estimate	Kamins Construction	Gary Merlino Construction Co.	McCann Const Enterprises, Inc.
Schedule A - SE 40th Street Corridor Improvement	\$1,035,672.50	\$1,277,625.72	\$1,285,729.50	\$1,309,390.00
Schedule B - SE 40th Street Overlay	\$181,820.00	\$186,955.50	\$198,736.00	\$216,955.00
Schedule C - SE 40th Water System Modifications	\$61,750.00	\$64,370.20	\$68,725.00	\$63,540.00
Total Bid Amount	\$1,279,242.50	\$1,528,951.42	\$1,553,190.50	\$1,589,885.00

Adding amounts to each schedule for construction contingency, design, inspection services, contract administration, and 1% for the Arts brings the project's total estimated cost to \$2,033,049. Construction contingency for this project is 10% for each contract schedule. The table below summarizes the overall project costs and available budget amounts.

SE 40TH STREET CORRIDOR IMPROVEMENTS PROJECT BUDGET				
Description	Schedule A Corridor	Schedule B Overlay	Schedule C Water	TOTAL
Construction Contract				Award to Kamins Const.
Schedule A - SE 40th Street Corridor Improvements	\$1,277,626			\$1,277,626
Schedule B - SE 40th Street Overlay		\$186,956		\$186,956
Schedule C - SE 40th Water System Modifications			\$64,370	\$64,370
Total Construction Contract	\$1,277,626	\$186,956	\$64,370	\$1,528,951
Construction Contingency @ 10%	\$127,762	\$18,696	\$6,437	\$152,895
Pre-Design (2017)	\$13,283			\$13,283
Project Design	\$119,190	\$17,440	\$6,000	\$142,630
Inspection Services	\$91,920	\$13,450	\$4,630	\$110,000
Contract Administration / Project Management	\$37,605	\$5,500	\$1,895	\$45,000
1% for the Arts	\$12,776	\$1,870	\$644	\$15,290
Other - PSE, Street lighting upgrade	\$25,000			\$25,000
Total Project Budget	\$1,705,162	\$243,911	\$83,976	\$2,033,049
2017-2018 Budget - SE 40th Street	\$626,251	\$243,911		\$870,162
2017-2018 Budget - Safe Routes to School	\$345,746			\$345,746
2017-2018 Budget - Street Related Water Improve.			\$83,976	\$83,976
Total Budget Available for Project	\$971,997	\$243,911	\$83,976	\$1,299,884
Allocation Needed	\$733,165	\$0	\$0	\$733,165

A budget appropriation of \$733,165 is required to fully fund this project. The TIB Grant provides \$500,000 of the needed funding. To cover the additional cost of this project staff applied for and received approval for an additional \$50,000 in TIB Grant funding (the maximum increase allowed by TIB). The remaining funding will come from Transportation Impact Fees. Based on the Transportation Impact Fee Rate Study performed by Fehr and Peers up to 11% of the cost of new PBF Facilities (Schedule A) may be paid using Transportation Impact Fees. The current balance of Transportation Impact Fees as of 3/31/18 is \$174,929. Approximately \$5,000 in Transportation Impact Fees are collected monthly.

Funding Sources	Amount
TIB Grant - Awarded (Dec 2017)	\$500,000
TIB Grant - Additional Award (May 2018)	\$50,000
Transportation Impact Fees (11% of Sched A)	\$183,165
Total Additional Funding	\$733,165

Approval of the \$733,165 appropriation will authorize staff to commence work and incur expenses on this project. As an administrative step, staff will return with a Budget Ordinance including this appropriation request (and other approved appropriations) as part of a future Financial Status Report to the City Council.

Construction activities on the project are scheduled to begin in mid-June, after school is dismissed for the summer. Work between Island Crest Way and 88th Avenue is planned to be substantially complete by the

time school starts again on September 5, 2018 to include sidewalks completed, roadway repaving completed and pavement markings installed. The remainder of the work from 88th Avenue to Gallagher Hill Road should be completed by mid-October. Staff will be sending letters out this week to residents that will be affected by the construction activities, explaining to them the scope of the work, the tentative construction schedule, and providing Staff contact information. Notification signage will be installed a week prior to the start of the work. Staff will also be posting periodic project updates to MI Weekly.

RECOMMENDATION

Street Engineer

MOVE TO: 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.



CITY OF MERCER ISLAND

SE 40TH STREET CORRIDOR IMPROVEMENTS

ISLAND CREST WAY TO GALLAGHER HILL ROAD

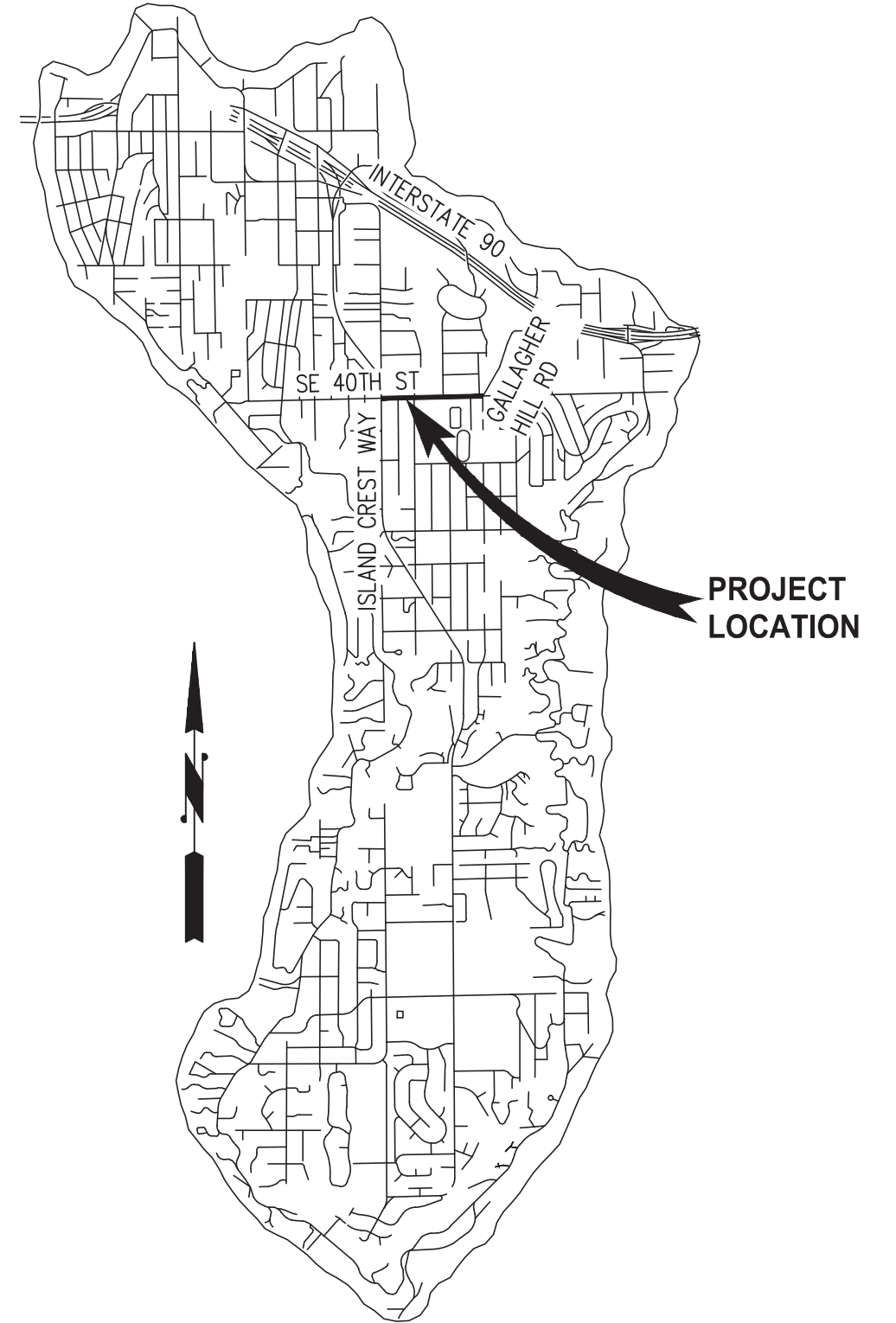
APRIL 2018

TIB PROJECT NUMBER: P-P-104(P03)-1

CITY PROJECT NUMBER: WR517

SCHEDULE OF DRAWINGS

<u>SHEET</u>	<u>DRAWINGS</u>
1	COVER
2	INDEX, SURVEY CONTROL, & ALIGNMENT DATA
3	LEGEND & ABBREVIATIONS
4	TYPICAL SECTIONS
5-6	ROADWAY DETAILS
7-9	UTILITY DETAILS
10-12	SITE PREPARATION PLAN
13-17	ROADWAY PLAN & PROFILE
18-22	CURB RAMP DETAILS
23-24	DRAINAGE DETAILS
25-30	DRIVEWAY PLAN & PROFILE
31	DRIVEWAY SCHEDULE & DETAILS
32-34	CHANNELIZATION PLAN
35-36	SIGNAL PLAN & DETAILS



CALL 2 DAYS
BEFORE YOU DIG
1-800-424-5555

BID
DOCUMENTS



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5426
May 15, 2018
Consent Calendar**

2018 ARTERIAL AND RESIDENTIAL STREET OVERLAYS	Action: Award the project.	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	Public Works (Clint Morris)
COUNCIL LIAISON	n/a
EXHIBITS	1. Project Location Map
2018-2019 CITY COUNCIL GOAL	n/a
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$	675,242
AMOUNT BUDGETED	\$	825,244
APPROPRIATION REQUIRED	\$	0

SUMMARY

BACKGROUND

The 2018 Arterial and Residential Street Overlays is the combination of arterial and residential street paving locations into one contract for hot mix asphalt (HMA) paving this summer. The project includes a pavement preservation overlay of Island Crest Way from SE 28th Street to the 3000 block and residential street repaving in two different Island neighborhoods. Combining similar asphalt paving projects together into one contract makes the larger project more attractive to bidders and reduces the City's costs to oversee and manage the work.

Design work began in February of this year. Final plans, specifications, and cost estimates were completed in early April and the project was then advertised for bids. Three contractor bids were received and staff is now ready to award a construction contract. As currently designed, this project will resurface 0.6 miles of the City's 83.5 miles of publicly maintained roadways.

PROJECT DESCRIPTION

The project has been divided into three schedules, as described below. Locations are shown on Exhibit 1.

Schedule 'A' is the repair and resurfacing of Island Crest Way from SE 28th Street to the 3000 block. This segment of principal arterial was reconstructed in the late 1980's by WSDOT, during the major I-90 construction work. In 2016, its Pavement Condition Index (PCI) rating was at the bottom of the "Fair" range. Staff has observed this segment's condition decline further since 2016, and it has now likely dropped to the

“Poor” range. Given the heavy traffic volumes it carries, its condition will continue to decline without repaving. (The PCI rating of a pavement ranges from 100 to 0, with a brand new pavement having a maximum theoretical score of 100. The rating is then reduced based on calculated deductions for various visual distress characteristics. The numbered ranges have descriptive names: Good, Satisfactory, Fair, Poor, Very Poor, and Failed.)

During preliminary design work in 2017, pavement core sampling on Island Crest Way revealed the existing asphalt pavement to be no more than 4 inches thick in the southbound lanes. To better handle future traffic loads, pavement thickness in the primary southbound lane will be increased to 6 inches as part of this project. Current work scope includes removing and replacing large areas of pavement in the southbound lanes, grinding of pavement in the northbound lanes, and an asphalt overlay of all lanes. Additional scope includes replacing vehicle induction loops at the SE 28th Street traffic signal, utility adjustments, and new pavement markings. The engineer’s estimated construction cost at completion of design was \$313,064.

Schedule ‘B’ is the resurfacing of SE 28th Street, as it curves into 84th Avenue. This roadway received a thin asphalt overlay in 1994 by WSDOT, after completion of all the major I-90 construction contracts. It currently has extensive alligator cracking and its PCI rating is “Poor”. The scope of work for this street involves removing nearly all of the existing asphalt pavement, regrading the crushed rock base, and repaving with hot mix asphalt. This work was estimated to cost \$65,414 to construct.

Schedule ‘C’ is the repaving of 82nd and 83th Avenues, from the 7000 block to SE 72nd Street. These roads were originally built in about 1962, and were chip sealed in 1985. Their PCI ratings are “Fair” and “Poor”. The scope of work for these roads involves pavement removal and patching, “preleveling” to restore cross slope and fill sunken areas, and a 2” HMA overlay. The estimated construction cost for this work was \$161,840.

At completion of design work, the total estimated construction cost for all three work schedules was \$540,318.

BID RESULTS AND AWARD RECOMMENDATION

Three construction bids for the project were received and opened on April 25, 2018. The lowest bid was received from Watson Asphalt Paving Company, in the amount of \$497,839.30, for Schedules ‘A’, ‘B’, and ‘C’. Watson Asphalt has successfully completed numerous paving projects for nearby cities in recent years. A review of the Labor and Industries website confirms that Watson Asphalt is a contractor in good standing, with no license violations, outstanding lawsuits, or L&I tax debt. Staff’s review of the bid submittals and reference checks confirms staff’s recommendation to award all three schedules of the 2018 Arterial and Residential Street Overlays project to Watson Asphalt Paving Company. The bid results for the project are shown in the table below.

2018 ARTERIAL AND RESIDENTIAL STREET OVERLAYS CONSTRUCTION BID RESULTS				
	Engineer's Estimate	Watson Asphalt Paving	Lakeside Industries	Lakeridge Paving Co.
Schedule A - ICW Arterial Overlay	\$313,064.00	\$278,275.50	\$298,889.00	\$319,233.00
Schedule B - SE 28th Street Res. Overlay	\$65,414.00	\$63,032.80	\$67,603.00	\$67,509.00
Schedule C - 82nd and 83rd Avenue Res. Overlay	\$161,840.00	\$156,531.00	\$161,573.25	\$177,740.00
Total Bid Amount	\$540,318.00	\$497,839.30	\$528,065.25	\$564,482.00

Adding amounts to each schedule for construction contingency, design, inspection services, contract administration, and 1% for the Arts brings the project's total estimated cost to \$675,242. The following table summarizes the overall project costs and available budget amounts.

2018 ARTERIAL AND RESIDENTIAL OVERLAYS PROJECT BUDGET			
Description	Arterial Overlay	Residential Overlays	TOTAL
Construction Contract			Award to Watson Asphalt Paving
Schedule A - ICW Arterial Overlay	\$278,276		\$278,276
Schedule B - SE 28th Street Residential Overlay		\$63,033	\$63,033
Schedule C - 82nd and 83rd Avenue Res. Overlays		\$156,531	\$156,531
Total Construction Contract	\$278,276	\$219,564	\$497,839
Construction Contingency @ 10%	\$27,828	\$21,956	\$49,784
Project Design	\$31,757	\$39,883	\$71,640
Inspection Services	\$14,000	\$12,000	\$26,000
Contract Administration / Project Management	\$15,000	\$10,000	\$25,000
1% for the Arts	\$2,783	\$2,196	\$4,978
Total Project Budget	\$369,643	\$305,599	\$675,242
2017-2018 Budget - ICW Preservation Overlay	\$390,000		\$390,000
2017-2018 Budget - Residential Streets		\$435,244	\$435,244
Total Budget Available for Project	\$390,000	\$435,244	\$825,244
Budget Remaining	\$20,357	\$129,645	\$150,002

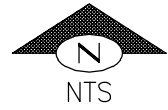
Construction activities on the 2018 Arterial and Residential Street Overlays contract are tentatively scheduled to begin in early June. Work on Island Crest Way will be scheduled to avoid Seafair week. All paving work should be completed by the end of August and the whole contract should be complete by mid-September.

Staff will be sending letters out this week to all homes on the residential streets affected by paving, explaining to them the scope of the work, the tentative construction schedule, and providing staff contact information. Notification signage will be installed prior to the start of major roadway work. Staff will also post periodic project updates to MI Weekly.

RECOMMENDATION

Street Engineer

MOVE TO: 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.



CITY OF MERCER ISLAND KING COUNTY WASHINGTON

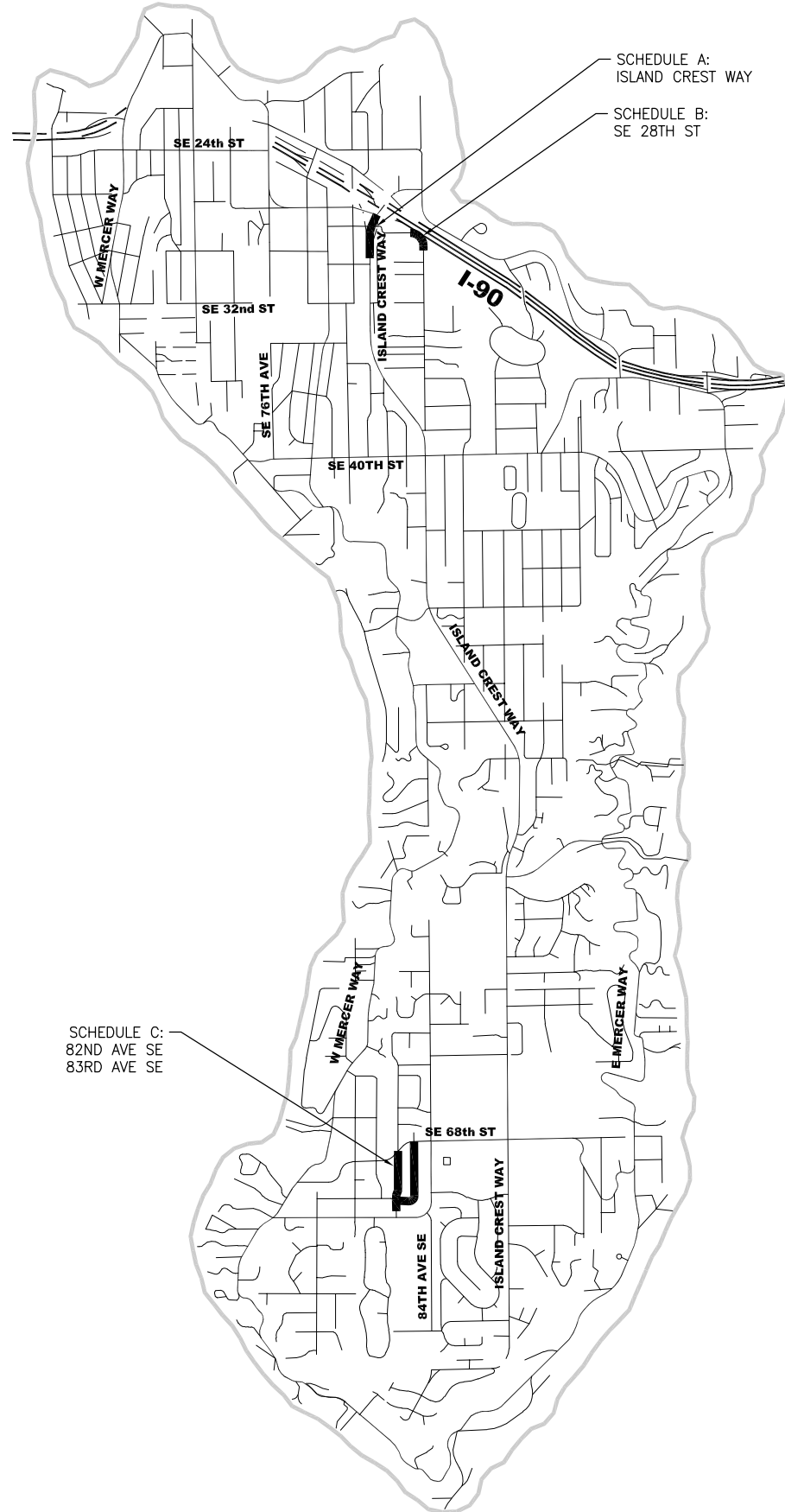


2018 ARTERIAL AND RESIDENTIAL STREET OVERLAYS

PROJECT NUMBERS: WR716R (ISLAND CREST WAY)
WR101R (RESIDENTIAL STREETS)

APRIL 2018

BID DOCUMENT



SHEET INDEX

1	COVER
2	NOTES AND LEGENDS
3	TYPICAL SECTIONS
4-6	SCHEDULE A - ISLAND CREST WAY ARTERIAL OVERLAY
7	SCHEDULE B - SE 28TH ST RESIDENTIAL OVERLAY
8-11	SCHEDULE C - 82ND AVE SE & 83RD AVE SE RESIDENTIAL OVERLAYS
12-14	DETAILS



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5424
May 15, 2018
Regular Business**

GROVELAND PARK REPAIR AND SHORELINE IMPROVEMENTS BID AWARD	Action: Award the project.	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	Parks and Recreation (Alaine Sommargren)
COUNCIL LIAISON	n/a
EXHIBITS	1. AB 5391 (3/20/2018)
2018-2019 CITY COUNCIL GOAL	2. Maintain QofL/Essential Services
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$ 981,655
AMOUNT BUDGETED	\$ 430,155
APPROPRIATION REQUIRED	\$ 551,500

SUMMARY

At the March 20, 2018 meeting, the City Council authorized the City Manager to solicit and receive bids for the construction of the Groveland Beach Park Repairs Project (AB 5391, see Exhibit 1). The lowest responsive bid was within the engineer’s estimate for this project. The total project cost is \$981,655 (\$20,030 higher than anticipated in AB 5391). As discussed during the March 20 meeting, staff recommends filling the funding gap with a combination of budget reallocations (from other Park projects) and new revenues. **No REET surplus is needed for this project, preserving funding for the Maintenance Center remodel/ expansion project.**

PROJECT BACKGROUND

Groveland Beach Park is a public swim beach which receives heavy use in the summer months and serves as a neighborhood destination year-round. Both docks and the concrete bulkhead at the shoreline were constructed in the 1960s. Both docks are at the end of their useful lives. In early 2014, an engineer inspected both docks and reported that the existing structures had 1-3 years of remaining useful life. In addition, the engineer identified repairs that could extend the life of the large dock by 10-15 years. Dock repair or replacement has been included in the Six-Year CIP since 2013.

The summer of 2017 was the last season that the Groveland docks could be used without the required repairs. The Engineer of Record has determined that the structures are not safe to use for the 2018 summer season. Both docks were permanently closed to public access on May 1, 2018, and the public was notified several weeks in advance. Should project construction be approved for summer 2018, the public will be notified of the closure of the entire waterfront and access road immediately. The playground area will remain open to public access.

The 2015-2016 CIP budget allocated \$935,000 to the replacement of the large pier and bulkhead. In April 2016, the Mercer Island City Council directed staff to proceed with repair of the large Groveland dock and removal of the small dock in order to free up funding for the Island Crest Park (ICP) North Outfield project, reducing the budget for the Groveland Beach Dock Repair project to \$500,000. Parks and Recreation staff have been pursuing design and permitting for this project since April 2016. At the end of 2016, the remaining project budget was \$430,155 which was carried over to the 2017-2018 budget (AB 5296, May 1, 2017).

After receiving Authorization to Bid from the City Council on March 20, 2018, staff initiated the bidding process. The project included six major elements:

- Repair substructure of large dock
- Remove small dock and pilings
- Remove wave skirting on large dock
- Install wave attenuation system outside large dock
- Enhance shoreline north of concrete bulkhead
- Install raw water irrigation intake

The repairs to the dock are expected to extend the lifespan of the dock structure by 10-15 years. The design of the wave attenuation system meets the functional requirements for calming the swim beach area as well as requirements set out by permitting agencies: it will provide comparable protection from wind waves as the current dock skirting, it will not impede fish passage, and it uses an anchoring system favored by permitting agencies. The construction of the wave attenuation system will allow Groveland Beach Park to remain a swim beach by calming nearshore waters and reducing shoreline erosion independent of the dock's presence.

Improvements to the north shoreline contain many of the mitigation elements required for the project. The north shoreline improvements were included in the bid as an alternate item. This item included beach regrading, slope stabilization, sockeye gravel re-nourishment, water access stairs, and shoreline planting. Constructing these elements in 2018, as part of the larger project, will save costs for future mobilization and temporary erosion control measures, as well as staff costs for re-bidding and project management.

BID RESULTS

Four construction bids for the project were received and opened on April 19, 2018. Table 1 provides a summary of the bid results and the engineer's estimate for this project. The engineer's estimate and total bid amounts include the alternate bid item for north shoreline work. The lowest responsive bid was received from American Construction Co.

TABLE 1: BID RESULTS	
COMPANY NAME	TOTAL BID AMOUNT *
American Construction Co. Inc.	\$640,500
Waterfront Construction	\$646,500
Accord Contractors LLC	\$688,469
Neptune Marine LLC	\$710,171
ENGINEER'S ESTIMATE:	\$600,000 to \$650,000
* Total bid amount includes alternative bid item for shoreline work north of concrete bulkhead, and does not include Washington State Sales Tax.	

PROJECT BUDGET

Table 2 summarizes the estimated project costs at Authorization to Bid and at Bid Award, and compares both to the available project budget. The estimated construction cost at Authorization to Bid was based on the mid-point of the engineer's estimate range, \$625,000. The low bid received was \$640,500. Adding amounts for construction contingency, construction support services, project design, management, and 1% for the Arts brings the project's total estimated cost to \$981,655. This total exceeds the \$430,155 budget allocated to the project in the 2017-2018 budget by \$551,500, which is \$20,030 more than the \$531,470 funding need estimated at Authorization to Bid.

DESCRIPTION	AUTHORIZATION TO BID	RECOMMENDED BID AWARD
		Award to American Construction Co.
Construction	\$625,000	\$640,500
<u>Sales tax (10%)</u>	<u>\$62,500</u>	<u>\$64,050</u>
Total Construction Contract	\$687,500	\$704,550
Construction Contingency (15%)	\$103,125	\$105,700
Construction Support Services	\$34,875	\$35,110
Design/Consultants	\$54,700	\$54,700
Project Management	\$48,060	\$48,060
Permitting	\$15,485	\$15,485
DNR Lease Preparation	\$11,000	\$11,000
1% for the Arts	\$6,880	\$7,050
Total Project Cost	\$961,625	\$981,655
Total Project Budget Available	\$430,155	\$430,155
Budget Appropriation Needed	\$531,470	\$551,500

As discussed during the March 20 meeting, staff recommends a combination of budget reallocations (from other Park projects) and fund balance allocations to meet the needed budget appropriation. Table 3 shows available project budgets that have been identified for reallocation from existing CIP projects and available fund balance in the CIP and General Funds.

FUND SOURCE	AMOUNT
Recurring Parks CIP reallocation	\$44,000
ICP North Outfield Project savings reallocation	\$80,000
Clarke Beach Shoreline reallocation	\$55,000
Available fund balance (CIP Fund)	\$70,000
Available fund balance (General Fund)	\$302,500
TOTAL	\$551,890

All available park project reallocation options have been sought to reduce the new appropriation needed. Clarke Beach Shoreline design funding will be re-proposed in the 2019-2020 CIP budget. The savings from the ICP North Outfield project have been estimated for reallocation to Groveland.

Approval of the \$179,000 in project budget reallocations and new budget appropriations totaling \$372,500 will authorize staff to commence work and incur expenses on this project. As an administrative step, staff will return with a budget amending ordinance including this appropriation request (and other approved appropriations) as part of a future Financial Status Report to the City Council.

PROJECT SCHEDULE

All permits for this project have now been received. A Right-of-Entry Agreement with the Department of Natural Resources is currently being drafted and will be finalized in the coming weeks. This agreement will cover the City's construction activities beyond the Harbor Line until an Aquatic Lease Agreement is executed.

If approved, the project construction schedule is as follows:

Late May	Execute contract with American Construction Co.
June	Mobilization begins
July 16	In-water work window begins
September 30	In-water work window ends
November 15	Substantial completion
January 2019	Waterfront area re-opens to public

RECOMMENDATION

Natural Resources Manager

MOVE TO: 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.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5391
March 6, 2018
Regular Business**

GROVELAND BEACH PARK REPAIRS - AUTHORIZATION TO BID	Action: Authorize the City Manager to solicit and receive bids for construction of the Groveland Beach Park Repairs Project.	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	Parks and Recreation (Alaine Sommargren)
COUNCIL LIAISON	n/a
EXHIBITS	1. AB 5165 (April 4, 2016) 2. Groveland Beach Park Repairs Site Plan
2017-2018 CITY COUNCIL GOAL	4. Address the City's Financial Challenges
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$ 961,625
AMOUNT BUDGETED	\$ 430,155
APPROPRIATION REQUIRED	\$ 531,470

SUMMARY

Groveland Beach Park is one of two public lifeguarded beaches on Mercer Island. It is heavily used in the summer months as a swim beach and serves as a neighborhood destination year-round. The small dock was present in the early 1960's. The large dock and bulkhead were constructed in 1967.

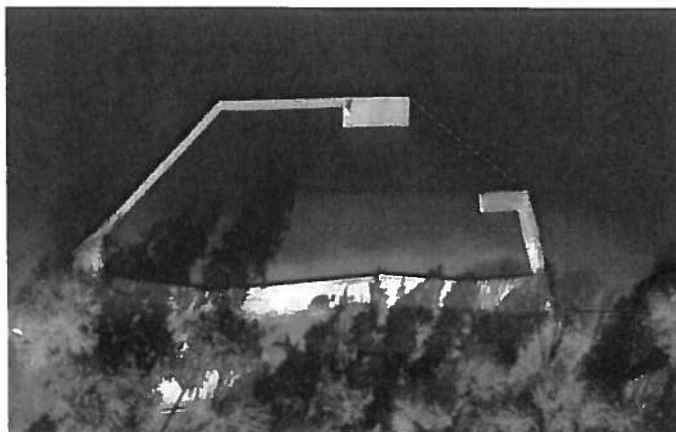


Figure 1: Groveland Beach swim area showing large dock on the left and small dock at right with the shoreline concrete bulkhead in between.

Both docks are approaching the end of their useful lives. In early 2014, an engineer inspected both docks and reported that the existing structures had 1-3 years of remaining useful life. In addition, an engineer identified repairs that could extend the life of the large dock by 10-15 years. Dock repair or replacement has been included in the Six-Year Capital Plan since 2013.

In 2014, Parks and Recreation conducted a public meeting at Groveland Beach Park and an online survey to collect input on the project scope. Final results indicated that the top two priorities were replacing the large dock and constructing a "zero-entry" beach. A zero-entry beach is one in which the depth of water gradually increases from the beach, while the current configuration requires users to climb down the bulkhead that lines Groveland Beach's water access. The dock and the zero-entry beach had roughly equal support; however, no project costs were provided at the public meeting or in the survey.

The 2015-2016 CIP budget allocated \$935,000 to the replacement of the large pier and bulkhead. In April 2016, the Mercer Island City Council considered this project and the Island Crest Park Sportsfields Improvement project to determine budget priorities for these two large capital projects (see Exhibit 1). Options presented included 1) replacing the large dock entirely and 2) repairing the existing large dock. City Council directed staff to proceed with repair of the large Groveland dock and removal of the small dock in order to free up funding for Island Crest Park, reducing the budget for the Groveland Beach Dock Repair project to \$500,000.

Parks and Recreation staff have been pursuing design and permitting for this project since April 2016. Early estimates for the cost of the project ranged from \$500,000-550,000. These estimates did not adequately reflect the cost of the wave attenuation system and other project costs, including shoreline mitigation work and permitting. In addition, construction costs in the region continued to escalate. After expenditure of design fees in 2016, the remaining budget (\$430,155) was carried over to the 2017-2018 budget (AB 5296, May 1, 2017).

The summer of 2017 was the last season that the Groveland docks could be used without the required repairs. The Engineer of Record has determined that the structure will no longer be safe to use for the 2018 summer season. The structures will be permanently closed to public access on May 1, 2018, in advance of the high-use summer season. The public will be notified of the impending closure in the coming weeks. Should project construction be approved for summer 2018, the public will be notified of the additional beach closure immediately.

DESIGN PROCESS

After receiving direction from City Council to move forward on large dock repairs, staff began work with OAC Services to engineer dock repairs, and Robert W. Droll, Landscape Architect, to design the remaining elements of the project.

Six major elements were identified for the project (see Exhibit 2):

- Repair substructure of large dock
- Remove small dock and pilings
- Remove wave skirting on large dock
- Install wave attenuation system outside large dock to maintain calm swim area
- Enhance shoreline north of concrete bulkhead
- Install raw water irrigation intake

Engineering for the large dock repairs was completed in July 2016. Staff continued to work with the landscape architect to refine the remaining elements of the project, incorporating specific requirements and recommendations from permitting entities and technical reports from a coastal engineer. The repairs to the dock are expected to extend the lifespan of the dock structure by 10-15 years. From a permitting

perspective, replacing the dock in the future will be a more streamlined process if the existing dock is kept from becoming derelict.

The wave attenuation system is the most complex element of the project and has undergone several changes during the design phase. The current design meets the functional requirements for a wave attenuation system as well as requirements set out by permitting agencies: it will provide comparable protection from wind waves as the current dock skirting, it will not impede fish passage, and it uses an anchoring system favored by permitting agencies. The construction of the wave attenuation system will allow Groveland Beach Park to remain a swim beach in the long-term, regardless of the configuration of future dock or float facilities. It will calm nearshore waters and reduce shoreline erosion independent of the dock's presence.

Improvements to the shoreline north of the concrete bulkhead, which contribute to mitigation for the project, will be included in the bid as an alternate item. If the bids received are higher than the construction estimate, delaying these improvements for 1-3 years will allow for some flexibility in implementing the project within the projected budget. While implementing this project in two phases would increase mobilization costs, the delay would allow time for additional funds to be identified while still meeting permit time requirements for the work.

CONSTRUCTION SCHEDULE

The schedule for construction is constrained by permit limitations on in-water work, and availability of specialized contractors. In-water work will be required for many of the project elements (wave attenuator and irrigation intake installation, dock removal, spawning gravel placement), and is only permitted between July 16 and September 30. Contractors with the equipment and expertise to complete this project are in high demand on Lake Washington. Bidding the project as early as possible improves the likelihood of securing a contractor in a competitive bidding situation.

The projected schedule for bidding and construction is as follows:

Late March	Advertisement for bids
Late April	Bids due
Late April	Request bid award from City Council
May	Execute contract
June	Mobilization begins
Late November	Substantial completion

Project approval is expected from the US Army Corps of Engineers in the coming weeks.

PROJECT BUDGET AND ESTIMATED CONSTRUCTION COSTS

The cost for construction, permitting, and project preparation is estimated at \$961,625. The current budget for Groveland Dock and Shoreline Improvements (2017-2018 CIP) is \$430,155. The table below shows expenses to date, and estimated costs for project completion.

Description	Estimated costs
Project Management	\$48,060
Design/Consultants	54,700
DNR Lease	11,000
Permitting	15,485
Construction	722,000
Construction Contingency (15%)	103,000
1% for the Arts	6,880

TOTAL	\$961,625
2017-2018 Budget	430,155
Estimated funding needed	\$531,470

Staff have identified potential sources of funding for the projected shortfall, which are summarized in the table below. Final recommendations for funding sources will be presented during the request for bid award in April 2018.

Potential funding source	Estimated amount
Recurring Parks CIP (raw water intake)	\$44,000
King County Parks Levy	100,000
Island Crest Park Ballfield Project savings	30,000
Clarke Beach Shoreline design	55,000
2017 REET surplus	302,500
TOTAL	\$531,500

RECOMMENDATION

Natural Resources Manager

MOVE TO: Authorize the City Manager to solicit and receive bids for the construction of the Groveland Beach Park Repairs Project.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5422
May 15, 2018
Regular Business**

CITY'S FINANCIAL CHALLENGES: REVIEW COMMUNITY ADVISORY GROUP'S (CAG) RECOMMENDATIONS / DISCUSS SCENARIOS AND OPTIONS	Action: Review and discuss scenarios and options considered and the CAG recommendations.	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	City Manager (Julie Underwood)
COUNCIL LIAISON	n/a
EXHIBITS	<ol style="list-style-type: none"> 1. Community Advisory Group Recommendation 2. 2017-2018 Community Engagement Activities 3. Charter and List of Members 4. Operating Budget Balancing Options 5. Minority Recommendation
2018-2019 CITY COUNCIL GOAL	2. Maintain QofL/Essential Services
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

INTRODUCTION

In early 2017, the City Council adopted as part of their 2017-2018 Council Goals and Work Plan the following:

Goal 2: Maintain Quality of Life Services Addressing the City's Financial Challenges

Action Step 1: Convene a Citizen Advisory Committee to evaluate programs, services, and capital investments and consult on revenues and/or reductions

In June 2017, the City began a public engagement process 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. While the current 2017-2018 budget has been temporarily balanced using one-time resources, the City is projecting significant operating deficits in 2019 and beyond.

At Tuesday's meeting, the City Manager will deliver a summary of the engagement process to City Council, along with the 23-member [Community Advisory Group](#) recommendation (74% in favor):

“The CAG recommends that the City place on the November 2018 ballot a measure to lift the city property tax levy lid, increasing property taxes approximately \$254 in 2019 for a median-value \$1.2MM property, with this additional levy amount increasing by 5% each year and terminating after six years. We believe this levy lid lift is the best option for addressing the city's current financial challenges while also maintaining the current level of city services.” (Exhibit 1)

The Council will receive the City Manager's recommendation and begin at the June 5, 2018 City Council meeting.

COMMUNITY ENGAGEMENT 2017-2018

The City kicked-off community engagement efforts with a “Quality of Life Partners” meeting in June 2017. A small group of 15 community partners met informally to provide feedback on the proposed process. These partners represent a wide range of groups that make a positive difference in our community, provide services, and are central to Mercer Island's quality of life, and they included:

- Community Emergency Response Teams (CERT)
- Friends of Luther Burbank Park
- Mercer Island Chamber of Commerce
- Mercer Island Clergy Association
- Mercer Island Football Club
- Mercer Island Friends of the Library
- Mercer Island Preschool Association
- Mercer Island Rotary Club
- Mercer Island School District
- Nowland Premier Soccer Academy
- Senior Foundation of Mercer Island
- Special Olympics
- Stroum Jewish Community Center (SJCC)
- VFW
- Youth and Family Services Foundation
- MI Boys and Girls Club (*invited but unable to attend*)

Staff developed a robust community engagement plan to include: the Community Advisory Group (CAG); the first time City use of call-in Telephone Town Hall technology; community meetings; and multiple “roadshow” presentations to various community groups (Exhibit 2). The City has also offered other opportunities to learn more, such as providing printed materials, Facebook videos from City Manager Julie Underwood inviting the community to participate and learn more, video explainers to provide information to the community in multiple formats, and extensive social media messaging. The community can learn more about the process at www.mercergov.org/FinancialChallenges.

The October 2017 and March 2018 Telephone Town Hall (TTH) meetings attracted 250-300 participants to each meeting with approximately 100 remaining on the call for each event's entire duration. The second TTH meeting drew in 93 new participants who had not attended any previous City meetings on this topic. Each meeting contained a number of live polling questions; results can be found on the Financial Challenges webpage.

Three community wide meetings were held at City Hall, the Mercer Island Community and Event Center, and the Mercer Island Library on different days of the week and times of day to provide a variety of access opportunities for the community.

Staff contacted a variety of community groups to offer a “roadshow” presentation and to provide opportunities to answer questions in person regarding the City’s financial challenges. Staff attended eleven different community events ranging from staffing a booth at the November 2017 Mercer Island Farmers Market to most recently attending a meeting organized by the Mercer Island PTA. Other meetings included Chamber of Commerce Luncheon, City Boards and Commissions, MI League of Women Voters, MI Senior Foundation, Covenant Shores Residents, Aljoia Residents, MI Preschool Association, Youth & Family Services Volunteers, and MI Rotary Club.

Written outreach includes a two-page [overview factsheet](#) from October 2017 and a more extensive [six-page mailer](#) sent to the entire community in March 2018. A comprehensive list of [Financial Challenges FAQs](#) is available on the City website and has been developed and updated over several months to provide on-going up-to-date information and answer questions raised by the community.

Six “explainer” videos provide information to the community from City Manager Julie Underwood, Assistant City Manager/Finance Director Chip Corder, and other senior staff. These videos provide a comprehensive overview of the process, help explain City services, explore City staffing, and give examples of City belt-tightening efforts and unmet needs, all in the voices of City staff. See www.mercergov.org/BudgetVideos

COMMUNITY ADVISORY GROUP (CAG)

Twenty-three (23) members of the community generously gave their time and effort to help the City address the financial challenges. Technically there were 24 participants, one of the participants was the Mercer Island School District Superintendent Donna Colosky, who served as the District liaison, who did not vote during the recommendation development process.

Purpose

The CAG’s Charter was as follows:

“The Community Advisory Group (CAG) will review and help the City determine the best way to address its projected budget deficits in 2019-2024.

The primary goal of the CAG will be to provide a recommendation to the City Manager regarding a proposal to place an operations levy on the November 2018 ballot, which would maintain funding for parks, recreation, and community services; and/or a capital levy to address deferred maintenance and other infrastructure improvements.

The CAG will explore various solutions, including reducing service levels, increasing tax revenues, and considering alternative service delivery options. Also, the CAG will review the City’s capital needs and several funding options.”

(See Exhibit 3 for the Community Advisory Group Charter and a list of members.)

The CAG met five times over a 6-month period between November 2017 and April 2018. In addition to fifteen hours in meetings, members of this group spent many more hours reviewing information and materials, formulating ideas for group discussion, and pursuing potential solutions to the City’s Financial Challenges.

Consensus & Recommendations

The process to reach consensus and recommendations was outlined in the Charter:

“The CAG is expected to represent a wide range of Islander interests, perspectives, and opinions. Decisions on recommendations will be made by the consensus of the group.

If some CAG members find they cannot support an emerging recommendation of the entire group, they are obligated to make their concerns known, and the rest of the group is obligated to listen with an interest in resolving them. Everyone is expected to try work to address the concerns, including asking the concerned party (parties) to clarify the underlying interests or discuss other dynamics that could be interfering with an agreement. All parties are obligated to try to find an alternative that meets the interests of the concerned party (parties) as well as their own.

If it is not possible to reach consensus on particular recommendations, the potential options for resolving the issue will be documented and included in the Committee’s report as a minority opinion.”

CAG members were provided presentations, videos and responses to questions over the six-month period to assist the group in reaching a consensus recommendation. A final list of options, modified through the discussions and suggestions arising from CAG members, was voted upon at the final meeting on April 2.

OPERATING BUDGET BALANCING OPTIONS

Options to Balance the Operating Budget

The CAG voted on five Operating Budget balancing options (Exhibit 4) plus a sixth option offered by the CAG subgroup:

Option	Other Revenues	2019 Levy Cost to \$1.20M AV Homeowner
1. Levy lid lift only	None	\$331
2. Smaller levy lid lift + other revenues	Make 8% utility tax permanent Increase B&O tax rate to 0.15%	\$254
3. Smaller levy lid lift + other revenues + Thrift Shop expansion	Make 8% utility tax permanent Increase B&O tax rate to 0.15%	\$290
4. Even smaller levy lid lift + 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. Subgroup recommendation (no levy lid lift)	None	\$0

Note: Options 1-5 assume the Beautification Fund is combined with the General Fund and that the Council removes the restrictions on how B&O tax revenues can be spent. The 2019 cost is based on a \$1.2M home assessed value (AV), which is the median AV on Mercer Island in 2018. CAG members voted by show of hands for each option they could support.

There was clear consensus around Option 2 (17 of 23 votes, or 74%). Option 3, adding investment in the Thrift Shop, also garnered strong support (15 of 23 votes, or 65%), but less than Option 2.

Other Potential Cost Saving/Revenue Options

The CAG also weighed in on three cost-saving or revenue-enhancing concepts that had been discussed during the CAG meetings.

1. Explore contracting out marine patrol services to King County Sheriff's Office (4 votes)
2. Explore contracting out fire/EMS services to Bellevue or Eastside Fire & Rescue (9 votes)
3. Explore de-annexing from King County Library System to help bridge funding gap (10 votes)

None of these options received a majority vote.

Capital Funding Needs Options

The City noted that it would like a CAG recommendation on placing a capital levy lid lift or a bond levy on the ballot and, if so, what type and amount. The City clarified that it wasn't asking for a recommendation on project selection, which would take place through a separate process following the CAG's April 2 meeting, assuming the CAG supported Option 1 or 2. There was immediate strong consensus around Option 3 (18 of 23 CAG members, or 78%). The CAG did not vote on the other options #1 and #2.

Option 1: Capital levy lid lift (9 years; no bonds issued)

Option 2: Bond levy (20 years; 60% voter approval required)

Option 3: No Capital levy in 2018 (wait until Fire Station levy lid lift expires in 2021) (18 votes – 78%)

CAG RECOMMENDATION TO CITY MANAGER

Majority Recommendation

Four members of the CAG volunteered to write the consensus (defined as a strong majority)/majority recommendation report, with the full CAG providing input and edits to reach this final recommendation document. The majority recommendation represents the opinion of the group, with 17 members (73.9%) voting in favor of this opinion (Exhibit 1). The following excerpt from the report provides the recommendation:

"The CAG recommends that the City place on the November 2018 ballot a measure to lift the city property tax levy lid, increasing property taxes approximately \$254 in 2019 for a median-value \$1.2MM property, with this additional levy amount increasing by 5% each year and terminating after six years. We believe this levy lid lift is the best option for addressing the city's current financial challenges while also maintaining the current level of city services.

The CAG further recommends that the City take the following steps, which collectively reduces the proposed levy lid lift impact to island property owners from the original projection of \$331/year per median-value (\$1.2MM) property to \$254/year:

- Immediately combine the Beautification Fund with the General Fund (estimated to be \$225,000 per year beginning in 2019 – ordinance is required).
- Immediately raise the Business and Occupancy (B&O) tax from 0.10% to 0.15% while retaining the current exemption on the first \$150k of revenue, to be more in line with the level of neighboring cities and below the state average (estimated to be \$350,000 in 2019).
- Immediately remove restrictions on use of revenue from the B&O tax.
- Retain the Utility Tax at its current level of 8%, rather than allowing the temporary increase from 5.3% to 8% to expire at the end of 2018 (estimated to be \$500,000 in 2019).

- Establish, as part of the bi-annual budget process, efficiency reviews of city departments on a rotating basis by an independent analyst.
- Encourage Economic Development opportunities (see Appendix B).

It was the opinion of 17 members of the CAG that this approach would provide the City with sufficient revenue to retain the current level of services and that voters should be given the opportunity to vote on this proposal. The CAG recognizes that the City has the opportunity every year to adjust the levy lid lift as is fiscally prudent within the limits of what the voters have approved.”

Minority Recommendation

A subgroup of the CAG volunteered to write the minority dissenting recommendation report, which represents the opinion of six (26%) members of the group (Exhibit 5). The following excerpt from the minority report provides the recommendation:

- “1. Implement a cost containment program following the 2005-06 format or similar program.
2. Recast 2019-2020 biennial budget using the final 2017 actuals, leveraging existing reserves: moving unused funds such as \$500k-\$1M in the Beautification and Criminal justice funds to the General Fund and \$3M in REET funds to be used for maintenance of capital projects and defer short term forecasted deficits.
3. City staff should send a recommendation to the City Council to create formal committees for study of long-term projects that could generate large revenue recapture, including: reduction of under-utilized Marine Patrol vehicles, study/ negotiation with KCLS to capture the annual \$5M+ in fees paid to KCLS to support the MI library (vs. estimated \$1.2M to operate), and enlist the help of an economic development expert to provide guidance on increasing revenues.
4. Do not place an operational levy lift on the November 2018 ballot.
5. Consider placing the levy on the November 2020 ballot if expenditures cannot be controlled to match revenues.”

The City wants to thank the CAG members for committing to the laborious work involved in this effort. In addition, the City is grateful for the many community members who attended and participated in the various outreach meetings across the City.

RECOMMENDATION

City Manager

Review and discuss scenarios and options considered and the CAG recommendations; provide direction to the City Manager to inform her recommendation to the Council.

Recommendation of the Community Advisory Group

May 9, 2018

This report documents the consensus recommendation of the Community Advisory Group (CAG) -- with 17 members (73.9%) voting in favor of this recommendation. A minority opinion was prepared by the remaining 6 (26.1%) members of the CAG.

On April 2, 2018 the CAG voted 17-6 to make the following recommendation to City Manager Julie Underwood:

The CAG recommends that the City place on the November 2018 ballot a measure to lift the city property tax levy lid, increasing property taxes approximately \$254¹ in 2019 for a median-value \$1.2MM property, with this additional levy amount increasing by 5% each year and terminating after six years. We believe this levy lid lift is the best option for addressing the city's current financial challenges while also maintaining the current level of city services.

The CAG further recommends that the City take the following steps, which collectively reduce the proposed levy lid lift impact to island property owners from the original projection of \$331/year per median-value (\$1.2MM) property to \$254/year:

- Immediately combine the Beautification Fund with the General Fund (estimated to be \$225,000 per year beginning in 2019 – ordinance is required).
- Immediately raise the Business and Occupancy (B&O) tax from 0.10% to 0.15% while retaining the current exemption on the first \$150k of revenue, to be more in line with the level of neighboring cities and below the state average² (estimated to be \$350,000 in 2019).
- Immediately remove restrictions on use of revenue from the B&O tax.
- Retain the Utility Tax at its current level of 8%, rather than allowing the temporary increase from 5.3% to 8% to expire at the end of 2018 (estimated to be \$500,000 in 2019).
- Establish, as part of the bi-annual budget process, efficiency reviews of city departments on a rotating basis by an independent analyst.
- Encourage Economic Development opportunities (see Appendix B).

It was the opinion of 17 members of the CAG that this approach would provide the City with sufficient revenue to retain the current level of services and that voters should be given the opportunity to vote on this proposal. The CAG recognizes that the City has the opportunity every year to adjust the levy lid lift as is fiscally prudent within the limits of what the voters have approved.

Background

On November 15th, 2017 Mercer Island City Manager Julie Underwood called to order the first meeting of the CAG. Twenty-three Mercer Island residents participated in the CAG, representing broad diversity with respect to age, gender, vocation, length of residency, neighborhood, and point of view. While there is no guarantee that the CAG members are representative of the island views, we believe the CAG

¹ For avoidance of doubt, the \$254 is recommended as dollar amount of revenue for a median value home. Thus, we recommend that the city levy lid lift be for dollars of revenue consistent with this median-home tax increase. In particular, if homes on the island appreciate, the amount raised should not increase.

² State average B&O tax rates range from 0.16% to 0.21% depending upon type of business (Washington Association of Cities www.wacities.org)

represented a broad spectrum of views, and the majority of members joined the CAG without rigid preconceptions of appropriate action and with open minds.

Washington State law limits the growth of city revenue from property taxes to 1% per year, with larger revenue growth requiring a voter approved levy lid lift.³ (As a result, the City's property tax rate actually decreases when property values rise more than 1%, so that the City's property tax levy goes up only 1% annually, excluding new construction.)

At the same time, the City projects that General Fund costs will grow 4-5%⁴ per year in 2019-2024 due to inflation (the level of inflation in the Seattle metro area was 3.3% in 2017⁵), labor contracts, and a competitive labor market, and employee healthcare costs, which are expected to rise 7.5% per year⁶. As a result, the City is projecting an operating budget deficit of \$1.80 million in 2019, growing to \$6.84 million in 2024⁷, assuming the city maintains the current level of services.

The primary goal⁸ of the CAG was defined as follows in the charter:

The primary goal of the CAG will be to provide a recommendation to the City Manager regarding a proposal to place an operations levy on the November 2018 ballot, which would maintain funding for parks, recreation, and community services. The CAG will explore various solutions, including reducing service levels, increasing tax revenues, and considering alternative service delivery options.

The Meetings

Over six months and five meetings, as well as various other meetings with subsets of the CAG and with other community members, the CAG dug into the City's finances and services, spending the most time dissecting the General Fund.

The majority of the five meetings were spent looking for opportunities to identify reasonable options to contain costs without significantly reducing service levels. Previous biannual Citizens' Surveys have found that 80% of the Island's residents supported the current level of city services⁹.

City staff were highly transparent, responding to our desire to find alternate solutions with hundreds of pages of additional analysis and numerous videos. We carefully considered the impacts of cutting costs and services, potential for forecast error, impacts of delaying this request to the voters, and a potential Real Estate Excise Tax (REET – a real estate excise (sales) tax) as a revenue enhancing solution. After thorough consideration, the majority of members rejected the REET and did not identify acceptable cost-cutting options that can be implemented in the short term without cutting services. The information generated by this investigation is available to all residents through the city website¹⁰.

³ The 1% cap does not apply to "new construction," which generates another 1.3% per year on average for the City.

⁴ http://www.mercergov.org/files/CAG%20Presentation_1-6-18.pdf (p. 24).

⁵ <http://www.seattle.gov/financedepartment/cpi/historical.htm>

⁶ http://www.mercergov.org/files/CAG%20Presentation_1-6-18.pdf (p.25).

⁷ http://www.mercergov.org/files/Levy_Lid_Lift_Mailer_Mar2018.pdf

⁸ <http://www.mercergov.org/files/CAGCharter.pdf>

⁹ The question about whether the City provides the right amount of services was supported by 80-87% in the 2008-2014 surveys. The question wasn't asked in the same way in 2016.

¹⁰ <http://www.mercergov.org/Page.asp?NavID=3224>

Our Conclusions

The CAG determined that the city budget cannot be materially reduced without affecting the quality or scope of services offered to the residents of Mercer Island. Overall, the CAG found that the City is well managed and proactive about taking opportunities to reduce expenses. (See above for a recommendation to perform efficiency reviews, which originated from the staff.) Additionally, the CAG recognized that the City takes a prudent approach to financial planning.

After seeing the data, the CAG felt strongly that the City needs to act now to give the voters the opportunity to consider an operations levy lid lift. While the CAG recognizes that the McCleary decision and ST3 have increased the taxes paid to the State and County, neither of these puts any money into the city budget. Thanks to inflation and a growing economy, costs for delivering the same level of services is growing at a faster rate than the City's ability to raise revenue. That is why CAG feels that the longer the City delays dealing with the structural imbalance that exists between revenues and expenditures, the fewer options it will have.

Recognition for City Staff

The CAG would like to recognize Julie Underwood, Chip Corder, and the many members of the Mercer Island City staff who were generous and patient with the CAG as it learned how cities in Washington are funded, and the regulatory and legislative limitations to city finances. The City was transparent with the information provided – several presentations and videos were provided to explain in-depth the details in the issues that the City is facing. All of this material is available to the entire community and the CAG encourages all of our citizens to review this information. Their knowledge of the city and its financial challenges, their commitment to delivering high levels of service on a cost-effective basis, their interest in and respect for community input, and their passion for their work, was evident.

Appendix A: The second most popular recommendation

The second most popular recommendation (15/22 members) expanded upon the recommendation above to also include remodeling and expanding the existing Mercer Island Thrift Store. City staff believe that this expansion would increase revenue and potentially eliminate the need for the current level of annual support provided by the city to Mercer Island Youth and Family Services.

Appendix B: Encouraging Economic Development in the Town Center

The Mercer Island city budget is more dependent on property taxes than most other cities because Mercer Island is primarily a residential city with a limited commercial core. Changing the revenue mix for the city was seen as important, but the CAG recognizes that it cannot be changed fast enough to respond to the current revenue shortfall.

The CAG recommends that the City Council study and adopt an economic development strategy, including reconsidering ordinances in the town center. Residents and the city budget would benefit from a more diverse tax base for funding city services.

Appendix C: Changes to services debated but not supported by the majority

The following represent proposed changes to city services discussed, but not included in the majority recommendation.

- Re-negotiate with King County Library System. Members questioned whether our community was getting its fair share of value from the library taxes paid to the county. City residents

currently pay the same library tax rate as other county residents, but because we are a wealthier community than others, our dollars of tax are perhaps disproportionate to the value directly derived from this community good. (18% in favor)

- Review the Marine Patrol services co-operative agreement and look for ways to reduce the cost of providing this service. (43% in favor)
- Form a Regional Fire Authority or contract to other eastside cities for police protection. While these options might reduce costs by allowing staff to float between fire stations to cover shifts, combining training costs, combining purchases, etc. it was also expected that this new taxing authority would reduce Mercer Island's independence and control. (No vote was taken on this issue.)

Appendix D: Changes to taxes debated but not supported by the majority

Currently, B&O taxes are not paid on the first \$150k of business revenue. CAG briefly discussed raising that exemption and / or providing a waiver for new businesses. There is a desire among CAG members for city policy and taxes to be friendlier to businesses, especially new ones trying to get a start. The height restrictions on town center buildings came up as an example of why the city will experience difficulties developing a strong sales tax base and continue to depend on property taxes.

The CAG looked into the possibility of raising the REET tax as a revenue source. The King County Real Estate Excise Tax¹¹ can be increased by 0.5% (50 bps) if the city also agrees to rebating 0.5% of the total 10.0% sales tax to the county. The total sales tax rate would not change with King County receiving a larger share. Chip Corder's analysis indicated that there would be a net increase in revenue from this change. Given the residential nature of Mercer Island and its relatively small sales tax base, this was an attractive option but ultimately rejected by the majority. The major concerns were the instability of the REET as a revenue source, as well as concerns over equity, as this would cause the city to be funded by people who have left the island. The REETs would also have a significant impact on long-term residents as they sell their homes on the island and would be a very painful tax that could negatively impact the real estate market. Finally, because of the required sales tax rebate to the county, a REET option would require the city to increase taxes more than other options to increase the city revenue by the same amount,

Appendix E: Capital Budget

Eighteen of twenty-two voting members (81%) of the CAG members recommended not having a capital budget levy lift on the ballot before the Fire Station levy expires in 2021. The CAG did not discuss in depth whether a capital budget levy was appropriate or not. Rather, it recognized that the political realities make asking for both the operating and capital levy increase at the same time unwise.

Appendix F: Recommendations on how to explain the issues surrounding the revenue shortfall

The following were the most helpful pieces of new information presented by the city:

1. Washington State Legislature enacted a law based on Initiative 747 that limits city *revenue* growth to 1% a year, so property tax *rates* fall as property values and inflation increases.
2. ST3 and McCleary both raise taxes on residents, but neither provides revenue for the city operating budget.
3. The city has benefitted from historically low inflation and high development fees in the last five years. Both of these unusual circumstances are neither reliable nor predictable sources of revenue or cost control.

¹¹ <https://www.kingcounty.gov/depts/records-licensing/recorders-office/real-estate-excise-tax.aspx>

4. Regional inflation rates have been consistently higher than national inflation rates.
5. Inflation at more than 3%, and benefits inflation at about 7.5% a year require the city to raise revenue by more than 1% a year to maintain services.
6. The proposed levy lift would raise the median home property tax by approximately \$0.70 a day in 2019 for the owner of the median island home.
7. Current city tax property tax rates are the lowest of any city in King County with a population over 20,000¹².
8. Current city staff head count per capita and administrative staff ratios are among the lowest in the county¹³.
9. Current staff compensation levels are near the average in the county¹⁴. While some have argued for compensation cuts, the CAG believes that delivering quality services that residents desire requires high quality staff, and high-quality staff will leave if they are underpaid.

Appendix G: Public Records and Useful References

All of the documents utilized by the CAG are archived at www.mercergov.org/CAGmaterials and the CAG encourages residents to read them.

Appendix H: The Minority Opinion

As noted above, six members of the CAG did not support the consensus recommendation. The CAG charter anticipated this possibility and includes this relevant provision:

If it is not possible to reach consensus on particular recommendations, the potential options for resolving the issue will be documented and included in the Committee's report as a minority opinion.

Unfortunately, the six members who opposed the consensus recommendation chose not to provide a minority opinion to include in this document. Nonetheless, the CAG as a whole recognizes the importance of a diversity of views, opinions, priorities, and strategies, and the CAG is fully supportive of the right of these six to produce a minority opinion document on a standalone basis, if they choose to do so, as long as it is clearly described and referenced as a minority opinion.

We offer the following responses to the minority opinion document

- The minority opinion stated that: “the deficit forecast could be eliminated if the city implements a 5% cost reduction in the city budget of \$65M. “
 - Unfortunately, neither the minority opinion authors nor the rest of the CAG could identify cuts of this magnitude that would not require material reduction in city services.
- The minority opinion referenced a 2005-2006 cost containment program and asserts that this is evidence that costs could be cut again.
 - While it is possible that potential cuts exist, past cuts are not evidence of the potential for future cuts. Logically, as “fat” is identified and removed, finding more fat to cut without impacting services is increasingly difficult.
 - The city staff provided evidence of ongoing efforts to contain or even reduce expenses.

¹² http://www.mercergov.org/files/CAG%20Presentation_2-5-18.pdf

¹³ Ibid

¹⁴ http://www.mercergov.org/files/CAG%20Presentation_1-6-18.pdf

- The minority opinion asserted that the city could utilize “the \$19 million in unrestricted reserves to balance the budget”.
 - As with any family, government, or business, the city is prudently setting aside funds to fund future long-term financial obligations such as pensions and equipment replacements. Utilizing such long-term funds, especially in a time of strong economy, to fund normal operations is equivalent to taking a home equity loan to fund a current vacation. While the CAG has recommended some utilization of reserves, relying on reserves as a solution to a long-term structural budget problem is imprudent.

- The minority opinion stated that “Mercer Islanders pay one of the highest \$ property taxes in King County”.
 - While this is true, it is also true that residents pay the lowest property tax rate among all King County cities with more than 20,000 in population. While the dollars of tax revenue are high, this is necessary because we do not have the commercial tax base of other cities, and because we have higher value properties than other cities. This was discussed extensively in multiple CAG meetings.
 - Logically, it is not fair or appropriate to, for example, compare the tax burden of a \$2 million home in Mercer Island to that of a \$1 million home elsewhere. These are not equivalent properties, and it is not surprising or inappropriate for the owner of the former to pay more than the owner of the latter.
 - Focusing on the size of the property tax bill while ignoring the differences in housing prices tells a misleading story. We pay more for our homes partly because the city provides excellent services, a safe community, and cultural gems like Summer Celebration, the Mercer Island Half Marathon, the Homecoming Parade, and mental health counselors in the schools. Homes on Mercer Island often receive multiple offers the first day they are listed for sale. Our property tax rate is lower than almost all surrounding cities, and pretending that the property taxes we pay are independent from the value of our property and the services we receive is misleading.

- The minority opinion stated that “Historical forecast modelling and accuracy has been highly variable vs. actuals”
 - To the extent that this is true, the city has provided explanation for why this is so. Largely, the positive variance in revenue is a result of a booming economy and a high level of new construction resulting in high levels of fee revenue, and this should not be expected to continue.
 - The expenditures not growing as expected are largely due to Obamacare slowing healthcare inflation, and the city being frugal. Experiencing slower than expected spending while experiencing larger than expected revenue is illustration of city financial prudence

- The minority opinion stated that “The city council has not required a formal cost containment program since the 2005-2006 budget.”
 - While this may be true, the city provided many examples of cost control and reduction efforts. We believe the assertion of the city manager that “cost control is in our DNA.” Examples include
 - a 2014 Police Department shift from 8.5 hour shifts to 12 hours shifts which reduced overtime costs but increased patrol presence;
 - reducing Parks & Recreation Department maintenance costs for Aubrey Davis Park by moving work in-house from a previously contracted arrangement beginning in 2010;

- a current project of implementing an enterprise asset management system (EAM) within the Public Works Department which will provide real time data to field personnel.
- The April 30 version of the minority opinion stated that “The levy recommendation from the city would apply an additional 30% increase in the first year, with a 5% increase every year thereafter to the existing levy rate”. This statement was corrected in the current draft, as it was inaccurate in at least two ways:
 - The proposed increase is \$254 on a \$1.2 million home, which is \$0.2117 per \$1,000 of assessed value. The 2018 rate is \$1.003 per \$1,000, which means the levy increase is approximately 21%, not 30%.
 - The proposed 5% increase does NOT apply to the existing levy. It applies only to the new levy amount. Thus, a current average home, which currently pays \$1,003 per year to the city, will not experience a 5% increase to this amount. This amount will only increase (absent further voter action) by no more than 1%. The 5% increase applies only to the \$254.
- The minority opinion frequently used the term “CAG recommendation”. The minority opinion is not a recommendation of the CAG. This document is the only CAG recommendation. The CAG charter allows for a minority opinion to be included as part of the CAG recommendation, but it does not allow for two recommendations

Financial Challenges – Community Engagement 2017-2018

List of outreach and engagement activities



Telephone Town Hall

October 11, 2017

March 27, 2018

Community Advisory Group (CAG) Meetings

The 23 members of the community who made up the CAG met five times over a 6-month period.

November 15, 2017

January 6, 2018

February 5, 2018

March 3, 2018

April 2, 2018

Community-Wide Public Meetings

January 29, 2018 – Evening at City Hall

February 10 – Saturday morning at MICEC

March 14 – Mid-week afternoon at MI Library

Community Groups and Clubs

10/11/17	Chamber of Commerce Luncheon
11/19/17	MI Farmers Market Booth
1/31/18	City Boards and Commissions
2/8/18	MI League of Women Voters
2/13/18	MI Senior Foundation
2/22/18	Covenant Shores Residents
2/26/18	Aljoya Residents
3/13/18	MI Preschool Association
3/28/18	YFS Volunteers
4/3/18	MI Rotary Club
5/10/18	Mercer Island PTAs

Written Materials

- Community wide mailer
- 2-page handout
- Extensive FAQ

Six Video Explainers

- Comprehensive Process Overview
- Understanding City Services
- Exploring City Staffing
- City Belt-Tightening Efforts Part 1
- City Belt-Tightening Efforts Part 2
- Selected City Departments Unmet Needs



CHARTER for the Financial Challenges Community Advisory Group

Purpose

The Community Advisory Group (CAG) will review and help the City determine the best way to address its projected budget deficits in 2019-2024.

The primary goal of the CAG will be to provide a recommendation to the City Manager regarding a proposal to place an operations levy on the November 2018 ballot, which would maintain funding for parks, recreation, and community services; and/or a capital levy to address deferred maintenance and other infrastructure improvements.

The CAG will explore various solutions, including reducing service levels, increasing tax revenues, and considering alternative service delivery options. Also, the CAG will review the City's capital needs and several funding options.

The CAG will closely review information provided by the City over the course of four meetings in January through April 2018. A key document to read before these monthly meetings is the Budget Message from the City's adopted 2017-2018 Budget.

Where appropriate, updated information, will be provided to the CAG at the monthly meetings. For example, the financial forecasts for the General Fund and YFS Fund have been revised since the 2017-2018 Budget Message was drafted.

If the CAG concludes that the City's current service levels exceed the needs and desires of the Mercer Island community, the City Manager would like to discuss with the CAG "guiding principles" that would guide the prioritization of services, including the reduction or elimination of services.

Ground Rules

1. **Equal Voices.** Each member is an equal participant in the process and has equal opportunity to voice opinions and contribute ideas. CAG members recognize the legitimacy of the interests, concerns and goals of others, whether or not they agree with them.

2. **Commitment to Learning.** CAG members are committed to making a special effort to listen carefully, ask pertinent questions, and educate themselves about the interests and needs of City residents. They are responsible for keeping in mind the interests of all Mercer Island residents, even as they bring their own opinions to the table or represent specific interests or positions.
3. **Speak Up.** Members are encouraged to share their thinking out loud, to get all the group's best thoughts out in the open to enrich the discussion; silence is agreement.
4. **Keep an Open Mind.** CAG members are open to learning new information and considering perspectives different from their own.
5. **Ask Questions.** Questions of clarification are encouraged. Members should speak up if they feel there is any area of confusion or more information is needed.
6. **Speak for Oneself.** CAG members may bring input from others, but it is understood that each member speaks for her/himself.
7. **Civility, Courtesy and Respect.** CAG members commit to treating each other with civility, courtesy and respect so that meetings are comfortable for all.
 - Be attentive to the speaker
 - Let others finish speaking before you begin
 - Avoid side conversations or disparaging comments
 - Focus conflicts on the issues not the personalities
 - Disagree agreeably – look for opportunities for agreement (practice “yes, and” rather than “no/yes, but”)
 - Keep mobile devices turned off and stored away
8. **Stay on Track.** In light of the limited time available to complete its work, CAG members commit to making a concerted effort to focus on the topics under discussion and work toward consensus.
9. **Strive for Consensus.** In striving for consensus, CAG members commit to actively looking for ways to find agreement.
 - Consider something that you may disagree with and consider “if” something changed how you might be able to move to consensus,
 - Put another way, if a CAG member cannot live with the direction, she/he must offer an alternative.
10. **Share Information with the Broader Community.** CAG members are encouraged to discuss the City's budget issues with Mercer Island residents outside of CAG meetings, in order to share their knowledge and bring others' opinions and perspectives back to the group.

11. **Civility in Community Conversations.** Each member who discusses the CAG's work with the broader community commits to fostering conversations that share the same courteous, civil, and constructive tone as CAG meetings.
12. **No Surprises.** Out of respect for other CAG members, any member who plans to share information with the broader community that is unexpected should first inform her/his colleagues on the CAG.
13. **Come Prepared.** CAG members accept the responsibility to come to meetings prepared for the discussions by reading any materials provided in advance. Members are also encouraged to ask questions between meetings and review the information provided in response by the City or other sources.
14. **Attend Every Meeting.** Each member commits to attend all meetings. Alternatives are not being designated in this process. If a member must miss part or all of a meeting, she/he is responsible for asking another committee member to represent her/his interests or position at the meeting. The member may also submit written comments that will be shared with the group.
15. **Subgroup Meetings.** If a majority of the CAG approves, subgroups of 3-4 members can be assigned to conduct more detailed study of specific areas of interest (ex: the City's budget forecast details, or staffing costs) between CAG meetings. City staff are available to meet with subgroup(s) to provide information and answer questions. Subgroups will report back to the full CAG at the next meeting.
16. **Feedback Encouraged.** Members are welcome and encouraged to submit feedback to the facilitator or the City regarding the meetings, either after meetings or between them, via email or phone.
17. **Accountability.** Members of the CAG commit to helping hold each other accountable for following the Ground Rules.

Role of Facilitator

The facilitator's role is to keep the meeting running smoothly and on time, keep the discussion focused and the format interactive, and ensure the meetings follow the Ground Rules outlined above.

The facilitator is a neutral party in CAG discussions. She strives to help all CAG members participate in the discussion and reach consensus if possible, without advocating for a specific outcome.

The facilitator will write drafts of the CAG's recommendations and provide a final version that is approved by the CAG to the City Manager.

Role of City Staff

Through the course of the CAG's five meetings, members will hear from City staff about the City's budget situation and details of City finances. City staff will play an informational role but are not considered members of the CAG. They will:

- Kick-off the first meeting with welcome and introductions
- Make presentations to the group, providing subject matter expertise, analysis and insight
- Answer questions submitted by CAG members during and in between meetings, and meet with CAG subgroups as needed
- Encourage discussion of new ideas and suggestions by providing information and/or perspectives on City government
- Help with flip-charting and note-taking at CAG meetings.

Role of City Council

City Councilmembers may elect to attend CAG meetings but will do so as observers (see below) rather than taking an active role.

Role of Observers

All Mercer Islanders are welcome to attend and observe the CAG meetings. Their role is limited to observation; there will not be a public comment period. Observers are encouraged to provide comments to the members during breaks or outside of meetings.

We will also offer observers opportunities to put comments in writing. If hearing from them during a meeting would benefit the CAG, the facilitator will call upon them to speak after receiving permission from the CAG members. Observers need to abide by the committee's Ground Rules.

Consensus & Recommendations

The CAG is expected to represent a wide range of Islander interests, perspectives, and opinions. Decisions on recommendations will be made by the consensus of the group.

If some CAG members find they cannot support an emerging recommendation of the entire group, they are obligated to make their concerns known, and the rest of the group is obligated to listen with an interest in resolving them. Everyone is expected to try work to address the concerns, including asking the concerned party (parties) to clarify the underlying interests or discuss other dynamics that could be interfering with an agreement. All parties are obligated to try to find an alternative that meets the interests of the concerned party (parties) as well as their own.

If it is not possible to reach consensus on particular recommendations, the potential options for resolving the issue will be documented and included in the Committee's report as a minority opinion.

CAG Workplan

Date and Time	Topics
Wednesday, November 15, 2017 6:30-8:30pm	Welcome & Introductions Why We Are Here (Background/Charter) Identify Key Questions & Interests
Saturday, January 6, 2018 9:00am-12:30pm	Operating Budget: Challenges, Options and Group Discussion & Questions
Monday, February 5, 2018 6:30-8:30pm	Operating Budget: Discussion and Preliminary Recommendations
Saturday, March 3, 2018 9:00am-12:30pm	Capital Budget: Challenges, Options and Group Discussion & Questions. Preliminary Recommendations for Capital Budget.
Monday, April 2, 2018 6:30-8:30pm	Discussion and Final Recommendations on Operating and Capital Budget Challenges

**GET THE FACTS
GIVE YOUR INPUT
Help Us Balance The Budget**



The City’s Financial Challenges Community Advisory Group (CAG), as a whole, represents:

- 1) Diversity of perspective
- 2) Community connections
- 3) Broad and varied work and life experience

	Name <i>(alphabetical)</i>
1	Anderl, Lisa
2	Baidwan, Nikki
3	Baumgarten, Jason
4	Cartwright, Heather
5	Cassan, Doris
6	Conradt, Jon
7	Eanes, Jim
8	Ginn, Rand
9	Griesse, Susan
10	Harper, Bob
11	Harrington, Jonathan
12	Hunkapiller, Tim
13	Jahnke, El
14	Kavalok, Elaine
15	Lavin, Amy
16	McCarthy, Jodi
17	Meagley, Leslie
18	Moreman, Terry
19	Reynolds, Craig
20	Scherzo, John
21	Stovall, Alison
22	Thomas, Brian
23	Wong, Kwan

❖ Donna Colosky, MISD Superintendent/School District Liaison

www.mercergov.org/FinancialChallenges

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Operating Budget Balancing Options Considered by Community Advisory Group April 2, 2018



The CAG considered and voted on five options for balancing the budget, plus an additional option suggested by a CAG subgroup.

OPTION #1: Levy lid lift only (6 years) **(9 Yes Votes)**

Reflects smoothed annual funding need + 5% annual growth
Assumes following:

- Combine Beautification Fund with General Fund
- No other new revenue sources
- Annual levy lid lift cost (\$1.20M AV home)

2019	2020	2021	2022	2023	2024
\$331	\$348	\$365	\$383	\$402	\$422

OPTION #2: Smaller levy lid lift (6 years) + other revenues **(17 Yes Votes)**

Reflects smoothed annual funding need + 5% annual growth
Assumes following:

- 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%
- Annual levy lid lift cost (\$1.20M AV home)

2019	2020	2021	2022	2023	2024
\$254	\$267	\$280	\$294	\$309	\$324

OPTION #3: Smaller levy lid lift (6 years) + other revenues + Thrift Shop expansion project **(15 Yes Votes)**

Reflects smoothed annual funding need + 5% annual growth
Assumes following:

- 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%
- Issue bonds to fund Thrift Shop expansion project in order to grow sales to eliminate \$400K annual funding from General Fund
- Annual levy lid lift cost (\$1.20M AV home)

2019	2020	2021	2022	2023	2024
\$290	\$302	\$315	\$328	\$342	\$356

OPTION #4: Even smaller levy lid lift (6 years) + other revenues
(3 Yes Votes)

Reflects smoothed annual funding need + 5% annual growth

Assumes following:

- 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%
- Increase REET rate from 0.5% to 1.0% (City sales tax rate must be reduced from 1.0% to 0.5%)
- Annual levy lid lift cost (\$1.20M AV home)

2019	2020	2021	2022	2023	2024
\$178	\$187	\$196	\$206	\$216	\$227

OPTION #5: No levy lid lift (6 years) + other revenues + expenditure reductions
(3 Yes Votes)

Reflects smoothed annual funding need + 5% annual growth

Assumes following:

- 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%
- Increase REET rate from 0.5% to 1.0%
- Make ongoing expenditure cuts each year to balance the budget

2019	2020	2021	2022	2023	2024
--	-\$721K	-\$898K	-\$970K	-\$1.05M	-\$1.13M

SUBGROUP OPTION #6: No levy lid lift vote in 2018
(6 Yes Votes)

No levy lid lift vote in 2018

Mercer Island Community Advisory Group

CAG Recommendation for No Levy in 2018

May 9, 2018

Authored by a Sub-set of the CAG:

Lisa Anderl, Heather Jordan Cartwright, Doris Cassan, Robert Harper,
El Jahncke, Elaine Kavalok

Executive Summary

The goal of the CAG was to provide a recommendation to the City Manager regarding a proposal to place an operations levy on the November 2018 ballot. In order to better understand the metrics and financial forecasts presented to the CAG, a group of CAG members dedicated 60+ additional hours during the CAG process to complete a data-driven analysis of the current situation.

Based on deeper study of city budget history and forecasting models, several alternative approaches were identified for the city to successfully manage the current budget that do not require Mercer Island citizens to pay more taxes.

The financial forecasts presented to the CAG indicated a potential deficit in the 2019-2020 budget of \$4.3M. While a levy is one way to address this projection, **this study confirmed that the deficit forecast could be eliminated if the city implements a 5% cost reduction in the city budget of \$65M.**

- Many members across the 23 member CAG expressed throughout the process that cost containment should be a key part of any city proposals. The last formal cost containment program implemented by the city council took place with the 2005-2006 budget. At that time, the Mercer Island city staff successfully implemented this process with little to no negative impact to valued citizen services. Given the strength of experience and skills in our city staff (many of whom participated in the cost effort 13 years ago); we believe our city staff would be successful in replicating this process.
- The CAG was asked to review a proposal for a six-year levy, however there was limited discussion in the CAG regarding the city budget beyond year six when the proposed levy is scheduled to end. While a short-term levy would address the imbalance between spending and revenue, long-term forecasting would suggest the city would either need to extend or make permanent any levy put in place now, or address expenditures at a future point.
- In addition to the immediate 5% cost containment, the CAG was proactive in generating a list of longer term ideas to increase revenue over the course of the next 6 year budget forecast. Investigation and implementation of these ideas could serve to meet future budget needs at the latter part of the 6-year forecast.
- The financial stability of Mercer Island was a key consideration in this study. Fortunately, Mercer Island carries almost no debt and has ~ \$40M in reserves. Reserves are a positive indicator of the city's financial health and represent available funds the city government can utilize to meet its obligations to citizens and creditors. While it is prudent for the city to continue holding some reserves for financial stability, even if the city took no action on a tax

levy and leveraged the \$19 million in unrestricted reserves to balance the budget the city could maintain a positive operating position for the city budget into 2021.

Given the opportunity to identify cost efficiencies in the current budget and the strong reserve position to ensure financial stability, this study recommends the city should not place a proposal for an operations levy on the November 2018 ballot.

CAG recommendation for the Mercer Island City Council and City

Staff:

1. Implement a cost containment program following the 2005-06 format or similar program.
2. Recast 2019-2020 biennial budget using the final 2017 actuals, leveraging existing reserves: moving unused funds such as \$500k-\$1M in the Beautification and Criminal justice funds to the General Fund and \$3M in REET funds to be used for maintenance of capital projects and defer short term forecasted deficits.
3. City staff should send a recommendation to the City Council to create formal committees for study of long-term projects that could generate large revenue recapture, including: reduction of under-utilized Marine Patrol vehicles, study/ negotiation with KCLS to capture the annual \$5M+ in fees paid to KCLS to support the MI library (vs. estimated \$1.2M to operate), and enlist the help of an economic development expert to provide guidance on increasing revenues.
4. Do not place an operational levy lift on the November 2018 ballot.
5. Consider placing the levy on the November 2020 ballot if expenditures cannot be controlled to match revenues.

CAG Recommendation for No Levy in 2018

CORE ISSUES AND CONCLUSIONS:

This analytical study of the city financials looked at 4 core issues:

1. *What is the relative tax burden for Mercer Island residents?*
2. *Since we were asked to make a decision based on a six year forecast, what has been the accuracy of prior city forecasts?*
3. *What has the City done to contain costs in past years? What were the results? Can it be done again?*
4. *Resident satisfaction level as a method to measure of the number of employees or FTEs (Full time Equivalents) the City should employ. IE: Do we have enough FTEs to deliver the services at a level that satisfies the recipients of those services, the residents?*
5. *Do we have enough money to fund the City through the 2019-20 biennial budgets if the City cannot save any money through a cost containment program and the income and expense issues are as forecast?*

The summary of the findings:

1. Mercer Islanders pay one of the highest \$ property taxes in King County

Mercer Island residents pay the 3rd highest city property taxes and the highest total property tax vs. comparable King County cities. Adding a levy lid lift would place an even higher burden on Mercer Island (calculated using \$'s paid on 2017 City Property Tax for Median Residential Value; comparable cities were selected by the MI City Staff).

2. Historical forecast modelling and accuracy has been highly variable vs. actuals:

The most recent previous six-year forecast projected for Mercer Island projected an accumulated \$5M deficit. Actuals after 6 years delivered a \$9M surplus. The variance was due to under forecasting revenue and over forecasting expenses. The current forecast 2019-24 seems to follow the same pattern.

3. The City Council has not required a formal cost containment program since the 2005-2006 budget.

City staff advised the CAG that the Mercer Island budget is created based on a needs basis using year-over-year increases to maintain existing operations (vs. matching annual budget spend up or down based on city priorities). Single department reviews have occasionally been conducted (one department, every two years), however no formal program has been put in place for 13 years.

The city budget was reduced in 2011 through a headcount reduction of 6 employees (in reaction to the Great Recession), but has since added 22.5 employees (12.1% vs. population growth of 4%) and the city budget has grown 20% to \$65M in 2017 from \$54M in 2011. The city advised the CAG the main driver of cost over runs is the cost of employees and benefits.

4. City service levels of satisfaction relative to expenditures on a higher number of employees are not positively correlated.

How happy are the residents with the City's performance? In general, the residents are very happy and give the City high marks over many years. The city advised the CAG that the increasing number of employees hired has been required to maintain city service levels and resident satisfaction.

In 2011, the City had 185 FTEs and the satisfaction level was 70.5%. By 2014, the city added 9 employees and satisfaction rose to 74%. However, since 2014 the city has continued to add 4-5 employees a year. In the 2016 survey, the city had grown to 205 FTEs, but resident satisfaction levels declined to 66%. This indicates a lack of positive correlation between the number of FTE's and resident satisfaction level, meaning the city could likely reduce FTEs without a reduction in service levels satisfaction.

5. Mercer Island holds over \$40M in reserves.

The CAG was asked to only look at the General Fund, which reflects less than half of the full \$65M city budget. The City Council can and has historically moved funds from the main budget to the General Fund to adjust the budget. In the city budget, several funds are held and designated for various purposes. Many of the current reserve accounts were identified as ones that could be adjusted at the discretion of the City Council to support operational costs (this excludes reserve funds constrained in their use by laws). The balances in these funds have grown from \$25 million in 2010 to \$40 million in 2016. The 2016 Washington State Audit for Mercer Island stated that over \$19M of the \$40M was discretionary. Based on this data, it was concluded the 2019-20 the City Financial biennial budget can be funded thru unused reserves even if there are no cost saving in a cost containment program and the deficit forecast turns out to be accurate. Chip Corder, Director of Finance confirmed the ability to apply city reserves to the budget situation, and has subsequently included some of the reserve funds into a revised budget.

STUDY PARTICIPATION AND PRINCIPLES:

Citizens in the study group have deep fiscal backgrounds, including: a corporate lawyer, a management consultant, an entrepreneur in real estate and business, a business unit manager for Amazon and Microsoft, a prior City Council member and Deputy Mayor, an institutional real-estate advisor, and a mutual fund executive. All participating members have lived on the Island between 10-50 years. The group was focused on financial analytics, but shared a common viewpoint on a number of important principles:

1. We love Mercer Island, and all it represents. We value and respect the quality of life on the Island and want to preserve that.
2. We are sensitive to the tax burden Islanders already face, and especially the recent 18% hit in property taxes, coupled with increases from several recent tax changes (Sound Transit, McCleary, etc.). We believe that a tax increase paid to the City that raises taxes between 21-27.3%%, in addition to current taxes hitting citizen budgets, could negatively impact residents and diversity on the Island. *
3. When asking for more money, particularly taxpayer money, we support implementation of cost review first to identify potential efficiencies, before moving to collect additional taxes.
4. We believe asking questions about our city budget should be a positive process, and approached this study with full respect that the city staff is dedicated to the preservation of a solid city government. We recognize asking questions might feel uncomfortable, but also recognized it takes leadership. This study was completed solely to help identify opportunities and efficiencies for the long-term financial strength of Mercer Island.
5. We believe review and measurement of data is important. Studying historical financial forecasts vs. actuals for accuracy and accountability will help us more accurately forecast future scenarios, manage today, and improve for the future.

*Reference Pages 8 & 9: Mercer Islanders pay one of the highest \$ property taxes in King County

KEY FINDINGS:

The 1% property tax cap resulting from the WA State Legislature does not reflect the whole tax revenue picture:

Mercer Island city revenues from property taxes, which represent 40% of General Fund revenues, are capped by state law at 1% annual growth. The city's position is that the 1% property tax limitation resulting from state legislation prevents the City from keeping pace with inflation of goods and services, which the City purchases to deliver services, and leads to a deficit in city budgets. The 1% limitation is in place, but represents only a portion of the larger tax picture for the city. Mercer Island also collects property taxes on new construction, and over the last 8 years, the increase in property taxes collected by Mercer Island has never been just 1%, in fact, it has averaged 2.4%.

When looking at the broader collection of taxes, 60% of the Mercer Island General Fund collects revenue from the following:

- Sales taxes
- Utility taxes
- License, permit & zoning fees
- Park, recreation & rental fees
- EMS levy & charges for services
- Intergovernmental revenues
- Business & occupation tax
- Utility overhead
- Court fines
- CIP overhead
- General government
- Interest

Taxes listed above have been growing at a rate of 7% over the last 8 years, resulting in a net 5% growth for the Mercer Island General Fund over the last 7 years.

Mercer Islanders pay one of the highest \$ property taxes in King County:

The city advised the CAG that Mercer Island has a low assessment rate per \$1,000 vs. comparable cities (per the chart below taken from the city presentation materials to the CAG).

Key Facts

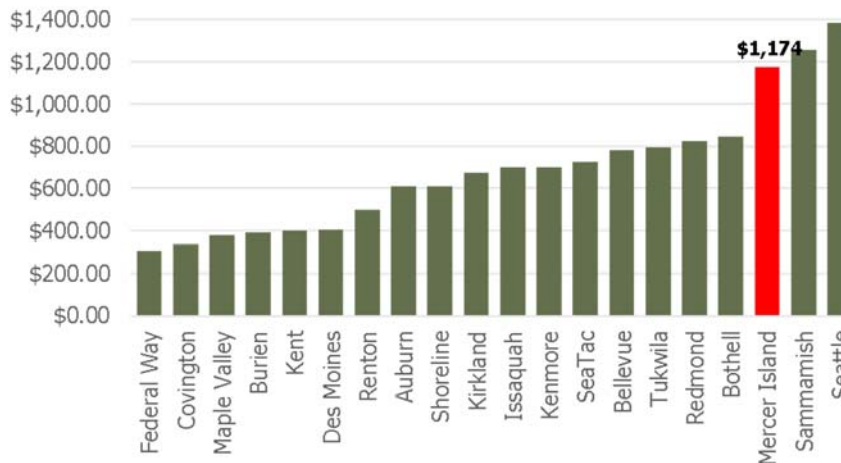
2017 Property Tax Levy Rate

King County Cities (>20K population)	2017 Levy Rate (City Portion Only)	King County Cities (>20K population)	2017 Levy Rate (City Portion Only)
1. Mercer Island	\$1.07739	10. Des Moines	\$1.51076
2. Issaquah	\$1.12329	11. Kenmore	\$1.53841
3. Maple Valley	\$1.12921	12. Shoreline	\$1.58415
4. Federal Way	\$1.13118	13. Renton	\$1.60954
5. Bellevue	\$1.14121	14. Bothell	\$1.89209
6. Kirkland	\$1.31279	15. Sammamish	\$1.92616
7. Redmond	\$1.35057	16. Auburn	\$2.19668
8. Burien	\$1.36228	17. Seattle	\$2.62327
9. Kent	\$1.41136	18. SeaTac	\$2.89429

What does this mean? Given the same AV, a Mercer Island homeowner will pay less property tax to the City than any other homeowner in King County will pay to his/her city.

Evaluating the city tax rate by itself does not convey the entire tax equation. Tax rates should be viewed in context with the median property values (which vary greatly from city to city) to understand the full tax that residents are paying. Per the chart below, when multiplying the tax rate times the assessed value, Mercer Island residents actually pay the most in city property tax excluding Sammamish and Seattle.

2017 City Property Tax for Median Residential Value



In the January 6th CAG meeting, the Finance Director presented and recommended a levy lid lift of \$331 in 2019 based on a median home value of \$1.2M, which results in a 30.7% increase in the first year of taxation. The levy lift amount will subsequently increase 5% each year thereafter, with the annual amount raising from \$331 in the first year to \$422 in 2024.

ORIGINAL LEVY LID LIFT PROPOSAL PRESENTED TO THE CAG on January 6:

Levy lift lid (6 years), reflecting smoothed annual funding for a \$1.2M AV home

2019	2020	2021	2022	2023	2024
\$331	\$348	\$365	\$383	\$402	\$422

In the April 2nd CAG meeting, the Finance Director presented a few different options, but focused on two.

1. Option 1: LEVY LID LIFT ONLY.

This is the same as the option presented in January 6th CAG, however calculation adjustments were made and presented to the CAG, resulting in **27.3%** increase in the first year of taxation. The Levy Lid Lift will subsequently increase 5% each year thereafter, with the annual amount raising from \$331 in the first year to \$422 in 2024. This is based upon a median home value of \$1.2M.

OPTION 1: LEVY LID LIFT ONLY PROPOSAL PRESENTED TO THE CAG on April 6:

Levy lift lid (6 years), reflecting smoothed annual funding for a \$1.2M AV home

2019	2020	2021	2022	2023	2024
\$331	\$348	\$365	\$383	\$402	\$422

2. Option 2: SMALLER LEVY + OTHER REVENUES.

The CAG was also asked to review an alternative levy lid lift proposal that included a **21%** increase in the first year. Based upon a median home value of \$1.2M, this levy lid lift is \$254 in 2019, plus an increase in the B&O tax rate from .10% to .15% and a permanent increase in the household utility tax from 5.3% to 8% effective January 2019. This option also has subsequent 5% levy lid lift increase of 5% each year thereafter, with the annual amount raising from \$254 in the first year to \$324 in 2024.

OPTION 2: SMALLER LEVY + OTHER REVENUES PRESENT TO THE CAG on April 6:

Levy lift lid (6 years), reflecting smoothed annual funding for a \$1.2M AV home

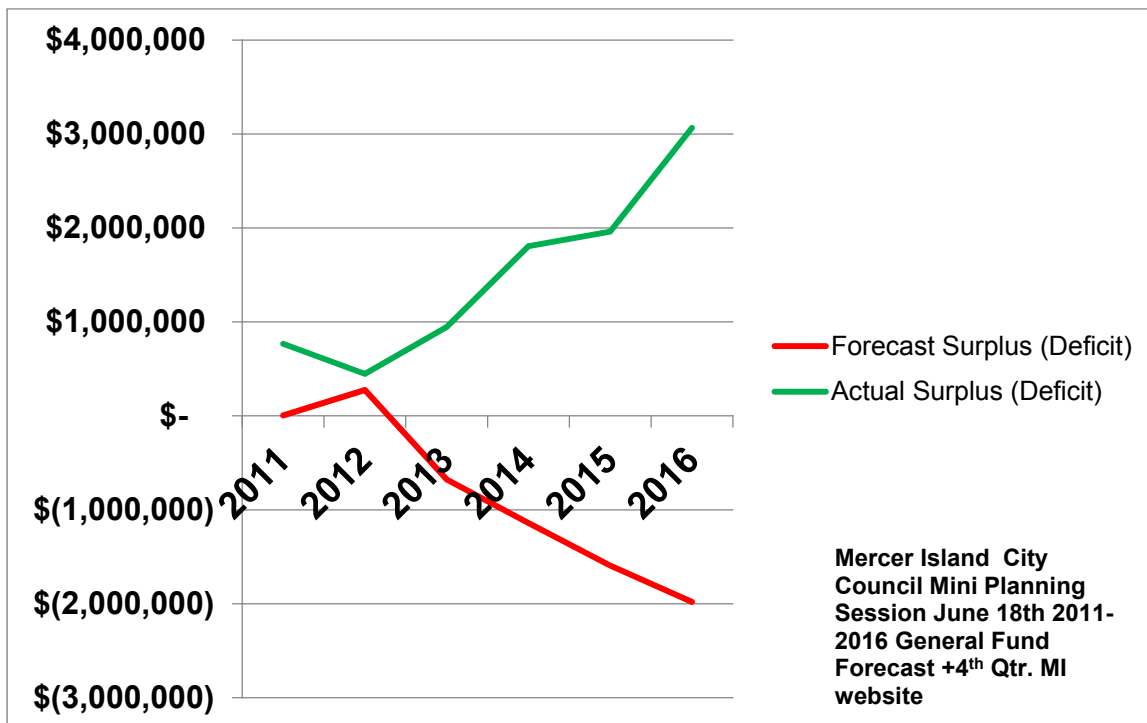
2019	2020	2021	2022	2023	2024
\$254	\$267	\$280	\$294	\$309	\$324

Given the high value of Mercer Island homes, any increase of this size – whether 21% or 27.3%, would likely push Mercer Island to the highest city property tax paid among comparable cities as Mercer Island home values.

Historical forecast modelling and accuracy has been highly variable vs. actuals:

The City is asking for a tax increase based on a 6-year forecast for 2019-2024. Forecasting is inherently challenging, but because it is such an important component in the levy request, it is important to study historical forecasts vs. actual data to evaluate relative reliability of the current forecast.

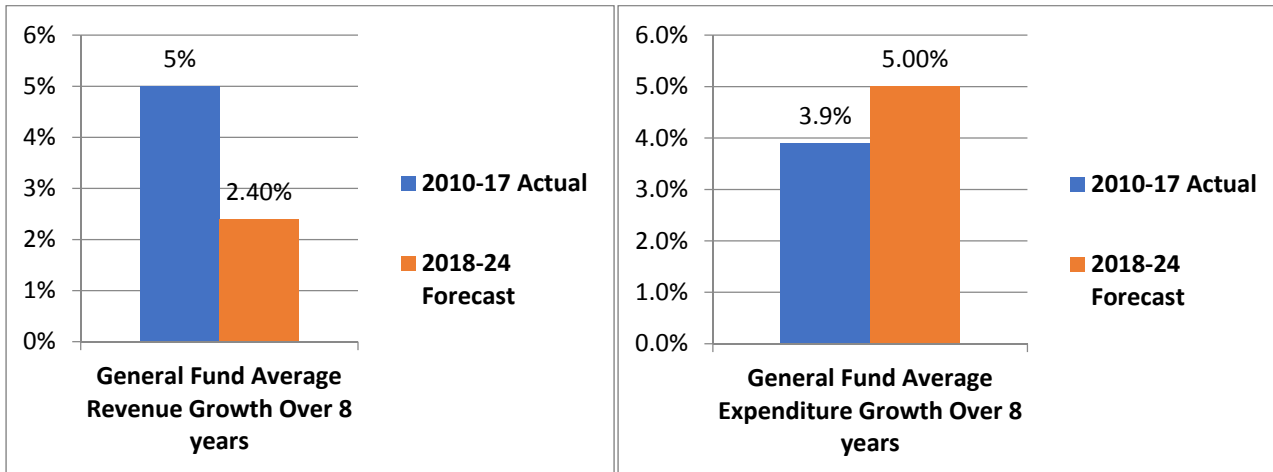
The last 6-year city forecast (which applied a similar modelling approach) completed for the 2011 to 2016 forecast and is shown in the below chart. The red line reflects the city budget forecast and the green line reflects actual budget performance. By 2016 there was a \$5 million positive variance in the actual data (\$3 million in positive net revenue vs a \$2 million dollar forecasted deficit).



The Mercer Island Director of Finance explained the reasoning is that he did not expect a robust recovery in real estate coming out of the 2008/2009 recession and on the revenue side that the City raised other taxes and fees.

According to El Jahncke, who served on the City Council for 11 years with some of the service during this time as Deputy Mayor, **forecasts of expenses exceeding revenues has been an ongoing theme since 2001 when the 1% limitation was first legislated.**

The 2018-2024 forecast reflects a similar profile. As an example, growth in revenue in the General Fund has averaged 5% over the past eight years, but the growth forecasts for years 2018-2024 used to support the need for a levy are 2.4%. Expenditure growth over the last eight years has averaged 3.9%, but forecasts used to support the levy are averaged at 5%.



Formal cost containment programs have not been directed by the City Council since the 2005-2006 budget:

Several members of the CAG suggested cost containment suggestions throughout the process, including administrative efficiencies, sustainability, cost out incentive programs, study of Marine Patrol, Library, Fire Department, etc. The City leadership and department heads know their departments well and are best to identify those areas where efficiencies could be gained.

In 2005, the City ran a cost containment program that reduced expenses by ~5% of the General Fund (\$1M). The first thing the city did was to prioritize the city’s goals, with an emphasis on safety and reliable service. The second step was to create a budget that tied to the goals. Having created an exhaustive inventory of the City’s services and organized them according to City Council approved priorities; City staff approached the 2005-2006 biennial budgets with a clearer understanding of how to develop expenditure and revenue proposals.

Examples of the cost containment measures that were implemented included:

- Outsourcing and Insourcing
- Alternative Suppliers
- Reduced Supplies / Equipment
- Reduced / Eliminated Services
- Reduced Travel and Training
- Reduced Overtime

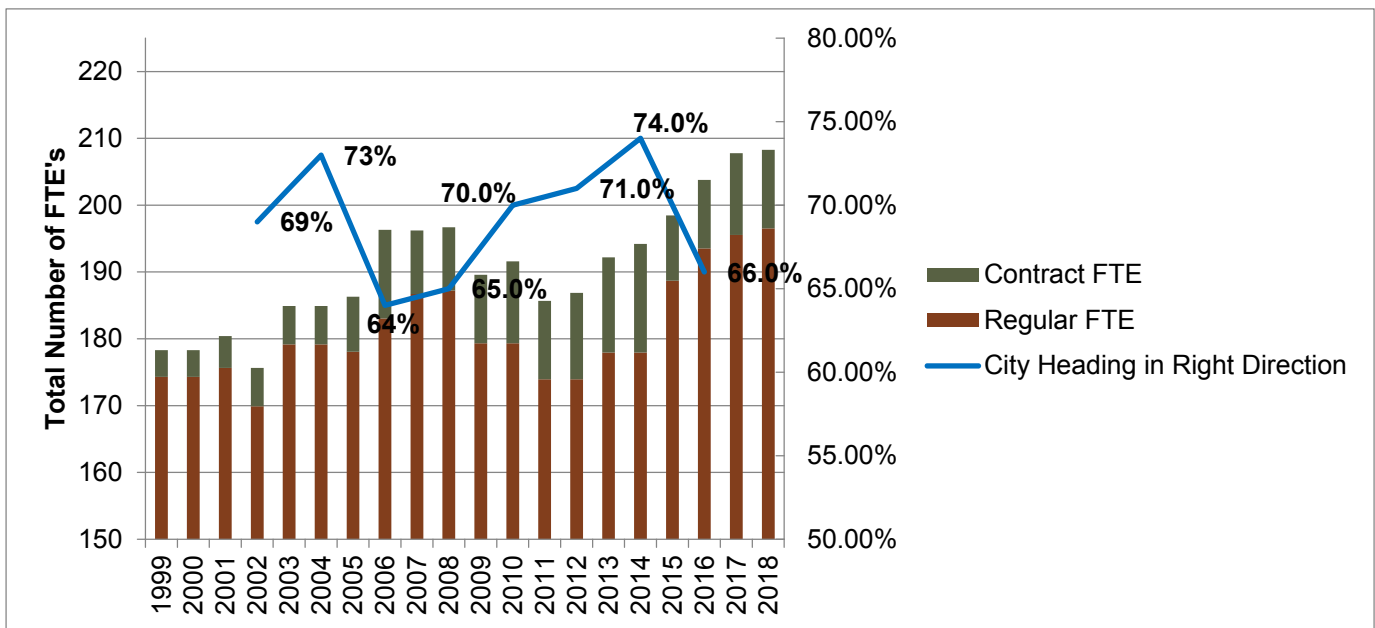
Formal cost containment programs help to create a focus on items that might sometimes be overlooked. Given there has been no formal program for 13 years, there is an opportunity for a deeper study. As an example: in the 2019-2020 budget, the city the biggest driver of costs are wages and benefits. Two labor contracts were recently approved by the Mercer Island City Council. The contracts extended for 2 years; however, they included no cost concessions for the city. If the city is facing a legitimate deficit position, and labor related expenses are the biggest driver, it would be prudent to engage in deeper contract negotiations and be proactive on cost containment within labor contracts.

Further, without a formal cost containment program, costs will continue to increase, and there will be no alternative but to renew and possibly increase the levy after 6 years. The levy lid lift does not solve the problem.

City service levels satisfaction expenditures on a higher number of employees are not positively correlated.

One of the concerns presented to citizens was that any cut in headcount would translate to a reduction of citizen satisfaction in city services. This study sought to understand staffing levels related to city service levels and whether there was a positive correlation.

When looking at the number of full time employees (FTE’s) vs. city surveys on resident satisfaction, there is no positive correlation. This indicates opportunity to study the current staffing framework used by the city to potentially identify efficiencies and cost reduction opportunities through elimination of roles, which may not be as high a value to citizens.



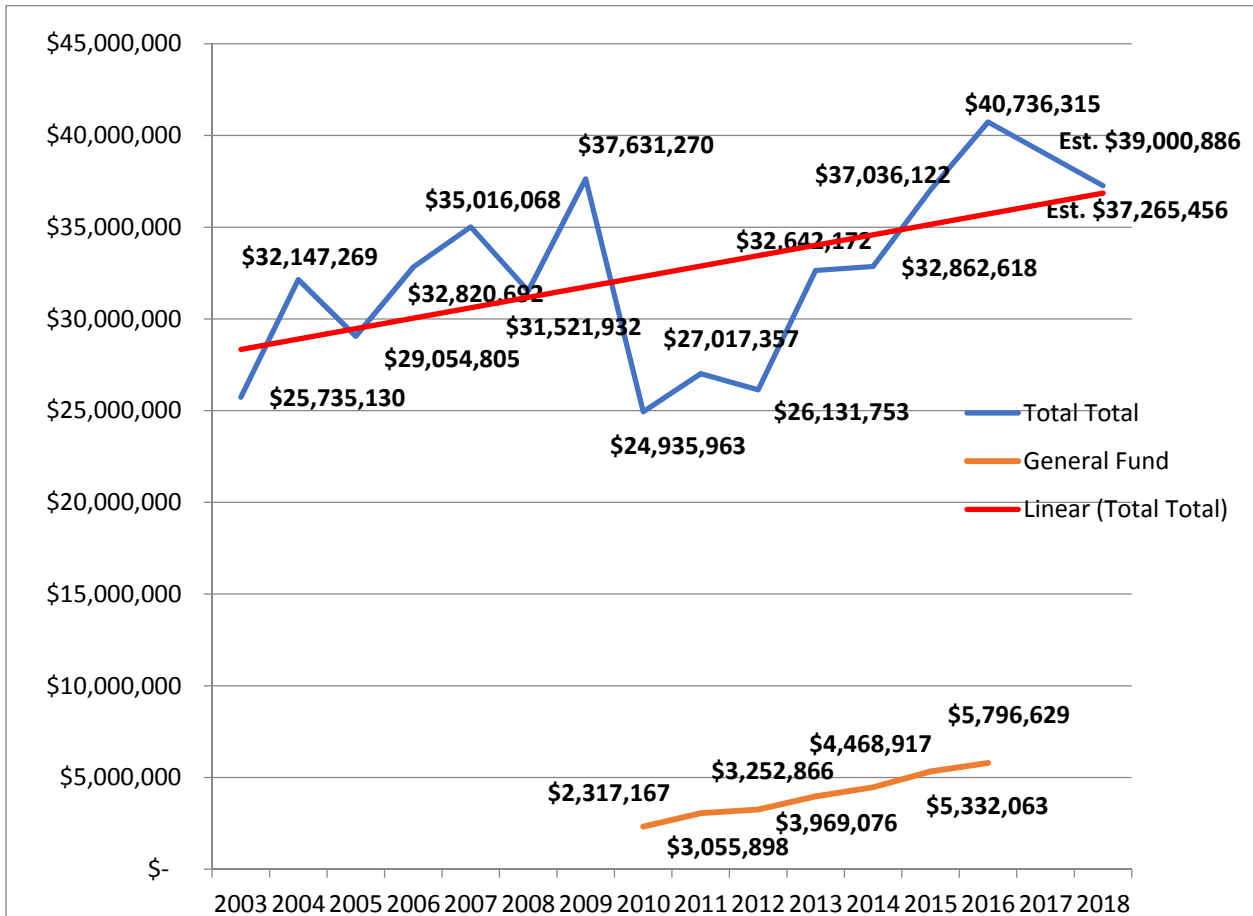
Mercer Island holds over \$40M in reserves, some of which are over-funded:

The CAG discussions were directed to the City’s operational issues within the General Budget, which is approximately \$30 million dollars. The total budget for Mercer Island actually runs about \$65 million dollars and includes operational budgets. Within both the General Fund and the total budget, there are several reserve accounts that have been set up (some discretionary, some required by state law) to hold funds that might be needed in the future. The following balances were held in reserve accounts at the end of 2016 (the most current data available to the CAG):

General Fund	\$	5,796,629
Self-Insurance	\$	109,750

Youth services Endow	\$	310,700
Street	\$	3,874,030
Criminal Justice	\$	1,100,614
Beautification	\$	1,108,708
Contingency	\$	2,629,429
Muni arts/1%	\$	178,927
YFS	\$	173,020
Bond Red Non Voted	\$	18,943
Bond Red Voted	\$	5,038
Capital Improvement	\$	4,143,042
Tech and Equipment	\$	656,890
Capital Reserve	\$	169,999
Equipment Rental	\$	3,092,248
Computer Equip	\$	397,184
Fireman's Pension	\$	901,717
Water Fund	\$	7,857,529
Sewer fund	\$	4,204,431
Storm water Fund	\$	3,971,292
Fire Station Reserve	\$	36,195
Total	\$	40,736,315

These balances have grown over time as illustrated below.



An example of reserve usage is seen in 2010, when the city leveraged several reserve funds for a sewer project. Even with a large application of reserves, Mercer Island remained well funded with \$24.9M remaining in reserves and minimal/no debt.

Reserves are important and protect the city in the event of unforeseen financial challenges; however, Mercer Island has significant funds sitting in reserve that have been under-utilized. Although some of these funds are “committed” for a specific use by law, many of the reserve commitments are at the discretion of the City Council. These funds could be shifted into the General Fund to help cover projected deficits forecasted in the 2019-2020 budget.

This perspective was documented in the 2016 Washington State Audit (documented below), in which it describes the city’s position relative to these funds. \$19.8M held in reserves are identified as unrestricted funds that could be used “to meet the government’s ongoing obligation to citizens and creditors”.

As a result of CAG discussions, Chip Corder, Director of Finance advised the CAG he is proactively working to include the Criminal Justice fund and a portion of the Beautification Fund into the General Fund. This is a positive step, however it is recommended that a deeper study of reserves be completed (including documentation of historical and future use) to identify potential reduction of under-utilized reserves. This approach would help mitigate current challenges in the budget.

Reference: 2016 Washington State Audit – Mercer Island

For the City of Mercer Island, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$217,843,956 at the close of 2016. The largest component of the City's total net position at \$189,390,423, or 86.9%, is net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure), which subtracts out any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay these liabilities.

Approximately 4.0%, or \$8,685,492, of the City's total net position represents resources that are subject to external restrictions on how they may be used. The increase in restricted net position in 2016, as compared to 2015, is primarily the result of an increase in real estate excise tax revenues, which are

City of Mercer Island, Washington

restricted for capital projects related to streets, pedestrian/bicycle facilities, parks, and public buildings. The remaining 9.1%, or \$19,768,041, of the City's total net position is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the 2016 fiscal year, the City of Mercer Island had positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true for the prior fiscal year.

www.mercergov.org/files/2016_Audit_Report.pdf



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5417
May 15, 2018
Regular Business**

PURCHASE AND SALE AGREEMENT AND PARKING 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

Action:
Review and discuss the proposed Purchase and Sale Agreement and Parking Agreement, including declare part of Parcel 7 surplus to the City's needs.

- Discussion Only
- Action Needed:
 - Motion
 - Ordinance
 - Resolution

DEPARTMENT OF	City Manager (Julie Underwood)
COUNCIL LIAISON	n/a
EXHIBITS	<ol style="list-style-type: none"> Map of Proposed Commuter Parking Sites Resolution No. 1543 and Exhibits A (PSA) & B (PA) thereto Press Release and FAQ
2018-2019 CITY COUNCIL GOAL	1. Prepare for Light Rail/Improve Mobility
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

The City Council has the unique opportunity to provide needed, long-term transit commuter parking for Mercer Island use with the proposed action to sell Parcel 7 under this Agenda Bill and buy the "Tully's property" under a separate agenda bill (AB 5418). Both actions will provide the City with the best opportunity to obtain the most commuter parking for the least cost to Mercer Island taxpayers by utilizing creative public-private partnership approaches.

BACKGROUND

Identifying locations to construct additional commuter parking has been a challenge for the City since 2014. In November 2014, the City hosted an open house to share proposed parking concepts to expand parking at the Mercer Island Community and Event Center (MICEC). Two concepts for new parking facilities (a surface lot and a parking structure), to be funded by Sound Transit, were identified. The new parking would have been ultimately converted to resident-only, to ensure that Islanders would have continued access to regional transit options serving the existing Sound Transit Park-and-Ride and future light rail station. Subsequently, the City commissioned an independent study of the pros and cons of other potential resident-only parking locations, within walking distance of the Park-and-Ride ([January 2015 parking study](#)). The study was presented to the public at an open house in January 2015 at the Community Center. Eventually

the Council and community determined that the proposal to site additional parking at the MICEC would not move forward and no other site was identified.

In October 2015, based directly on community input, Council developed a set of six priorities which were used to guide all mobility negotiations with Sound Transit and WSDOT, as follows:

1. Secure access to new "R8A Lanes" on outer roadways.
2. Mitigate traffic impacts in and around Town Center.
3. Increase commuter parking for Mercer Island residents.
4. Improve "last mile" connections to light rail via new options.
5. Minimize impact of regional bus operations – cap at current levels.
6. Require safe, convenient pedestrian and bicycle access to light rail.

Starting in early 2016, the City also began focusing intently on negotiations regarding access to new HOV lanes (the "R8A Project") that were added to I-90. After months of negotiations and with the imminent closure of the center roadway, the City filed a lawsuit against WSDOT and Sound Transit in early 2017.

Finally, in May 2017, the City Council accepted a tentative settlement offer of \$10.05 million in mitigation payments from Sound Transit; the final Settlement Agreement was approved by Council in October 2017. The Settlement Agreement includes various reimbursable expenditures, including \$4.41 million to secure new, long-term commuter parking for transit users. The City has since been evaluating options for long-term commuter parking, including developing land owned by the City at the southwest corner of S.E. 24th and 76th Ave S.E., also known as undeveloped portions of Parcel 7.

PARCEL 7

In April 2000, the Washington State Department of Transportation (WSDOT) deeded to the City several surplus parcels in Mercer Island as part of its I-90 Turnbacks. Included in the WSDOT deed was Parcel 7 at the aforementioned location. Parcel 7 includes a triangular section of land that is undeveloped and is not used for vehicular or pedestrian purposes; this is the portion of Parcel 7 that is the subject of this Agenda Bill (note the remainder of Parcel 7 will remain in City ownership) – see attached map at Exhibit 1. The City initially considered developing this land for parking, but when WSDOT deeded Parcel 7 to the City in 2000, it included a use restriction requiring the property to be used for road and street purposes only. WSDOT subsequently confirmed to the City that a long-term, transit commuter parking structure would not meet the deed restriction requirement.

The deed for Parcel 7, however, allows the City to sell Parcel 7, provided that the proceeds of the sale are shared by WSDOT and the City in the same proportion as how acquisition costs were shared (note the City did not share in any cost for the initial acquisition of Parcel 7 by WSDOT, so WSDOT will receive 100% of the sale proceeds). Thus, the buyer can receive title to the portion of Parcel 7 to be conveyed free and clear of use restrictions in the WSDOT deed, provided appraised fair market value is received for the conveyance. To effectuate this proposed transaction, Parcel 7 may be declared surplus to the needs of the City pursuant to RCW 35A.11.010, which allows optional municipal code cities to "convey or otherwise dispose of [real and personal property of every kind] for the common benefit."

As noted above, the proceeds of the sale must be remitted to WSDOT. Nevertheless, the City has requested that WSDOT reinvest those dollars back onto Mercer Island, possibly for improvements that will be identified in the future Aubrey Davis Park Master Plan.

TWENTY FOUR ELEVEN, LLC

Twenty Four Eleven, LLC owns property that is contiguous to Parcel 7 on which the Freshy's Seafood Shack currently operates (Freshy's site). Twenty Four Eleven, LLC approached the City to buy, for appraised fair market value, the portion of Parcel 7 on which the City was evaluating options to build long-term, transit commuter parking. It also offered to grant a perpetual easement to the City on the resulting combined property for long-term, transit commuter parking in exchange for an easement to expand the underground parking that it is planning to construct below the sidewalk to the edge of the street intersection.

OVERVIEW OF PROPOSED AGREEMENTS

The City has been working with Twenty Four Eleven, LLC to develop the proposed Purchase and Sale Agreement (PSA) and the proposed Parking Agreement (PA) for the undeveloped portion of Parcel 7 that is contiguous with the Freshy's site.

The proposed PSA/PA serve as the transaction documents necessary to accommodate and supply up to 70 long-term, transit commuter parking spaces for Mercer Island's use. Twenty Four Eleven, LLC intends to build a mixed-use project on the portion of Parcel 7 that it would acquire, combined with the adjoining Freshy's site that it already owns. The project is anticipated to include residential and retail uses consistent with the vision and regulations of Mercer Island's Town Center development code, including review and approval by City administration (Development Services Group) and the City's Design Commission. The development and proposed PSA/PA will provide needed public parking spaces for use by Mercer Island transit commuters for minimal cost and a mixed-use development and community enhancement in furtherance of the vibrant downtown envisioned by the adopted Town Center Plan. Proceeds from the sale of the undeveloped portion of Parcel 7, equal to its fair market value, will be transferred to WSDOT in accordance with the terms of the deed to Parcel 7.

The proposed PSA/PA represent a public-private partnership that is beneficial for all parties. Twenty Four Eleven, LLC will be able to maximize the development potential of its property by constructing a project that is consistent with the Town Center Plan. WSDOT transportation project funds will be increased by the net sale proceeds from Twenty Four Eleven, LLC's purchase of Parcel 7. The City will receive up to 70 commuter parking spaces perpetually on the resulting combined property, which Twenty Four Eleven, LLC will construct as part of its mixed-use development at minimal cost to the City. Without this public-private partnership, the City would need to spend approximately \$85,000 per space or \$5,950,000.00 to construct 70 parking spaces in today's dollars.

KEY BUSINESS TERMS

The following are the key business terms associated with the proposed PSA/PA with Twenty Four Eleven LLC:

Price:	\$2,300,000.00
Area Purchased:	Parcel 7 – Approximately 11,381 S.F.
Public Parking:	The City will receive a perpetual easement for 70 underground public parking spaces for use Mondays through Fridays between the hours of 5:30 a.m. and 7:30 p.m. Parking shall be available for City use by December 31, 2021.
Due Diligence Period:	Buyer shall have 180 days (following execution of the PSA) in which to evaluate the suitability of the property for the future public parking and mixed-use development.

Earnest Money: \$115,000.00

Closing: 60 days following the expiration of the Due Diligence Period but not later than December 31, 2018.

Performance: In the event that Buyer does not provide the 70 public parking spaces by December 31, 2021, Buyer will either pay liquidated damages in the amount of \$85,000 per undelivered parking space or will convey title to Parcel 7 and the adjacent Freshy's site to the City.

ANTICIPATED PUBLIC PROCESS FOR FUTURE DEVELOPMENT

Anticipated mixed-use development of the combined Freshy's site and the portion of Parcel 7 conveyed to Twenty Four Eleven LLC will require compliance with the City's land use review process. Development of the site will require design review and approval by the City's Design Commission and a project action SEPA review and determination.

Consequently, at a minimum, the public will have the opportunity to comment during the 30-day public comment period for these land use actions and participate in a public hearing before the Design Commission.

COMPLIANCE WITH STATE ENVIRONMENTAL POLICY ACT

Washington Administrative Code (WAC) Chapter 197-11 requires compliance with the State Environmental Policy Act (SEPA) for certain non-exempt governmental actions. The sale of Parcel 7 is categorically exempt from compliance with SEPA under WAC 197-11-800(5)(b):

5) Purchase or sale of real property. The following real property transactions by an agency shall be exempt:

...

(b) The sale, transfer or exchange of any publicly owned real property, but only if the property is not subject to a specifically designated and authorized public use established by the public landowner and used by the public for that purpose.

...

WSDOT restricted the use of Parcel 7 to road and street purposes. Parcel 7 is "subject to a specifically designated and authorized public use established by the public landowner." However, the portion of Parcel 7 subject to the PSA/PA is not used by the public for that purpose. Therefore, the sale of Parcel 7 is exempt from SEPA. As mentioned above, the future mixed-use project application will be subject to SEPA.

Prior to the currently contemplated PSA/PA, a SEPA Determination of Non Significance was issued on August 21, 2017 for the then-proposed amendments to the Comprehensive Plan Land Use Designation and Zoning of Parcel 7.

NEXT STEPS

This is the first review and discussion of the proposed surplus and sale of the Parcel 7 site and the proposed Parking Agreement. The Council is tentatively planned to approve the PSA/PA at its June 5 regular meeting.

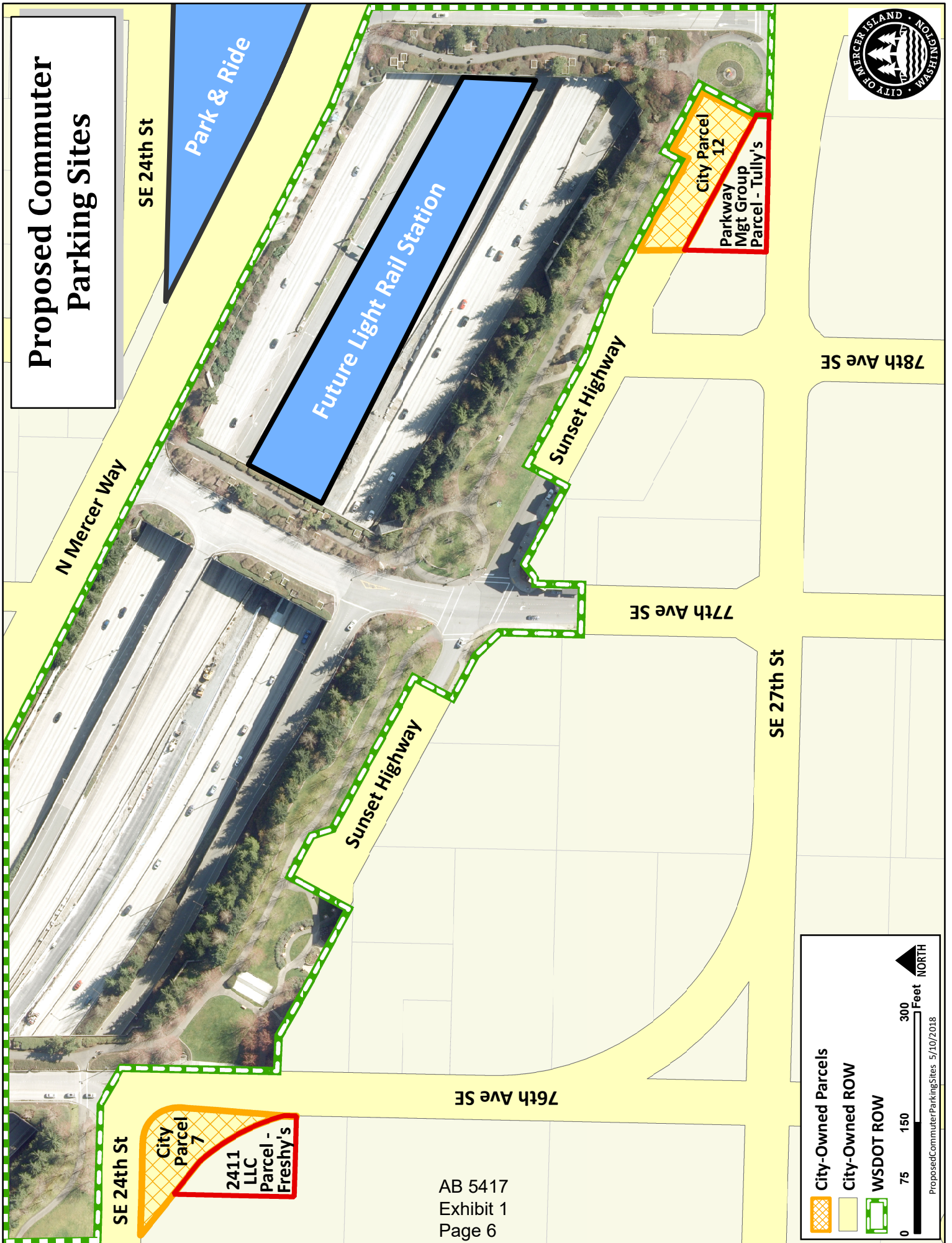
Likewise, staff is doing all that it can to inform the community of this proposal and the related proposal involving the Tully's site (see AB 5418). The City issued a formal press release and prepared a Frequently Asked Questions (FAQ) webpage (see Exhibit 4) and will also include information in the MI Weekly, the City's e-newsletter, and on its social media platforms.

RECOMMENDATION

City Manager

Review and discuss the Purchase and Sale Agreement, the Parking Agreement and related Resolution No. 1543 to inform Council's final approval tentatively scheduled during the next regular meeting on June 5, 2018.

Proposed Commuter Parking Sites



SE 24th St

Park & Ride

Future Light Rail Station

City Parcel 12
Parkway Mgt Group
Parcel - Tully's

Sunset Highway

N Mercer Way

78th Ave SE

77th Ave SE

SE 27th St

Sunset Highway

SE 24th St

City Parcel 7
2411 LLC
Parcel - Freshy's

76th Ave SE

City-Owned Parcels
City-Owned ROW
WSDOT ROW

0 75 150 300 Feet

ProposedCommuterParkingSites 5/10/2018

NORTH



**CITY OF MERCER ISLAND
RESOLUTION NO. 1543**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCER ISLAND DECLARING A PORTION OF PARCEL 7, LOCATED AT SE 24TH AND 76TH AVENUE SE, SURPLUS TO THE NEEDS OF THE CITY PURSUANT TO RCW 35A.11.010 AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT AND PARKING AGREEMENT WITH TWENTY FOUR ELEVEN, LLC, TO DEVELOP LONG-TERM TRANSIT COMMUTER PARKING ON THE FRESHY'S SITE AND A PORTION OF PARCEL 7 IN THE TOWN CENTER

WHEREAS, in April 2000, the Washington State Department of Transportation (WSDOT) deeded to the City several surplus parcels in Mercer Island as part of its I-90 Turnbacks (Quitclaim Deed, King County Recording No. 20000425001234, recorded on April 25, 2000); and

WHEREAS, included in the WSDOT deed was Parcel 7, a triangular section of land located at the southwest corner of S.E. 24th and 76th Ave S.E; and

WHEREAS, current deed restrictions on Parcel 7 exclude parking as an allowable use if owned by the City; and

WHEREAS, the deed allows for the sale of Parcel 7 to a third-party in exchange for fair market value; and

WHEREAS, the sale of Parcel 7 would remove the WSDOT's deed restrictions to allow for redevelopment, including long-term commuter parking; and

WHEREAS, Parcel 7 has remained undeveloped and is not used for vehicular or pedestrian purposes currently; and

WHEREAS, Twenty Four Eleven, LLC owns property that is contiguous to Parcel 7, commonly known as the Freshy's Seafood Shack; and

WHEREAS, Twenty Four Eleven, LLC has offered to buy, for appraised fair market value, the portion of Parcel 7 that the City is evaluating as a potential site for long-term transit commuter parking; and

WHEREAS, Twenty Four Eleven, LLC also offered to grant a perpetual easement to the City on the resulting combined property, including the City Right-of-Way below the sidewalks bounding the resulting combined property, for long-term transit commuter parking in exchange for an easement to develop future underground parking; and

WHEREAS, the City has been working with Twenty Four Eleven, LLC to develop the proposed Purchase and Sale Agreement (PSA) and the proposed Parking Agreement (PA) for the undeveloped portion of Parcel 7 that is contiguous with the Freshy's site; and

WHEREAS, the proposed development and proposed PSA/PA will provide needed public parking spaces for use by Mercer Island transit commuters for minimal cost as part of a mixed-use development and community enhancement in furtherance of the vibrant downtown envisioned by the adopted Town Center Plan; and

WHEREAS, the proposed purchase and sale agreement is exempt from the State Environmental Policy Act pursuant to WAC 197-11-800(5)(b); and

WHEREAS, proceeds from the sale of the undeveloped portion of Parcel 7, which represent its fair market value, will be transferred to the WSDOT in accordance with the terms of the deed to Parcel 7; and

WHEREAS, the WSDOT transportation project funds will be amplified by the net amount of sale of the portion of Parcel 7 purchased by Twenty Four Eleven, LLC; and

WHEREAS, the proposed PSA/PA represent a public-private partnership that is beneficial for all parties and the citizens of the City of Mercer Island; and

WHEREAS, the City will receive up to seventy (70) commuter parking spaces perpetually on the resulting combined property, which Twenty Four Eleven, LLC will construct at minimal cost to the City;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AS FOLLOWS:

Parcel 7 is declared surplus to the needs of the City pursuant to RCW 35A.11.010. The City Manager is hereby authorized to execute the Purchase and Sale Agreement between the City of Mercer Island and Twenty Four Eleven, LLC in substantially the form attached hereto as Exhibit 1, including the Parking Agreement in substantially the form attached hereto as Exhibit E to Exhibit 1.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS REGULAR MEETING ON THE ____ DAY OF JUNE 2018.

CITY OF MERCER ISLAND

Debbie Bertlin, Mayor

ATTEST:

Allison Spietz, City Clerk

PURCHASE AND SALE AGREEMENT

**by and
between**

**CITY OF MERCER ISLAND,
a Washington municipal corporation,**

as “Seller”

and

**TWENTY FOUR ELEVEN, LIMITED LIABILITY COMPANY,
a Washington limited liability company**

as “Buyer”

Dated: _____, 2018

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List of Exhibits

Exhibit A	Legal Description of Property
Exhibit B	Intentionally Deleted
Exhibit C	Form of Earnest Money Note
Exhibit D	Form of Deed
Exhibit E	Form of Parking Agreement
Exhibit F	List of Reports Delivered to Buyer
Exhibit G	Form of Access Agreement

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “Agreement”) is by and between the CITY OF MERCER ISLAND, a Washington municipal corporation (“Seller”), and TWENTY FOUR ELEVEN, LIMITED LIABILITY COMPANY, a Washington limited liability company (“Buyer”) (hereinafter individually a “Party” or collectively the “Parties”). The Parties agree that the “Effective Date” of this Agreement shall defined in Section 31. This Agreement is made with reference to the following recitals:

Recitals

A. Seller owns the Property (as defined below), which is commonly known as “Parcel 7” in the Quitclaim Deed under King County, Washington Recording No. 20000425001234.

B. The Property is currently *vacant*. Buyer desires to purchase the Property (as defined below) to develop it into a mixed-use project consisting of an underground parking garage with both public and private parking, retail and residential uses (the “Project”).

C. Buyer’s Project is consistent with Seller’s goals for the Property. The Parties have deemed it beneficial to enter into a negotiated sale transaction whereby Buyer will acquire and develop the Property.

D. Upon its acquisition of the Property, Buyer intends to develop the Project on the Property in accordance with and subject to the terms and conditions of the Parking Agreement (as defined in Section 3) and the Mercer Island City Code.

E. Pursuant to Resolution No. 1543, Seller has determined that it has no current or future need for the Property, that it would be put to a higher or better use for the community at large if sold to Buyer and thus Seller has declared the Property surplus to its needs and has approved of the sale of the Property to the abutting property owner, subject to the terms and conditions of this Agreement and the exhibits hereto.

Agreement

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

Section 1. Purchase and Sale.

1.1 The Property. In consideration of their mutual covenants set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase and accept from Seller, for the Purchase Price (as defined in Section 2.1) and on the terms and conditions set forth in this Agreement and the exhibits hereto, the following:

1.1.1 That certain real property more particularly described in Exhibit A attached hereto (the “Land”).

1.1.2 All rights, covenants, interests, privileges and easements appurtenant to the Land, including without limitation all minerals, oil, gas and other hydrocarbon substances on the Land, all development rights, air rights, water, water rights and water stock relating to the Land, and any and all easements (including but not limited to the below grade, perpetual parking easement between the property lines and curb lines along SE 24th Street and 76th Avenue SE), rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Land (collectively, the “Appurtenances”).

1.1.3 Any improvements located on the Land, including, without limitation, any utility systems and monitoring well facilities on the Land (collectively, the “Improvements”).

There is no personal property included in the transaction provided for herein. The Land, the Appurtenances and the Improvements are sometimes collectively referred to as the “Property.”

Section 2. Purchase Price.

2.1 Purchase Price. The purchase price for the Property is Two Million Three Hundred Thousand Dollars and No/100 (\$2,300,000.00) as hereinafter provided, the “Purchase Price”), payable in cash at Closing (as defined in Section 4.2). The Purchase Price shall be confirmed by an appraisal conducted by the City and by a review appraisal conducted by the Washington State Department of Transportation (“WSDOT”). In the event the WSDOT does not consent to the Purchase Price, the Parties shall adjust said Purchase Price consistent with the WSDOT review appraisal during the first 120 days of the Due Diligence Period, as defined below, by written amendment of this Agreement. If an adjustment is made to the Purchase Price, an equivalent adjustment and amendment shall be made to the number of public commuter parking spaces as set forth in Section 10. For example, a Purchase Price adjustment increase of \$430,000 would require a corresponding reduction of 5 public commuter parking spaces valued at \$85,000.00 per space (\$430,000.00 divided by \$85,000.00 per space equals a reduction of 5 parking spaces to offset the increased Purchase Price). Not later than 10:00 a.m., Pacific Time, on the Closing Date (as defined in Section 4.2), Buyer shall deposit with the Escrow Holder (as defined in Section 2.2, via wire transfer, the Purchase Price, less the Deposit, together with Buyer’s share of closing costs and prorations.

2.2 Earnest Money.

2.2.1 Upon execution of this Agreement, Buyer shall execute a Promissory Note in the amount of One Hundred Fifteen Thousand Dollars and No/100 (\$115,000.00) in the form attached hereto as Exhibit C (the “Earnest Money Note”). The Earnest Money Note shall be held by *First American Title Insurance Company, 818 Stewart Street, Suite 800, Seattle, Washington 98101*, as the Escrow Holder hereunder (“Escrow Holder” or the “Title Company”). Within three (3) Business Days after satisfaction of Buyer’s Inspection Condition set forth in Section 5.1.1 below, Buyer shall replace the Earnest Money Note with cash in

the amount of One Hundred Fifteen Thousand Dollars and No/100 (\$115,000.00) to be held as the earnest money deposit hereunder (the “Deposit”).

2.2.2 The Deposit shall be applicable to the Purchase Price. The Deposit shall be nonrefundable, except that the Deposit shall be refunded to Buyer in the event that (i) one of Buyer’s Conditions Precedent (as defined in Section 5 below) is not satisfied within the time period applicable to such condition, or (ii) the transaction fails to close due to a default on the part of Seller and through no fault of the Buyer. The Deposit shall be held in an interest-bearing account, with interest being included with the Deposit and going to the benefit of the Party entitled to the Deposit at Closing or other termination of this Agreement.

Section 3. Parking Agreement. Following Closing, Buyer shall develop or cause the development of the Project on the Land as provided in and subject to the terms and conditions of the Parking Agreement to be entered into by Seller and Buyer at Closing substantially in the form of Exhibit E attached hereto (the “Parking Agreement”). Seller does not object to Buyer applying for permits for the Project described in the Parking Agreement before the Closing.

Section 4. Escrow; Closing.

4.1 Escrow. Buyer and Seller hereby appoint the Escrow Holder to hold the escrow and conduct the Closing under this Agreement. Buyer and Seller shall execute and deliver to Escrow Holder such instructions as may be necessary or convenient to implement the terms of this Agreement and close the transaction contemplated by this Agreement, provided that they are not inconsistent with the terms of this Agreement.

4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the “Closing”) shall take place 60 days following the expiration of the Due Diligence Period (as defined in Section 5.1.1) herein but not later than February 5, 2019 (the “Closing Date”). This Agreement shall automatically terminate if Closing does not occur by February 5, 2019, unless an extension is approved by both Buyer and Seller.

4.3 Buyer’s Deliveries. At or before Closing, Buyer shall deliver into Escrow the following:

4.3.1 funds transmitted by wire transfer in the amount of the Purchase Price (less the amount of the Deposit), together with Buyer’s share of closing costs and prorations pursuant to Section 11.

4.3.2 two executed counterparts of the Parking Agreement (executed by Buyer) and the accompanying Guaranty (executed by Buyer); and

4.3.3 A real estate excise tax affidavit, executed by Buyer.

4.3.4 two executed counterparts of the Easements, if any (as provided in Section 6.3).

4.4 Seller's Deliveries. At or before Closing, Seller shall deliver into Escrow the following:

4.4.1 a bargain and sale deed (the "Deed") to the Property in the form attached hereto as Exhibit D, subject only to the Permitted Exceptions (as defined in Section 6.1), properly executed and acknowledged on behalf of Seller, and an accompanying real estate excise tax affidavit;

4.4.2 duplicate originals of an executed affidavit by Seller to the effect that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended;

4.4.3 two executed counterparts of the Parking Agreement executed by Seller; and

4.4.4 two executed counterparts of the Easements, if any (as provided for in Section 6.3).

4.5 Proof of Authority. Buyer and Seller each shall deliver such proof of authority and authorization to enter into this Agreement and consummate the transaction contemplated by this Agreement, and such proof of power and authority of the individual(s) executing and delivering any instruments, documents or certificates to act for and bind such Party, as reasonably may be required by the Title Company.

4.6 Other Documents. Buyer and Seller shall deliver such other documents or instruments as are reasonably required to consummate this transaction in accordance with this Agreement, including without limitation instructions from the Escrow Holder and each Party's respective closing statement.

4.7 Possession. Seller shall deliver possession of the Property to Buyer at Closing.

4.8 Disbursement and Other Actions. At the Closing, Escrow Holder promptly shall undertake all of the following in the manner indicated:

4.8.1 Funds. Disburse all funds deposited with Escrow Holder by Buyer as follows:

(a) Disburse the Purchase Price to Seller, net the total amount chargeable to Seller, if any, as the result of prorations and credits pursuant to Section 11.

(b) Disburse the remaining balance of the funds, if any, to Buyer promptly following the Closing.

4.8.2 Recording. Cause the Deed, the Parking Agreement, the Easements (if any) and any other documents that the Parties may mutually direct to be recorded in the Official Records of King County, Washington, and obtain conformed copies thereof for distribution to Buyer and Seller.

4.8.3 Title Policy. Direct the Title Company to issue the Title Policy to Buyer pursuant to Section 6.2 hereof.

4.8.4 Disbursement of Documents to the Parties. Disburse to each Party the counterpart documents per the instructions of the Parties.

Section 5. Conditions Precedent to Closing.

5.1 Buyer's Conditions. For Buyer's benefit (and waivable by Buyer, and only Buyer, at any time), the following are conditions precedent to Buyer's obligation to consummate this transaction described in this Agreement ("Buyer's Conditions Precedent") and must be satisfied or waived by the date or within the time period indicated:

5.1.1 Due Diligence.

(a) Due Diligence Period. From the Effective Date through and including [_____, _____] **[the date that is 180 days following the Effective Date]** (such period of time, the "Due Diligence Period"), as such period may be extended by the mutual agreement of the Parties. Buyer, in its sole discretion and at its sole expense, shall have the opportunity to inspect and approve the physical condition and use of the Property, the economic feasibility of the Project and any other matters relating to the Property as Buyer elects to undertake (collectively, the "Inspections"), including without limitation, the availability of financing, access, utility services, zoning, engineering, soils and environmental conditions, status of neighboring projects and a survey (the "Inspection Condition"). The plan for any invasive testing of the Property (including Phase II environmental sampling) shall be subject to Seller's prior review and approval, not to be unreasonably withheld. The Inspection Condition must be satisfied or waived by the end of the Due Diligence Period.

If for any reason whatsoever Buyer determines that the Property is unsuitable for its purposes in its sole and absolute discretion and notifies Seller of such decision before the end of the Due Diligence Period, then this Agreement shall terminate. If Buyer does not provide written notice to Seller of its approval of this condition by the end of the Due Diligence Period, the Inspection Condition shall not be satisfied and this Agreement shall terminate. In the event of either such termination, Escrow Holder shall promptly return the Earnest Money Note to Buyer. If this Agreement does not terminate at the end of the Due Diligence Period, the Inspection Condition shall be considered to have been satisfied, and the Deposit shall not be refundable to Buyer by reason of the Inspection Condition.

(b) Access to Property. Further, until the Closing Date or earlier termination of this Agreement, Buyer and its authorized contractors, engineers, surveyor, appraiser, consultants, employees, lenders and agents shall have the right to enter onto the Property for purposes of undertaking the Inspections. Such entry shall be pursuant to a Site Access Agreement between City and Buyer (the "Access Agreement") in the form attached hereto as Exhibit G (which agreement may have been executed by the Parties before execution of this Agreement). Buyer agrees to indemnify Seller and to hold Seller, Seller's agents and employees harmless from and against any and all losses, costs, damages, claims or liabilities including, but

not limited to, construction, mechanic's and material men's liens and attorneys' fees, to the extent caused by Buyer's entry upon the Property, including the conduct of the Inspections, by Buyer or its contractors, consultants, employees or agents under this Section 5.1.1. This indemnity shall survive Closing or termination of this Agreement.

(c) Reports and Disclosure Statement. Within five (5) days following the Effective Date, Seller shall cause delivery to Buyer copies of all reports about the physical condition of the Property that have been prepared at the request of Seller or that are in Seller's possession, including environmental and soils reports, which reports are listed on Exhibit F hereto (the "Reports"). Seller disclaims any responsibility for the accuracy of any information contained in the Reports, and Buyer acknowledges that it uses the Reports at its own risk. If this Agreement terminates or the purchase and sale fails to close, Buyer promptly shall return the Reports (and all copies thereof) to Seller.

Buyer does not waive its right to receive from Seller a real property disclosure statement provided for in Chapter 64.06 RCW.

5.1.2 Title Policy. On the Closing Date, the Title Company shall be prepared to issue the Title Policy to Buyer as of the Closing Date in accordance with Section 6 of this Agreement.

5.1.3 Representations and Warranties. On the Closing Date, Seller's representations and warranties contained in Section 7.1 are true and correct, as if made as of the Closing Date, except as provided in Section 7.3.

5.1.4 Seller's Performance. Seller has duly and timely performed each and every other material obligation to be performed by Seller under this Agreement before Closing.

5.2 Seller's Conditions. For Seller's benefit (and waivable by Seller, and only Seller, at any time), the following are conditions precedent to Seller's obligation to consummate this transaction ("Seller's Conditions Precedent") and must be satisfied or waived by the date or within the time period indicated:

5.2.1 Buyer's Performance. Buyer has duly and timely performed each and every material obligation to be performed by Buyer under this Agreement prior to Closing.

5.2.2 Buyer's Representations and Warranties. Buyer's representations and warranties set forth in Section 7.2 are true and correct as if made as of the Closing Date, except as provided in Section 7.3.

Section 6. Evidence of Title.

6.1 Commitment. Within five (5) days following the Effective Date, Seller shall cause delivery to Buyer of a preliminary title commitment for a standard ALTA owner's policy of title insurance ("Commitment"), together with the underlying documents forming the basis of the exceptions, issued by the Title Company. Seller shall

obtain an ALTA/ACSM survey of the Property (the “Survey”) during the Due Diligence Period and provide said Survey to Buyer. Buyer shall have until thirty (30) days after the Effective Date to object to any matter disclosed in the Commitment or the Survey by giving written notice (the “Title Defect Notice”) of the objection to Seller. If, after the initial issuance of the Commitment and giving of the initial Title Defect Notice, the Title Company amends the Commitment by adding a new exception thereto, or the Survey reveals any new matters affecting title, Buyer shall be entitled to give a Title Defect Notice to such exception within five (5) Business Days after receipt of the amendment. Any matters not referenced in a timely Title Defect Notice shall be deemed approved by Buyer and are referred to herein as “Permitted Exceptions.” Within five (5) Business Days after receiving a Title Defect Notice, Seller shall notify Buyer in writing of any disapproved exception(s) that Seller declines to cure. Thereafter Buyer shall have three (3) Business Days to either waive the exception Seller has declined to cure (which thereafter shall constitute a Permitted Exception) or to terminate this Agreement.

Anything to the contrary in this Agreement notwithstanding, Seller shall have no affirmative obligation to expend any funds or incur any liabilities to cause any title exceptions to be removed from the Commitment (or any update thereto) or insured over, except that Seller shall pay or discharge any lien or encumbrance voluntarily created, permitted or assumed by Seller (except current taxes and assessments) and not created by or resulting from the acts of Buyer or other parties not related to Seller.

- 6.2 Issuance of Policy. At Closing, the Title Company shall be prepared to issue an extended 2006 ALTA owner’s title insurance policy (“Title Policy”) in the amount of the Purchase Price insuring Buyer and subject only to (a) a lien for real property taxes, not then delinquent; (b) Permitted Exceptions approved or deemed approved by Buyer; (c) matters affecting the condition of title to the Property resulting from the actions or activities of Buyer or created by or with the written consent of Buyer; and (d) the Parking Agreement and the Easements, if any.
- 6.3 Utility Easements. To the extent that there are existing utilities that cross the Property for which Seller requires an easement to serve other property or that crosses other property owned by Seller adjacent to the Property (excluding adjacent streets) for which Buyer requires an easement to serve the Property, Buyer and Seller will enter into utility easements therefor at Closing (the “Easements”). Each Party will notify the other of the need, if any, for such utility easements within 45 days after the Effective Date and Buyer shall provide a copy of the survey it obtains during the Due Diligence Period promptly upon receipt to facilitate this review. If such utility easements are needed, Seller shall provide its form of utility easement for Buyer’s review. If the Parties cannot agree on the forms of such utility easements before the end of the Due Diligence Period, then Buyer shall be entitled to exercise its rights to terminate this Agreement under Section 5.1.1(a).

Section 7. Representations and Warranties.

7.1 Seller. Seller represents and warrants that as of the Effective Date of this Agreement:

7.1.1 Seller has the legal power, right and authority to enter into this Agreement and all documents required to be executed by Seller under this Agreement and to consummate the transaction contemplated by this Agreement.

7.1.2 To Seller's actual knowledge, there are no pending or threatened (in writing) actions, suits, arbitrations, claims or proceedings, at law or in equity, adversely affecting the Property or to which Seller is a party by reason of Seller's ownership of the Property, including any eminent domain proceeding.

7.1.3 Except for any matters shown on the Commitment, Seller has not entered into any oral or written leases, subleases, rental agreements licenses, service or maintenance agreements or other contracts or agreements (written or oral) with respect to the ownership, operation, maintenance, use or occupancy with respect to the Property or any portion thereof that would encumber the Property or bind Buyer after Closing.

7.1.4 Except for notice with respect to the matters listed on Exhibit F attached hereto, Seller has not received any notices from any governmental authority with respect to any violation of any statute, ordinance or regulation applicable (or alleged to be applicable) to the Property.

7.1.5 The Reports listed on Exhibit F are all of the reports in Seller's possession regarding the physical condition of the Property.

Seller shall promptly notify Buyer of any new event or circumstance of which Seller has actual knowledge that occurs or arises after the date hereof and that makes any representation or warranty of Seller under this Agreement untrue in any respect that would materially affect Buyer's development of the Property.

In reference to the Seller, the term "actual knowledge" as used herein means the knowledge of the Mercer Island City Manager. The foregoing representations and warranties shall be deemed made as of Closing except to the extent modified by a certificate delivered by Seller at Closing notifying Buyer of any changes arising prior to Closing.

7.2 Buyer. Buyer represents and warrants that as of the date it executes this Agreement and as of Closing:

7.2.1 Buyer has the legal power, right and authority to enter into this Agreement and the documents required to be executed by Buyer under this Agreement, and to consummate the transactions contemplated by this Agreement.

7.2.2 All requisite action (corporate, partnership, limited liability company or otherwise) has been taken by Buyer in connection with entering into

this Agreement and the documents required hereby to be executed by Buyer and the consummation of the transactions contemplated hereby.

- 7.3 Changes in Representations and Warranties. The foregoing representations and warranties are to be made by the Parties as of the Effective Date of this Agreement and as of the Closing Date. If after the Effective Date and before the Closing Date, a Party making a representation and warranty (the “Representing Party”) becomes aware of facts that would cause such representation and warranty to be untrue or incomplete, the Representing Party shall notify the other Party (the “Nonrepresenting Party”) in writing within five (5) Business Days after discovery of the new facts, and include copies of documents or materials, if any, related to such new facts (the “Change Notice”). If a representation and warranty can no longer be accurately made by the Representing Party and this is (i) due to a state of facts first arising after the Effective Date, (ii) not intentionally caused by the Representing Party, (iii) such new state of facts materially and adversely affects a right, remedy or obligation of the Nonrepresenting Party under this Agreement, prevents a Party from performing as required herein, or, in the case of Buyer, the materially increases the costs associated with Buyer’s intended use of the Property or materially decreases value of the Property, then the Nonrepresenting Party may by written notice to the Representing Party elect to terminate this Agreement. In such event, Escrow Holder shall promptly return the Earnest Money Note or Deposit, whichever is applicable, to Buyer and neither Party shall have any further obligations hereunder (except as provided in Section 5.1.1). Such election must be exercised within five (5) Business Days after the Nonrepresenting Party receives a Change Notice. During such five (5) day period, however, the Parties shall negotiate in good faith about possible solutions to address the change in facts (e.g., proposals for courses of actions to cure the issue or price adjustments).

Section 8. As Is. BUYER ACKNOWLEDGES THAT THE PURCHASE PRICE HAS BEEN NEGOTIATED TO REFLECT THE CURRENT CONDITION OF THE PROPERTY “AS IS” AND “WHERE IS.” BUYER REPRESENTS AND WARRANTS TO SELLER THAT:

(a) BUYER WILL HAVE DILIGENTLY EXAMINED AND INVESTIGATED TO BUYER’S FULL SATISFACTION THE PHYSICAL CONDITION OF THE PROPERTY, SELLER’S DISCLOSURE DOCUMENTATION (IF ANY) AND ALL OTHER MATTERS THAT IN BUYER’S JUDGMENT AFFECT BUYER’S USE OF THE PROPERTY AND BUYER’S WILLINGNESS TO ENTER INTO THIS AGREEMENT PRIOR TO CLOSING.

(b) EXCEPT AS SET FORTH IN THIS AGREEMENT AND ANY EXHIBITS ATTACHED, NEITHER SELLER NOR ANY REAL ESTATE BROKER, AGENT OR OTHER REPRESENTATIVE OF SELLER HAS MADE ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER REGARDING THIS TRANSACTION OR ANY FACT RELATING THERETO, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES CONCERNING THE PHYSICAL CONDITION OF THE PROPERTY, ACCESS, ZONING LAWS, ENVIRONMENTAL MATTERS, UTILITIES, OR ANY OTHER

MATTER AFFECTING THE PROPERTY OR THE USE THEREOF. BUYER IS RELYING AND WILL RELY SOLELY ON SELLER'S REPRESENTATIONS AND WARRANTIES IN SECTION 7.1, SECTION 28, IN THE DEED AND BUYER'S OWN INSPECTIONS, TESTS, AUDITS, STUDIES AND INVESTIGATIONS.

(c) BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, ITS USE, COMPLIANCE WITH LAW OR OTHERWISE RELATING THERETO MADE OR FURNISHED BY SELLER OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, VERBALLY OR IN WRITING, EXCEPT THE REPRESENTATIONS AND WARRANTIES OF SELLER AS SPECIFICALLY SET FORTH IN THIS AGREEMENT AND IN THE DEED.

(d) IF BUYER HAS NOT EXERCISED ITS RIGHT TO TERMINATE THIS AGREEMENT AS PROVIDED HEREIN, BUYER SHALL ACCEPT THE PROPERTY "AS IS" AND "WHERE IS" WITH ALL FAULTS AT CLOSING AND, EXCEPT AS SET FORTH IN SECTION 7.1, SECTION 28 IN THE DEED, WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED OR STATUTORY OF ANY KIND WHATSOEVER BY SELLER, ANY REAL ESTATE BROKER, AGENT OR OTHER REPRESENTATIVES OF SELLER. IF BUYER PURCHASES THE PROPERTY UNDER THIS AGREEMENT, THEN BUYER SHALL BE DEEMED TO HAVE AGREED TO ACCEPT TITLE TO THE PROPERTY SUBJECT TO ANY ENVIRONMENTAL CONTAMINATION DISCOVERED ON THE PROPERTY BEFORE OR AFTER CLOSING AND TO HAVE WAIVED AND RELEASED ITS RIGHT TO RECOVER FROM SELLER, AND ITS ELECTED OFFICIALS, OFFICERS, ATTORNEYS, EMPLOYEES, AND AGENTS OF SELLER AND FROM ANY REAL ESTATE BROKERS OR AGENTS REPRESENTING OR PURPORTING TO REPRESENT SELLER, ANY AND ALL DAMAGES, LOSSES, LIABILITIES, COSTS, OR EXPENSES WHATSOEVER (INCLUDING ATTORNEYS' FEES AND COSTS) AND CLAIMS THEREFOR, WHETHER DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THAT MAY ARISE ON ACCOUNT OF OR IN ANY WAY ARISING OUT OF OR CONNECTED WITH THE PHYSICAL CONDITION OF THE PROPERTY OR ANY LAW, ORDINANCE, OR REGULATION APPLICABLE THERETO, INCLUDING, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED (42 U.S.C. SECTIONS 9601 ET SEQ.), THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976 (42 U.S.C. SECTIONS 6901 ET SEQ.), THE CLEAN WATER ACT (33 U.S.C. SECTIONS 466 ET SEQ.), THE SAFE DRINKING WATER ACT (14 U.S.C. SECTIONS 1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 U.S.C. SECTIONS 1801 ET SEQ.), THE TOXIC SUBSTANCE CONTROL ACT (15 U.S.C. SECTIONS 2601-2629), AND THE MODEL TOXICS CONTROL ACT (RCW 70.105D). SUCH WAIVER AND RELEASE SHALL NOT APPLY WITH RESPECT TO ANY RELEASE OF HAZARDOUS SUBSTANCES OR DAMAGE TO THE PROPERTY CAUSED BY SELLER, SELLER'S EMPLOYEES, OFFICERS, COUNCIL MEMBERS OR AGENTS THAT OCCURS AFTER CLOSING AND AFFECTS THE PROPERTY.

Section 9. Environmental Issues.

9.1 Contamination. The Property may have Hazardous Substances within its boundaries and/or emanating from the Property, including contamination that has not yet been discovered or is otherwise unknown as to nature and extent, and it may be potentially subject to contamination in the future from offsite sources (the “Contamination”). Pursuant to Section 5.1.1, Buyer will be conducting investigations to determine whether it is satisfied with the environmental condition of the Property.

The Parties intend that, as between Buyer and Seller, Buyer or its successors will be solely responsible for undertaking any and all remediation of the Contamination after Closing to the extent required by law. Seller will not enter into any agreements before Closing with the state or federal environmental regulatory agencies that would bind Buyer or the Property with regard to any remedial action of Hazardous Substances on the Property or compliance of the Property with Environmental Laws.

The term “Hazardous Substance(s)” as used in this Agreement means any hazardous waste or other substances listed, defined, designated or classified as hazardous, dangerous, radioactive, toxic, solid waste or a pollutant or contaminant in any Environmental Law, including without limitation (a) petroleum products and petroleum byproducts; (b) polychlorinated biphenyls; and (c) chlorinated solvents. The term “Environmental Law” includes any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions or hazardous substances, including without limitation the Washington Model Toxics Control Act, chapter 70.105D RCW and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq. The term “Release” means any intentional or unintentional entry of any Hazardous Substance into the environment, including but not limited to the abandonment or disposal of containers of Hazardous Substances unless permitted by applicable regulations.

9.2 Buyer’s Release and Waiver of Claims. Effective as of Closing, Buyer shall be deemed to have released and forever discharged Seller, Seller’s employees, elected officials, council members and agents from any claim or cause of action that Buyer has or may have that is related to the Contamination or the presence or alleged presence of Hazardous Substances at, below, or emanating from the Property. Except as provided in Section 5.1.1 or the Access Agreement, Buyer shall have no duty to defend or indemnify Seller or any employees, elected officials or agents of Seller from any claims, causes of actions or liabilities whatsoever asserted against Seller by a third party, including but not limited to claims by a private party or governmental entity alleging loss or seeking contribution or any other relief under any Environmental Law or common law.

9.3 Seller’s Release and Waiver of Claims. Effective as of Closing, Seller shall be deemed to have released and forever discharged Buyer and its employees, directors, partners, members, shareholders, agents, successors and assigns, from any claim or cause of action that Seller has or may have related to the Contamination or the presence or alleged presence of Hazardous Substances at, below, or emanating from

the Property as of the Closing Date. This release of claims shall not apply with respect to any Release of Hazardous Substances by Buyer, Buyer's employees, directors, partners, members, managers, shareholders, agents, successors or assigns that occurs after Closing and affects property owned by Seller adjacent to or in the vicinity of the Property. Seller shall have no duty to defend or indemnify Buyer from any claims, causes of actions or liabilities whatsoever asserted against Buyer by a third party, including but not limited to claims by a private party or governmental entity alleging loss or seeking contribution or any other relief under any Environmental Law or common law.

- 9.4 Rights Reservation. Notwithstanding the foregoing provisions of this Section 9, upon Closing, Buyer and Seller reserve all their rights and defenses against any non-parties to this Agreement, including but not limited to the right to seek cost recovery or contribution under any Environmental Law, statute or common law, regarding the presence, investigation or cleanup of any Hazardous Substance on, at, under, around or migrating from the Property. In addition, notwithstanding the foregoing, the waivers and releases contained in this Section 9 shall not apply to the extent of third-party claims brought against one Party alleging an action in violation of an Environmental Law with respect to the Property by the other Party.

Section 10. Underground Public Parking. As part of the development of the Project, Buyer agrees to construct seventy (70) underground public parking spaces at Buyer's sole cost and expense on or before December 31, 2021 (the "Underground Public Parking"). The City may also purchase additional underground public parking spaces at \$85,000.00 per space from the Buyer at its sole discretion following Closing and prior to December 31, 2021, provided the total number of public parking spaces does not exceed Seventy-Five (75). The management, operation and use of the Underground Public Parking shall be determined solely by the City. The Parking Operations and Management Agreement to be executed by Seller and Buyer at Closing will provide the specific agreements concerning the Underground Public Parking.

Section 11. Costs and Expenses. Seller shall pay (a) the premium for the standard portion of the Title Policy, (b) one-half (1/2) of all escrow fees and costs, (c) Seller's share of prorations and (d) the costs of the Survey. Buyer shall pay for (e) the premiums for the extended coverage portion or additional title insurance coverage or endorsements, (f) all recording charges, (g) one-half (1/2) of all escrow fees and costs, and (h) Buyer's share of prorations. Because Seller is a public entity, no excise tax will be due on the Sale. Buyer and Seller shall each pay their own legal and professional fees and fees of other consultants. The Property is currently exempt from property taxes, so there are no taxes to prorate. All property taxes and assessments arising from and after Closing shall be the sole responsibility of Buyer. All other costs and expenses shall be allocated between Buyer and Seller in accordance with the customary practice in the City of Mercer Island, County of King, and State of Washington. If the transaction is terminated by either Party on account of default by the other, the defaulting Party shall pay all escrow and title costs billed by the Escrow Holder.

Section 12. Condemnation. If before the Closing Date any condemnation or eminent domain proceedings are initiated that might result in the taking of all of the Property, then this Agreement shall terminate. Seller agrees not to initiate any condemnation or eminent domain

proceedings regarding the Property. If such proceeding proposes to take less than all of the Property, and the portion of the Property to be taken (i) has a value in excess of \$200,000, (ii) would take any right of access to the Property, or (iii) is necessary for the development of the Project and the Project cannot be reasonably and economically reconfigured (each, a “Material Taking”), Buyer may:

(a) terminate this Agreement by written notice to Seller whereupon the Parties shall proceed in accordance with Section 14 for a termination that is not the fault of either party; or

(b) proceed with the Closing, in which event Seller shall assign to Buyer in writing all of Seller’s right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings.

Seller shall immediately notify Buyer in writing of the commencement or occurrence of any condemnation or eminent domain proceedings. If such proceedings would result in a Material Taking of any of the Property, Buyer shall then notify Seller, within ten (10) days of Buyer’s receipt of Seller’s notice, whether Buyer elects to exercise its rights under clause (a) or clause (b) of this Section 12. Closing shall be delayed, if necessary, until the later to occur of (i) the Closing Date or (ii) five (5) Business Days after the expiration of the 10-day period. If Buyer fails to timely elect to proceed under this Section 12, then Buyer will be deemed to have elected clause (b) above. If a taking is not a Material Taking, the Parties shall proceed in accordance with clause (b) above.

Section 13. Legal and Equitable Enforcement of this Agreement.

13.1 Default by Seller. This Agreement pertains to the conveyance of real property, the unique nature of which is hereby acknowledged by the Parties. Consequently, if Seller refuses or fails without legal excuse to convey the Property to Buyer as required by this Agreement, or otherwise defaults in its obligations hereunder, and provided that Buyer is not in default in its obligations hereunder, Buyer shall have the right to elect one of the following remedies: (a) specific performance of this Agreement; or, alternatively, (b) to terminate this Agreement upon written notice to Seller and receive a return of the Deposit, in which case neither Party shall have any further obligations to the other hereunder, except that Seller shall be responsible to reimburse Buyer for one-half (50%) of Buyer’s due diligence expenses (e.g., architectural, engineering and environmental fees and costs) up to a maximum amount of Fifty Thousand Dollars and No/100 (\$50,000.00) and except for the indemnities expressly stated to survive hereunder and Section 30 concerning attorney’s fees.

13.2 Default by Buyer. If Buyer fails without legal excuse to complete the purchase of the Property, the Deposit shall be forfeited to Seller as liquidated damages and payment by Buyer of any attorney’s fees and enforcement costs due under Section 30 below, is the sole and exclusive remedy against Buyer available to Seller for Buyer’s failure to complete the purchase of the Property as required under this Agreement. In no event shall Seller be entitled to specific performance against Buyer for such failure. If the Closing fails to occur by reason of Buyer’s default, the Parties agree that the damages that Seller would suffer thereby are difficult or

If to Buyer:

Twenty Four Eleven, Limited Liability Company
9219 SE 33rd Place
Mercer Island, WA 98040
Attention: Leon Cohen
E-mail: leon@leongcs.com
Phone: (206) 714-8237

With a copy to:

Jerome O. Cohen, Attorney at Law
4554 California Avenue SW
Seattle, WA 98116
E-mail: Jeromecohen@msn.com
Phone: (206) 621-9095

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by facsimile transmission to the party and its counsel, receipt of which has been confirmed by telephone, and by regular mail, in which case notice shall be deemed delivered on the next Business Day following confirmed receipt, or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 16; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

Section 16. Time of Essence. Time is of the essence of this Agreement.

Section 17. Governing Law; Jurisdiction. The construction, validity, meaning and effect of this Agreement shall be determined in accordance with the laws of the State of Washington. In the event any action is brought to enforce any of the provisions of this Agreement, the Parties agree to be subject to the jurisdiction in the King County Superior Court for the State of Washington or in the United States District Court for the Western District of Washington.

Section 18. Counterparts; Transmissions. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Parties agree that executed counterparts may be transmitted by facsimile or as a digital document by electronic mail and such transmitted, executed counterparts shall be treated as an executed original counterpart.

Section 19. Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

Section 20. Assignability. Buyer shall not assign its rights under this Agreement without Seller's prior written consent. Such consent will not be unreasonably withheld.

Section 21. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective legal representatives, successors and permitted assigns.

Section 22. Modifications; Waiver. No waiver, modification amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the Party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

Section 23. Entire Agreement. This Agreement contains the entire agreement, including all of the exhibits attached hereto, between the Parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded hereby.

Section 24. Fair Construction; Severability. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context may require. The Parties hereby acknowledge and agree that each was properly represented by counsel and this Agreement was negotiated and drafted at arms' length so that the judicial rule of construction to the effect that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Agreement. If any term, provision, covenant, clause, sentence or any other portion of the terms and conditions of this Agreement or the application thereof to any person or circumstances shall apply, to any extent, become invalid or unenforceable, it shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable to most nearly retain the intent of the Parties, and if such modification is not possible, such provision shall be severed from this Agreement and the remainder of this Agreement shall continue in full force and effect, unless rights and obligations of the Parties have been materially altered or abridged by such invalidation or unenforceability.

Section 25. Survival. The representations and warranties in this Agreement shall survive the Closing of this transaction for a period of ninety (90) days following Closing, and written notice of any claim by a Party for a breach thereof must be delivered to the other Party within such time period. In addition, the indemnities and agreements contained in Section 5.1.1(b) (Access to Property), Section 9 (Environmental), Section 28 (Brokers) and Section 30 (Attorneys' Fees) shall survive the termination or expiration of this Agreement and shall survive the Closing. Except for the foregoing provisions, all other agreements of the Parties contained in this Agreement shall terminate upon Closing.

Section 26. No Personal Liability of Officers or Directors.

26.1 Seller. Buyer acknowledges that this Agreement is entered into by Seller as a municipal corporation and Buyer agrees that no individual officer, council member, employee or representative of Seller shall have any personal liability under this Agreement or any document executed in connection with the transactions contemplated by this Agreement.

26.2 Buyer. Seller acknowledges that this Agreement is entered into by Buyer as a limited liability company and Seller agrees that no individual officer, director, member, manager or representative of Buyer shall have any personal liability under this Agreement. Nothing shall preclude personal liability under the guaranties described in the Parking Agreement.

Section 27. No Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties hereto and their respective successors and assigns, any rights or remedies under or by reason of this Agreement. No term or provision of this Agreement shall be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder, except as may be otherwise expressly provided herein. Nothing in this Section 27 is intended to modify the restrictions on assignment contained in Section 20 hereof.

Section 28. Brokers. Seller and Buyer represent each to the other that each has had no dealings with any broker, finder or other party concerning Buyer's purchase of the Property. Seller agrees to indemnify and hold Buyer harmless from all loss, cost, damage or expense (including reasonable attorney's fees) incurred by Buyer as a result of any claim arising out of the acts of Seller for a commission, finder's fee or similar compensation made by any broker, finder or any party who claims to have dealt with Seller. Buyer agrees to indemnify and hold Seller harmless from all loss, cost, damage or expense (including reasonable attorney's fees) incurred by Seller as a result of any claim arising out of the acts of Buyer for a commission, finder's fee or similar compensation or made by any broker, finder or any party who claims to have dealt with Buyer. The indemnities contained in this Section 28 shall survive the Closing or the termination of this Agreement.

Section 29. Business Days; Computation of Time. The term "Business Day" as used herein means any day on which banks in Mercer Island, Washington are required to be open for business, excluding Saturdays and Sundays. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

Section 30. Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement (including, without limitation, enforcement of any obligation to indemnify, defend or hold harmless), or because of an alleged dispute, default or misrepresentation in connection with any of the provisions of this Agreement, the substantially prevailing party shall be entitled to recover the reasonable attorneys' fees (including those in any bankruptcy or insolvency proceeding), accountants' and other experts' fees and all other fees, expenses and costs incurred in connection with that action or proceeding, in addition to any other relief to which it may be entitled.

Section 31. Effective Date. The Effective Date of this Agreement shall be the day and year last written by the signatures below. Until this Agreement has been signed by all Parties, it shall not be legally binding.

BUYER:

TWENTY FOUR ELEVEN, LIMITED
LIABILITY COMPANY, a Washington
limited liability company

By: _____

Name: Leon Cohen

Its: Managing Member

Date: _____

SELLER:

CITY OF MERCER ISLAND, a Washington
municipal corporation

By: _____

Name: Julie Thuy Underwood

Title: City Manager

Date: _____

EXHIBIT A

Legal Description of Property

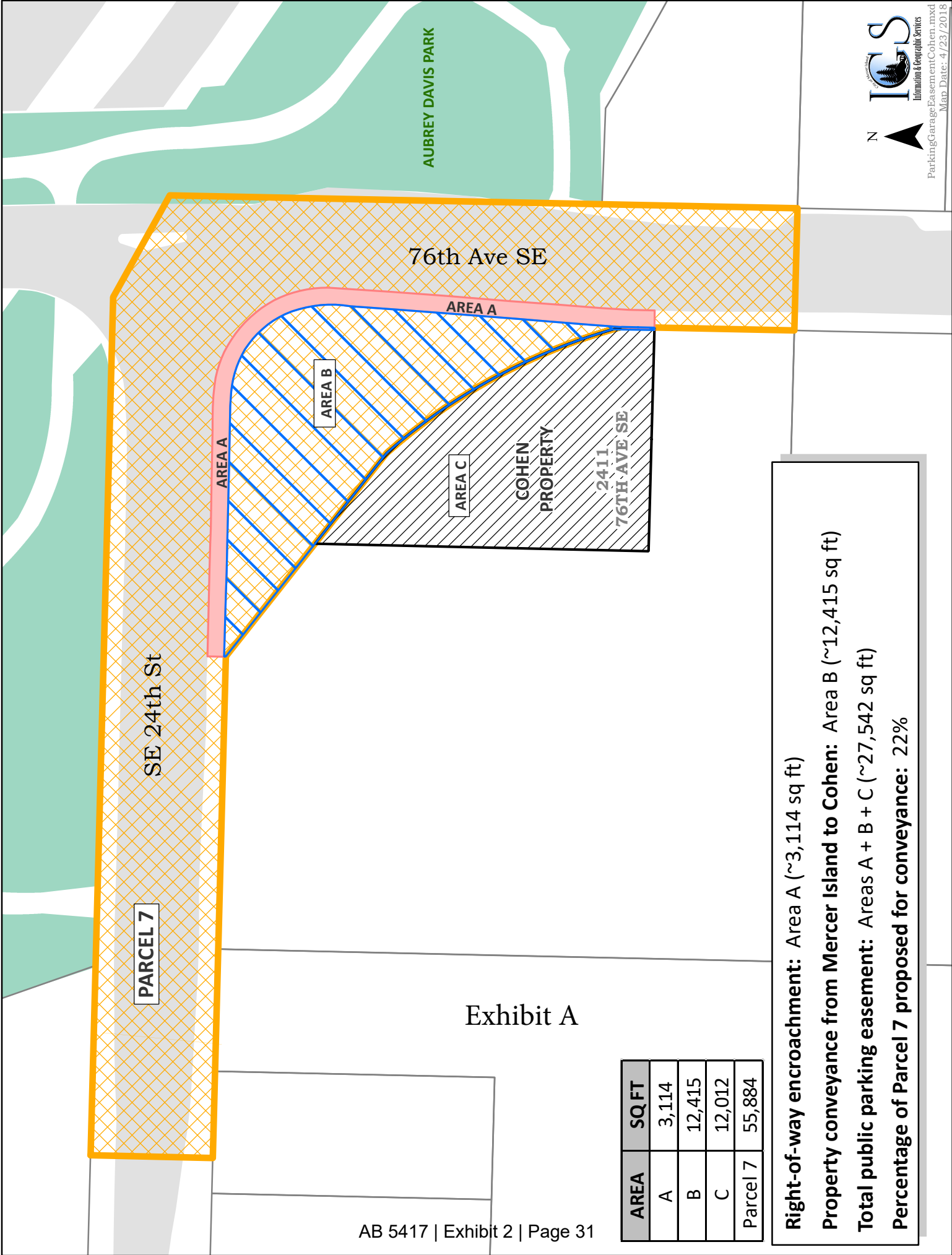


Exhibit A

AREA	SQ FT
A	3,114
B	12,415
C	12,012
Parcel 7	55,884

Right-of-way encroachment: Area A (~3,114 sq ft)
Property conveyance from Mercer Island to Cohen: Area B (~12,415 sq ft)
Total public parking easement: Areas A + B + C (~27,542 sq ft)
Percentage of Parcel 7 proposed for conveyance: 22%

EXHIBIT B

Intentionally Deleted

EXHIBIT C

Form of Earnest Money Note

PROMISSORY NOTE

\$115,000.00

Dated: _____, 2018

FOR VALUE RECEIVED, TWENTY FOUR ELEVEN, LIMITED LIABILITY COMPANY, a Washington limited liability company (“Maker”), promises to pay to the order of *FIRST AMERICAN TITLE INSURANCE COMPANY* (“Holder”), 818 Stewart Street, Suite 800, Seattle, WA 98101, the principal sum of ONE HUNDRED FIFTEEN THOUSAND DOLLARS AND NO/100 (\$115,000.00), as the Earnest Money Note in accordance with Section 2.2 of that certain Purchase and Sale Agreement between Maker, as Buyer, and City of Mercer Island, a Washington municipal corporation, as Seller, dated [_____, ____] (the “Agreement”). This Note shall be payable within three (3) Business Days after satisfaction of Buyer’s Inspection Condition under Section 5.1.1 the Agreement.

Maker’s failure to pay the Earnest Money if required by the terms of the Agreement shall constitute a default by Maker under both the Agreement and this Note.

Maker promises to pay all costs, expenses and attorneys’ fees incurred by Holder in the exercise of any remedy (with or without litigation) under this Note in any proceeding for the collection of the debt evidenced by this Note, or in any litigation or controversy arising from or connected with this Note.

Delay in exercising any of the Holder’s rights or options hereunder shall not constitute a waiver thereof, and waiver of any right or option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

The provisions of this Note shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

This Note shall be construed according to the laws of the State of Washington and pursuant to the terms and conditions of the Agreement.

Time is of the essence of this Note and each and every term and provision hereof.

MAKER:

TWENTY FOUR ELEVEN,
LIMITED LIABILITY COMPANY,
a Washington limited liability company

[Do Not Sign – Exhibit Only]

By: _____

Name: Leon Cohen

Title: Managing Member

EXHIBIT D

Form of Deed

After Recording Return To:

Attn: _____

BARGAIN AND SALE DEED

GRANTOR: City of Mercer Island, a Washington municipal corporation

GRANTEE: Twenty Four Eleven, Limited Liability Company, a Washington limited liability company

Legal Description:

Abbreviated Form:

Additional legal on Page ____

Assessor's Tax Parcel ID#:

THE GRANTOR, CITY OF MERCER ISLAND, a Washington municipal corporation, for and in consideration of ten dollars (\$10) in hand paid, bargains, sells and conveys to the Grantee, Twenty Four Eleven, Limited Liability Company, a Washington limited liability company, the following described real estate, situated in the County of King, State of Washington.

See Exhibit A attached hereto.

Subject to and excepting those matters listed in Exhibit B attached hereto and incorporated herein by this reference.

Dated _____, 2018.

CITY OF MERCER ISLAND,
a Washington municipal corporation

[Do Not Sign – Exhibit Only]

By: _____

Its: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Julie Thuy Underwood is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she as authorized to execute the instrument and acknowledged it as the City Manager of City of Mercer Island to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
Residing in _____
My commission expires _____

EXHIBIT A TO DEED

Legal Description

EXHIBIT B TO DEED

Exceptions

(to be added)

EXHIBIT E

Form of Parking Agreement

After Recording Return To:

City of Mercer Island
Attn: City Attorney's Office
9611 SE 36th Street
Mercer Island, WA 98040

PARKING AGREEMENT

GRANTOR: Twenty Four Eleven, Limited Liability Company, a Washington limited liability company

GRANTEE: City of Mercer Island, a Washington municipal corporation

LEGAL DESCRIPTION:

Abbreviated form:
Additional legal on Exhibit A

ASSESSOR'S TAX PARCEL NO(S):

RELATED:

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PARKING AGREEMENT

THIS PARKING AGREEMENT (this “Agreement”) is dated as of _____, 2018, between the CITY OF MERCER ISLAND, a Washington municipal corporation (“City”), and TWENTY FOUR ELEVEN, LIMITED LIABILITY COMPANY, a Washington limited liability company (“Developer”) (individually a “Party” and collectively, “the Parties”).

RECITALS

A. Pursuant to that certain Purchase and Sale Agreement dated [_____, 2018] between City, as seller, and Developer, as buyer (the “Sale Agreement”), concurrently herewith Developer has acquired that certain real property legally described in Exhibit A attached hereto (the “Property”). As part of such acquisition, the Parties are executing this Agreement as required by the Sale Agreement.

B. Developer proposes a mixed-use retail and residential project in the Mercer Island Town Center to encompass the Property that is consistent with City’s goals for the Property and the City, including the Mercer Island City Code (“MICC”) and the City of Mercer Island Comprehensive Plan.

C. As described in the Sale Agreement, City will receive seventy (70) public parking spaces to accommodate Mercer Island commuter parking for transit and light rail.

D. The conceptual plan for development described in this Agreement may result in applications that will be subject to appropriate and subsequent development and site-specific State Environmental Policy Act, land use, development, public, and other applicable review prior to commencement of any construction under this Agreement. In addition to submitting plans to the City in its regulatory capacity as the permitting authority, Developer intends to submit plans to enable the City’s approval/confirmation regarding access, location and design of the public parking spaces.

E. The Project is a private undertaking to be contracted, constructed and operated by Developer with Developer’s resources (except as to City’s obligations with respect to any gate and payment system that may be installed by the City for access to the public parking areas of the Project and the collection of revenue as described herein) and will provide a significant development of the Property with accompanying public amenities and economic redevelopment benefits to the public. The Parties intend by this Agreement to set forth their mutual agreement and undertakings with regard to the public parking spaces.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual undertaking and promises contained herein, and the benefits to be realized by each Party and in future consideration of the benefit to the general public by the creation and operation of the Project upon the Property, and as a direct

benefit to City and other valuable consideration, the adequacy of which is hereby acknowledged, the Parties agree as follows:

Section 1. Definitions.

In addition to the terms defined in the Recitals above, the following terms shall have the meanings set forth below:

“Business Day” means any day on which banks in Mercer Island, Washington are required to be open for business, excluding Saturdays and Sundays.

“Certificate of Performance” means a certificate issued by City to Developer pursuant to Section 8 of this Agreement and as set forth in Exhibit B.

“City Approvals” means the approvals of all Plans pursuant to Section 4.4, performed by City in its capacity as the approving party under this Agreement. The City Approvals shall not constitute any of the regulatory approvals required under the applicable Legal Requirements to construct the Project.

“City Default” shall have the meaning given in Section 15.

“Closing” means the close of the sale of the Property pursuant to the Sale Agreement.

“Commencement of Construction” and “Commence Construction” means that vertical construction of the building portion of the Project has begun, following excavation and foundation work and issuance of a building permit therefor. Performance of site preparation work alone shall not constitute “Commencement of Construction.”

“Concept Design Documents” means an architectural or artist’s rendering that illustrates the scope of the Project, its location within the Property, and the relationship of the Project to its surroundings, consistent with the Design Standards and the scope of development. The intent of the Concept Design Documents is to provide, visually and in text, an idea as to the nature and density of the Project and its proposed mix of uses.

“Construction Documents” means, collectively, all construction documentation that Developer is required to submit to City as part of the process to obtain building permits for the Project and upon which Developer and Developer’s contractors will rely in building the Project. These documents are based on the Design Development Documents.

“Construction Schedule” means the schedule for construction of the Improvements approved as part of the Construction Documents.

“Construction Start Date” means on or before July 1, 2020, unless an extension is approved by both Buyer and Seller, subject to extension for Force Majeure.

“Design Development Documents” means plans and specifications for the Project based on the Concept Design Documents and Schematic Design Documents. The Design Development Documents illustrate and describe the refinement of the design of the Project, establishing the scope, relationship, forms, size and appearance of the Project by means of plans, sections and elevations, typical construction details, and equipment layouts. The Design Development Documents shall include specifications that identify major material and systems and establish in general their quality levels.

“Design Standards” means, collectively, the City of Mercer Island Comprehensive Plan, the Mercer Island City Codes, and other Legal Requirements that affect the Project and the Property.

“Effective Date” means the date set forth in the first paragraph of this Agreement.

“Event(s) of Default” has the meaning given in Section 13 herein.

“Force Majeure” has the meaning given in Section 17.18 herein.

“Governmental Authorities” means any board, bureau, commission, department or body of any local, municipal, county, state or federal governmental or quasi-governmental unit, or any subdivision thereof, or any utility provider serving the Property, having, asserting, or acquiring jurisdiction over or providing utility service to the Project, the Property and/or the management, operation, use, environmental cleanup or improvement thereof.

“Hazardous Substances” has the meaning set forth in Section 6 herein.

“Improvements” means the portion of the parking garage for public parking for transit and light rail commuters (described herein), buildings, structures, improvements and fixtures to be constructed in, under or upon the Property as part of the Project, and all accessways, pedestrian areas, public amenities, utility distribution facilities, lighting, signage and other infrastructure improvements to be built by Developer on the Property as part of the Project. For purposes of the City Manager’s, or her designee’s, review of Project design and improvements in Section 4.4, such review and approval is limited to the access, location and design of the public parking spaces. Overall Project review and approval shall be in accordance with Sections 4.2 and 4.3, and the City Manager’s, or her designee’s, overall Project review feedback beyond the access, location and design of the public parking spaces is advisory only.

“Legal Requirements” means all local, county, state and federal laws, ordinances and regulations and other rules, orders, requirements and determinations of any Governmental Authorities now or hereafter in effect, whether or not presently contemplated, applicable to the Property, the Project or its ownership, operation or possession, including (without limitation) all those relating to parking restrictions, building codes, zoning or other land use matters, The Americans With Disabilities Act of 1990, as amended (as interpreted and applied by the public agencies with jurisdiction over the Property), life safety requirements and environmental laws with respect to the handling, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances.

“Material Modification” shall have the meaning given in Section 4.4.

“Mortgagee” means the holder of a first mortgage or deed of trust (“Mortgage”) encumbering Developer’s interest in any portion of the Property, the proceeds of which are used to finance or refinance the construction of Improvements.

“Opening Date” means a date that is on or before December 31, 2021 subject to extension for Force Majeure or as mutually agreed upon.

“Plans” means, collectively, the Concept Design Documents, the Schematic Design Documents, the Design Development Documents and the Construction Documents, which documents have been approved by City pursuant to Section 4.

“Project” means the development of the Property to construct the Improvements consisting of a mixed-use building with retail and residential uses and an underground parking garage for both public and private use (the “Project”) pursuant to Section 4 of this Agreement. For purposes of the City Manager’s, or her designee’s, review of Project design and improvements in Section 4.4, such review and approval is limited to the access, location and design of the public parking spaces. Overall Project review and approval shall be in accordance with Sections 4.2 and 4.3, and the City Manager’s, or her designee’s, overall Project review feedback beyond the access, location and design of the public parking spaces is advisory only.

“Project Documents” means this Agreement and the Sale Agreement and all exhibits thereto.

“Project Schedule” means the schedule for construction of the Project, which schedule shall provide for such construction of the Project to commence by the Construction Start Date and be substantially complete by the Opening Date.

“Sale Agreement” has the meaning given in Recital A.

“Schematic Design Documents” means:

- (i) Site plans showing the Improvements as applicable, in relation to the Property, with all proposed connections to existing or proposed roads, utilities and services, including trash and recycling areas and loading docks;
- (ii) Plans, elevations, typical cross-sections and typical wall sections of all building areas and a calculation of gross building area;
- (iii) Elevations of each building to determine the sight lines and the specific configuration and relationship of design elements of the building exterior in relationship to streets;
- (iv) A preliminary exterior finish schedule;

- (v) A preliminary landscaping and open space plan;
- (vi) Preliminary plans for a gateway serving as an entry into the Town Center from the west and north; and
- (vii) Other schematic plans, details and information determined necessary by the City to document compliance with this Parking Agreement.

“Substantial Completion” or “Substantially Complete” means that all of the following have occurred: (i) the Improvements required to be developed by this Agreement are complete according to approved Plans, except for punchlist items that do not substantially prevent the use of the Improvements for their intended purposes; and (ii) the City has issued a temporary or final certificate of completion or certificate of occupancy for all of the building portions of the Improvements.

Section 2. Intent and Relations.

2.1 Generally.

Developer will construct the Project in a manner that is consistent in all material respects with the Plans and in accordance with the terms and conditions of this Agreement. Development on the Property will comply with all Legal Requirements. The Improvements and their construction will conform to the Design Standards and Project Schedule, and Developer will submit its Plans to City for confirmation that the Plans and construction schedule for the Project remain consistent with the Design Standards and Project Schedule. This Agreement is intended by the Parties to establish the design, development, and performance criteria for the Project. The Parties agree that Developer has sole responsibility for construction, obtaining all necessary permits and approvals and complying with all Legal Requirements as they relate to ownership, construction and operation of the Project.

Developer shall at its own cost furnish all plans, engineering, supervision, labor, material, supplies and equipment necessary for completion of the Project. City has entered into this Agreement relying on Developer’s agreement that it will design and construct the Project in accordance with this Agreement.

2.2 Standards.

Developer shall perform the terms of this Agreement according to the following standards:

2.2.1 All construction of the Project by Developer shall comply with, and be performed in accordance with, the Design Standards, the Plans, this Agreement, and all Legal Requirements.

2.2.2 Commencing with the Effective Date, Developer agrees to promptly begin and thereafter with diligence and commercially reasonable efforts design, construct, and

complete the Project pursuant to the Plans, in accordance with the Project Schedule and with the requirements of City's process for permitting the Project and in a good and workmanlike manner and of good quality.

2.2.3 Developer has the obligation to inform its architect and general contractor of necessary sections of this Agreement pertinent to their work.

Section 3. General Terms of Conveyance.

Conveyance and ownership of the Property shall remain subject to the provisions of this Agreement during the term hereof. This Agreement shall be recorded prior to the recording of any Mortgage on the Property and all subsequent owners and lessees of all or any portion of the Property shall take subject to this Agreement during its term.

Section 4. Development.

4.1 Generally.

Developer shall hereafter prepare the Plans for the development of the Project and submit them to the City Manager or her designee for the City's review and approval pursuant to Section 4.4. Such submittal shall be in addition to and shall not substitute for any regulatory permit and / or land use review required by Applicable Law. If, in City's reasonable judgment, the Plans submitted provide for the construction of the Project in accordance with this Agreement, the City shall approve them per Section 4.4. Any approval by City of the Plans hereunder is in its capacity as the approving party under this Agreement and shall not constitute any of the regulatory approvals required under the applicable Legal Requirements to obtain the land use approvals and permits necessary to construct the Project. Developer shall submit the Plans in a timely manner to permit commencement of construction to occur by the Construction Start Date.

Developer shall construct seventy (70) underground public parking spaces at its sole cost and expense for the exclusive use of the City on or before the Project's Opening Date (December 31, 2021). Developer will provide a perpetual, exclusive easement, in the form attached hereto as Exhibit D, to the City for said public parking use between the hours of 5:30 am and 7:30 pm, Monday through Friday. The below grade, perpetual parking easement area shall not extend under the paved roadway surface of either 76th Avenue SE or SE 24th Street and may extend from the private property line to the curb line. Developer and City will negotiate a separate public parking management and operations agreement prior to expiration of the Due Diligence Period for the use of the public parking spaces, including but not limited to, use by the Developer after the identified public parking hours and any electronic access gate and payment system that may be installed by the City for access and the collection of parking revenue. Said public parking management and operations agreement shall provide that the City shall be responsible for maintenance, insurance and repair and replacement of said equipment and of its pro-rata share of maintenance of the parking garage.

Developer shall construct and complete Improvements on the Property in a manner that is consistent in all material respects with the Project Plans, such that the Improvements are built in accordance with the Design Standards. Developer shall commence construction of the Project by the Construction Start Date and shall substantially complete the Project by the Opening Date. Developer will not start construction prior to satisfaction of the conditions set forth in Section 4.2 below. Developer agrees that once any construction work has begun, Developer will thereafter with diligence and commercially reasonable efforts proceed with such construction until the Project has been completed (subject to extensions for Force Majeure).

4.2 Conditions Precedent to Commencement of Construction.

The following conditions shall be satisfied before commencing construction on the Property:

4.2.1 Compliance with Agreement. Developer shall be in material compliance with this Agreement, including but not limited to all contracting requirements and receipt of permits for construction described in Section 4.2.4.

4.2.2 Approval. Developer shall obtain all City Approvals pursuant to Section 4.4.

4.2.3 Conveyance. Fee title to the Property shall transfer to Developer.

4.2.4 Permits. Developer shall obtain all land use approvals, permits, and other regulatory approvals for each phase of construction of the Project from City and any other applicable Governmental Authority, including but not limited to the building permit(s) for the Improvements.

4.3 Construction Obligations and Development Fees.

4.3.1 In General.

Obtaining necessary land use approvals and permits for the Improvements will be the Developer's responsibility. Developer shall submit the necessary complete applications to the applicable Governmental Authorities.

Developer is responsible for all excavation and disposal of soils and other materials it removes from the Property in accordance with all Legal Requirements.

4.3.2 Development and Other Fees. Developer is responsible for payment of all impact, development, utility, hookup, capacity, permit, plan check, SEPA and other fees, charges and surcharges required by City in its regulatory capacity for the construction of the Project. At the times required by the City in its regulatory capacity, Developer shall pay all fees and development charges required in connection with the issuance of the Project permits. These include, but are not limited to, the following: (i) a pre-application fee, required to be paid before the initial coordination meeting between City and

Developer's architect and engineering representatives; (ii) fees for design review and SEPA review; (iii) building permit, plan check and fire plan check fees; (iv) school, parks and transportation impact fees; and (v) certain fees as provided below.

4.4 City Approval Process.

For purposes of the City Manager's, or her designee's, review of Project design and improvements in this section, such review and approval is limited to the access, location and design of the public parking spaces. Overall Project review and approval shall be in accordance with Sections 4.2 and 4.3, and the City Manager's, or her designee's, overall Project review feedback beyond the access, location and design of the public parking spaces is advisory only.

Developer shall submit for review to the City Manager, or her designee, the Concept Design Plan, Schematic Design Plan, Design Development Plan and Construction Plan (collectively, "Plans") in a timely manner to permit commencement of construction by the Construction Start Date. These Plans shall be submitted to the City Manager, or her designee, for review for conformance with the Design Standards prior to the Developer's participation in a Study Session with the Mercer Island Design Commission. The City Manager's review under this Section 4.4 is to evaluate the Plans for consistency with the Design Standards, and this review and approval is advisory only, except as to the access, location and design of the public parking spaces, and is in addition to, and separate from, the normal City regulatory review and permitting process. City Approvals under this Section 4.4 shall not be considered approvals required under City's regulatory and permitting process, except as to the access, location and design of the public parking spaces. City shall undertake its review and response expeditiously, and Developer shall likewise respond expeditiously to comments and requests for changes and further information. The City Manager, or her designee, shall use reasonable efforts to notify Developer of City's approval or disapproval in writing, as to the access, location and design of the public parking spaces, within fifteen (15) Business Days after submission. If the City disapproves of any portion of the public parking plan, it shall state in writing the specific reasons for such disapproval, which reasons shall be based on inconsistencies between the Plans and the Design Standards.

Developer's request for City Approvals as to the access, location and design of the seventy (70) public parking spaces shall be in writing and shall include sufficient information and such other information as may be reasonably required to permit the City to make an informed decision with respect thereto. City Approvals under this Section 4.4 shall not be unreasonably withheld or delayed. Such process of submittal, review, comment and re-submittal by Developer shall continue until such time as the submitted materials have been approved by City.

Approval shall not be required for any modification, replacement, alteration or addition (but excluding any relocation) to any previously approved submission, unless there is a Material Modification from the previously approved submission. For any Material Modifications thereto proposed by Developer, the procedure shall be as described in this section. As used in this Agreement, a "Material Modification" shall be one that would (i) conflict with any Design

Standards or Project Documents; or (ii) cause the Project not to be developed in accordance with the Design Standards or Project Documents or otherwise in accordance with this Agreement. Any Material Modification of any Plan shall be submitted to City for prior written approval and, if not approved by City, the previously approved Plan shall continue to control. City shall have the right to disapprove any modifications that are not consistent with the Design Standards or the Project Documents.

4.4.1 Concept Design Plan. Developer and City will use best efforts to agree on a “Concept Design Plan” for the development of the Property in sufficient time for Developer to timely submit the land use and permit applications to comply with the Project Schedule.

4.4.2 The Concept Design Plan to be submitted by Developer for approval shall be consistent with the following: Developer shall develop the Project, all in accordance with the Design Standards, to be as described in this Parking Agreement. Developer shall ensure that the Property has parking for the Project with a sufficient number of parking spaces to satisfy the Design Standards in addition to the seventy (70) public parking spaces for the City’s use.

4.4.3 Schematic Design Plan. Developer and City will use best efforts to agree on a “Schematic Design Plan” for the Improvements in sufficient time for Developer to submit the permit applications in accordance with the Project Schedule. City shall review the Schematic Design Plans for consistency with the Design Standards.

4.4.4 Design Development Plan. Developer and City will use best efforts to agree on a “Design Development Plan” for the Improvements in sufficient time for Developer to submit the permit applications to allow construction of the Project to be in accordance with the Project Schedule.

4.4.5 Construction Plans. Developer and City will use best efforts to agree on “Construction Plans” for the Improvements in sufficient time for Developer to apply for the building and other construction permits in accordance with the Plans and Permit Application Schedule. The Construction Plans shall be based upon the approved Concept Design Plan, the Schematic Design Plan, the Design Development Plan and the Design Standards for such Improvements. The Construction Plans will include a construction schedule (which shall include the Construction Start Date) (the “Construction Schedule”).

4.5 Governmental Approvals.

Developer shall apply, at its sole cost, to the appropriate Governmental Authorities or third parties for, and shall diligently pursue and obtain, all permits, licenses, permissions, consents or approvals required in connection with the construction of the Improvements.

Section 5. Disclaimer of Liability, Indemnity.

5.1 Preparation of Site; Utilities.

City shall not be responsible for any demolition or site preparation in connection with the Project or any existing Improvements on the Property. City makes no representations as to the availability or capacity of utility connections or service to the Property. Developer shall make arrangements for utility services directly with utility service providers (including City). Any costs of installation, connection, relocating or upgrading utilities shall be paid by Developer.

5.2 AS IS.

City makes no warranties or representations as to the suitability of the soil conditions or any other conditions of the Property or structures thereon for any Improvements to be constructed or rehabilitated by Developer, and Developer warrants that it has not relied on representations or warranties, if any, made by City as to the physical or environmental condition of the Property or the structures thereon for any Improvements to be constructed or rehabilitated by the Developer.

5.3 Approvals and Permits.

Approval by City of any item in its capacity as seller pursuant to the Sale Agreement or the City Approvals pursuant to Section 4.4 of this Agreement shall not constitute a representation or warranty by City that such item complies with Legal Requirements and City assumes no liability with respect thereto. Developer acknowledges that City has not made any representation or warranty with respect to Developer's ability to obtain any permit or approval, or to meet any other requirements for development of the Property or Project. Nothing in this Agreement is intended or shall be construed to require that City exercise its discretionary authority under its regulatory ordinances to approve the required permits for the Project or grant regulatory approvals. City is under no obligation or duty to supervise the design or construction of the Improvements pursuant to this Agreement. City's approval of the Plans under this Agreement shall not constitute any representation or warranty, express or implied, as to the adequacy of the design or any obligation on City to ensure that work or materials are in compliance with the Plans or any building requirements imposed by any governmental entity (including City in its regulatory capacity). City is under no obligation or duty, and disclaims any responsibility, to pay for the cost of construction of the Improvements, the cost of which shall at all times remain the sole liability of Developer.

5.4 Indemnification.

Developer shall indemnify, defend and hold City, its employees, officers, officials, volunteers and agents harmless from and against any and all claims, injuries, damages, losses or suits (including reasonable attorneys' fees, court costs, and amounts paid in settlements and judgment) arising out of or in connection with Developer's performance of this Agreement or in development of the Project or operation of the Property, including any act or omission of

Developer or its members, agents, employees, representatives, contractors, subcontractors, successors or assigns on or with respect to the Property, except for injuries and damages caused by the sole negligence of City.

Promptly following receipt of notice, an indemnitee hereunder shall give Developer written notice of any claim for which Developer has indemnified it hereunder, and Developer shall thereafter vigorously defend such claim, at its sole cost, on behalf of such indemnitee. Failure to give prompt notice to Developer shall not constitute a bar to the indemnification hereunder unless such delay has prejudiced Developer in the defense of such claim. If Developer is required to defend any action or proceeding pursuant to this section to which action or proceeding an indemnitee is made a party, such indemnitee shall be entitled to appear, defend or otherwise take part in the matter involved, at its election, by counsel of its own choosing. To the extent an indemnitee is indemnified under this section, Developer shall bear the cost of the indemnitee's defense, including reasonable attorneys' fees and costs. No settlement of any non-monetary claim shall be made without City's written approval, which shall not be unreasonably withheld.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Developer and City, its officers, officials, employees and volunteers, Developer's liability hereunder shall be only to the extent of Developer's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes Developer's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the Parties.

The provisions of this Section 5.4 shall survive the expiration or termination of this Agreement.

Section 6. Environmental Issues.

6.1 Contamination.

The Property may have environmental contamination within its boundaries and/or emanating from the Property that has not yet been discovered or is otherwise unknown as to nature and extent, and it may be potentially subject to contamination in the future from sources off of the Property. The Parties intend that, as between Developer and City, Developer or its successors will be solely responsible for undertaking any and all remediation of the Property to the extent required by applicable law.

The term "Contamination" means Hazardous Substances within the boundaries and/or emanating from the Property, including contamination that has not yet been discovered or is otherwise unknown as to nature and extent, and future contamination from offsite sources. The term "Hazardous Substance(s)" as used in this Agreement means any hazardous waste or other substances listed, defined, designated or classified as hazardous, dangerous, radioactive, toxic,

solid waste or a pollutant or contaminant in any Environmental Law, including (a) petroleum products and petroleum byproducts; (b) polychlorinated biphenyls; and (c) chlorinated solvents. The term “Environmental Law” includes any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions or hazardous substances, including without limitation the Washington Model Toxics Control Act, RCW 70.105B RCW et seq., and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq. The term “Release” means any intentional or unintentional entry of any Hazardous Substance into the environment, including but not limited to the abandonment or disposal of containers of Hazardous Substances unless permitted by applicable regulations.

6.2 Developer’s Release, and Waiver of Claims.

Developer hereby releases and forever discharges City, City’s employees, officers, council members and agents from any claim or cause of action that Developer has or may have that is related to the Contamination or the presence or alleged presence of Hazardous Substances at, below, or emanating from the Property. Except as provided in Section 5.1.1 and 9.2 of the Sale Agreement, Developer shall have no duty to defend or indemnify City or any officers, officials, employees, volunteers or agents of City from any claims, causes of actions or liabilities whatsoever asserted against City by a third party, including but not limited to claims by a private party or governmental entity alleging loss or seeking contribution or any other relief under any Environmental Law or common law.

6.3 City’s Release and Waiver of Claims.

City hereby releases and forever discharges Developer and its members, employees, agents, successors and assigns, from any claim or cause of action that City has or may have related to the Contamination or the presence or alleged presence of Hazardous Substances at, below, or emanating from the Property as of the Closing Date. This release of claims shall not apply with respect to any release of Hazardous Substances by Developer, Developer’s members, employees, or agents that occurs after Closing and affects property owned by City adjacent to or in the vicinity of the Property. City shall have no duty to defend or indemnify Developer from any claims, causes of actions or liabilities whatsoever asserted against Developer by a third party, including but not limited to claims by a private party or governmental entity alleging loss or seeking contribution or any other relief under any Environmental Law or common law.

6.4 Rights Reservation.

Notwithstanding the foregoing, Developer and City reserve all their rights and defenses against any non-parties to this Agreement, including but not limited to the right to seek cost recovery or contribution under the Washington Model Toxics Control Act, RCW 70.105D *et seq.*, the Comprehensive Environmental Response and Liability Act of 1980, as amended, 42 USC § 9601 *et seq.*, or any other Environmental Law, statute or common law, regarding the presence, investigation or cleanup of any Hazardous Substance on, at, under, around or migrating from the Property. In addition, notwithstanding the foregoing, the waivers and releases contained in this

Section 6 shall not apply to the extent of third party claims brought against one party alleging an action in violation of an Environmental Law with respect to the Property by the other party.

Section 7. Guaranty of Completion.

Contemporaneously with the execution of this Agreement, Developer shall furnish an irrevocable and unconditional guaranty of performance by TWENTY FOUR ELEVEN, LIMITED LIABILITY COMPANY (the “Developer”) in the form of Exhibit C attached hereto, guaranteeing the full and faithful performance of Developer’s obligations under this Agreement. If City approves of a transfer of Property pursuant to Section 12, City will not unreasonably withhold its request for a termination of this guaranty, provided that a substitute guarantor satisfactory to City in its sole discretion is provided. This guaranty shall terminate upon issuance by City of the Certificate of Performance described in Section 8 or repurchase of the Property pursuant to Section 4.6 or Section 15.1. Neither the provisions of this Section nor any guaranty accepted by City pursuant hereto, shall be construed to excuse faithful performance by Developer or to limit liability of Developer under this Agreement.

Section 8. Certificate of Performance.

8.1 When Developer Entitled to Certificate of Performance.

Upon substantial completion of the Project in accordance with this Agreement and satisfaction of the other conditions of this Section 8, City will furnish Developer with a recordable Certificate of Performance, substantially in the form attached hereto as Exhibit B hereto. Notwithstanding the foregoing, City shall not be required to issue the Certificate of Performance if Developer is not then in material compliance with the terms of this Agreement. In addition, if punchlist items remain when Developer requests the Certificate of Performance, City may require as a condition to the issuance thereof that Developer post a bond or provide other financial assurance reasonably satisfactory to City to insure completion of the punchlist items, and Developer agrees to proceed with all reasonable diligence to complete the punchlist items related to the seventy (70) public parking spaces.

8.2 Effect of Certificate of Performance; Termination of Agreement.

Issuance by City of a Certificate of Performance shall terminate this Agreement and each of its provisions except for the provisions described in Section 14.5 below that expressly survive termination of this Agreement. No party acquiring or leasing any portion of the Property after issuance of the Certificate of Performance shall (because of such purchase or lease) have any obligation whatsoever under this Agreement.

Section 9. Liens.

NOTICE IS HEREBY GIVEN THAT CITY WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO DEVELOPER OR ANYONE HOLDING AN INTEREST IN THE PROPERTY (OR ANY PART THEREOF) THROUGH OR UNDER DEVELOPER.

Section 10. Insurance.

The requirements of this Section 10 shall apply until the Certificate of Performance is recorded unless otherwise noted in this Section.

10.1 Insurance Requirements.

Developer shall procure and maintain insurance, as required in this Section, covering the Project, without interruption from Commencement of Construction through the term of this Agreement and for thirty (30) days after Substantial Completion, unless otherwise indicated herein.

10.1.1 Builders Risk. Upon Commencement of Construction, Builders Risk insurance covering interests of City, Developer, its contractor, subcontractors, and sub-subcontractors in the Project work. Builders Risk insurance shall be on a special perils policy form (and may be in a separate policy or included in the property insurance policy) and shall insure against the perils of fire and extended coverage and physical loss or damage including flood (if the buildings on the Property are located in a special flood hazard area and flood insurance is available), earthquake, theft, vandalism, malicious mischief, collapse, temporary buildings and debris removal. This Builders Risk insurance covering the Project work will have a deductible of not more than \$5,000 for each occurrence, which will be Developer's responsibility. Higher deductibles for flood (if applicable) and earthquake perils may be accepted by City upon written request by Developer and written acceptance by the City. Any increased deductibles accepted in writing by City will remain the Developer's responsibility. Builders Risk insurance shall be written in the amount of the completed value of the Project with no coinsurance provisions. The Builders Risk insurance shall be maintained until City issues the Certificate of Performance.

10.1.2 Commercial General Liability. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence and a \$2,000,000 general aggregate limit. The Commercial General Liability insurance shall be written on Insurance Services Office (ISO) form CG 00 01 (or equivalent form) and shall cover liability arising from premises, operations, stop gap liability, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract. Developer's Commercial General Liability insurance shall be endorsed to provide a per project general aggregate limit, using ISO form CG 25 03 05 09 or an equivalent endorsement. There shall be no exclusion for liability arising

from explosion, collapse or underground property damage. City shall be named as an additional insured under Developer's Commercial General Liability insurance policy with respect to work performed for City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad coverage.

10.1.3 Automobile Liability. Automobile Liability insurance shall cover all owned, non-owned, hired and leased vehicles. Coverage shall be at least as broad as ISO form CA 0 01.

10.1.4 Workers' Compensation. Workers' compensation coverage shall be provided as required by the Industrial Insurance laws of the State of Washington.

10.2 Insurance Policies.

Insurance policies required herein:

10.2.1 Shall be issued by companies authorized to do business in the State of Washington with the following qualifications:

10.2.1.1 The companies shall have an A.M. Best rating of at least A VII and be licensed in the State of Washington.

10.2.1.2 Developer's insurance coverage shall be primary insurance as respects City. Any insurance, self-insurance, or insurance pool coverage maintained by City shall be excess of the Developer's and Contractor's insurance and shall not contribute with it.

10.2.2 Each such policy or certificate of insurance mentioned and required in this Section 10 shall have attached thereto (1) an endorsement that such policy shall not be canceled without at least thirty (30) days prior written notice to Developer and City; (2) an endorsement to the effect that the insurance as to any one insured shall not be invalidated by any act or neglect of any other insured; (3) an endorsement pursuant to which the insurance carrier waives all rights of subrogation against the parties hereto; and (4) an endorsement pursuant to which this insurance is primary and noncontributory.

10.2.3 The certificates of insurance and insurance policies shall be furnished to Developer and City before Commencement of Construction under this Agreement. The certificate(s) shall clearly indicate the insurance and the type, amount and classification, as required under this Section 10.

10.2.4 Cancellation of any insurance or non-payment by Developer of any premium for any insurance policies required by this Agreement shall constitute an immediate Event of Default under Section 13 of this Agreement, without cure or grace period. In addition to any other legal remedies, City at its sole option after written notice

may obtain such insurance and pay such premiums for which, together with costs and attorneys' fees, Developer shall be liable to City.

10.2.5 Developer shall cause each and every Contractor and Subcontractor to provide insurance coverage or, subject to City approval which shall not be unreasonably withheld, Developer may provide this coverage with an OCIP policy that complies with all applicable requirements of the Developer-provided insurance as set forth in this Section 10, except Developer shall have sole responsibility for determining the limits of coverage required to be obtained by Contractors and Subcontractors. Developer shall ensure that City is an additional insured on each and every Contractor's and Subcontractor's Commercial General Liability insurance policy using an endorsement at least as broad as ISO Additional Insurance endorsement CG 20 38 04 13 and provide the City evidence thereof.

Section 11. Destruction or Condemnation.

11.1 Total or Partial Destruction.

If the Improvements are totally or partially destroyed at any time during the term of this Agreement, Developer shall reconstruct or repair the damage consistent with the Design Standards and Project Documents. In any event, Developer shall at its cost secure the Property, clear the debris and generally make the Property as safe and attractive as practical given the circumstances.

If for any reason the Improvements are not reconstructed as provided above, without limiting any other rights or remedies that City has, no further development of the Property can occur without the prior approval of City. This Agreement shall continue to restrict future development of the Property and Developer or any successor of Developer shall obtain City's approval of the development plan before the Property is developed.

11.2 Condemnation.

If during the term of this Agreement the whole or any substantial part of the Property is taken or condemned in the exercise of eminent domain powers (or by conveyance in lieu thereof), such that Developer can no longer materially meet its obligations under this Agreement, this Agreement shall terminate upon the date when possession of the Property or portion thereof so taken shall be acquired by the condemning authority. As used herein, "substantial" shall be defined as reasonably preventing the operation of the Project and conduct of Developer's activities as contemplated hereby. If a taking occurs that is not substantial, this Agreement shall continue in full force and effect as to the part of the Property not taken.

Section 12. Right to Assign or Otherwise Transfer.

Developer represents that Developer's purchase of the Property is intended for development and not for speculation. During the term of this Agreement, any transfers of the

Property pursuant to the following sections shall be made expressly subject to the terms, covenants and conditions of this Agreement.

12.1 Transfers Before Certificate of Performance.

12.1.1 During the term of this Agreement, Developer will not transfer the Property or any part thereof without the prior written consent of City, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, transfers to a Mortgagee shall be permitted. Further, City shall not unreasonably withhold its consent to a transfer of the Property to a transferee entity that is controlled by Developer and whose day-to-day management is controlled by employees of Developer.

“Transfer” as used herein includes any sale, conveyance, transfer, ground lease or assignment, whether voluntary or involuntary, of any interest in the Property and includes transfer to a trustee in bankruptcy, receiver or assignee for the benefit of creditors, any merger, consolidation, liquidation or dissociation of Developer. In addition, “Transfer” includes any sale or any transfer of direct or indirect interests in Developer or any of its constituent entities, other than transfers of minority interest that do not individually or in the aggregate result in the change of control or management of Developer, the Property or the Project or transfers of equity interests.

12.1.2 If City approves of a transfer under Section 12.1, Developer shall deliver to City (a) a copy of the document evidencing the implementation of such transfer, including a suitable estoppel agreement(s), and (b) an assumption of all obligations of Developer under this Agreement in form reasonably satisfactory to City.

12.1.3 The transferee (and all succeeding and successor transferees) shall succeed to and assume all rights and obligations of Developer under this Agreement, including any unperformed obligations of Developer as of the date of such transfer. No transfer by Developer, or any successor, shall release Developer, or such successor, from any such unperformed obligations without the express written consent and release by City.

12.2 Transfers After Certificate of Performance.

After issuance of the Certificate of Performance by City pursuant to Section 8, this Agreement shall not restrict any transfers.

Section 13. Default by Developer.

Developer’s failure to keep, observe, or perform any of its duties or obligations under this Agreement shall be a default hereunder, including, without limitation, any of the following specific events:

(a) The failure of Developer to substantially comply with the standards of performance for the Project as set forth in Section 2 of this Agreement, including without

limitation submission of Plans and permit applications for approval as required herein, commencement of construction of the Project by the Construction Start Date.

(b) The failure of Developer to submit and obtain approval as to any modifications of the Plans as required in Section 4.4.

(c) The failure of Developer to construct the Project substantially in accordance with this Agreement.

(d) Conversion of any portion of the Property or the Improvements to any use other than the uses permitted in this Agreement.

(e) The failure of Developer to comply with Section 10 (Insurance) of this Agreement.

(f) The making by Developer or Guarantor of an assignment for the benefit of creditors or filing a petition in bankruptcy or of reorganization under any bankruptcy or insolvency law or filing a petition to effect a composition or extension of time to pay its debts.

(g) The appointment of a receiver or trustee of all or any of the property of Developer or Guarantor, which appointment is not vacated or stayed within sixty (60) days, or the filing of a petition in bankruptcy against Developer or for its reorganization under any bankruptcy or insolvency law which not dismissed or stayed by the court within sixty (60) days after such filing.

(h) Any sale, assignment or other transfer in violation of Section 12 of this Agreement.

(i) The failure of Developer to provide and maintain any security required under this Agreement.

(j) Any default in the performance of any other obligations of Developer hereunder.

(k) The failure of Developer to commence construction of the Project by the Construction Start Date;

The happening of any of the above described events shall be an “Event of Default” hereunder. Notwithstanding the foregoing, except in the case of Sections 13(f), (g), and (h) above as to which notice but no cure period shall apply, Developer shall have sixty (60) days following written notice from City to cure such default (or if such default cannot reasonably be cured within 60 days, if Developer fails to commence such cure within 60 days and thereafter diligently pursues such cure to completion within one hundred twenty (120) days).

Section 14. Remedies for Developer Default.

14.1 Intentionally Deleted.

14.2 Default After Commencement of Construction.

If an Event of Default occurs after the time that Developer commences construction on the Property, and such Event of Default is not cured within any applicable time period under Section 13 or under Section 14.4, City shall have one of the following remedies:

14.2.1 Liquidated Damages in the Event of Developer's Failure to Construct Public Parking. In the event Developer does not provide the seventy (70) public parking spaces and the perpetual easement for public parking use to City, as set forth in this Agreement, by December 31, 2021, or the mutually agreed upon Completion Date, Developer shall be liable to City for liquidated damages in the amount of Eighty-Five Thousand Dollars and No/100 (\$85,000.00) per undelivered parking space, payable to the City within sixty (60) days following December 31, 2021, or the mutually agreed upon Completion Date, except in the event of a cause beyond the control or without the fault of Developer (a "Force Majeure" as defined in Section 17.18 of this Agreement). In the event of Developer's default and if Developer is unable to tender to the City the cash payment as liquidated damages, Developer agrees to execute a judgment by confession admitting the amount of the indebtedness owed to the City, pursuant to RCW 4.60.050 and 4.60.060, and Developer authorizes City to enter judgment against Developer with the King County Superior Court for a specified amount equal to the number of undelivered parking spaces multiplied by \$85,000.00 per space, together with courts costs and attorneys' fees.

14.2.2 Property Conveyance in the Event of Developer's Failure to Construct Public Parking. If Developer has not made the required cash payment to the City or delivered the signed judgment by confession to the City within sixty (60) days after the Developer's failure to provide the seventy (70) public parking spaces and the perpetual easement for public parking use to the City, as set forth in Section 14.2.1 above, then the City shall have the right to require the Developer to convey title to the City of (1) the Property and (2) the adjacent Freshy's site (2411 76th Street, SE, Mercer Island, Washington 98040); provided that, the Developer's actions have not diminished the value of the aforementioned properties. Such conveyance will be in lieu of payment of liquidated damages in cash or entry of a judgment by confession.

14.2.3 Daily Penalty in the Event of Developer's Default. If Developer defaults on its obligation to provide the aforementioned cash payment or judgment by confession as liquidated damages (Section 14.2.1) or the conveyance to the City of both the Property and the adjacent Freshy's site (Section 14.2.2) within sixty (60) days following December 31, 2021, or the mutually agreed upon Completion Date, then Developer shall pay to the City additional liquidated damages in the amount of \$1,000 per day until either (1) the cash payment is tendered to City, or (2) the judgment by confession is entered with the King County Superior Court or (3) the Property and the adjacent Freshy's site is conveyed to City. Upon the happening of any one of the foregoing

remedies (1), (2) or (3), the Developer's default will be deemed cured, and there will be no more obligations between the City and Developer.

14.2.4 Specific Performance. City shall be entitled to specific performance of Developer's obligations in the Event of Default under this Agreement, as set forth in Section 14.2, without any requirement to prove or establish that City does not have an adequate remedy at law. Developer hereby waives the requirement of any such proof and acknowledges that City would not have an adequate remedy at law for Developer's commission of an Event of Default hereunder.

14.2.5 Injunction. City shall be entitled to restrain, by injunction, the actual or threatened commission or attempt of an Event of Default and to obtain a judgment or order specifically prohibiting a violation or breach of this Agreement without, in either case, being required to prove or establish that City does not have an adequate remedy at law. Developer hereby waives the requirement of any such proof and acknowledges that City would not have an adequate remedy at law for Developer's commission of an Event of Default hereunder.

14.2.6 Guaranty and Damages. City shall be entitled to draw upon, enforce, commence an action for equitable or other relief, and/or proceed against Developer and Guarantor for all monetary damages, costs and expenses arising from the Event of Default and to recover all such damages, costs and expenses, including reasonable attorneys' fees.

14.3 Copy of Notice of Default to Mortgagee.

Whenever City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations or covenants under this Agreement, City shall at the same time forward a copy of such notice or demand to each Mortgagee approved by City or that provides a written request for such notice to City, in each case at the last address of such holder shown in the records of City.

14.4 Mortgagee's Option to Cure Defaults.

After any default in or breach of this Agreement by Developer or its successor in interest, each Mortgagee shall (insofar as the rights of City are concerned) have the right, at its option, to cure or remedy such breach or default within sixty (60) days after the Developer's failure to cure said default or breach prior to the expiration of an applicable cure period, and if permitted by its loan documents, to add the cost thereof to the mortgage debt and the lien of its Mortgage. If the breach or default is with respect to construction of the Improvements, nothing contained in this Agreement shall be deemed to prohibit such Mortgagee, either before or after foreclosure or action in lieu thereof, from undertaking or continuing the construction or completion of the Improvements, provided that the Mortgagee notifies City in writing of its intention to complete the Project according to the approved final Construction Documents. Any Mortgagee who shall properly complete the Project shall be entitled, upon written request made to City, to issuance of a Certificate of Performance in accordance with Section 8 above.

14.5 Provisions Surviving Termination.

Upon termination of this Agreement, the Indemnification obligation set forth in Section 5.4 (Indemnification) shall remain with the parties then obligated thereunder, and such obligation shall not be assumed or deemed assumed by any subsequent owner of all or any portion of the Property.

Section 15. Default by City.

City's failure to keep, observe, or perform any of its duties or obligations under this Agreement shall be a default hereunder (a "City Default"). City shall have thirty (30) days following written notice from Developer to cure such City Default (or if such City Default cannot reasonably be cured within thirty (30) days, if City fails to commence such cure within thirty (30) days and thereafter diligently pursue such cure to completion within one hundred twenty (120) days).

If a City Default occurs and is not cured within any applicable cure period, Developer shall have all cumulative rights and remedies under law or in equity, including damages incurred by Developer by reason of the City Default (except that City shall not be liable for consequential damages incurred by Developer), and specific performance of the obligations of City under this Agreement without any requirement to prove or establish that Developer does not have an adequate remedy at law. City hereby waives the requirement of any such proof and acknowledges that Developer would not have an adequate remedy at law for City's commission of a City Default hereunder.

Section 16. Representations and Warranties.

Each Party hereby represents and warrants to the other that (a) it has full right, power and authority to enter into this Agreement and perform in accordance with its terms and provisions; (b) the individuals signing this Agreement on its behalf have the authority to bind and to enter into this transaction; and (c) it has taken all requisite action to legally authorize the execution, delivery, and performance of this Agreement.

Section 17. Miscellaneous.

17.1 Estoppel Certificates.

City and Developer shall at any time and from time to time, within fifteen (15) days after written request by the other, execute, acknowledge and deliver, to the Party requesting same or to any prospective mortgagee, assignee or subtenant designated by Developer, a certificate stating that (i) this Agreement is in full force and effect and has not been modified, supplemented or amended in any way, or if there have been modifications, identifying such modifications; and if this Agreement is not in force and effect, the certificate shall so state; and (ii) to its knowledge, all conditions under the Agreement have been satisfied by City or Developer, as the case may be, and that no defenses or offsets exist against the enforcement of this Agreement by the other

party, or, to the extent untrue, the certificate shall so state. The Party to whom any such certificate shall be issued may rely on the matters therein set forth and thereafter the Party issuing the same shall be estopped from denying the veracity or accuracy of the same.

17.2 Inspection.

Until the Certificate of Performance is recorded as to the seventy (70) public parking spaces, the City shall have the right at all reasonable times to inspect the Property, including any construction work and activity thereon, to determine compliance with the provisions of this Agreement.

17.3 Entire Agreement.

This Agreement, the Project Documents and any documents attached as exhibits thereto contain the entire agreement between the Parties as to the subject matter hereof and supersedes all prior discussions and understandings between them with reference to such subject matter.

17.4 Modification.

This Agreement may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized representative of each Party hereto in the same manner as such Party has authorized this Agreement.

17.5 Successors and Assigns; Joint and Several.

This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of each of the Parties hereto except that there shall be no transfer of any interest by Developer except pursuant to the express terms of this Agreement. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor or assign of such Party who has acquired its interest in compliance with the terms of this Agreement, or under law. The obligations of Developer, and of any other party who succeeds to their interests hereunder or in the Property, shall be joint and several.

17.6 Notices.

All notices which may be or are required to be given pursuant to this Agreement shall be in writing and delivered to the Parties at the following addresses:

To City: City of Mercer Island
9611 SE 36th Street
Mercer Island, Washington 98040-3732
Attention: Julie Underwood, City Manager
Phone: 206-275-7600
Email: julie.underwood@mercergov.org

With a copy to: Kari Sand, City Attorney
9611 SE 36th Street
Mercer Island, Washington 98040-3732
Phone: 206-275-7650
E-mail: kari.sand@mercergov.org

To Developer: Twenty Four Eleven, Limited Liability Company
9219 SE 33rd Place
Mercer Island, Washington 98040
Attention: Leon Cohen, Managing Member
E-mail: leon@leongcs.com
Phone: 206-714-8237

With a copy to: Jerome O. Cohen, Attorney at Law
4554 California Avenue SW
Seattle, WA 98116
E-mail: jeromecohen@msn.com
Phone: (206) 621-9095

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, or (c) sent by electronic mail to the Party and its counsel, receipt of which has been confirmed by electronic mail, or (d) hand delivered, in which case notice shall be deemed delivered when actually delivered. Any notice given by counsel to a Party shall have the same effect as if given by the Party represented by such counsel. The above addresses and phone numbers may be changed by written notice to the other Party from time to time; provided, however, such change is delivered in accordance with the terms of this Section and no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

17.7 Counterparts; Transmissions.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Parties agree that transmissions of a signed counterpart by facsimile or as a digital document by electronic mail shall be treated as a signed original counterpart.

17.8 Waiver.

No waiver by any Party of any provision of this Agreement or any breach thereof shall be of any force or effect unless in writing by the Party granting the waiver; and no such waiver shall be construed to be a continuing waiver. The waiver by one Party of the performance of any

covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such Party of any other covenant, condition, or promise hereunder. The waiver by either or both Parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

17.9 Rights and Remedies Cumulative.

Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either Party shall be at its own election and shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other Party.

17.10 Governing Law; Jurisdiction.

This Agreement shall be interpreted under and pursuant to the laws of the State of Washington. In the event any action is brought to enforce any of the provisions of this Agreement, the Parties agree to be subject to jurisdiction in the King County Superior Court for the State of Washington or in the United States District Court for the Western District of Washington.

17.11 No Joint Venture.

Nothing contained in this Agreement shall create any partnership, joint venture or other arrangement between City and Developer.

17.12 No Third-Party Rights.

The Parties intend that the rights, obligations, and covenants in this Agreement and the collateral instruments shall be exclusively enforceable by City and Developer, their successors and assigns. No term or provision of this Agreement shall be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder, except as may be otherwise expressly provided herein. Nothing in this section is intended to modify the restrictions on assignment contained in Section 12 hereof.

17.13 Consents.

Whenever consent or approval by City is required under the terms of this Agreement, all such consents or approvals, if given, shall be given in writing from the City Manager of City.

17.14 Conflict of Interest.

No member, official, or employee of City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any

decision relating to this Agreement that affects his/her/their personal interests or the interest of any corporation, partnership, or association in which he/she/they is/are, directly or indirectly, interested. No member, official, or employee of City shall be personally liable to Developer or any successor in interest upon the occurrence of any default or breach by City or for any amount which may become due to Developer or its successor or on any obligations under the terms of this Agreement.

17.15 Non-Discrimination.

Developer, for itself and its successors and assigns, agrees that during the construction of the Project, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, sexual orientation, gender identity, marital status, handicap, national origin or any other unlawful reason.

17.16 Attorneys' Fees.

If any legal action or other proceeding is brought for the enforcement of this Agreement (including, without limitation, enforcement of any obligation to indemnify, defend or hold harmless), or because of an alleged dispute or default in connection with any of the provisions of this Agreement, the substantially prevailing party shall be entitled to recover the reasonable attorneys' fees (including those in any bankruptcy or insolvency proceeding), accountants' and other experts' fees and all other fees, expenses and costs incurred in connection with that action or proceeding, in addition to any other relief to which it may be entitled.

17.17 Captions; Exhibits.

The headings and captions of this Agreement and the Table of Contents preceding the body of this Agreement are for convenience of reference only and shall be disregarded in constructing or interpreting any part of the Agreement. All exhibits and appendices annexed hereto at the time of execution of this Agreement or in the future as contemplated herein, are hereby incorporated by reference as though fully set forth herein.

17.18 Force Majeure.

Whenever a period of time for performance of an action to be performed by either Party is prescribed in this Agreement, the period of time for performance shall be extended by the number of days that the performance is actually delayed due to war, acts of terrorism, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation (including suits filed by third parties concerning or arising out of this Agreement), weather or soils conditions which necessitate delays, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplier, acts of the other party, including but not limited to the delay of issuance of permits or approvals and appeals thereof not the fault of the Developer, or any other causes beyond the control or without the fault of the Party claiming an extension of time to perform; provided that the lack of

funds or financing of Developer is not independently a cause beyond the control or without the fault of Developer (“Force Majeure”). For any Force Majeure delay that will cause substantial completion of the Project to be delayed more than ten (10) days, Developer will keep City informed about the cause and nature of such delay and the progress in achieving such substantial completion including, but not limited to, responding within 24 hours after an update is requested by the City. Times of performance under this Agreement may also be extended in writing by City and Developer.

17.19 Fair Construction; Severability.

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context may require. The Parties hereby acknowledge and agree that each was properly represented by legal counsel, and this Agreement was negotiated and drafted at arms’ length so that the judicial rule of construction to the effect that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Agreement. If any term, provision, covenant, clause, sentence or any other portion of the terms and conditions of this Agreement or the application thereof to any person or circumstances shall apply, to any extent, become invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect, unless rights and obligations of the Parties have been materially altered or abridged by such invalidation or unenforceability.

17.20 Time of the Essence.

In all matters under this Agreement, the Parties agree that time is of the essence.

17.21 Computation of Time.

In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

IN WITNESS WHEREOF, the Parties hereto have executed this document as of the day and year first above written.

CITY OF MERCER ISLAND, a Washington
municipal corporation

TWENTY FOUR ELEVEN, a Washington
limited liability company

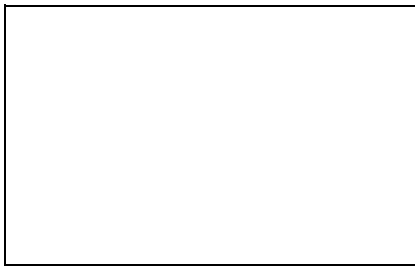
By: _____
Name: Julie Thuy Underwood
Title: City Manager

By: _____
Name: Leon Cohen
Title: Managing Partner

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Julie Thuy Underwood is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the City Manager of the City of Mercer Island to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2018.



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
Residing in _____
My commission expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Leon Cohen is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Managing Member of TWENTY FOUR ELEVEN, LIMITED LIABILITY COMPANY to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

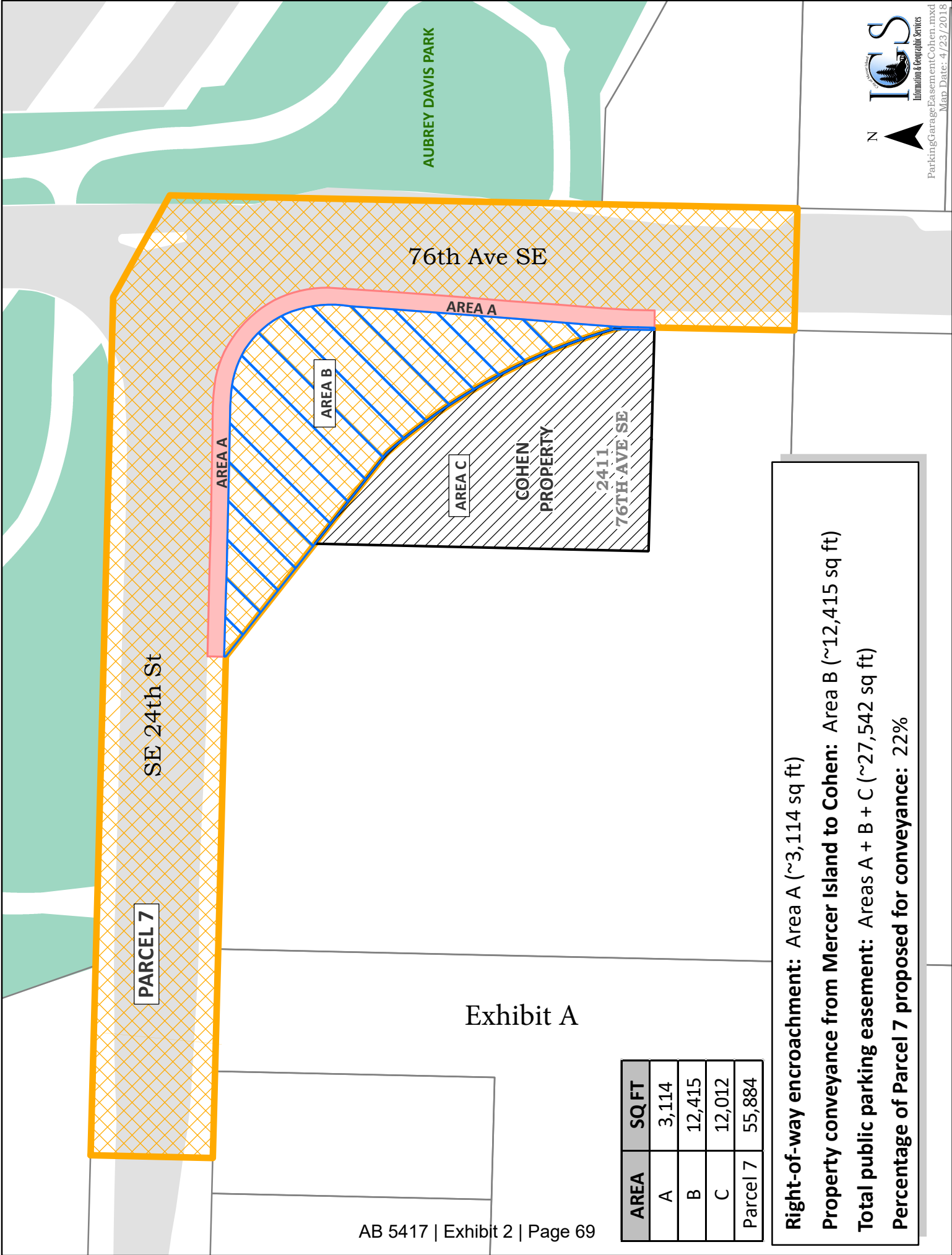
Dated: _____, 2018.



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
Residing in _____
My commission expires _____

EXHIBIT A - Legal Description of Property



AUBREY DAVIS PARK

76th Ave SE

AREA A

AREA B

AREA C

COHEN
PROPERTY

2411
76TH AVE SE

SE 24th St

PARCEL 7

Exhibit A

AREA	SQ FT
A	3,114
B	12,415
C	12,012
Parcel 7	55,884

Right-of-way encroachment: Area A (~3,114 sq ft)
Property conveyance from Mercer Island to Cohen: Area B (~12,415 sq ft)
Total public parking easement: Areas A + B + C (~27,542 sq ft)
Percentage of Parcel 7 proposed for conveyance: 22%

EXHIBIT B - Form of Certificate of Performance

After recording return to:

CERTIFICATE OF PERFORMANCE

GRANTOR: CITY OF MERCER ISLAND

GRANTEE: TWENTY FOUR ELEVEN, LIMITED LIABILITY COMPANY

Abbreviated Legal Description
(Full legal description on Ex. A): _____

Assessor’s Tax Parcel No(s): _____

Related Document: Parking Agreement (Doc. No. _____)

The CITY OF MERCER ISLAND, a Washington municipal corporation (“City”), hereby certifies that TWENTY FOUR ELEVEN, LIMITED LIABILITY COMPANY, a Washington limited liability company (“Developer”), has satisfactorily completed construction of the Improvements on the Property described on Exhibit A attached hereto (the “Property”), as such Improvements are described in the Parking Agreement dated _____, 2018 (the “Agreement”), which was recorded in the Records of the King County Auditor, Washington, as Document No. _____, on _____, 20__.

This Certificate of Performance is and shall be a conclusive determination that the Developer has satisfied, or City has waived, each of the agreements, covenants and conditions contained in the Agreement as to the development of the Improvements pursuant to Section 4 of the Agreement.

Notwithstanding this Certificate of Performance, Section 8 of the Agreement provides for the survival of certain covenants as between City and Developer, and nothing in this Certificate of Performance affects such survival.

EXHIBIT C - Form of Performance Guaranty

GUARANTY OF COMPLETION

(_____)

This Guaranty of Completion is made as of _____, 2018, by TWENTY FOUR ELEVEN, L.L.C., a Washington Limited Liability Company (“Guarantor”), in favor of the City of Mercer Island, a Washington municipal corporation (“City”), with reference to the following facts.

RECITALS

A. Contemporaneously herewith, Twenty Four Eleven, Limited Liability Company (“Developer”), is purchasing the property in Mercer Island, Washington commonly known as “Parcel 7” (portions of SE 24th Street and 76th Avenue SE), depicted on Sheet 5 of 6 in Plan Section 1 in the Quitclaim Deed, page 4 of 15, under King County, Washington Recording No. 20000425001234 (the “Property”).

B. As part of the closing of the purchase of the Property, Developer and City are entering into a Parking Agreement of even date herewith (the “Parking Agreement”) that provides for the development of the Property. The terms and conditions of the Parking Agreement are incorporated herein by reference and require that Guarantor provides this Guaranty to City. Capitalized terms not otherwise defined herein shall have the meaning given them in the Parking Agreement.

C. Guarantor is the Managing Member of the Developer and will benefit from the purchase of the Property by Developer. Guarantor understands that development of the Property is crucial to mission and goals of City and that City would not sell the Property to Developer without this Guaranty.

GUARANTY AGREEMENT

NOW, THEREFORE, in consideration of the sale of the Property to Developer and as required by the Parking Agreement, Guarantor unconditionally and irrevocably guarantees to City the full, faithful, timely and complete performance by Developer of Developer’s obligations under the Parking Agreement. Guarantor further agrees to pay all costs and expenses, including attorneys’ fees, that may be incurred by City in enforcing this Guaranty. The obligations of Guarantor under this paragraph are called the “Obligations.”

If for any reason there is an Event of Default by Developer under the Parking Agreement then, in any such event, Guarantor, upon receipt of notice from City, agrees to cure such default and to perform, or cause Developer to perform, all of Developer’s obligations under the Parking Agreement.

If Guarantor fails to cure or cause cure of Developer’s default as provided above (such cure by Guarantor in any event commence not later than 30 days after notice to Guarantor from

City and thereafter proceed diligently and continuously), City, at City's option, shall have the right (but not the obligation) to complete the Project. City's rights to complete the Project shall be subject to the rights of the Developer's construction lender to the Project to also complete the Project, such that if such lender is undertaking the construction of the Project, City shall not interfere with such construction activity (provided that such construction activity is in compliance with the Parking Agreement). The amount of all expenditures reasonably incurred by City in curing the default shall be immediately due and payable by Guarantor to City.

Guarantor shall be responsible and liable to City for any losses, costs or expenses that City may suffer or incur as a result of any breach by Guarantor of any of the terms of this Guaranty or in the event that any of the representations or warranties made in writing by Guarantor to City are or were incorrect. If Guarantor defaults under this Guaranty, City may enforce this Guaranty against any or all persons liable hereunder and pursue any rights and remedies available at law or in equity, including without limitation actions for damages and specific performance (without posting a bond). Guarantor agrees that, given the unique nature of the proposed development on the Property, City may not be in a position to complete the development and that specific performance is an appropriate remedy hereunder. In the event of any default under this Guaranty or in any action to enforce this Guaranty, City shall be entitled to recover all reasonable costs and expenses, including experts, accountants and attorney's fees and costs and including any such fees in any bankruptcy and appellate proceedings.

Guarantor agrees that its liability shall not be impaired or affected by (i) any renewals or extensions of the time for performance under the Parking Agreement; (ii) any enforcement of or any forbearance or delay in enforcing the Parking Agreement against Developer; (iii) any modifications of the terms or provisions of the Parking Agreement; (iv) any settlement, release or compromise with Developer (except to the extent that the same are in a writing signed by Developer and City); (v) any lack of notice to Guarantor from City except that expressly provided for herein; or (vi) any impairment, modification, change, release, defense or limitation of the liability of Borrower or its estate in bankruptcy resulting from the operation of any present or future provision of the U.S. Bankruptcy Code, or similar statute, or from the decision of any court. City has no obligation to resort for payment to Developer or to any other person or entity or their properties, or to resort to any security, property, rights or remedies whatsoever, before enforcing this Guaranty.

Any other provisions hereof notwithstanding, this Guaranty shall terminate upon the issuance by City of a Certificate of Performance for the Project or repurchase of the Property by City pursuant to the Parking Agreement. However, prior to such termination Guarantor agrees that any indebtedness of Developer now or hereafter held by Guarantor is hereby subordinated to the Guarantor's liability to the City under this Guaranty (the "Subordinated Indebtedness"), and the Subordinated Indebtedness, if the City so requests after Developer's default of the Parking Agreement that has not been cured within the applicable cure period of the Guarantor's default of this Guaranty, shall be collected, enforced and received by Guarantor, as trustee for the City, and paid over to City, without reduction or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty.

All diligence in collection, protection, or enforcement and all presentment, demand, protest and notice, as to anyone and everyone, whether Developer, Guarantor or others, of dishonor or default, the creation and existence of the Obligations, the acceptance of this Guaranty or any extensions of credit and indulgence hereunder, are hereby expressly waived. The payment by Guarantor of any amount pursuant to this Guaranty shall not in any way entitle Guarantor to any rights by way of subrogation or otherwise against Developer unless and until the full amount owing to City on the Obligations has been paid and the Obligations have been fully performed.

Upon the occurrence of an Event of Default under the Parking Agreement that is not cured within any applicable cure period under the Parking Agreement, City may exercise any right or remedy it may have at law or in equity against Developer under the Parking Agreement. No such action by City will release or limit the liability of Guarantor to City, if the effect of that action is to deprive Guarantor of the right to collect reimbursement from Developer for any sums paid to City.

Guarantor assumes full responsibility for keeping fully informed of the financial condition of Developer and all other circumstances affecting Developer's ability to perform its obligations to City and agrees that City will have no duty to report to Guarantor any information that City receives about Developer's financial condition or any circumstances bearing on its ability to perform.

All notices which may be or are required to be given pursuant to this Guaranty shall be in writing and delivered to the parties at the following addresses:

To City: City of Mercer Island
9611 SE 36th Street
Mercer Island, Washington 98040-3732
Attention: Julie Thuy Underwood, City Manager
Email: julie.underwood@mercergov.org
Phone: 206-275-7600

With a copy to: Kari L. Sand, City Attorney
9611 SE 36th Street
Mercer Island, WA 98040
Email: kari.sand@mercergov.org
Phone: 206-275-7650

To Guarantor: Twenty Four Eleven, Limited Liability Company
9219 SE 33rd Place
Mercer Island, Washington 98040
Attention: Leon Cohen
E-mail: leon@leongcs.com
Phone: 206-714-8237

With a copy to:

Jerome O. Cohen, Attorney at Law
4554 California Avenue SW
Seattle, WA 98116
E-mail: jeromecohen@msn.com
Phone: (206) 621-9095

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, or (c) sent by electronic mail to the party and its counsel, receipt of which has been confirmed, or (d) hand delivered, in which case notice shall be deemed delivered when actually delivered. The above addresses and phone numbers may be changed by written notice by a party from time to time with notice to the other party in accordance with the terms of this paragraph; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

This Guaranty shall be binding upon Guarantor, and upon the successors and assigns of Guarantor. This Guaranty shall run for the benefit of City, its successors and assigns. This Guaranty may only be changed by an instrument in writing signed by the party against whom enforcement hereof is sought.

Guarantor acknowledges that the transactions contemplated hereby have been negotiated in the State of Washington, that Guarantor is to perform its obligations hereunder in the State of Washington and that after due consideration and consultation with counsel Guarantor and City have elected to have the internal laws of Washington apply hereto. Accordingly, this Guaranty shall be deemed made under and shall be construed in accordance and governed by the internal laws of the State of Washington without regard to principles of conflicts of laws. Guarantor hereby consents to the nonexclusive jurisdiction of the state courts located in King County, Washington and the federal courts in the Western District of Washington. Guarantor waives the defense of forum non conveniens in any such action and agrees that this Guaranty may be enforced in any such court.

NOTICE IS HEREBY GIVEN THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, MODIFY LOAN TERMS, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Notwithstanding any provision of this Guaranty to the contrary, Guarantor shall have no obligation hereunder on account of any Event of Default under the Parking Agreement that occurs prior to commencement of construction on the Property pursuant to the Parking Agreement. City's sole remedy on account of any such Event of Default shall be to repurchase the Property in accordance with the terms of the Parking Agreement.

TWENTY FOUR ELEVEN, a Washington limited liability company

By: _____

Name: Leon Cohen

Title: Managing Member

EXHIBIT D - Form of Access and Parking Easement

RECORDED AT THE REQUEST OF:
AND AFTER RECORDING RETURN TO:

City of Mercer Island
Attention: City Attorney’s Office
9611 SE 36th Street
Mercer Island, WA 98040

ACCESS AND PARKING EASEMENT

Grantor: Twenty Four Eleven, Limited Liability Company, a Washington limited liability company

Grantee: City of Mercer Island, a Washington municipal corporation

Legal Descriptions:

Complete legal description on Exhibit A

Assessor’s Tax Parcel ID#:

Reference # (If applicable):

ACCESS AND PARKING EASEMENT

This Access and Parking Easement Grant Agreement (this “**Easement Agreement**”) is dated this ___ day of _____, 2018, by and between Twenty Four Eleven, Limited Liability Company, a Washington limited liability company (“**Grantor**”), and City of Mercer Island, a Washington municipal corporation (“**Grantee**”).

RECITALS

- A. Grantor is the current owner of that certain property located in Mercer Island, Washington, which is more particularly described in the attached Exhibit A (the “**Grantor’s Property**”).
- B. Grantor desires to grant to Grantee for the use by certain commuters and vehicle drivers and passengers, as determined and controlled by Grantee at its sole discretion, a permanent

and perpetual access and parking easement upon Grantor's Property pursuant to the terms of this Easement Agreement.

NOW, THEREFORE, for and in consideration of the sum of Seventy and No/100 Dollars (\$70.00) and other mutual covenants contained herein, the parties agree as follows:

AGREEMENT

1. Recitals. The foregoing recitals are true and correct and hereby incorporated as though fully set forth herein.
2. Access & Parking Easements. Effective as of the date hereof, Grantor hereby grants to Grantee permanent and perpetual easements for vehicular and pedestrian ingress and egress and exclusive parking of seventy (70) vehicles on Grantor's Property during Mondays, Tuesdays, Wednesdays, Thursdays, and Fridays of every week between the hours of 5:30 AM to 7:30 PM Pacific Standard Time, or when applicable, Pacific Daylight Savings Time.
3. Designation of Access Points and Parking Spaces. Grantor shall be solely responsible for the design, designation and construction of the access points to Grantor's Property and the parking spaces thereon that are exclusively, under the terms of this Easement Agreement, for Grantee and those drivers and passengers designated by Grantee as referenced in the recitals. Such design and designation shall be subject to the approval of Grantee. Grantor shall also repair as needed and perpetually maintain the access points and parking spaces in good condition and in compliance with all applicable laws and regulations.
4. Reasonable Use. Grantee, in exercising its rights granted herein, shall not unreasonably interfere with Grantor's use and enjoyment of Grantor's Property. Grantor hereby reserves the right to use Grantor's Property so long as such use does not impede the rights granted to Grantee hereunder, and in no event shall Grantor construct any structures, improvements, fences, gates, walls or barriers within the Grantor's Property that have the effect of blocking thereon access or parking by Grantee and those drivers and passengers designated by Grantee as referenced in the recitals.
5. Binding Effect. The benefits and burdens of this Easement Agreement shall run with the land and shall be binding upon the heirs, executors, administrators, personal representatives, transferees, or successors in interest or assigns of the parties hereto. The rights and obligations set forth herein shall not be extinguished by nonuse or abandonment, by the doctrine of merger, or by transfer of any interest in the affected properties.
6. Amendment. This Easement Agreement may not be modified or amended without the prior written approval of both parties hereto, or their respective successors and assigns.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Easement Agreement to be executed effective as of the day and year first written above.

GRANTOR:

TWENTY FOUR ELEVEN, Limited Liability Company, a Washington limited liability company

By: _____
Name: Leon Cohen
Title: Managing Member
Date: _____

GRANTEE:

CITY OF MERCER ISLAND, a Washington municipal corporation

By: _____
Name: Julie Thuy Underwood
Title: City Manager
Date: _____

STATE OF WASHINGTON

COUNTY OF KING

ss.

I certify that I know or have satisfactory evidence that Leon Cohen is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Managing Member of Twenty Four Eleven, Limited Liability Company to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2018.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the state of Washington,
residing at _____
My appointment expires _____

STATE OF WASHINGTON

COUNTY OF KING

ss.

I certify that I know or have satisfactory evidence that Julie Underwood is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the City Manager of the City of Mercer Island, Washington, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2018.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the state of Washington,
residing at _____
My appointment expires _____

Exhibit A

Legal Description of Grantor Property

EXHIBIT F

List of Reports Delivered to Buyer

[to come]

EXHIBIT G

Form of Access Agreement

SITE ACCESS AGREEMENT

This SITE ACCESS AGREEMENT (the “Agreement”) dated as of _____, _____, is by and between Twenty Four Eleven, Limited Liability Company, a Washington limited Liability Company (“Buyer”), and City of Mercer Island, a Washington municipal corporation (“City”) with reference to the following:

RECITALS

A. Buyer is under contract to purchase certain property (the “Property”) described on Exhibit A attached hereto from the City pursuant to a Purchase and Sale Agreement dated [_____, _____, 2018] (the “Purchase Agreement”). Buyer desires to purchase the Property to redevelop it into a mix use project consisting of an underground public parking garage, retail and residential uses (the “Project”).

B. Under the Purchase Agreement, Buyer has the right to enter onto the Property and conduct its due diligence investigations to determine whether the Project is feasible and to engage in planning for the Project.

C. Buyer wishes to retain or permit its potential lender(s) to retain certain third-party consultants (“Consultants”) to perform the investigations and Project planning, including a surveyor, environmental consultant and geotechnical consultant. As provided in the Purchase Agreement City wishes to cooperate in this investigation by granting to Buyer and Consultants a license to conduct such an investigation subject to the terms of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. City grants to Buyer and Consultants a temporary non-exclusive license, subject to terms hereof, to enter upon the Property for the purpose of conducting activities on the Property to investigate the condition thereof and the feasibility of the Project as well as planning for the Project (the “Investigation Activities”). Employees of Buyer and Consultant may enter onto the Property pursuant to this License. In no event shall any drilling, penetrations or other invasive testing or inspections be done without the written approval of City.

The license granted herein shall continue in force from the date hereof and terminate upon the earlier to occur of (i) the closing of Buyer’s acquisition of the Property under the Purchase Agreement, or (ii) the earlier termination of the Purchase Agreement for any reason.

2. Buyer shall or shall cause its Consultants to remove all equipment, materials and debris used in or resulting from the Investigation Activities before the end of the license period specified above unless Buyer purchases the Property pursuant to the Purchase Agreement. If City approves of any invasive testing, all samples derived from the Investigation Activities when removed from the Property shall be transported and disposed of by Buyer or Consultants in accordance with applicable law.

3. All persons who enter the Property pursuant to this Agreement assume the risk of doing so. Buyer waives any claims against City and releases City from any liability for any loss, damage or injury to Buyer, its Consultants or their property arising from the Investigation Activities, excluding those claims to the extent arising out of the negligence or willful misconduct of City, its employees, agents and contractors. City shall not be responsible for the safety of Buyer or its Consultants in their conduct of the Investigation Activities. Except as expressly provided in the Purchase Agreement, City has no responsibility or liability whatsoever for the condition of the Property. Buyer and its Consultants must comply with any reasonable instructions and directions of City with regard to the Investigation Activities. Buyer will repair and restore the Property to at least as good condition as existed before Buyer's or its Consultant's entry onto the Property. Buyer and its Consultants shall be responsible for any damage done to the Property by Buyer or its Consultants. While on the Property pursuant to this Agreement, Buyer will comply and will cause all Consultants to comply with all applicable government laws and regulations concerning the Investigation Activities on the Property. Buyer will not suffer or permit to be enforced against the Property any mechanics, materialmen's or contractors liens or any claim for damage arising from the work of any survey, tests, investigation, repair, restoration, replacement or improvement performed by Buyer or its Consultants as part of the Investigation Activities, and Buyer shall pay or cause to be paid all claims or demands with respect to the same before any action is brought to enforce the same against the Property.

Buyer will indemnify, protect, defend and hold City, its officers, council members and employees harmless from any loss, damage, injury, accident, fire or other casualty, liability, claim, lien, cost or expense (including attorneys' fees) of any kind or character to the extent arising from or caused by (a) entry on the Property by Buyer or its Consultants pursuant to this Agreement, (b) any act or omission of Buyer or any of its Consultants in the conduct of the Investigation Activities, (c) a violation or alleged violation by Buyer or its Consultants of any law or regulation in their conduct of the Investigation Activities, or (d) violation of this Agreement by Buyer or any of its Consultants. City's right of indemnity under this section shall not limit or waive any other legal claim or defense City may have outside of this Agreement.

IN CONNECTION WITH THIS INDEMNITY, BUYER WAIVES ANY IMMUNITY IT MAY HAVE UNDER INDUSTRIAL INSURANCE LAW, RCW TITLE 51. THIS WAIVER WAS MUTUALLY NEGOTIATED.

4. Buyer shall, during the term of this Agreement, maintain commercial general liability insurance, with the coverage of not less than \$1,000,000 for each occurrence and a \$2,000,000 general aggregate limit, on an occurrence basis from a reputable insurer licensed to do business in Washington, and shall, upon request, furnish to City certificates of insurance evidencing such coverage. City will be named as an additional insured under the policy.

5. All of the covenants of Buyer and indemnities permitted by Buyer hereunder shall survive termination of the license granted hereunder.

6. All Investigation Activities shall be performed solely at Buyer's expense, and neither Buyer nor Consultants shall look to City for reimbursement of or contribution for all or any part of those expenses.

7. All notices hereunder shall be delivered by a recognized overnight courier service or by certified mail, return receipt requested, to the addresses set forth below or to such other addresses of a party as are set forth in a notice by that party to the other parties:

If to City:

City of Mercer Island
9611 SE 36th Street
Mercer Island, Washington 98040-3732
Attention: Julie Thuy Underwood, City Manager
Fax No.: (206) 575-7663
Phone: (206) 275-7600
E-mail: julie.underwood@mercergov.org

If to Buyer:

Twenty Four Eleven, Limited Liability Company
9219 SE 33rd Place
Mercer Island, Washington 98040
Attention: Leon Cohen
Fax No.: (206) 275-0999
Phone: (206) 714-8237
E-mail: leon@leongcs.com

With a copy to:

Jerome O. Cohen, attorney at Law
4554 California Avenue SW
Seattle, WA 98116
Jeromeocohen@msn.com
Fax No.: (206) 382-2904
Phone: (206) 621-9095
E-mail: jeromeocohen@msn.com

8. This Agreement may be executed in one or more counterparts, but all of which together shall constitute one and the same instrument. The Parties agree that executed counterparts may be transmitted by facsimile or as a digital document by electronic mail and such transmitted executed counterparts shall be treated as an executed original counterpart.

9. The Parties agree that this Agreement shall be governed by the laws of the State of Washington.

IN WITNESS HEREOF, the Parties have duly executed this Agreement as of the date first set forth above.

CITY:

CITY OF MERCER ISLAND,
a Washington municipal corporation

[Do Not Sign – Exhibit Only]

By: _____

Name: Julie Thuy Underwood

Title: City Manager

Date: _____

BUYER:

TWENTY FOUR ELEVEN, LIMITED
LIABILITY COMPANY, a Washington
limited liability company

[Do Not Sign – Exhibit Only]

By: _____

Name: Leon Cohen

Title: Managing Member

EXHIBIT A to Site Access Agreement

Legal Description of Property



News Release • May 10, 2018
CITY OF MERCER ISLAND, WASHINGTON
9611 SE 36th Street • Mercer Island, WA 98040-3732
www.mercergov.org

Contact: Ross Freeman (206) 275-7662
Sustainability & Communications Manager

For immediate release

City Council takes action to create commuter parking for Islanders

*Public-Private Partnerships Create Solutions and
Leverage Sound Transit Settlement Funds*

May 10, 2018 (Mercer Island, WA) -- The City of Mercer Island is considering a pair of landmark projects to create up to 200 parking spaces in Town Center as part of its commitment to Islanders made during mitigation negotiations with Sound Transit and the Washington State Department of Transportation (WSDOT). In a move that brings together Sound Transit funding, City-owned properties, and private partnerships, the City will secure new parking within walking distance of the new light rail station scheduled to open in 2023.

The two properties involved ([map](#)) are located near each end of the future East Link light rail station. One is the former Tully's Coffee site at 7810 SE 27th Street, south of the Mercer Island Park & Ride, which the City is planning to purchase and combine with adjacent property it already owns. This property is projected to support over 100 underground parking spaces with potential mixed-use development above.

The [settlement agreement](#) with Sound Transit called for a 51% match by the City for any expenditure of Sound Transit funds. The \$2.0 million purchase price is eligible for reimbursement by Sound Transit, and the adjacent existing City property will be Mercer Island's 51% contribution to the deal. This significantly reduces the financial impact to taxpayers for property acquisition. The City plans to leverage the value of the property to attract private investment to construct the parking.

The second property is a small parcel of land next to Freshy's Seafood Shack, at the southwest corner of SE 24th Street and 76th Avenue SE, which the City is selling for \$2.3 million to the adjacent landowner who will consolidate and redevelop both parcels. As part of the sale agreement, the property owner commits to provide an additional 65-70 underground commuter parking spaces for use by Mercer Island residents during peak commute hours. The commuter parking, which will come at minimal cost to the City, is valued at approximately \$6.0 million, and once constructed, will be controlled by the City between the hours of 5:30am and 7:30pm, Monday through Friday.

“Mercer Island is taking a forward-looking approach to addressing our transportation facilities and advancing solutions that meet the needs of our community. The Council is excited to deliver what our residents have been asking for – commuter parking,” said Mayor Debbie Bertlin. “We have the opportunity to leverage Sound Transit funds to create innovative partnerships that will advance Islander interests.”

Frequent feedback during the mitigation negotiations and the subsequent public outreach process highlighted the need for more commuter parking and improved accessibility to the coming light rail. By creating two new, separate parking facilities, the City Council intends to accomplish two important objectives. First, parking serving Island residents is intended to mitigate the full lot many people experience at the existing Mercer Island Park & Ride. Second, the commuter parking opportunity sites are dispersed across three locations to create greater mobility in Town Center.

“What you see today is a City Council who thought boldly about the future mobility needs of Islanders,” said Salim Nice, Deputy Mayor. “Our goal is to provide parking while enhancing our Town Center retail core and creating a new gateway for Mercer Island just steps away from the future East Link light rail service.”

“What I love about what we’re undertaking is that these redevelopment opportunities present an incredibly elegant solution,” said Councilmember Dave Wisenteiner. “We’re able to use Sound Transit dollars combined with a public-private partnership, combined with existing land the City already owns next to Tully’s, all in pursuit of fulfilling our commitment to residents without additional financial burden on citizens.”

The City Council will review the proposed purchase and sale agreements for the two property transactions at its May 15 meeting. The final purchase and sale agreements are scheduled for discussion and possible approval at the June 5 meeting. If approved, an extensive due diligence period will follow, and the closing will be scheduled to occur early next year.

Additional information

Webpage and FAQ www.mercergov.org/CommuterParking
Map of sites http://www.mercergov.org/files/Map_ProposedParkingSites_May2018.pdf
Contact Ross Freeman, Sustainability and Communications Mgr, City of Mercer Island
ross.freeman@mercergov.org or (206) 275-7662

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Commuter Parking Proposal

FAQ Updated: 10 May 2018

When will these decisions be made and how can the community weigh in on these proposals?

The City Council will review purchase and sale agreements (PSA) for the two property transactions at its May 15, 2018 meeting, followed by a period of community input. The final purchase and sale agreements are scheduled for City Council action on June 5, 2018. If they are approved, then an extensive due diligence period will follow, and closing would occur by late 2018 or early 2019. The Council welcomes the community's input on these two proposed PSAs.

What happens during the due diligence period?

A Due Diligence period allows a buyer to fully investigate property prior to closing (or finalizing the acquisition) to ensure that it is suitable for the buyer's desired development or use. Due diligence periods allow a buyer to withdraw from a purchase and sale agreement if something is discovered about the property that does not meet expectations. In the case of the City purchasing the former Tully's site, the City will have six months to investigate and evaluate the property in detail before making a final decision to purchase the property and proceed to closing. This is similar to a home inspection when purchasing a new home.

When will the commuter parking spaces be ready?

Parking spaces on both properties are expected to be available by 2023, in time for the scheduled opening of the East Link light rail service on Mercer Island.

Why is the City creating parking at this time?

The lack of available parking at the MI Park & Ride is a growing problem for Island residents. The facility is generally full by 7:00am on weekdays and about half of all Park & Ride parking spaces are used by non-Islanders. Island residents have consistently asked for additional parking, and the demand is expected to grow when light rail opens and increased numbers of residents seek to use predictable train transit.

Will the parking be exclusively for use by Island residents?

The City is exploring a tiered pricing scheme, similar to what it uses for its Parks and Recreation programs, or a comparable mechanism, to ensure Island residents have preferential access to the new parking spaces.

How much will it cost residents to use the additional parking?

There will be ongoing maintenance costs for the new commuter parking facility, and the City will need to share the maintenance cost with users. The City plans to research and develop an operational plan and pricing models before the parking facility is operational. Likewise, a "reservation" model could provide guaranteed parking, which does not currently exist at the Mercer Island Park and Ride.

How much will constructing these new commuter parking garages cost Island taxpayers?

Due to the unique public-private partnerships proposed, both commuter parking sites will deliver parking facilities for Mercer Island for the least possible cost by leveraging the City's current and proposed land assets. For the Tully's site, the City's actual contribution, if any, for parking facilities is not yet known and will be further defined over the next six months as the City evaluates the property during its Due Diligence period. In the case of the Freshy's

site, the developer has agreed to provide between 65 to 70 public parking spaces to the City during commuting hours in exchange for the City's sale of Parcel 7. This arrangement leverages the value of the land, thereby alleviating the financial burden on taxpayers.

At the former Tully's Coffee site: The City plans to purchase the former Tully's property located at 7810 SE 27th Street from Parkway Management Group, for a purchase price of \$2 million, using a portion of the Sound Transit Settlement funds. The parcel could then be combined with adjacent property (Parcel 12) that the City already owns at Sunset Highway, and which could serve as a match for the ST funds in keeping with the ST Settlement Agreement. The City plans to construct over a 100 underground parking spaces. The City anticipates creating a public-private partnership with a developer to bring in the expertise and necessary funding to complete the project.

At the Freshy's site: The City is selling a small parcel (City Parcel 7) at the southwest corner of SE 24th Street and 76th Avenue SE in Town Center, for an estimated \$2.3 million to Twenty Four Eleven LLC (Twenty Four Eleven). WSDOT deeded the triangular parcel to the City in 2000 for limited, specific uses, and will be the ultimate recipient of sale proceeds under the terms of the deed. The triangular property is adjacent to land owned by the buyer, where Freshy's Seafood Shack operates today. Twenty Four Eleven plans to build a mixed use project on the combined properties, to include 65-70 underground parking stalls for transit commuters that will be dedicated to the City of Mercer Island's perpetual use between the hours of 5:30 am and 7:30 pm, Monday thru Friday.

Why does WSDOT get the money for the sale of Lot 7 if it's City land?

WSDOT deeded the triangular parcel to the City in 2000 for limited, specific uses, and WSDOT will be the ultimate recipient of sale proceeds under the terms of the deed. The City will receive compensation in the form of dedicated commuter parking provided by the developer: at today's construction costs of \$85,000 per underground parking stall, this is valued at approximately \$6M.

How can the City afford to buy property when it's facing budget deficits?

The Tully's property purchase will use a portion of the ST Settlement funds which are restricted to parking use only and cannot be used for other City budget needs.

Is parking the only use considered for the former Tully's site?

The Tully's site combined with a small parcel adjacent to the site (City Parcel 12) could be assembled to create a mix-used project. As a consideration, if the adjacent parcel is rezoned to match the Tully's zone – Town Center (TC) – the City could leverage private investment and reduce the financial burden on taxpayers. The Council will be considering this during the due diligence period.

Will residents have an opportunity to comment on the future project proposal?

Absolutely. The Council is pleased to help develop a project that meets demands for more commuter parking and that also "creates a vibrant, healthy Town Center serving the City's business, social, cultural and entertainment center" (Town Center Plan). Citizen input will be welcomed and critical to ensuring a successful project.

What are the public amenity requirements for these projects?

Under the City's Town Center Development and Design Standards, a new project at either location must provide a variety of public amenities.

What will happen to the Greta Hackett Sculpture Garden next to the Tully's site?

The City Council and the community value the Greta Hackett Outdoor Sculpture Garden and the City will preserve and enhance it with better connectivity to the new transit station, thereby creating a welcoming entry to the Town Center. The details of how any proposed project relates to the sculpture garden will be developed in consultation with the Mercer Island Arts Council.

What happens to any trees that must be removed for construction?

Any trees that are removed, even on City-owned land, must be replaced according to the updated rules in the [City's tree code](#). In addition, a minimum of 25% of each site must be landscaped.

What will happen to the Freshy's Seafood Shack?

Discussions are underway between the land developer and the owner of Freshy's about a suitable space in the new proposed building.

How will these proposed projects interface with the new light rail station?

The City plans to design a welcoming pedestrian flow from Town Center to the light rail station. The community's input on the design will be critical.

I've heard the Tully's site is contaminated, how is the City going to handle this?

Environmental contamination at the Tully's site, caused by a gas station that once operated there, will be cleaned up. The City and Parkway Mgmt Group are negotiating to seek reimbursement for the site cleanup from outside entities, including from the previous owners responsible for the contamination.

#

Learn more at: www.mercergov.org/CommuterParking



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5418
May 15, 2018
Regular Business**

**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**

Action:
Review and discuss the proposed
Purchase and Sale Agreement.

- Discussion Only
- Action Needed:
 - Motion
 - Ordinance
 - Resolution

DEPARTMENT OF

City Manager (Julie Underwood)

COUNCIL LIAISON

n/a

EXHIBITS

1. Resolution No. 1544 and Exhibit A (PSA)
2. Map of Proposed Commuter Parking Sites
3. Resolution No. 1545 and Exhibit A (Map of Proposed Zoning Change)
4. Press Release and FAQ

2018-2019 CITY COUNCIL GOAL

1. Prepare for Light Rail/Improve Mobility

APPROVED BY CITY MANAGER

AMOUNT OF EXPENDITURE	\$ 2,000,000
AMOUNT BUDGETED	\$ 0
APPROPRIATION REQUIRED	\$ 2,000,000

SUMMARY

The City Council has the unique opportunity to provide needed transit commuter parking for Mercer Island use with the proposed action to buy the “Tully’s property” under this Agenda Bill and sell Parcel 7 under a separate agenda bill (AB 5417). Both actions will provide the City with the best opportunity to obtain the most commuter parking for the least cost to Mercer Island taxpayers by utilizing creative public-private partnership approaches.

BACKGROUND

Identifying locations to construct additional commuter parking has been a challenge for the City since 2014. In November 2014, the City hosted an open house to share proposed parking concepts to expand parking at the Mercer Island Community and Event Center (MICEC). Two concepts for new parking facilities (a surface lot and a parking structure), to be funded by Sound Transit, were identified. The new parking would have been ultimately converted to resident-only, to ensure that Islanders would have continued access to regional transit options serving the existing Sound Transit Park-and-Ride and future light rail station. Subsequently, the City commissioned an independent study of the pros and cons of other potential resident-only parking locations within walking distance of the Park-and-Ride ([January 2015 parking study](#)). The study was presented to the public at an open house in January 2015 at the MICEC. Eventually the Council and

community determined that the proposal to site additional parking at the MICEC would not move forward and no other site was identified.

In October 2015, based directly on community input, Council developed a set of six priorities that were used to guide all mobility negotiations with Sound Transit and WSDOT, as follows:

1. Secure access to new "R8A Lanes" on outer roadways.
2. Mitigate traffic impacts in and around Town Center.
3. Increase commuter parking for Mercer Island residents.
4. Improve "last mile" connections to light rail via new options.
5. Minimize impact of regional bus operations – cap at current levels.
6. Require safe, convenient pedestrian and bicycle access to light rail.

Starting in early 2016, the City also began focusing intently on negotiations regarding access to new HOV lanes (the "R8A Project") that were added to I-90. After months of negotiations and with the imminent closure of the center roadway, the City filed a lawsuit against WSDOT and Sound Transit in early 2017.

Finally, in May 2017, the City Council accepted a tentative settlement offer of \$10.05 million in mitigation payments from Sound Transit; the final Settlement Agreement was approved by Council in October 2017. The Settlement Agreement includes various reimbursable expenditures, including \$4.41 million to secure new, long-term commuter parking for transit users.

OVERVIEW OF PROPOSED AGREEMENT

The City has since been 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.

The City has been working with Parkway Management Group et al. (collectively, "Parkway") on the proposed Purchase and Sale Agreement (PSA) to acquire the Tully's property from Parkway (see Exhibit 1 for PSA).

The proposed PSA serves as the transaction document necessary for the City to purchase the Tully's property and combine it with adjacent City-owned land known as Parcel 12/Sunset Highway to develop long-term, transit commuter parking for Mercer Island use near the future East Link light rail station (see Exhibit 2 for map).

KEY BUSINESS TERMS

The following are the key business terms in the proposed PSA with Parkway:

Price:	\$2,000,000.00
Area Purchased:	Tully's Property – Approximately 12,230 S.F.
Due Diligence Period:	Buyer (City) shall have 180 days (following execution of the PSA) to evaluate the suitability of the property for the future public parking and mixed-use development.
Earnest Money:	\$150,000.00

Environmental: **TO BE NEGOTIATED (During Due Diligence Period)** – The City is aware that a gasoline station was operated on the Tully’s property for a very long time, and as a result, there is environmental contamination on the property. The City and Parkway have identified the previous owners that operated the gasoline station and are negotiating the terms under which the City, with Parkway’s cooperation, would seek reimbursement of cleanup costs from the previous owners that caused the contamination.

Closing: 60 days following the expiration of the Due Diligence Period, unless Seller elects to extend the closing date up to 10 months to find another suitable property to purchase for tax purposes.

FUNDING THE PROPERTY PURCHASE

The City will purchase the property by temporarily using \$1.0 million of the Beautification Fund balance and \$1.0 million of the Contingency Fund balance. Subsequently, the City will seek full reimbursement from Sound Transit, which is available through the Settlement Agreement up to approximately \$4.41 million for the development of long-term, transit commuter parking. The Settlement Agreement limits Sound Transit’s contribution to a minority share (49 percent) of the overall development costs, meaning the City is responsible for the remaining costs (51 percent) of the parking facility. The City intends to use the value of Parcel 12 at Sunset Highway as its match against the Sound Transit funds.

FUTURE PARKING FACILITY / REQUEST FOR QUALIFICATIONS

The City plans to construct an underground parking facility with approximately 100 or more parking spaces, which is estimated in today’s construction dollars to cost approximately \$85,000 per parking space.

The City further anticipates engaging in a Request for Qualifications process to solicit and identify interested, experienced and capable developers to form a public-private partnership whereby the City leverages its current land on Sunset Highway, future acquisition of the Tully’s property, and offers the development rights on these combined parcels to a developer in efforts to reduce the City’s cash contribution that would otherwise be required to support transit commuter parking construction costs in excess of the City’s land contribution and Sound Transit’s funding contribution. For example, the City contemplates owning the underground parking spaces to be built by a developer, and the developer would own and operate the above-ground, mixed-use development based on the City’s Town Center vision and regulations.

This public-private partnership presents an opportunity to significantly reduce, if not eliminate, a City contribution of funds (other than the Sound Transit contribution) by utilizing City-owned land in a key geographic location that supports long-term, transit commuter parking for Mercer Island. Any public-private partnership agreement will be a future agenda item subject to Council consideration and approval and is mentioned in this Agenda Bill as supporting contextual information. Any future project permit applications resulting from a public-private partnership will have additional opportunity for a public process, including public comment, following Council authorization of the public-private partnership.

COMPLIANCE WITH STATE ENVIRONMENTAL POLICY ACT

In order to leverage private investment, thereby reducing the City’s financial share, the City is considering maximizing the value of Parcel 12 through a Comprehensive Plan amendment and rezone and changing the land use designation and zoning from Public Institution (P) to Town Center (TC). While parking is currently allowed in the P zone, by rezoning to match the adjacent Tully’s parcel, which is TC, the City desires to attain the greatest redevelopment flexibility. The City Council needs to initiate the Comprehensive

Plan amendment and rezone processes by adopting a Resolution (see Exhibit 3). This will come before the Planning Commission and City Council as a separate item in the future.

Washington Administrative Code (WAC) Chapter 197-11 requires compliance with the State Environmental Policy Act (SEPA) for certain non-exempt governmental actions. The purchase of the Tully's property is categorically exempt from compliance with SEPA under WAC 197-11-800(5)(a):

(5) Purchase or sale of real property. The following real property transactions by an agency shall be exempt:

...

(a) The purchase or acquisition of any right to real property

...

The Comprehensive Plan amendment and rezone, as well as any future mixed-use project application, will be subject to SEPA review.

NEXT STEPS

This is the first review and discussion of the proposed purchase of the former Tully's site. The Council is tentatively scheduled to approve the PSA at its June 5 regular meeting. In addition, at the June 5 meeting, the Council is scheduled to 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.

Likewise, staff is doing all that it can to inform the community of this proposal and the related proposal involving the Freshy's site (see AB 5417). The City issued a formal press release and prepared a Frequently Asked Questions (FAQ) webpage (see Exhibit 4) and will also include information in the MI Weekly, the City's e-newsletter, and on its social media platforms.

RECOMMENDATION

City Manager

Review and discuss the Purchase and Sale Agreement and related Resolutions No. 1544 and 1545 to inform Council's final approval tentatively scheduled during the next regular meeting on June 5, 2018.

**CITY OF MERCER ISLAND
RESOLUTION NO. 1544**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCER ISLAND
AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND
SALE AGREEMENT WITH PARKWAY MANAGEMENT GROUP ET AL. TO
PURCHASE THE REAL PROPERTY AT 7810 SE 27TH STREET, MERCER
ISLAND, WASHINGTON**

WHEREAS, Parkway Management Group and various tenants in common (collectively, the Owners) own the real property located at 7810 SE 27th Street, Mercer Island, Washington (the Property), commonly known as the Tully's site; and

WHEREAS, the City is evaluating the Property as a potential site for long-term, transit commuter parking; and

WHEREAS, the City has offered to buy the Property from the Owners for appraised fair market value; and

WHEREAS; the Property is in close proximity to the future East Link light rail station at Mercer Island; and

WHEREAS, to purchase the Property, the City plans on utilizing the funds provided by Sound Transit in accordance with the Settlement Agreement approved by the City Council on October 17, 2017 (AB 5346), which allows reimbursement of up to \$4.41 million towards the development of long-term, transit commuter parking; and

WHEREAS, the proposed purchase and sale agreement is exempt from the State Environmental Policy Act pursuant to WAC 197-11-800(5)(a);

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AS FOLLOWS:

The City Manager is hereby authorized to execute the Purchase and Sale Agreement between the buyer, City of Mercer Island, and seller, Parkway Management Group and the Tenant in Common Owners of the real property at 7810 SE 27th Street, Mercer Island, Washington (commonly known as the "Tully's site"), in substantially the form attached hereto as Exhibit 1.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS REGULAR MEETING ON THE 5TH DAY OF JUNE 2018.

CITY OF MERCER ISLAND

Debbie Bertlin, Mayor

ATTEST:

Allison Spietz, City Clerk

PURCHASE AND SALE AGREEMENT

**by and
between**

**CITY OF MERCER ISLAND,
a Washington municipal corporation,**

as “Buyer”

and

**Buty Limited Partnership, a Washington limited partnership; Jean Mitchell Burton
Testamentary Trust; Martin M. Burton Irrevocable Trust, dated April 16, 1987; Shelley
Lynn Burton, as her separate estate; Shelley Lynn Burton Trust; and Melissa Mary Burton
Trust,**

the foregoing as Tenants in Common as to 100% ownership, collectively as “Seller”

Dated: _____, 2018

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List of Exhibits

Exhibit A	Legal Description of Property
Exhibit B	Form of Earnest Money Note
Exhibit C	Form of Deed
Exhibit D	List of Reports Delivered to Buyer
Exhibit E	Form of Access Agreement

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “Agreement”) is by and among the CITY OF MERCER ISLAND, a Washington municipal corporation (the “Buyer”), and Buty Limited Partnership, a Washington limited partnership; Jean Mitchell Burton Testamentary Trust; Martin M. Burton Irrevocable Trust, dated April 16, 1987; Shelley Lynn Burton, as her separate estate; Shelley Lynn Burton Trust; and Melissa Mary Burton Trust, the foregoing as Tenants in Common as to 100% ownership of the Property (as defined below), (collectively, the “Seller”) (hereinafter individually a “Party” or collectively the “Parties”). The Parties agree that the “Effective Date” of this Agreement shall be defined in Section 30. This Agreement is made with reference to the following recitals:

Recitals

- A. Seller owns the Property (as defined below), which is commonly known as the Tully’s site located at 7810 SE 27th Street, Mercer Island, Washington 98040.
- B. Buyer desires to purchase the Property to primarily develop it for transit commuter parking and other complementary uses determined by the Buyer (the “Project”).
- C. The Parties have deemed it beneficial to enter into a negotiated sale transaction whereby Buyer will acquire and develop the Property.

Agreement

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Buyer and Seller hereby agree as follows:

Section 1. Purchase and Sale.

1.1 The Property. In consideration of their mutual covenants set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase and accept from Seller, for the Purchase Price (as defined in Section 2.1) and on the terms and conditions set forth in this Agreement and the exhibits hereto, the following:

1.1.1 That certain real property more particularly described in Exhibit A attached hereto (the “Land”).

1.1.2 All rights, covenants, interests, privileges and easements appurtenant to the Land, including without limitation all minerals, oil, gas and other hydrocarbon substances on the Land, all development rights, air rights, water, water rights and water stock relating to the Land, and any and all easements, rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Land (collectively, the “Appurtenances”).

1.1.3 Any improvements and fixtures located on the Land, including, without limitation, the retail building and any utility systems and environmental

investigation and remediation equipment on the Land (collectively, the “Improvements”).

1.1.4 No tangible personal property is included in the sale and Seller may remove all such Property before the Closing Date (as defined in Section 3.2); provided that, any tangible personal property remaining on the Property after Closing (as defined in Section 3.2) shall be considered abandoned by the Seller and may be removed by Buyer.

Section 2. Purchase Price.

2.1 Purchase Price. The purchase price for the Property is Two Million Dollars and No/100 (\$2,000,000.00) as hereinafter provided (the “Purchase Price”), payable in cash at Closing. Not later than 10:00 a.m., Pacific Time, on the Closing Date, Buyer shall deposit with the Escrow Holder (as defined in Section 2.2), via wire transfer, the Purchase Price, less the Deposit, Due Diligence Premium and the application of rent equivalent, if any, described in Section 4.1.2, together with Buyer’s share of closing costs and prorations.

2.2 Earnest Money.

2.2.1 Upon execution of this Agreement, Buyer shall execute a Promissory Note in the amount of One Hundred Fifty Thousand Dollars and No/100 (\$150,000.00) in the form attached hereto as Exhibit B (the “Earnest Money Note”). The Earnest Money Note shall be held by *First American Title Insurance Company, 818 Stewart Street, Suite 800, Seattle, Washington 98101*, as the Escrow Holder hereunder (“Escrow Holder” or the “Title Company”). Within three (3) Business Days after satisfaction of Buyer’s Inspection Condition set forth in Section 4.1.1 below, Buyer shall replace the Earnest Money Note with cash in the amount of One Hundred Fifty Thousand Dollars and No/100 (\$150,000.00) to be held as the earnest money deposit hereunder (the “Deposit”).

2.2.2 The Deposit shall be applicable to the Purchase Price. The Deposit shall be nonrefundable, except that the Deposit shall be refunded to Buyer in the event that (i) one of Buyer’s Conditions Precedent (as defined in Section 5 below) is not satisfied within the time period applicable to such condition, or (ii) the transaction fails to close due to a default on the part of Seller and through no fault of the Buyer. The Deposit shall be held in an interest-bearing account, with interest being included with the Deposit and going to the benefit of the Party entitled to the Deposit at Closing or other termination of this Agreement.

Section 3. Escrow; Closing.

3.1 Escrow. Buyer and Seller hereby appoint the Escrow Holder to hold the escrow and conduct the Closing under this Agreement. Buyer and Seller shall execute and deliver to Escrow Holder such instructions as may be necessary or convenient to implement the terms of this Agreement and close the transaction contemplated by

this Agreement, provided that they are not inconsistent with the terms of this Agreement.

- 3.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the “Closing”) shall take place sixty (60) days following the expiration of the Due Diligence Period (as defined in Section 4.1.1) (the “Closing Date”).

At the Seller’s option, in order to provide adequate time for the Seller to find an appropriate property to execute a Section 1031 Exchange, the Seller may extend the Closing Date up to three hundred (300) days by giving Buyer notice of the Seller’s exercise of this option at least thirty (30) days prior to the Closing Date described in the immediately preceding paragraph. If Seller exercises its option to extend the Closing Date, one hundred percent (100%) of any rent equivalent paid by Buyer pursuant to Section 4.1.2 below, after what would have been the Closing Date except for the Seller exercising its option to extend the Closing Date, shall apply to the Purchase Price. Regardless of the Closing Date, the Seller shall provide the Buyer with a 30-day notice of intent to close.

- 3.3 Buyer’s Deliveries. At or before Closing, Buyer shall deliver into Escrow the following:

3.3.1 funds transmitted by wire transfer in the amount of the Purchase Price (less the amount of the Deposit, Due Diligence Premium and the amount of rent applied to the Purchase Price, if any, as described in Section 2.2), together with Buyer’s share of closing costs and prorations pursuant to Section 10;

3.3.2 a real estate excise tax affidavit, executed by Buyer; and

3.3.3 two executed counterparts of the Easements, if any, as defined and provided in Section 5.3.

- 3.4 Seller’s Deliveries. At or before Closing, Seller shall deliver into Escrow the following:

3.4.1 a bargain and sale deed (the “Deed”) to the Property in the form attached hereto as Exhibit C, subject only to the Permitted Exceptions (as defined in Section 5.1), properly executed and acknowledged on behalf of Seller;

3.4.2 a real estate excise tax affidavit executed by Seller;

3.4.3 duplicate originals of an executed affidavit by Seller to the effect that Seller is not a “foreign person” as defined in Section 1445 of the Internal Revenue Code of 1986, as amended;

3.4.4 two executed counterparts of the Easements, if any, as provided for in Section 5.3; and

3.4.5 the certificate described in Section 6.1.

- 3.5 Proof of Authority. Buyer and Seller each shall deliver such proof of authority and authorization to enter into this Agreement and consummate the transaction contemplated by this Agreement, and such proof of power and authority of the individual(s) executing and delivering any instruments, documents or certificates to act for and bind such Party, as reasonably may be required by the Title Company.
- 3.6 Other Documents. Buyer and Seller shall deliver such other documents or instruments as are reasonably required to consummate this transaction in accordance with this Agreement, including without limitation instructions from the Escrow Holder and each Party's respective closing statement.
- 3.7 Possession. Seller shall deliver possession of the Property to Buyer at Closing.
- 3.8 Disbursement and Other Actions. At the Closing, Escrow Holder promptly shall undertake all of the following in the manner indicated:
- 3.8.1 disburse all funds deposited with Escrow Holder by Buyer as follows:
- (a) disburse the Purchase Price to Seller, net the total amount chargeable to Seller, if any, as the result of prorations and credits pursuant to Section 10;
- (b) disburse the remaining balance of the funds, if any, to Buyer promptly following the Closing;
- 3.8.2 cause the Deed, the Easements (if any) and any other documents that the Parties may mutually direct to be recorded in the Official Records of King County, Washington, and obtain conformed copies thereof for distribution to Buyer and Seller;
- 3.8.3 direct the Title Company to issue the Title Policy to Buyer pursuant to Section 5.2 hereof; and
- 3.8.4 disburse to each Party the counterpart documents per the instructions of the Parties.

Section 4. Conditions Precedent to Closing.

- 4.1 Buyer's Conditions. For Buyer's benefit (and waivable by Buyer, and only Buyer, at any time), the following are conditions precedent to Buyer's obligation to consummate this transaction described in this Agreement ("Buyer's Conditions Precedent") and must be satisfied or waived by the date or within the time period indicated:

4.1.1 Due Diligence.

(a) Due Diligence Period. From the Effective Date through and including [_____, _____] **[the date that is 120 days following the Effective Date]** (such period of time, the “Due Diligence Period”), as such period may be extended by: (1) the mutual agreement of the Parties; and/or (2) for a period of up to sixty (60) days by Buyer, provided, however, Buyer gives Seller written notice of its election to extend the Due Diligence Period prior to the expiration of the 120-day Due Diligence Period and pays Seller a daily fee as defined in Section 4.1.3 (“Due Diligence Premium”). Buyer in its sole discretion and at its sole expense, shall have the opportunity to inspect and approve the physical condition and use of the Property, the economic feasibility of the Project and any other matters relating to the Property as Buyer elects to undertake (collectively, the “Inspections”), including without limitation, the availability of financing, access, utility services, zoning, engineering, soils and environmental conditions, ability to develop upon the adjacent property known as Parcel 12, status of neighboring projects and a survey (the “Inspection Condition”). The plan for any invasive testing of the Property (including Phase II environmental sampling) shall be subject to Seller’s prior review and approval, not to be unreasonably withheld, conditioned, or delayed. The Inspection Condition must be satisfied or waived by the end of the Due Diligence Period.

If for any reason whatsoever Buyer determines that the Property is unsuitable for its purposes in its sole and absolute discretion and notifies Seller of such decision before the end of the Due Diligence Period, then this Agreement shall terminate. If Buyer does not provide written notice to Seller of its approval of this condition by the end of the Due Diligence Period, the Inspection Condition shall not be satisfied, and this Agreement shall terminate. In the event of either such termination, Escrow Holder shall promptly return the Earnest Money Note to Buyer after Seller’s receipt of copies of environmental due diligence materials developed by Buyer. If this Agreement does not terminate at the end of the Due Diligence Period, the Inspection Condition shall be considered to have been satisfied, and the Deposit shall not be refundable to Buyer by reason of the Inspection Condition.

(b) Access to Property. Further, until the Closing Date or earlier termination of this Agreement, Buyer and its authorized contractors, engineers, surveyor, appraiser, consultants, employees, lenders and agents shall have the right to enter onto the Property for purposes of undertaking the Inspections. Such entry shall be pursuant to a Site Access Agreement between the Seller and Buyer (the “Access Agreement”) in the form attached hereto as Exhibit E (which agreement may have been executed by the Parties before execution of this Agreement). Buyer agrees to indemnify Seller and to hold Seller, Seller’s agents and employees harmless from and against any and all losses, costs, damages, claims or liabilities including, but not limited to, construction, mechanic’s and material men’s liens and attorneys’ fees, to the extent caused by Buyer’s entry upon the Property, including the conduct of the Inspections, by Buyer or its contractors, consultants, employees

or agents under this Section 4.1.1. This indemnity shall survive Closing or termination of this Agreement.

(c) Reports and Disclosure Statement. Seller has previously delivered to Buyer copies of all reports about the physical condition of the Property that have been prepared at the request of Seller or that are in Seller's possession or under its control, including environmental and soils reports, which reports are listed on Exhibit D hereto (the "Reports"). Seller disclaims any responsibility for the accuracy of any information contained in the Reports, and Buyer acknowledges that it uses the Reports at its own risk. If for any reason whatsoever Buyer determines that the environmental contamination on the Property is unsuitable for its purposes before the end of the Due Diligence Period, then Buyer shall be entitled to exercise its rights to terminate this Agreement under Section 4.1.1(a). If this Agreement terminates or the purchase and sale fails to close, Buyer promptly shall return the Reports (and all copies thereof) to Seller.

Seller shall provide a real property transfer disclosure statement as provided for in chapter 64.06 RCW (the "Seller Disclosure Statement") to Buyer within 5 days after the Execution Date. Nothing in the Seller Disclosure Statement creates a representation or warranty by Seller, nor does it create any rights or obligations in the Parties except as set forth in chapter 64.06 RCW, as amended. Buyer is advised to use due diligence to inspect the Property to Buyer's satisfaction, subject to the terms of this Agreement, and Seller may not have knowledge of defects that careful inspection might reveal.

(d) Negotiation with Past Owners/Operators; Assignment of Claims. During the Due Diligence Period, and as further set forth in Section 9, Buyer shall have reached (a) a settlement and/or remediation agreement with BP/ARCO in a form mutually acceptable to Seller and Buyer which includes but is not limited to an indemnification as to Seller, Buyer and future owners and; (b) a mutually acceptable assignment of Seller's entire interest and/or rights in claims against past owners, operators and/or insurance to Buyer.

4.1.2 Rent. In consideration to the Seller for not renting or re-renting the Property during the time Parties spent negotiating this Agreement (the "Purchase and Sale Negotiation Period" (defined below), the Due Diligence Period and the time between the expiration of the Due Diligence Period and Closing (the "Closing Period"), the Buyer agrees to pay the Seller \$4,000 rent equivalent per month for each month and/or partial month during the Purchase and Sale Negotiation Period, Due Diligence Period and Closing Period starting the beginning of the month the Letter of Intent (dated March 19, 2018) between the Parties (the "LOI") was executed. In the event of Closing as contemplated in Section 3.2 and without an extension for purposes of a Section 1031 Exchange, then fifty percent (50%) of these rent payments shall be applicable to the Purchase Price at Closing. If the Seller requests an extension for purposes of a Section 1031 Exchange as contemplated in Section 3.2, then one hundred percent (100%) of these rent

payments after the 60-day period and the Due Diligence Period shall be applicable to the Purchase Price at Closing.

4.1.3 Due Diligence Premium. If the Buyer wishes to extend the Due Diligence Period, as provided in Section 4.1.1(a), the Buyer shall pay the Seller an additional \$100 per day for each day beyond the agreed 120-day Due Diligence Period. These payments shall be made to the Seller by the first of each month. These funds shall be nonrefundable to the Buyer.

4.1.4 Title Policy. On the Closing Date, the Title Company shall be prepared to issue the Title Policy to Buyer as of the Closing Date in accordance with Section 5 of this Agreement.

4.1.5 Representations and Warranties. On the Closing Date, Seller's representations and warranties contained in Section 6.1 are true and correct, as if made as of the Closing Date, except as provided in Section 6.3.

4.1.6 Seller's Performance. Seller has duly and timely performed each and every other material obligation to be performed by Seller under this Agreement before Closing.

4.2 Seller's Conditions. For Seller's benefit (and waivable by Seller, and only Seller, at any time), the following are conditions precedent to Seller's obligation to consummate this transaction ("Seller's Conditions Precedent") and must be satisfied or waived by the date or within the time period indicated:

4.2.1 Buyer's Performance. Buyer has duly and timely performed each and every material obligation to be performed by Buyer under this Agreement prior to Closing.

4.2.2 Buyer's Representations and Warranties. Buyer's representations and warranties set forth in Section 6.2 are true and correct as if made as of the Closing Date, except as provided in Section 6.3.

4.2.3 BP/ARCO Settlement and Assignment of Claims. During the Due Diligence Period (a) a settlement and/or remediation agreement with BP/ARCO in a form acceptable to Seller which includes but is not limited to an indemnification as to Seller, Buyer and future owners and; (b) an acceptable assignment of Seller's entire interest and/or rights in claims against past owners, operators and/or insurance to Buyer.

Section 5. Evidence of Title.

5.1 Commitment. Within five (5) days following the Effective Date, Seller shall cause delivery to Buyer of a preliminary title commitment for a standard ALTA owner's policy of title insurance ("Commitment"), together with the underlying documents forming the basis of the exceptions, issued by the Title Company. Buyer may also obtain an ALTA/ACSM survey of the Property (the "Survey") during the Due

Diligence Period. Buyer shall have until fifteen (15) days after the Effective Date to object to any matter disclosed in the Commitment or the Survey by giving written notice (the "Title Defect Notice") of the objection to Seller. If, after the initial issuance of the Commitment and giving of the initial Title Defect Notice, the Title Company amends the Commitment by adding a new exception thereto, or the Survey reveals any new matters affecting title, Buyer shall be entitled to give a Title Defect Notice to such exception within ten (10) Business Days after receipt of the amendment. Any matters not referenced in a timely Title Defect Notice shall be deemed approved by Buyer and are referred to herein as "Permitted Exceptions." Within ten (10) Business Days after receiving a Title Defect Notice, Seller shall notify Buyer in writing of any disapproved exception(s) that Seller declines to cure. Thereafter Buyer shall have five (5) Business Days to either waive the exception Seller has declined to cure (which thereafter shall constitute a Permitted Exception) or to terminate this Agreement. In the event of such termination, Escrow Holder shall promptly return the Earnest Money Note to Buyer.

Anything to the contrary in this Agreement notwithstanding, Seller shall have no affirmative obligation to expend any funds or incur any liabilities to cause any title exceptions to be removed from the Commitment (or any update thereto) or insured over, except that Seller shall pay or discharge any lien or encumbrance voluntarily created, permitted or assumed by Seller (except current taxes and assessments) and not created by or resulting from the acts of Buyer or other parties not related to Seller.

- 5.2 Issuance of Policy. At Closing, the Title Company shall be prepared to issue an extended 2006 ALTA owner's title insurance policy ("Title Policy") in the amount of the Purchase Price insuring Buyer and subject only to (a) a lien for real property taxes, not then delinquent; (b) Permitted Exceptions approved or deemed approved by Buyer; (c) matters affecting the condition of title to the Property resulting from the actions or activities of Buyer or created by or with the written consent of Buyer.
- 5.3 Utility Easements. To the extent that there are existing utilities that cross the Property for which Seller requires an easement to serve other property or that crosses other property owned by Seller adjacent to the Property (excluding adjacent streets) for which Buyer requires an easement to serve the Property, Buyer and Seller will enter into utility easements therefor at Closing (the "Easements"). Each Party will notify the other of the need, if any, for such utility easements within 45 days after the Effective Date and Buyer shall provide a copy of the survey it obtains during the Due Diligence Period promptly upon receipt to facilitate this review. If such utility easements are needed, Seller shall provide its form of utility easement for Buyer's review. If the Parties cannot agree on the forms of such utility easements before the end of the Due Diligence Period, then Buyer shall be entitled to exercise its rights to terminate this Agreement under Section 4.1.1(a).

Section 6. Representations and Warranties.

- 6.1 Seller. Except as known or disclosed to Buyer prior to Closing, Seller represents and warrants that as of the Effective Date of this Agreement:

6.1.1 Seller has the legal power, right and authority to enter into this Agreement and all documents required to be executed by Seller under this Agreement and to consummate the transaction contemplated by this Agreement.

6.1.2 To Seller's actual knowledge, except for a potential unlawful detainer action which may be filed against Global Baristas (dba Tully's Coffee), there are no pending or threatened (in writing) actions, suits, arbitrations, claims or proceedings, at law or in equity, adversely affecting the Property or to which Seller is a party by reason of Seller's ownership of the Property, including any eminent domain proceeding; further, Seller has not received any notices from any governmental authority with respect to any violation of any statute, ordinance or regulation applicable (or alleged to be applicable) to the Property.

6.1.3 Except for any matters shown on the Commitment, Seller has not entered into any oral or written leases, subleases, rental agreements licenses, service or maintenance agreements or other contracts or agreements (written or oral) with respect to the ownership, operation, maintenance, use or occupancy with respect to the Property or any portion thereof that would encumber the Property or bind Buyer after Closing.

6.1.4 Seller disclosed and the Buyer acknowledged that the Property is a commercial property, has been operated as a gasoline station, and that Hazardous Substances (as defined in Section 9) are present in the soils and groundwater at and/or emanating from the Property. Seller provided the Buyer with all copies of the environmental reports that are in Seller's possession or under its control relative to the Property.

6.1.5 The Reports listed on Exhibit D are all of the reports in Seller's possession or under its control regarding the physical condition of the Property.

Seller shall promptly notify Buyer of any new event or circumstance of which Seller has actual knowledge that occurs or arises after the date hereof and that makes any representation or warranty of Seller under this Agreement untrue in any respect that would materially affect Buyer's development of the Property. The foregoing representations and warranties shall be deemed made as of Closing except to the extent modified by a certificate delivered by Seller at Closing, notifying Buyer of any changes arising prior to Closing.

6.2 Buyer. Buyer represents and warrants that as of the date it executes this Agreement and as of Closing:

6.2.1 Buyer has the legal power, right and authority to enter into this Agreement and the documents required to be executed by Buyer under this Agreement, and to consummate the transactions contemplated by this Agreement.

6.2.2 All requisite action (City Council approval) has been taken by Buyer in connection with entering into this Agreement and the documents required hereby to be executed by Buyer and the consummation of the transactions contemplated hereby.

6.3 Changes in Representations and Warranties. The foregoing representations and warranties are to be made by the Parties as of the Effective Date of this Agreement and as of the Closing Date. If after the Effective Date and before the Closing Date, a Party making a representation and warranty (the “Representing Party”) becomes aware of facts that would cause such representation and warranty to be untrue or incomplete, the Representing Party shall notify the other Party (the “Nonrepresenting Party”) in writing within five (5) Business Days after discovery of the new facts, and include copies of documents or materials, if any, related to such new facts (the “Change Notice”). If a representation and warranty can no longer be accurately made by the Representing Party and this is (i) due to a state of facts first arising after the Effective Date, (ii) not intentionally caused by the Representing Party, (iii) such new state of facts materially and adversely affects a right, remedy or obligation of the Nonrepresenting Party under this Agreement, prevents a Party from performing as required herein, or, in the case of Buyer, the materially increases the costs associated with Buyer’s intended use of the Property or materially decreases value of the Property, then the Nonrepresenting Party may by written notice to the Representing Party elect to terminate this Agreement. In such event, Escrow Holder shall promptly return the Earnest Money Note or Deposit, whichever is applicable, to Buyer and neither Party shall have any further obligations hereunder (except as provided in Section 4.1.1). Such election must be exercised within five (5) Business Days after the Nonrepresenting Party receives a Change Notice. During such five (5) day period, however, the Parties shall negotiate in good faith about possible solutions to address the change in facts (e.g., proposals for courses of actions to cure the issue or price adjustments).

Section 7. As Is.

Buyer acknowledges and agrees that Buyer knows and is aware that: the Property is a commercial property that was operated as a gasoline station; Hazardous Substances (as defined in Section 9) are located in the soils and groundwater in, on, at and emanating from the Property; and, Buyer is purchasing the Property “as is where is” in its present condition. Except for the warranty of title set forth in the deed or in any other document executed by Seller at Closing, Seller makes no representations or warranties, express or implied, with respect to, and shall have no liability for: (a) the condition of the Property or any buildings, structures or improvements thereon or the suitability of the Property for Buyer’s intended use; (b) any applicable building, zoning or fire laws or regulations or with respect to compliance therewith or with respect to the existence of or compliance with any required permits, if any, of any governmental agency; (c) the availability or existence of any water, sewer or utilities, any rights thereto, or any water, sewer or utility districts; (d) access to any public or private sanitary sewer or drainage system; or (e) the past, present or future presence of any Hazardous Substances (as defined in Section 9) in, on, at or emanating from or to the Property or in any improvements on the Property. Without limiting the generality of the foregoing, except as expressly set forth in the deed, or in any other document executed by Seller at closing, Seller shall have no liability with respect to the condition of the Property under common law, or any federal, state, or local law or regulation including, without limitation, environmental laws, or for the presence of any hazardous materials or substances. Buyer acknowledges that Buyer is given the opportunity under this Agreement to fully access

and inspect the Property and documentation in Seller's possession, and Buyer assumes the responsibility and risks of all defects and conditions, including, without limitation, such defects and conditions, if any, that cannot be observed by casual inspection. This section shall survive Closing. Buyer is a sophisticated buyer who is familiar with the ownership and operation of real estate projects similar to the property, and Buyer has or will have adequate opportunity to complete all physical and financial examinations relating to the acquisition of the Property hereunder it deems necessary, and will acquire the same solely on the basis of and in reliance upon such examinations and the title insurance protection afforded by the title policy and not on any information provided or to be provided by Seller (other than as expressly provided in this Agreement, the deed or in any other document executed by Seller at Closing).

Section 8. Environmental Release.

Following the Closing, Buyer waives and releases Seller and Seller's officers, trustees, members, managers, agents, heirs, successors, assigns, executors, or personal representatives, and forever releases and discharges Seller and Seller's officers, trustees, members, managers, heirs, successors, assigns, executors, or personal representatives, from any and all damages, claims, losses, liabilities, penalties, fines, liens, judgments, costs or expenses or rights of contribution whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, that may arise on account of or in any way connected with the physical condition of the Property or any property owned by Buyer and affected or impacted in any way by Hazardous Substances (as defined in Section 9) originating at the Property including, without limitation, the presence of hazardous materials or substances in, on, at under, or emanating from or to the Property, or noncompliance with any law or regulation applicable thereto, under common law, or any federal, state, or local law or regulation, including but not limited to environmental laws. Buyer acknowledges that the presence of Hazardous Substances may increase Buyer's cost of ownership, liability and development and that this release applies to any incremental development costs. The deed shall include this release which shall run with the land and be binding on all subsequent owners. This section shall survive Closing.

Seller _____

Buyer _____

Section 9. Environmental Indemnification, Assignments, and Claims.

9.1 Indemnification and Hold Harmless. Buyer hereby agrees to indemnify, defend and hold Seller and Seller's members, trustees, officers, members, managers, agents, heirs, successors, assigns, executors, or personal representatives (collectively, the "Indemnified Parties") harmless from and against any and all claims, actions, suits, damages, liabilities, losses, costs and expenses, including reasonable attorneys' fees (collectively, "Damages"), suffered or incurred by any of the Indemnified Parties as a result of Hazardous Substances on, in, under, at or emanating to or from the Property whether before or after Closing including any claims brought by third parties or government agencies.

Buyer's liability under this Section 9.1 includes the following:

(a) Any costs of, or liability for, investigation, cleanup, removal, treatment, remediation or monitoring of any Hazardous Substance;

(b) Any damages resulting from the diminution in value or unmarketability of the Property or any other real or personal property; and

(c) Any fines, penalties, assessments, judgments or other liabilities resulting from any claim, judgment or finding concerning the violation of any Environmental Law.

Buyer's liability under this Section 9.1 expressly excludes:

(d) Damages to the extent caused by the Indemnified Parties' willful misconduct;

(e) Any consequential or punitive Damages suffered or incurred by any Indemnified Parties.

9.2 Buyer's Defense and Indemnity. Buyer's defense and indemnity under Section 9.1 is expressly conditioned on the Indemnified Parties' agreement to:

(a) Reasonably and timely tender all claims for defense and/or indemnity to Buyer;

(b) Not settle or compromise defenses to any claims for defense and/or indemnity, or take any action prejudicial to Buyer;

(c) Mutual selection of legal counsel regarding any claims for defense and/or indemnity.

9.3 Pursuit of Potentially Responsible Parties. Seller shall work cooperatively with Buyer to obtain from past owners and operators a fully executed settlement and/or remediation agreement for Seller's and Buyer's respective benefit, the form of which is acceptable to Buyer and Seller and which may expressly include an indemnification as to Seller, Buyer, and future owners.

9.4 Environmental Remediation Claims. Except as addressed under Section 9.3, Seller agrees to assign to Buyer the Seller's entire interest and/or rights in environmental remediation claims against past owners and/or insurance. Buyer does not waive, and expressly reserves, all claims Buyer may have against any and all third parties (i.e. persons or entities other than Seller and/or Indemnified Parties) relating to the presence of Hazardous Substances at, on, under, or migrating from the Property, provided that to the extent Buyer pursues claims against such third parties, and such third parties consequently pursue claims against any Seller Parties, Buyer shall defend, indemnify, and hold harmless such Seller Parties from any such claim.

9.4.1 Seller agrees to seek recovery against applicable insurance, when allowed by law, for liability associated with any property damage on the Property. Buyer is hereby irrevocably appointed and constituted the Seller's agent and attorney-in-fact to make demand and commence legal action, arbitration or administrative proceedings, as Buyer deems fit, to tender, pursue and collect any all such money, proceeds or insurance claims or other third-party claims in the name of Seller and to receive any such money or proceeds in the name of the Seller of otherwise; and

9.4.2 To the extent allowable by law, Seller assigns and transfers to the Buyer any all claims and causes of action now existing and in the future arising under, against or relating to any and all insurance policies issued to, insuring and/or covering Seller in connection with current and future liabilities associated with the Property. This assignment includes all claims for defense, indemnity and bad faith including (without limitation) those relating to the liability.

9.4.3 In the situations identified in Sections 9.4(a) and 9.4(b) above,

(a) Buyer shall pay all fees and costs in pursuing insurance and third parties.

(b) Buyer has the exclusive right to appoint attorneys and consultants to pursue this insurance and any other third parties.

(c) Buyer shall have the exclusive right to decide and determine whether such legal action, arbitration or administrative proceedings shall be made, or commenced, settled, compromised, tried, appealed or withdrawn and to execute in the name of the Buyer or the Seller any documents that may be appropriate thereto.

(d) Buyer shall have the exclusive right to decide and determine whether any claim, demand, liability or suit made by the Buyer shall or shall not be settled, compromised, defended, tried or appealed, and the Buyer's decision thereon, if made in good faith, shall be conclusive and binding.

(e) Seller shall fully cooperate with Buyer in the pursuit of these claims at no cost to Seller.

9.4.4 Definitions. For purposes of this Section 9.4, the following definitions shall apply:

(a) "causes of action" means choses in action, causes of action, claims, privileges, rights, title and interest.

(b) "policies" means all insurance policies, known and unknown, issued to or insuring Seller as an "insured," "assured," "named insured" or "additional named insured" (collectively referred to as the "policies").

9.5 Definitions.

9.5.1 “Hazardous Substance” as used herein, shall mean any substance or material now or hereafter defined or regulated as a hazardous substance, hazardous waste, toxic substance, pollutant, or contaminant under any federal, state, or local law, regulation, or ordinance governing any substance that could cause actual or suspected harm to human health or the environment (“Environmental Law”). The term “Hazardous Substance” specifically includes, but is not limited to, petroleum, petroleum by-products, and asbestos.

9.5.2 “Environmental Law” as used herein, shall mean all federal, state, and local laws, statutes, rules, regulations, ordinances, and codes, and any judicial or administrative interpretation thereof or requirement thereunder, relating to the regulation or protection of human health, safety, the environment and natural resources, including the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. §§ 5101 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Clean Water Act (33 U.S.C. §§ 1251 et seq.), the Solid Waste Disposal Act (42 U.S.C. §§ 6901 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Emergency Planning and Community Right-To-Know Act (42 U.S.C. §§ 11001 et seq.), and any similar or comparable state or local laws, including without limitation, the Model Toxics Control Act (Chapter 70.105D RCW) (“MTCA”) and the Hazardous Waste Management Act (Chapter 70.105 RCW.)

9.6 Reservation of Rights. Buyer does not waive, and expressly reserves, all claims Buyer may have against Seller to enforce Section 9.

9.7 Successors and Assignment. The provisions of Section 9 shall extend to, bind and inure to the benefit of the Parties hereto and their respective successors and assigns. Buyer may assign its rights hereunder in whole or part to any party that accepts the Buyer’s responsibility under Section 9. Seller may not assign or transfer its rights or obligations under Section 9 without Buyer’s prior written consent, which may not be unreasonably withheld.

Section 10. Costs and Expenses.

Seller shall pay (a) the premium for the standard portion of the Title Policy, (b) one-half (1/2) of all escrow fees and costs, and (c) Seller’s share of prorations. Buyer shall pay for (d) the premiums for the extended coverage portion or additional title insurance coverage or endorsements, (e) the costs of the Survey, (f) all recording charges, (g) one-half (1/2) of all escrow fees and costs, and (h) Buyer’s share of prorations. Because Buyer is a public entity, no excise tax will be due on the Sale. Buyer and Seller shall each pay their own legal and professional fees and fees of other consultants. All property taxes and assessments arising from and after Closing shall be the sole responsibility of Buyer. All other costs and expenses shall be allocated between Buyer and Seller in accordance with the customary practice in the City of Mercer Island, County of King,

and State of Washington. If the transaction is terminated by either Party on account of default by the other, the defaulting Party shall pay all escrow and title costs billed by the Escrow Holder.

Section 11. Condemnation.

If before the Closing Date any condemnation or eminent domain proceedings are initiated that might result in the taking of all of the Property, then this Agreement shall terminate. If such proceeding proposes to take less than all of the Property, and the portion of the Property to be taken (i) has a value in excess of \$200,000, (ii) would take any right of access to the Property, or (iii) is necessary for the development of the Project and the Project cannot be reasonably and economically reconfigured (each, a "Material Taking"), Buyer may:

(a) terminate this Agreement by written notice to Seller whereupon the Parties shall proceed in accordance with Section 14 for a termination that is not the fault of either party; or

(b) proceed with the Closing, in which event Seller shall assign to Buyer in writing at Closing all of Seller's right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings.

Seller shall immediately notify Buyer in writing of the commencement or occurrence of any condemnation or eminent domain proceedings. If such proceedings would result in a Material Taking of any of the Property, Buyer shall then notify Seller, within ten (10) days of Buyer's receipt of Seller's notice, whether Buyer elects to exercise its rights under clause (a) or clause (b) of this Section 11. Closing shall be delayed, if necessary, until the later to occur of (i) the Closing Date or (ii) five (5) Business Days after the expiration of the 10-day period. If Buyer fails to timely elect to proceed under this Section 11, then Buyer will be deemed to have elected clause (b) above. If a taking is not a Material Taking, the Parties shall proceed in accordance with clause (b) above. This Section 11 shall not apply to any condemnation initiated by Buyer.

Section 12. Lease & Property Management Matters.

The Seller shall continue to have full responsibility for property management until the Buyer waives its Inspection Contingency and the Deposit becomes nonrefundable, at which time the Buyer shall assume said responsibilities and have access to the Property. Seller shall not approve any new leases, extensions or renewals during the Due Diligence Period, unless otherwise approved by the Buyer.

The Property would be conveyed at Closing free and clear of any and all leases and all contracts for the furnishing of goods, labor, construction or other services to the Property, unless otherwise approved by Buyer.

Section 13. Legal and Equitable Enforcement of this Agreement.

13.1 Default by Seller. This Agreement pertains to the conveyance of the Property, the unique nature of which is hereby acknowledged by the Parties. Consequently, if Seller refuses or fails without legal excuse to convey the Property to Buyer as

required by this Agreement, or otherwise defaults in its obligations hereunder, and provided that Buyer is not default in its obligations hereunder, Buyer shall have the right to elect one of the following remedies: (a) specific performance of this Agreement; or, alternatively, (b) to terminate this Agreement upon written notice to Seller and receive a return of the Deposit, in which case neither Party shall have any further obligations to the other hereunder, except for those duties and obligations stated in the Agreement that expressly survive hereunder and Section 29 concerning attorney's fees. In no event shall Seller be liable to Buyer for any damages to Buyer, other than the return of the Deposit if Buyer elects to proceed under *clause (b)* above.

13.2 Default by Buyer. If Buyer fails without legal excuse to complete the purchase of the Property, the Deposit shall be forfeited to Seller as liquidated damages and payment by Buyer of any attorney's fees and enforcement costs due under Section 29 below, is the sole and exclusive remedy against Buyer available to Seller for Buyer's failure to complete the purchase of the Property as required under this Agreement. In no event shall Seller be entitled to specific performance against Buyer for such failure. If the Closing fails to occur by reason of Buyer's default, the Parties agree that the damages that Seller would suffer thereby are difficult or impossible to determine. Accordingly, the Parties agree that the Deposit is a reasonable estimate of such damages and shall be and constitute valid liquidated damages, and not a penalty, considering all circumstances that exist on the date of this Agreement, including: (1) the relationship of the foregoing sum to the range of harm to Seller that could reasonably be anticipated; and (2) the anticipation that proof of actual damages would be impracticable or extremely difficult to determine. This provision is not intended to apply to obligations that survive a termination of this Agreement, including but not limited to the provisions of Section 4.1.1 or the Access Agreement (Exhibit E), and Seller shall be entitled to receive amounts due thereunder in addition to the Deposit.

Section 14. Termination for Failure of Condition.

If any of the conditions set forth herein are not satisfied or waived by the date provided in such condition, the Party entitled to benefit of such condition shall have the right to terminate this Agreement and the escrow provided for herein by giving written notice of such termination to the other Party and to Escrow Holder. In the event of such termination, all escrow and title charges shall be divided equally between the Parties and this Agreement will be of no further force and effect and the Parties shall have no further liability except as expressly set forth in this Agreement for matters expressly stated to survive termination of this Agreement and in the Access Agreement (Exhibit E). All documents delivered to Escrow Holder shall be returned to the depositing party, the Deposit shall be returned to Buyer and Buyer shall return to Seller all due diligence items delivered by Seller to Buyer (and all copies thereof) that are in the Buyer's possession or under its control within five (5) business days after such termination.

Section 15. Notice.

All notices required or permitted hereunder shall be in writing and shall be served on the Parties at the following addresses:

If to Buyer: City of Mercer Island
9611 SE 36th Street
Mercer Island, WA 98040-3732
Attention: Julie Thuy Underwood, City Manager
E-mail: julie.underwood@mercergov.org
Phone: 206-275-7600

With a copy to: City of Mercer Island
9611 SE 36th Street
Mercer Island, WA 98040-3732
Attention: Kari Sand, City Attorney
E-mail: kari.sand@mercergov.org
Phone: (206) 275-7650

If to Seller: Frank M. Buty, Partner
Parkway Center Management Group
1150 Alki Ave SW, Apt. 4
Seattle, WA 98116
E-mail: fmbuty@gmail.com
Phone: (206) 719-0601

AND

Shelley Burton, Partner
Parkway Center Management Group
3820 NE 155th Place. #101
Lake Forest Park, WA 98155
E-mail: slb2012@q.com
Phone: 206-367-3221

With a copy to: John Houlihan
Houlihan Law, P.C.
100 N 35th Street
Seattle, WA 98103
E-mail: john@houlihan-law.com
Phone: (206) 547-5052

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by electronic mail to the party and its counsel, return receipt required, in which case notice shall be deemed

delivered on the next Business Day following confirmed receipt, or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 15; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

Section 16. Time of Essence.

Time is of the essence of this Agreement.

Section 17. Governing Law; Jurisdiction.

The construction, validity, meaning and effect of this Agreement shall be determined in accordance with the laws of the State of Washington without regard to its conflict of law principles. In the event any action is brought to enforce any of the provisions of this Agreement, the Parties agree to be subject to the jurisdiction in the King County Superior Court for the State of Washington or in the United States District Court for the Western District of Washington.

Section 18. Counterparts; Transmissions.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Parties agree that executed counterparts may be transmitted by facsimile or as a digital document by electronic mail and such transmitted, executed counterparts shall be treated as an executed original counterpart.

Section 19. Captions.

The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

Section 20. Assignability.

Buyer shall not assign its rights under this Agreement without Seller's prior written consent, which may be withheld for any reason within the Seller's sole discretion. Any assignment of this Agreement shall not release the assigning party of its obligations under Sections 7, 8, and 9.

Section 21. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective legal representatives, successors and permitted assigns.

Section 22. Modifications; Waiver.

No waiver, modification amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the Party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

Section 23. Entire Agreement.

This Agreement contains the entire agreement, including all of the exhibits attached hereto, between the Parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations or statements, oral or written including, but not limited to the LOI, are superseded hereby.

Section 24. Fair Construction; Severability.

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context may require. The Parties hereby acknowledge and agree that each was properly represented by counsel and this Agreement was negotiated and drafted at arms' length so that the judicial rule of construction to the effect that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Agreement. If any term, provision, covenant, clause, sentence or any other portion of the terms and conditions of this Agreement or the application thereof to any person or circumstances shall apply, to any extent, become invalid or unenforceable, it shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable to most nearly retain the intent of the Parties, and if such modification is not possible, such provision shall be severed from this Agreement and the remainder of this Agreement shall continue in full force and effect, unless rights and obligations of the Parties have been materially altered or abridged by such invalidation or unenforceability.

Section 25. Survival.

The representations and warranties in this Agreement shall survive the Closing of this transaction for a period of ninety (90) days following Closing, and written notice of any claim by a Party for a breach thereof must be delivered to the other Party within such time period. In addition, the indemnities and agreements contained in Section 4.1.1(b) (Access to Property), Section 7 (As Is), Section 8 (Environmental Release), Section 9 (Environmental Indemnification, Assignments, and Claims), Section 27 (Brokers) and Section 29 (Attorneys' Fees) shall survive the termination or expiration of this Agreement and shall survive the Closing. Except for the foregoing provisions, all other agreements of the Parties contained in this Agreement shall terminate upon Closing.

Section 26. No Third-Party Rights.

Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties hereto and their respective successors and assigns, any rights or remedies under or

by reason of this Agreement. No term or provision of this Agreement shall be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder, except as may be otherwise expressly provided herein. Nothing in this Section 26 is intended to modify the restrictions on assignment contained in Section 20 hereof.

Section 27. Brokers.

Seller and Buyer represent each to the other that each has had no dealings with any broker, finder or other party concerning Buyer's purchase of the Property. Seller agrees to indemnify and hold Buyer harmless from all loss, cost, damage or expense (including reasonable attorney's fees) incurred by Buyer as a result of any claim arising out of the acts of Seller for a commission, finder's fee or similar compensation made by any broker, finder or any party who claims to have dealt with Seller. Buyer agrees to indemnify and hold Seller harmless from all loss, cost, damage or expense (including reasonable attorney's fees) incurred by Seller as a result of any claim arising out of the acts of Buyer for a commission, finder's fee or similar compensation or made by any broker, finder or any party who claims to have dealt with Buyer. The indemnities contained in this Section 27 shall survive the Closing or the termination of this Agreement.

Section 28. Business Days; Computation of Time.

The term "Business Day" as used herein means any day on which banks in Mercer Island, Washington are required to be open for business, excluding Saturdays and Sundays. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

Section 29. Attorneys' Fees.

If any legal action or other proceeding is brought for the enforcement of this Agreement (including, without limitation, enforcement of any obligation to indemnify, defend or hold harmless), or because of an alleged dispute, default or misrepresentation in connection with any of the provisions of this Agreement, the substantially prevailing party shall be entitled to recover the reasonable attorneys' fees (including those in any bankruptcy or insolvency proceeding), accountants' and other experts' fees and all other fees, expenses and costs incurred in connection with that action or proceeding, in addition to any other relief to which it may be entitled.

Section 30. Effective Date.

The Effective Date of this Agreement shall be the day and year last written by the signatures below. Until this Agreement has been signed by all Parties, it shall not be legally binding.

//

//

BUYER:

**CITY OF MERCER ISLAND, a
municipal corporation**

By: _____

Name: Julie Thuy Underwood

Its: City Manager

Date: _____

SELLERS:

**BUTY LIMITED PARTNERSHIP, a
Washington limited partnership**

**BUTY LIMITED PARTNERSHIP, a
Washington limited partnership**

By: _____

Printed Name: Frank M. Buty

Title: General Partner

By: _____

Printed Name: Steve Buty

Title: General Partner

Date: _____

Date: _____

**BUTY LIMITED PARTNERSHIP, a
Washington limited partnership**

SHELLEY LYNN BURTON TRUST

By: _____

Printed Name: Kim Buty

Title: General Partner

By: _____

Printed Name: Shelley L. Burton

Title: Trustee

Date: _____

Date: _____

**JEAN MITCHELL BURTON
TESTAMENTARY TRUST**

**MARTIN M. BURTON IRREVOCABLE
TRUST, dated April 16, 1987**

By: _____

Printed Name: Shelley Burton

Title: Successor Trustee

By: _____

Printed Name: Shelley L. Burton

Title: Trustee

Date: _____

Date: _____

**SHELLEY LYNN BURTON, as her
separate estate**

MELISSA MARY BURTON TRUST

By: _____
Printed Name: Shelley L. Burton

By: _____
Printed Name: Kristina C. Udall
Title: Trustee

Date: _____

Date: _____

EXHIBIT A

Legal Description of Property

LOT 1 AND THAT PORTION OF LOT 2, BLOCK 15, MCGILVRA'S ISLAND ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 16 OF PLATS, PAGE 58, RECORDS OF KING COUNTY, WASHINGTON;

LYING NORTHERLY OF NORTH MERCER WAY, AS ESTABLISHED BY DEED RECORDED UNDER RECORDING NUMBER 2561652; EXCEPT PORTION OF LOTS 1 AND 2 CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 312351 FOR PRIMARY STATE HIGHWAY NO. 2;

AND EXCEPT THE WEST 113.5 FEET IN WIDTH THEREOF. SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT B

Form of Earnest Money Note

PROMISSORY NOTE

\$150,000.00

Dated: _____, 2018

FOR VALUE RECEIVED, CITY OF MERCER ISLAND, a Washington municipal corporation (“Maker”), promises to pay to the order of *FIRST AMERICAN TITLE INSURANCE COMPANY* (“Holder”), 818 Stewart Street, Suite 800, Seattle, WA 98101, the principal sum of ONE HUNDRED FIFTY THOUSAND DOLLARS AND NO/100 (\$150,000.00), as the Earnest Money Note in accordance with Section 2.2 of that certain Purchase and Sale Agreement between Maker, as Buyer, and _____, a Washington _____, as Seller, dated [_____, _____] (the “Agreement”). This Note shall be payable within three (3) Business Days after satisfaction of Buyer’s Inspection Condition under Section 4.1.1 the Agreement.

Maker’s failure to pay the Earnest Money if required by the terms of the Agreement shall constitute a default by Maker under both the Agreement and this Note.

Maker promises to pay all costs, expenses and attorneys’ fees incurred by Holder in the exercise of any remedy (with or without litigation) under this Note in any proceeding for the collection of the debt evidenced by this Note, or in any litigation or controversy arising from or connected with this Note.

Delay in exercising any of the Holder’s rights or options hereunder shall not constitute a waiver thereof, and waiver of any right or option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

The provisions of this Note shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

This Note shall be construed according to the laws of the State of Washington and pursuant to the terms and conditions of the Agreement.

Time is of the essence of this Note and each and every term and provision hereof.

MAKER:

CITY OF MERCER ISLAND,
a Washington municipal corporation

[Do Not Sign – Exhibit Only]

By: _____

Name: Julie Thuy Underwood

Title: City Manager

EXHIBIT C

Form of Deed

After Recording Return To:

City of Mercer Island
Attention: City Attorney's Office
9611 SE 36th Street
Mercer Island, Washington 98040

BARGAIN AND SALE DEED

GRANTORS:

GRANTEE: City of Mercer Island, a Washington municipal corporation

Legal Description:

Abbreviated Form:
Additional legal on Page ____

Assessor's Tax Parcel ID#:

THE GRANTORS, _____, for and in consideration of ten dollars (\$10) in hand paid, bargains, sells and conveys to the Grantee, City of Mercer Island, a Washington municipal corporation, the following described real estate, situated in the County of King, State of Washington.

See Exhibit A attached hereto.

Subject to and excepting those matters listed in Exhibit B attached hereto and incorporated herein by this reference.

Dated _____, 2018.

GRANTORS

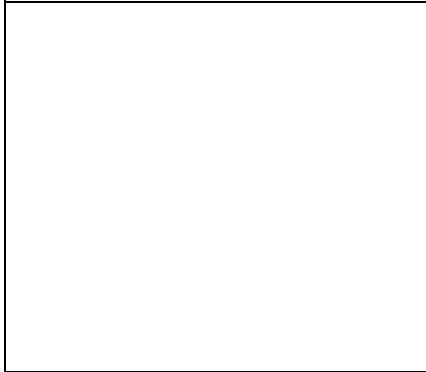
[Do Not Sign – Exhibit Only]

By: _____
Its: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she as authorized to execute the instrument and acknowledged it as the _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

EXHIBIT A TO DEED

Legal Description

LOT 1 AND THAT PORTION OF LOT 2, BLOCK 15, MCGILVRA'S ISLAND ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 16 OF PLATS, PAGE 58, RECORDS OF KING COUNTY, WASHINGTON;

LYING NORTHERLY OF NORTH MERCER WAY, AS ESTABLISHED BY DEED RECORDED UNDER RECORDING NUMBER 2561652;

EXCEPT PORTION OF LOTS 1 AND 2 CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 312351 FOR PRIMARY STATE HIGHWAY NO. 2;

AND EXCEPT THE WEST 113.5 FEET IN WIDTH THEREOF.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT B TO DEED

Exceptions

(to be added)

EXHIBIT D

List of Reports Delivered to Buyer

[to come]

EXHIBIT E

Form of Access Agreement

SITE ACCESS AGREEMENT

This SITE ACCESS AGREEMENT (the “Agreement”) dated as of _____, _____, is by and between _____, (“Seller”), and City of Mercer Island, a Washington municipal corporation (“Buyer”) with reference to the following:

RECITALS

A. Buyer is under contract to purchase certain property (the “Property”) described on Exhibit A attached hereto from the Seller pursuant to a Purchase and Sale Agreement dated [_____, _____, 2018] (the “Purchase Agreement”).

B. Under the Purchase Agreement, Buyer has the right to enter onto the Property and conduct its due diligence investigations to determine whether the Project is feasible and to engage in planning for the Project.

C. Buyer or its consultants and their respective employees, contractors and agents (collectively the “Consultants”) desires to perform the investigations and Project planning, including a surveyor, environmental consultant and geotechnical consultant on the Property. As provided in the Purchase Agreement, Seller wishes to cooperate in this investigation by granting to Buyer and Consultants a license to conduct such an investigation subject to the terms of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Seller grants to Buyer and Consultants a temporary non-exclusive license, subject to terms hereof, to enter upon the Property for the purpose of conducting activities on the Property to investigate the condition thereof and the feasibility of the Project as well as planning for the Project (the “Investigation Activities”). Buyer and Consultant may enter onto the Property pursuant to this License. In no event shall any drilling, penetrations or other invasive testing or inspections be done without the written approval of Seller, whose approval shall not be unreasonably withheld, conditioned or delayed.

The License granted herein shall continue in force from the date hereof and terminate upon the earlier to occur of (i) the closing of Buyer’s acquisition of the Property under the Purchase Agreement, or (ii) the earlier termination of the Purchase Agreement for any reason (the “Term”).

2. Buyer shall or shall cause its Consultants to remove all equipment, materials and debris used in or resulting from the Investigation Activities before the end of the Term unless Buyer purchases the Property pursuant to the Purchase Agreement. If Seller approves of any invasive testing, all samples and investigation residuals derived from the Investigation Activities

when removed from the Property shall be transported and disposed of by Buyer or Consultants in accordance with applicable law.

3. All persons who enter the Property pursuant to this Agreement assume the risk of doing so. Buyer waives any claims against Seller and releases Seller from any liability for any loss, damage or injury to Buyer, its Consultants or their property arising from the Investigation Activities, excluding those claims to the extent arising out of the negligence or willful misconduct of Seller, its employees, agents and contractors. Seller shall not be responsible for the safety of Buyer or its Consultants in their conduct of the Investigation Activities. Except as expressly provided in the Purchase Agreement, Seller has no responsibility or liability whatsoever for the condition of the Property. Buyer will repair and restore the Property to at least as good condition as existed before Buyer's or its Consultant's entry onto the Property (normal wear and tear excepted). Buyer and its Consultants shall be responsible for any damage done to the Property by Buyer or its Consultants. While on the Property pursuant to this Agreement, Buyer will comply and will cause all Consultants to comply with all applicable government laws and regulations concerning the Investigation Activities on the Property. Buyer will not suffer or permit to be enforced against the Property any mechanics, materialmen's or contractor's liens or any claim for damage arising from the work of any survey, tests, investigation, repair, restoration, replacement or improvement performed by Buyer or its Consultants as part of the Investigation Activities, and Buyer shall pay or cause to be paid all claims or demands with respect to the same before any action is brought to enforce the same against the Property.

Buyer will indemnify, protect, defend and hold Seller, its officers, and employees harmless from any loss, damage, injury, accident, fire or other casualty, liability, claim, lien, cost or expense (including attorneys' fees) of any kind or character to the extent arising from or caused by (a) entry on the Property by Buyer or its Consultants pursuant to this Agreement, (b) any act or omission of Buyer or any of its Consultants in the conduct of the Investigation Activities, (c) a violation or alleged violation by Buyer or its Consultants of any law or regulation in their conduct of the Investigation Activities, or (d) violation of this Agreement by Buyer or any of its Consultants. Seller's right of indemnity under this section shall not limit or waive any other legal claim or defense Seller may have outside of this Agreement.

IN CONNECTION WITH THIS INDEMNITY, BUYER WAIVES ANY IMMUNITY IT MAY HAVE UNDER INDUSTRIAL INSURANCE LAW, RCW TITLE 51. THIS WAIVER WAS MUTUALLY NEGOTIATED.

4. Buyer shall, during the term of this Agreement, maintain commercial general liability insurance, with the coverage of not less than \$1,000,000 for each occurrence and a \$2,000,000 general aggregate limit, on an occurrence basis from a reputable insurer licensed to do business in Washington, and shall, upon request, furnish to City certificates of insurance evidencing such coverage. Seller will be named as an additional insured under the policy.

5. All of the covenants of Buyer and indemnities permitted by Buyer hereunder shall survive termination of the license granted hereunder.

6. All Investigation Activities shall be performed solely at Buyer's expense, and neither Buyer nor Consultants shall look to Seller for reimbursement of or contribution for all or any part of those expenses.

7. All notices hereunder shall be delivered by a recognized overnight courier service or by certified mail, return receipt requested, to the addresses set forth below or to such other addresses of a party as are set forth in a notice by that party to the other parties:

If to Buyer: City of Mercer Island
9611 SE 36th Street
Mercer Island, Washington 98040-3732
Attention: Julie Thuy Underwood, City Manager
E-mail: julie.underwood@mercergov.org
Phone: 206-275-7600

If to Seller: Frank M. Buty, Partner
Parkway Center Management Group
1150 Alki Ave SW, Apt. 4
Seattle, WA 98116
E-mail: fmbuty@gmail.com
Phone: (206) 719-0601

AND

Shelley Burton, Partner
Parkway Center Management Group
3820 NE 155th Place. #101
Lake Forest Park, WA 98155
E-mail: slb2012@q.com
Phone: 206-367-3221

With a copy to: John Houlihan
Houlihan Law
100 N 35th Street
Seattle, WA 98103
E-mail: john@houlihan-law.com
Phone: (206) 547-5052

8. This Agreement may be executed in one or more counterparts, but all of which together shall constitute one and the same instrument. The Parties agree that executed counterparts may be transmitted by facsimile or as a digital document by electronic mail and such transmitted executed counterparts shall be treated as an executed original counterpart.

9. The Parties agree that this Agreement shall be governed by the laws of the State of Washington without regard to its conflict of law principles.

10. All defined terms used in this Agreement shall have the same meaning that they have in the Purchase and Sale Agreement unless expressly stated otherwise.

IN WITNESS HEREOF, the Parties have duly executed this Agreement as of the date first set forth above.

BUYER:

CITY OF MERCER ISLAND, a Washington municipal corporation

[Do Not Sign – Exhibit Only]

By: _____

Name: Julie Thuy Underwood

Title: City Manager

Date: _____

SELLERS:

BUTY LIMITED PARTNERSHIP, a Washington limited partnership

BUTY LIMITED PARTNERSHIP, a Washington limited partnership

By: _____

Printed Name: Frank M. Buty

Title: General Partner

By: _____

Printed Name: Steve Buty

Title: General Partner

Date: _____

Date: _____

BUTY LIMITED PARTNERSHIP, a Washington limited partnership

By: _____

Printed Name: Kim Buty

Title: General Partner

Date: _____

**JEAN MITCHELL BURTON
TESTAMENTARY TRUST**

**MARTIN M. BURTON IRREVOCABLE
TRUST, dated April 16, 1987**

By: _____
Printed Name: Shelley Burton
Title: Successor Trustee

By: _____
Printed Name: Shelley L. Burton
Title: Trustee

Date: _____

Date: _____

SHELLEY LYNN BURTON TRUST

MELISSA MARY BURTON TRUST

By: _____
Printed Name: Shelley L. Burton
Title: Trustee

By: _____
Printed Name: Kristina C. Udall
Title: Trustee

Date: _____

Date: _____

**SHELLEY LYNN BURTON, as her
separate estate**

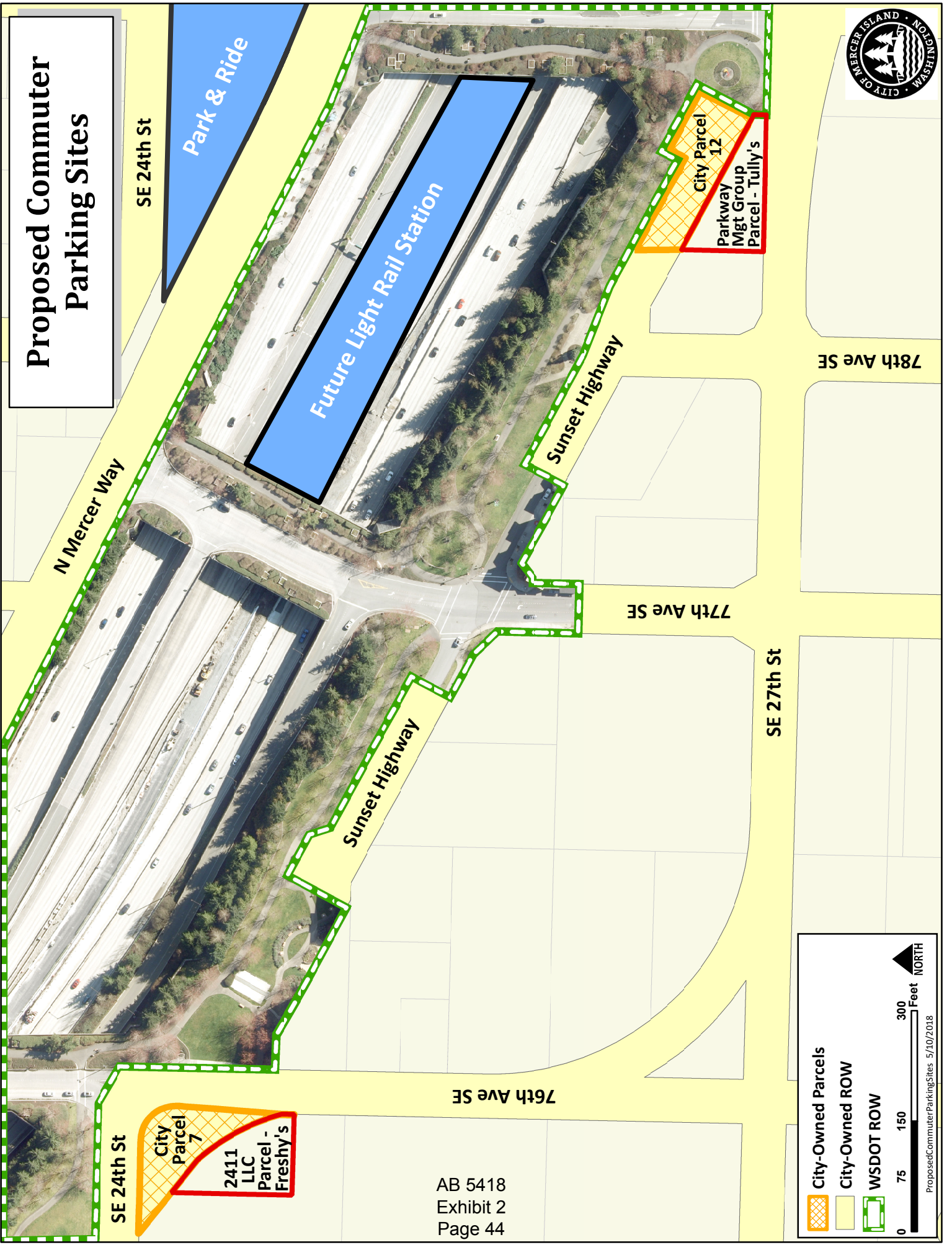
By: _____
Printed Name: Shelley L. Burton

Date: _____

EXHIBIT A to Site Access Agreement

Legal Description of Property

Proposed Commuter Parking Sites



SE 24th St

Park & Ride

Future Light Rail Station

City Parcel 12
Parkway Mgt Group
Parcel - Tully's

Sunset Highway

N Mercer Way

78th Ave SE

77th Ave SE

SE 27th St

Sunset Highway

76th Ave SE

SE 24th St

City Parcel 7
2411 LLC
Parcel - Freshy's

AB 5418
Exhibit 2
Page 44

City-Owned Parcels
 City-Owned ROW
 WSDOT ROW

0 75 150 300 Feet
 NORTH

ProposedCommuterParkingSites 5/10/2018



**CITY OF MERCER ISLAND
RESOLUTION NO. 1545**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON,
INITIATING A PROPOSED, OUT OF CYCLE COMPREHENSIVE PLAN
AMENDMENT AND REZONE OF THE LAND KNOWN AS PARCEL 12 FROM
PUBLIC INSTITUTION TO TOWN CENTER**

WHEREAS, on June 5, 2018, the Mercer Island City Council approved Resolution No. 1544, authorizing the City Manager to execute a purchase and sale agreement with Parkway Management Group et al. to purchase the real property at 7810 SE 27th Street (“Tully’s Property”); and

WHEREAS, the City is evaluating the Tully’s Property as a potential site for long-term, transit commuter parking; and

WHEREAS, to purchase the Tully’s Property, the City plans on utilizing the funds provided by Sound Transit in accordance with the Settlement Agreement approved by the City Council on October 17, 2017 (AB 5346), which allows reimbursement of up to \$4.41 million towards the development of long-term, transit commuter parking; and

WHEREAS, the Settlement Agreement requires the City to fund 51% of the cost to construct up to 200 of such parking stalls; and

WHEREAS, contribution of City land qualifies as a cost contribution; and

WHEREAS, in April 2000, the Washington State Department of Transportation (WSDOT) deeded to the City several surplus parcels in Mercer Island as part of its I-90 Turnbacks (Quitclaim Deed, King County Recording No. 20000425001234, recorded on April 25, 2000); and

WHEREAS, included in the WSDOT deed was Parcel 12, an elongated section of land generally running east-west to the north of the Tully’s Property containing a portion of Sunset Highway and a portion of the Greta Hackett Outdoor Sculpture Gallery as approximately shown on Exhibit 1 (“City’s Property”); and

WHEREAS, the City’s Property and the adjoining WSDOT property is currently designed “Public Institution” on both the City’s Comprehensive Plan Land Use Map and the Zoning Map; and

WHEREAS, amending both the City’s Comprehensive Plan Land Use Map and the Zoning Map to change the City’s Property from “Public Institution” to “Town Center” provides increased flexibility in the use of the City’s Property for long-term, transit commuter parking, and for other uses and improvements allowed in the Town Center that are necessary to support such parking; and

WHEREAS, Mercer Island City Code 19.15.050(C) and Revised Code of Washington (RCW) 36.70A.130(2) allow the City to amend the Comprehensive Plan no more frequently than once every calendar year; and

WHEREAS, the final docket of proposed amendments for 2018 was established by the Mercer Island City Council by Resolution No. 1534 on November 6, 2017; and

WHEREAS, the next annual docket cycle is in 2019, concluding by the end of 2019; and

WHEREAS, RCW 36.70A.130(2)(b) allows the City to adopt amendments or revisions to its comprehensive plan more frequently than once per year whenever an emergency exists; and

WHEREAS, the Tully's Property purchase and sale agreement requires closing by December 2, 2018; and

WHEREAS, the City Council requires the re-designation and re-zone of the City's Property to Town Center, prior to closing on the Tully's Property; and

WHEREAS, a decision on the proposed re-designation and re-zone of Parcel 12 in the next annual amendment cycle in 2019 would occur on the 4th quarter of 2019, nearly a year after the Tully's Property closing date; and

WHEREAS, consideration of, and a decision on, the proposed re-designation and re-zone of the City's Property in 2019 would delay completion of the long-term, transit commuter parking until sometime in 2024, a year after the East Link Light Rail Station is scheduled to open for service; and

WHEREAS, based on the foregoing, the City Council determines it is necessary to expedite the consideration of, and a decision on, the proposed re-designation and re-zone of the City's Property, and potentially a portion of the adjoining WSDOT property, to promote timely completion of a long-term, transit commuter parking facility within the City of Mercer Island's Town Center near the East Link Light Rail Station while still ensuring early and continuous public participation; and

WHEREAS, MICC 19.15.050(C)(3) allows the City Council to consider amendments more frequently than once per calendar year if the Council specifies the scope of the amendment, identifies the projected completion date and, if necessary, funds resources necessary to accomplish the work;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AS FOLLOWS:

The City Council directs City staff and the Planning Commission to analyze, study, and make recommendations to the City Council by September 18, 2018 on the proposed, out of cycle Comprehensive Plan amendment and rezone of the portion of land known as Parcel 12 (the City's Property) from Public Institution to Town Center as approximately shown on Exhibit A.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS REGULAR MEETING ON THE 5th DAY OF JUNE 2018.

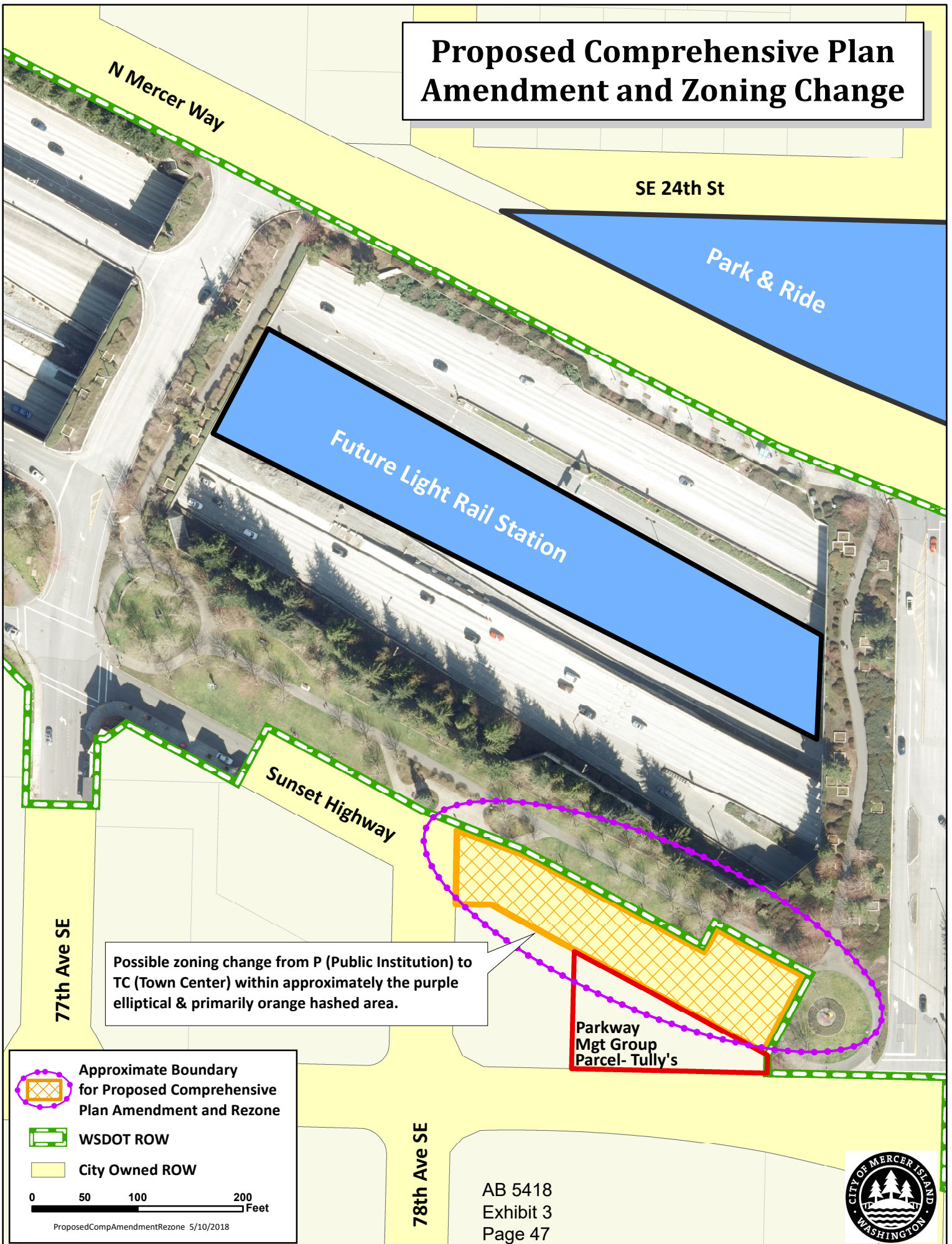
CITY OF MERCER ISLAND

Debbie Bertlin, Mayor

ATTEST:


Allison Spietz, City Clerk


Proposed Comprehensive Plan Amendment and Zoning Change




Possible zoning change from P (Public Institution) to TC (Town Center) within approximately the purple elliptical & primarily orange hashed area.

Parkway Mgt Group Parcel- Tully's

 Approximate Boundary for Proposed Comprehensive Plan Amendment and Rezone

 WSDOT ROW

 City Owned ROW

0 50 100 200 Feet

ProposedCompAmendmentRezone 5/10/2018





News Release • May 10, 2018
CITY OF MERCER ISLAND, WASHINGTON
9611 SE 36th Street • Mercer Island, WA 98040-3732
www.mercergov.org

Contact: Ross Freeman (206) 275-7662
Sustainability & Communications Manager

For immediate release

City Council takes action to create commuter parking for Islanders

*Public-Private Partnerships Create Solutions and
Leverage Sound Transit Settlement Funds*

May 10, 2018 (Mercer Island, WA) -- The City of Mercer Island is considering a pair of landmark projects to create up to 200 parking spaces in Town Center as part of its commitment to Islanders made during mitigation negotiations with Sound Transit and the Washington State Department of Transportation (WSDOT). In a move that brings together Sound Transit funding, City-owned properties, and private partnerships, the City will secure new parking within walking distance of the new light rail station scheduled to open in 2023.

The two properties involved ([map](#)) are located near each end of the future East Link light rail station. One is the former Tully's Coffee site at 7810 SE 27th Street, south of the Mercer Island Park & Ride, which the City is planning to purchase and combine with adjacent property it already owns. This property is projected to support over 100 underground parking spaces with potential mixed-use development above.

The [settlement agreement](#) with Sound Transit called for a 51% match by the City for any expenditure of Sound Transit funds. The \$2.0 million purchase price is eligible for reimbursement by Sound Transit, and the adjacent existing City property will be Mercer Island's 51% contribution to the deal. This significantly reduces the financial impact to taxpayers for property acquisition. The City plans to leverage the value of the property to attract private investment to construct the parking.

The second property is a small parcel of land next to Freshy's Seafood Shack, at the southwest corner of SE 24th Street and 76th Avenue SE, which the City is selling for \$2.3 million to the adjacent landowner who will consolidate and redevelop both parcels. As part of the sale agreement, the property owner commits to provide an additional 65-70 underground commuter parking spaces for use by Mercer Island residents during peak commute hours. The commuter parking, which will come at minimal cost to the City, is valued at approximately \$6.0 million, and once constructed, will be controlled by the City between the hours of 5:30am and 7:30pm, Monday through Friday.

“Mercer Island is taking a forward-looking approach to addressing our transportation facilities and advancing solutions that meet the needs of our community. The Council is excited to deliver what our residents have been asking for – commuter parking,” said Mayor Debbie Bertlin. “We have the opportunity to leverage Sound Transit funds to create innovative partnerships that will advance Islander interests.”

Frequent feedback during the mitigation negotiations and the subsequent public outreach process highlighted the need for more commuter parking and improved accessibility to the coming light rail. By creating two new, separate parking facilities, the City Council intends to accomplish two important objectives. First, parking serving Island residents is intended to mitigate the full lot many people experience at the existing Mercer Island Park & Ride. Second, the commuter parking opportunity sites are dispersed across three locations to create greater mobility in Town Center.

“What you see today is a City Council who thought boldly about the future mobility needs of Islanders,” said Salim Nice, Deputy Mayor. “Our goal is to provide parking while enhancing our Town Center retail core and creating a new gateway for Mercer Island just steps away from the future East Link light rail service.”

“What I love about what we’re undertaking is that these redevelopment opportunities present an incredibly elegant solution,” said Councilmember Dave Wisenteiner. “We’re able to use Sound Transit dollars combined with a public-private partnership, combined with existing land the City already owns next to Tully’s, all in pursuit of fulfilling our commitment to residents without additional financial burden on citizens.”

The City Council will review the proposed purchase and sale agreements for the two property transactions at its May 15 meeting. The final purchase and sale agreements are scheduled for discussion and possible approval at the June 5 meeting. If approved, an extensive due diligence period will follow, and the closing will be scheduled to occur early next year.

Additional information

Webpage and FAQ www.mercergov.org/CommuterParking
Map of sites http://www.mercergov.org/files/Map_ProposedParkingSites_May2018.pdf
Contact Ross Freeman, Sustainability and Communications Mgr, City of Mercer Island
ross.freeman@mercergov.org or (206) 275-7662

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Commuter Parking Proposal

FAQ Updated: 10 May 2018

When will these decisions be made and how can the community weigh in on these proposals?

The City Council will review purchase and sale agreements (PSA) for the two property transactions at its May 15, 2018 meeting, followed by a period of community input. The final purchase and sale agreements are scheduled for City Council action on June 5, 2018. If they are approved, then an extensive due diligence period will follow, and closing would occur by late 2018 or early 2019. The Council welcomes the community's input on these two proposed PSAs.

What happens during the due diligence period?

A Due Diligence period allows a buyer to fully investigate property prior to closing (or finalizing the acquisition) to ensure that it is suitable for the buyer's desired development or use. Due diligence periods allow a buyer to withdraw from a purchase and sale agreement if something is discovered about the property that does not meet expectations. In the case of the City purchasing the former Tully's site, the City will have six months to investigate and evaluate the property in detail before making a final decision to purchase the property and proceed to closing. This is similar to a home inspection when purchasing a new home.

When will the commuter parking spaces be ready?

Parking spaces on both properties are expected to be available by 2023, in time for the scheduled opening of the East Link light rail service on Mercer Island.

Why is the City creating parking at this time?

The lack of available parking at the MI Park & Ride is a growing problem for Island residents. The facility is generally full by 7:00am on weekdays and about half of all Park & Ride parking spaces are used by non-Islanders. Island residents have consistently asked for additional parking, and the demand is expected to grow when light rail opens and increased numbers of residents seek to use predictable train transit.

Will the parking be exclusively for use by Island residents?

The City is exploring a tiered pricing scheme, similar to what it uses for its Parks and Recreation programs, or a comparable mechanism, to ensure Island residents have preferential access to the new parking spaces.

How much will it cost residents to use the additional parking?

There will be ongoing maintenance costs for the new commuter parking facility, and the City will need to share the maintenance cost with users. The City plans to research and develop an operational plan and pricing models before the parking facility is operational. Likewise, a "reservation" model could provide guaranteed parking, which does not currently exist at the Mercer Island Park and Ride.

How much will constructing these new commuter parking garages cost Island taxpayers?

Due to the unique public-private partnerships proposed, both commuter parking sites will deliver parking facilities for Mercer Island for the least possible cost by leveraging the City's current and proposed land assets. For the Tully's site, the City's actual contribution, if any, for parking facilities is not yet known and will be further defined over the next six months as the City evaluates the property during its Due Diligence period. In the case of the Freshy's

site, the developer has agreed to provide between 65 to 70 public parking spaces to the City during commuting hours in exchange for the City's sale of Parcel 7. This arrangement leverages the value of the land, thereby alleviating the financial burden on taxpayers.

At the former Tully's Coffee site: The City plans to purchase the former Tully's property located at 7810 SE 27th Street from Parkway Management Group, for a purchase price of \$2 million, using a portion of the Sound Transit Settlement funds. The parcel could then be combined with adjacent property (Parcel 12) that the City already owns at Sunset Highway, and which could serve as a match for the ST funds in keeping with the ST Settlement Agreement. The City plans to construct over a 100 underground parking spaces. The City anticipates creating a public-private partnership with a developer to bring in the expertise and necessary funding to complete the project.

At the Freshy's site: The City is selling a small parcel (City Parcel 7) at the southwest corner of SE 24th Street and 76th Avenue SE in Town Center, for an estimated \$2.3 million to Twenty Four Eleven LLC (Twenty Four Eleven). WSDOT deeded the triangular parcel to the City in 2000 for limited, specific uses, and will be the ultimate recipient of sale proceeds under the terms of the deed. The triangular property is adjacent to land owned by the buyer, where Freshy's Seafood Shack operates today. Twenty Four Eleven plans to build a mixed use project on the combined properties, to include 65-70 underground parking stalls for transit commuters that will be dedicated to the City of Mercer Island's perpetual use between the hours of 5:30 am and 7:30 pm, Monday thru Friday.

Why does WSDOT get the money for the sale of Lot 7 if it's City land?

WSDOT deeded the triangular parcel to the City in 2000 for limited, specific uses, and WSDOT will be the ultimate recipient of sale proceeds under the terms of the deed. The City will receive compensation in the form of dedicated commuter parking provided by the developer: at today's construction costs of \$85,000 per underground parking stall, this is valued at approximately \$6M.

How can the City afford to buy property when it's facing budget deficits?

The Tully's property purchase will use a portion of the ST Settlement funds which are restricted to parking use only and cannot be used for other City budget needs.

Is parking the only use considered for the former Tully's site?

The Tully's site combined with a small parcel adjacent to the site (City Parcel 12) could be assembled to create a mix-used project. As a consideration, if the adjacent parcel is rezoned to match the Tully's zone – Town Center (TC) – the City could leverage private investment and reduce the financial burden on taxpayers. The Council will be considering this during the due diligence period.

Will residents have an opportunity to comment on the future project proposal?

Absolutely. The Council is pleased to help develop a project that meets demands for more commuter parking and that also "creates a vibrant, healthy Town Center serving the City's business, social, cultural and entertainment center" (Town Center Plan). Citizen input will be welcomed and critical to ensuring a successful project.

What are the public amenity requirements for these projects?

Under the City's Town Center Development and Design Standards, a new project at either location must provide a variety of public amenities.

What will happen to the Greta Hackett Sculpture Garden next to the Tully's site?

The City Council and the community value the Greta Hackett Outdoor Sculpture Garden and the City will preserve and enhance it with better connectivity to the new transit station, thereby creating a welcoming entry to the Town Center. The details of how any proposed project relates to the sculpture garden will be developed in consultation with the Mercer Island Arts Council.

What happens to any trees that must be removed for construction?

Any trees that are removed, even on City-owned land, must be replaced according to the updated rules in the [City's tree code](#). In addition, a minimum of 25% of each site must be landscaped.

What will happen to the Freshy's Seafood Shack?

Discussions are underway between the land developer and the owner of Freshy's about a suitable space in the new proposed building.

How will these proposed projects interface with the new light rail station?

The City plans to design a welcoming pedestrian flow from Town Center to the light rail station. The community's input on the design will be critical.

I've heard the Tully's site is contaminated, how is the City going to handle this?

Environmental contamination at the Tully's site, caused by a gas station that once operated there, will be cleaned up. The City and Parkway Mgmt Group are negotiating to seek reimbursement for the site cleanup from outside entities, including from the previous owners responsible for the contamination.

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Learn more at: www.mercergov.org/CommuterParking



PLANNING SCHEDULE

Please email the City Manager & City Clerk when an agenda item is added, moved or removed.

Special Meetings and Study Sessions begin at 6:00 pm. Regular Meetings begin at 7:00 pm. Items are not listed in any particular order. Agenda items & meeting dates are subject to change.

MAY 15		DUE TO:	5/25 D/P	5/28 FN	5/28 CA	5/29 Clerk
ITEM TYPE TIME TOPIC				STAFF		SIGNER
STUDY SESSION (5:30-7:00 pm)						
90	2018 Biennial Citizen Satisfaction Survey Results			Julie Underwood		
SPECIAL BUSINESS (7:00 pm)						
10	Eagle Scout Recognition					
5	National Gun Violence Awareness Day Proclamation			Julie Underwood		
5	Safe Boating and Paddling Week Proclamation			Ed Holmes		
CONSENT CALENDAR						
--	Arts Council 2017 Annual Report & 2018 Work Plan			Diane Mortenson		
--	Arts Council Town Center Public Art Banner Project Artist Selection Panel Approval			Diane Mortenson		
--	SE 40 th Street Corridor Improvement Bid Award			Clint Morris		
--	2018 Arterial and Residential Street Overlays Bid Award			Clint Morris		
--	Groveland Park Repair and Shoreline Improvements Bid Award			Alaine Sommargren		
REGULAR BUSINESS						
45	City's Financial Challenges: Review Community Advisory Group's Recommendations / Discuss Scenarios and Options			Julie Underwood & Chip Corder		
60	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			Julie Underwood		
60	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			Julie Underwood		

MAY 17 – 5:30-6:45 PM (SPECIAL MEETING)						
	Special Joint Meeting with MISD Board					

MAY 22 – 6:00 PM (SPECIAL MEETING)						
	Special Joint Meeting with Planning Commission (re: Critical Areas Ordinance)					

JUNE 5		DUE TO:	5/25 D/P	5/28 FN	5/28 CA	5/29 Clerk
ITEM TYPE TIME TOPIC				STAFF		SIGNER
STUDY SESSION (6:00-7:00 pm)						
SPECIAL BUSINESS (7:00 pm)						

CONSENT CALENDAR			
--	Summer Celebration Fireworks Display Permit	Steve Heitman	
--	2018 Arterial and Residential Chip Seals Bid Award	Clint Morris	
--	Adoption of 6-Year Transportation Improvement Program	Patrick Yamashita	
PUBLIC HEARING			
90	City's Financial Challenges: Review City Manager's Recommendation	Julie Underwood	Chip
REGULAR BUSINESS			
45	Zoning Code Cleanup Code Amendments (1st Reading)	Andrew Leon	
45	2017 Year-end Financial Status Report & Budget Adjustments	Chip Corder	Julie
EXECUTIVE SESSION			

JUNE 9 (SATURDAY, 8:00 AM – 5:00 PM)					
2018 MINI-PLANNING SESSION (MICEC)					

JUNE 19		DUE TO:	6/8 D/P	6/11 FN	6/11 CA	6/12 Clerk
ITEM TYPE TIME TOPIC			STAFF		SIGNER	
STUDY SESSION (6:00-7:00 pm)						
SPECIAL BUSINESS (7:00 pm)						
5	Parks and Recreation Month & Summer Celebration! Proclamation		Diane Mortenson			
10	KCLS Executive Director Lisa Rosenblum Introduction		Kirsten Taylor			
CONSENT CALENDAR						
PUBLIC HEARING						
REGULAR BUSINESS						
30	First/Last-Mile Solutions: Dockless Bike Share Pilot Proposal		Ross Freeman			
60	Discussion of City's Financial Challenges		Julie Underwood		Chip	
15	1st Quarter 2018 Financial Status Report & Budget Adjustments		Chip Corder		Julie	
EXECUTIVE SESSION						

JUNE 26 (SPECIAL MEETING)		DUE TO:	6/22 D/P	6/25 FN	6/25 CA	6/26 Clerk
ITEM TYPE TIME TOPIC			STAFF		SIGNER	
STUDY SESSION (6:00-7:00 pm)						

SPECIAL BUSINESS (7:00 pm)			
CONSENT CALENDAR			
PUBLIC HEARING			
REGULAR BUSINESS			
60	Procedural Zoning Code Amendments (1st Reading)	Nicole Gaudette	
30	Zoning Code Cleanup Code Amendments (2nd Reading)	Andrew Leon	
90	2019-2024 Capital Improvement Program Preview	Chip Corder	Julie
EXECUTIVE SESSION			

JULY 3					
CANCELED					

JULY 17				DUE TO:	7/6 D/P	7/9 FN	7/9 CA	7/10 Clerk
ITEM TYPE TIME TOPIC						STAFF		SIGNER
STUDY SESSION (6:00-7:00 pm)								
SPECIAL BUSINESS (7:00 pm)								
5	National Night Out Proclamation				Jennifer Franklin			
CONSENT CALENDAR								
PUBLIC HEARING								
REGULAR BUSINESS								
60	Code Compliance Ordinance (1st Reading)				Alison Van Gorp			
30	Procedural Zoning Code Amendments (2nd Reading)				Nicole Gaudette			
EXECUTIVE SESSION								

AUGUST 7				DUE TO:	7/27 D/P	7/30 FN	7/30 CA	7/31 Clerk
ITEM TYPE TIME TOPIC						STAFF		SIGNER
NATIONAL NIGHT OUT (5:00-7:00 pm)								

120	National Night Out Party (City Hall Police Carport)		
SPECIAL BUSINESS (7:00 pm)			
5	Women's Equality Day Proclamation		
CONSENT CALENDAR			
PUBLIC HEARING			
REGULAR BUSINESS			
30	Code Compliance Ordinance (2nd Reading)	Alison Van Gorp	
EXECUTIVE SESSION			

AUGUST 21					
CANCELED					

SEPTEMBER 4			DUE TO:	8/24 D/P	8/27 FN	8/27 CA	8/28 Clerk
ITEM TYPE TIME TOPIC					STAFF		SIGNER
STUDY SESSION (6:00-7:00 pm)							
SPECIAL BUSINESS (7:00 pm)							
5	National Recovery Month Proclamation			Cindy Goodwin			
5	Emergency Preparedness Month Proclamation			Jennifer Franklin			
5	Day of Concern for the Hungry Proclamation			Cindy Goodwin			
CONSENT CALENDAR							
PUBLIC HEARING							
REGULAR BUSINESS							
30	2nd Quarter 2018 Financial Status Report & Budget Adjustments (include Thrift Store Revenue/Expenditure Update)			Chip Corder			
EXECUTIVE SESSION							

SEPTEMBER 18			DUE TO:	9/7 D/P	9/10 FN	9/10 CA	9/11 Clerk
ITEM TYPE TIME TOPIC					STAFF		SIGNER
STUDY SESSION (6:00-7:00 pm)							

SPECIAL BUSINESS (7:00 pm)		
CONSENT CALENDAR		
PUBLIC HEARING		
REGULAR BUSINESS		
90	2018 Comprehensive Plan Amendments (1st Reading)	Evan Maxim
EXECUTIVE SESSION		

OCTOBER 2		DUE TO:	9/21 D/P	9/24 FN	9/24 CA	9/25 Clerk
ITEM TYPE TIME TOPIC				STAFF		SIGNER
STUDY SESSION (6:00-7:00 pm)						
SPECIAL BUSINESS (7:00 pm)						
5	Domestic Violence Action Month Proclamation			Cindy Goodwin		
5	National Community Planning Month Proclamation			Scott Greenberg		
CONSENT CALENDAR						
PUBLIC HEARING						
60	2019-2020 Preliminary Budget: Budget Message Presentation & Distribution			Julie Underwood & Chip Corder		Julie
REGULAR BUSINESS						
45	2018 Comprehensive Plan Amendments (2nd Reading)			Evan Maxim		
30	Transportation Concurrency Ordinance (3rd reading)			Scott Greenberg		
EXECUTIVE SESSION						

OCTOBER 16		DUE TO:	10/5 D/P	10/8 FN	10/8 CA	10/9 Clerk
ITEM TYPE TIME TOPIC				STAFF		SIGNER
STUDY SESSION (6:00-7:00 pm)						

SPECIAL BUSINESS (7:00 pm)			
CONSENT CALENDAR			
PUBLIC HEARING			
180	2019-2020 Preliminary Budget: Operating Budget Review	Chip Corder	Julie
REGULAR BUSINESS			
EXECUTIVE SESSION			

OCTOBER 23 (6:00PM – SPECIAL MEETING)		DUE TO:	10/12 D/P	10/15 FN	10/15 CA	10/16 Clerk
ITEM TYPE TIME TOPIC				STAFF		SIGNER
SPECIAL BUSINESS						
180	2019-2020 Preliminary Budget: Operating Budget Review	Chip Corder				Julie

NOVEMBER 6		DUE TO:	10/26 D/P	10/29 FN	10/29 CA	10/30 Clerk
ITEM TYPE TIME TOPIC				STAFF		SIGNER
STUDY SESSION (6:00-7:00 pm)						
SPECIAL BUSINESS (7:00 pm)						
5	Veteran’s Day Proclamation					
CONSENT CALENDAR						
PUBLIC HEARING						
180	2019-2020 Preliminary Budget: Capital Improvement Program Review	Chip Corder				Julie
REGULAR BUSINESS						
EXECUTIVE SESSION						

NOVEMBER 20		DUE TO:	11/9 D/P	11/12 FN	11/12 CA	11/13 Clerk
ITEM TYPE TIME TOPIC				STAFF		SIGNER
STUDY SESSION (6:00-7:00 pm)						

SPECIAL BUSINESS (7:00 pm)			
CONSENT CALENDAR			
PUBLIC HEARING			
90	2019-2020 Preliminary Budget: Finalize Changes to Budget, Pass 2019 NORCOM Budget Resolution, Adopt 2019 Property Tax Ordinances, and Pass 2019 Utility Rate Resolutions	Chip Corder	Julie
REGULAR BUSINESS			
60	Private Community Facilities Code Amendment (1st Reading)	Evan Maxim	
EXECUTIVE SESSION			

DECEMBER 4		DUE TO:	11/23 D/P	11/26 FN	11/26 CA	11/27 Clerk
ITEM TYPE TIME TOPIC			STAFF		SIGNER	
STUDY SESSION (6:00-7:00 pm)						
SPECIAL BUSINESS (7:00 pm)						
CONSENT CALENDAR						
PUBLIC HEARING						
REGULAR BUSINESS						
30	2019-2020 Final Budget Adoption			Chip Corder		Julie
15	3rd Quarter 2018 Financial Status Report & Budget Adjustments			Chip Corder		Julie
45	Private Community Facilities Code Amendment (2nd Reading)			Evan Maxim		
EXECUTIVE SESSION						

DECEMBER 18		DUE TO:	12/7 D/P	12/10 FN	12/10 CA	12/11 Clerk
ITEM TYPE TIME TOPIC			STAFF		SIGNER	
STUDY SESSION (6:00-7:00 pm)						
SPECIAL BUSINESS (7:00 pm)						
CONSENT CALENDAR						

PUBLIC HEARING			
REGULAR BUSINESS			
EXECUTIVE SESSION			

OTHER ITEMS TO BE SCHEDULED:

- Parks Waterfront Structures Long-Term Planning – P. West
- Land Conservation Work Plan Update – A. Sommargren
- Open Space Vegetation Management – A. Sommargren
- Code of Ethics – K. Sand & A. Spietz
- Citizen of the Year Criteria – A. Spietz
- YTN Update – J. Underwood

COUNCILMEMBER ABSENCES:

- Wendy Weiker: June 26
- Benson Wong: August 7
- Bruce basset: October 16
-

MISD BOARD JOINT MEETING DATES:

- Thursday, April 26, 2018, 5:00-6:45 pm **POSTPONED**

ANNUAL (ROUTINE) ITEMS:

Council/City Manager:

- Legislative Agenda (Q4 & Q1)
- City Council Annual Planning Session (Q1)
- Adoption of City Council Goals (Q2)
- Mini-Planning Session (Q2)
- Sustainability Update (Q1 & Q3)

Development Services Group:

- ARCH Budget and Work Program (Q1)
- ARCH Trust Fund Recommendations (Q1)
- Comprehensive Plan Amendments (Q4)
- Comprehensive Plan Docket (Q4)

Finance/Budget:

- Every Year:
 - General Fund & REET Surplus Disposition (Q2)
 - Mercer Island Report Card (Q3)
 - 4th Quarter Financial Status Report & Budget Adjustments (Q2)
 - 1st Quarter Financial Status Report & Budget Adjustments (Q2)
 - 2nd Quarter Financial Status Report & Budget Adjustments (Q3)
 - 3rd Quarter Financial Status Report & Budget Adjustments (Q4)
- Odd Years:
 - Mid-Biennial Budget Review (3rd Quarter Financial Status Report & Budget Adjustments, Utility Rates, and Property Tax Levy) (Nov Mtg)
- Even Years:
 - Capital Improvement Program (CIP) Budget Kick-Off (2nd Mar Mtg)
 - **Operating Budget Kick-Off (Jun Mtg or Mini-PS)**
 - Preliminary Budget: Presentation & Distribution (1st Oct Mtg)
 - Preliminary Budget: Operating Budget Review (2nd Oct Mtg)
 - Preliminary Budget: Capital Improvement Program Review (1st Nov Mtg)
 - Preliminary Budget: Finalize Changes & Adopt Tax Ordinances and Fee Resolutions (2nd Nov Mtg)
 - Final Budget Adoption (1st Dec Mtg)

Fire Department:

- Summer Celebration Fireworks Display Permit (Q2)

Human Resources:

- Police & Police Support Collective Bargaining Agreements
- Fire Collective Bargaining Agreement
- AFSCME Collective Bargaining Agreement

Parks & Recreation:

- Arts Council Annual Report and Work Plan (Q2)
- Open Space Conservancy Trust Board Annual Report and Work Plan (Q2)

Public Works:

- Bid Awards & Project Close-Outs
- Public Hearing: Preview of 6-Year Transportation Improvement Program (Q2)
- Adoption of 6-Year Transportation Improvement Program (Q2)

Youth & Family Services:

- Interlocal Agreement with MISD for School Mental Health Counselors (Q3)

Proclamations

- Martin Luther King Jr. Day Proclamation (1st Jan)
- Black History Month Proclamation (1st Feb)
- Women’s History Month & International Women’s Day Proclamation (1st Mar)
- Sexual Assault Awareness Month Proclamation (1st Apr)
- Earth Day Proclamation (2nd Apr)
- Volunteer Appreciation Week Proclamation (2nd Apr)
- Building Safety Month Proclamation (1st May)
- Safe Boating and Paddling Week Proclamation (2nd May)
- Public Works Week Proclamation (2nd May)
- Parks and Recreation Month & Summer Celebration! Proclamation (1st Jul)
- National Night Out Proclamation (2nd Jul)
- Women’s Equality Day Proclamation (1st Aug)
- National Recovery Month Proclamation (1st Sep)
- Emergency Preparedness Month Proclamation (1st Sep)
- Day of Concern for the Hungry Proclamation (1st Sep)
- Domestic Violence Action Month Proclamation (1st Oct)
- National Community Planning Month Proclamation (1st Oct)
- Veteran’s Day Proclamation (1st Nov)