



# CITY OF MERCER ISLAND CITY COUNCIL MEETING AGENDA

Monday  
November 16, 2015  
6:00 PM

**Mayor Bruce Bassett**

**Deputy Mayor Dan Grausz**

**Councilmembers Debbie Bertlin, Jane Brahm,  
Mike Cero, Terry Pottmeyer, 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.*

## REGULAR MEETING

### CALL TO ORDER & ROLL CALL, 6:00 PM

### STUDY SESSION

- (1) AB 5126 King County North Mercer Interceptor Sewer Upgrade Project

### SPECIAL BUSINESS, 7:00 PM

Recognition of Councilmember Terry Pottmeyer's Service to the Citizens of Mercer Island

### APPEARANCES

### MINUTES

- (2) Regular Meeting Minutes of October 19, 2015  
Regular Meeting Minutes of November 2, 2015

### CONSENT CALENDAR

- (3) Payables: \$200,036.01 (11/05/15) & \$204,739.87 (11/10/15)  
Payroll: \$766,502.96 (11/13/15)
- (4) AB 5131 WRIA 8 Interlocal Agreement
- (5) AB 5130 Resolution Setting Public Hearing Date for the Assumption of the Mercer Island Transportation Benefit District

### REGULAR BUSINESS

- (6) AB 5133 Discuss the Draft Ground Lease Between the City and the Mercer Island Center for the Arts (“MICA”) for a Portion of Mercerdale Park
- (7) AB 5127 Continuation of Public Hearing on Moratorium Regarding Town Center Building Permits (2nd Reading)
- (8) AB 5134 I-90 Loss of Mobility Negotiations Status Report
- (9) AB 5132 Public Hearing: 2015-2016 Mid-Biennial Budget Review
- (10) AB 5128 Parks Impact Fees Ordinance (1st Reading)
- (11) AB 5129 Transportation Impact Fees Ordinance (1st Reading)

### OTHER BUSINESS

Councilmember Absences  
Planning Schedule  
Board Appointments  
Councilmember Reports

### ADJOURNMENT



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

**AB 5126  
November 16, 2015  
Study Session**

**KING COUNTY NORTH MERCER ISLAND  
INTERCEPTOR SEWER UPGRADE PROJECT**

**Proposed Council Action:**  
Receive King County presentation

<b>DEPARTMENT OF</b>	Maintenance (Anne Tonella-Howe)
<b>COUNCIL LIAISON</b>	n/a
<b>EXHIBITS</b>	1. North Mercer Island Interceptor Upgrade Project Handout
<b>APPROVED BY CITY MANAGER</b>	

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

King County is in the early stages of determining the feasibility of replacing their aging sewer interceptor which conveys sewage from their North Mercer Pump Station across the Island to their Sweyolockyn Pump Station in Bellevue.

At this meeting, King County staff and their team will be making a presentation to the Council about this project. A handout providing some information for review in advance of the meeting is attached as Exhibit 1.

**ALTERNATIVES**

The County has five options under consideration:

- **Alternative 4 (Options 1-A and 1-B)** are variations of an on-land alignment between the North Mercer Pump Station and the East Channel Bridge. Both Options follow the same alignment from the N. Mercer Pump Station east along SE 22<sup>nd</sup> Place, south on 78<sup>th</sup> Ave SE, east on SE 24<sup>th</sup> Street and south on 84<sup>th</sup> Ave SE. Near the intersection of North Mercer Way and SE 26<sup>th</sup> Street (entrance to the S. Luther Burbank parking lot) the proposed alignments change. Option 1-A follows the Aubrey Davis Park path alignment east to the East Channel Bridge where it will go into the lake to cross over to Bellevue. This proposed alignment is expected to impose significant impacts to the use of the trail during construction. Option 1-B follows North Mercer Way east to the East Channel Bridge where it will go into the lake to cross over to Bellevue. This proposed alignment will impose significant impacts to the use of North Mercer Way during construction.
- **Alternative 9 (Option 2)** is similar to the existing pipeline alignment which is a combination of on-land and in-lake construction. This option follows the same on-land alignment as Alternative 4. At SE 26<sup>th</sup> Street the alignment turns east and goes across a portion of Luther Burbank Park and into Lake Washington. Once in the lake the alignment follows the existing in-lake pipeline alignment east to Bellevue.

- **Alternative 14 (Options 3-A and 3-B)** are variations of on-land and in-lake construction utilizing a trenchless construction technique from the intersection of 78<sup>th</sup> Ave SE and SE 24<sup>th</sup> to the lake. The trenchless alignment for Option 3-A is diagonal crossing under private property. Crossing under private property will require the County to secure easements for construction. The proposed trenchless alignment for Option 3-B is along SE 24<sup>th</sup> Street in the public right-of-way. Both options cross Luther Burbank Park and go into Lake Washington, staying in the lake east to Bellevue.

These alternatives are shown mapped in Exhibit 1 and will be described in more detail during the Study Session presentation.

All options have a cost and a benefit to the Mercer Island community. Staff expects that many of the impacts can be negotiated with the County and mitigated during construction. For some, the disruption to Aubrey Davis Park pathway may be perceived to be unacceptable because it will close the Park to all users during construction. However the benefit may be that the pathway is widened and paved at the end of construction. Depending on the magnitude of work in Luther Burbank Park the disruption may be mitigated with specific requirements for restoration.

Staff has not selected a preferred alternative and no action by the Council is required at this meeting. However, if the Council has concerns or questions about one alternative over another, or wishes to make a recommendation to the County, staff will be available to discuss pros and cons, answer questions and provide feedback on the concerns as staff understands them to assist the Council in reaching a recommendation.

## **PUBLIC OUTREACH**

The County has developed an extensive public outreach process that includes several techniques such as attendance at Mercer Island's Summer Celebration, website updates, one-on-one and special interest group meetings, mailings to residents within the service area and an open house at the Mercer Island Community and Event Center on September 15.

The following is a brief summary of the comments the County has received pertinent to the Mercer Island community.

- The Friends of Luther Burbank has expressed opposition to going through the park and reinstalling the pipe in the water if there are other upland options available.
- Bicycling groups are encouraging the installation along the Aubrey Davis Park (I-90) path and resurfacing of the path to improve trail conditions.
- The Rotary Club is concerned about any impacts to their annual Half Marathon Event and other events in Luther Burbank Park with the North Mercer Way option.
- Generally there is opposition to the North Mercer Way option due to concern about traffic impacts, access to homes and emergency vehicle access.
- Boaters and kayakers have expressed concern about maintaining boating access, not impacting Seafair events, and having access to the boat launch.

## **PROJECT SCHEDULE**

The County is wrapping up the Alternatives Analysis and expects to have a preferred alternative selected by the end of 2015. Pre-design is scheduled to begin in 2016 with final design complete in 2018. Construction is planned for 2019 through 2022.

No formal action by the City Council is required. However, the Council may choose to make a formal recommendation on a preferred alternative through letter under the Mayor's signature. It is recommended

that the Mayor's letter on behalf of the Council be sent before the end of this month, as King County expects to have a preferred alternative selected by year-end.

## **RECOMMENDATION**

*Assistant City Engineer*

No formal action required.

# North Mercer Island Interceptor and Enatai Interceptor Upgrade Project

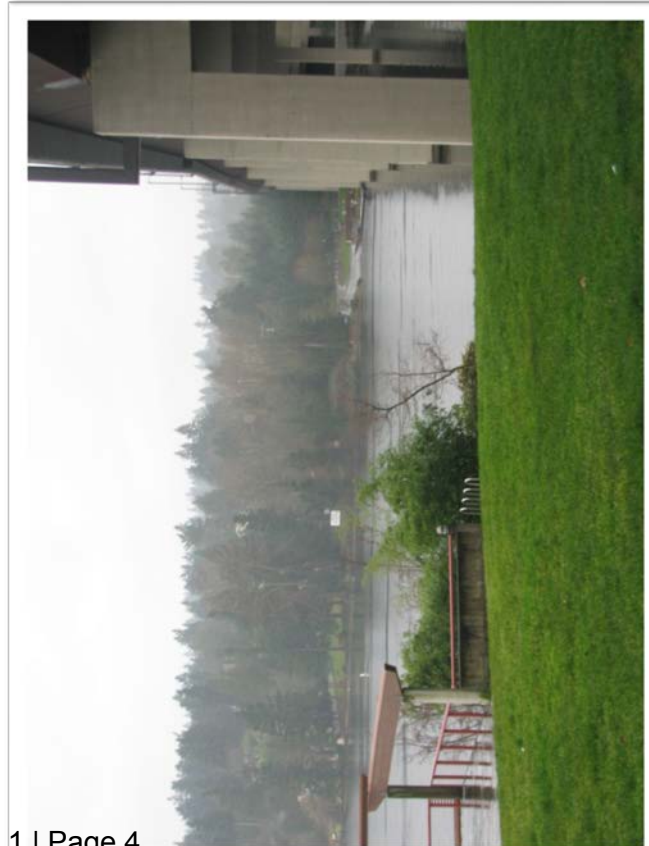


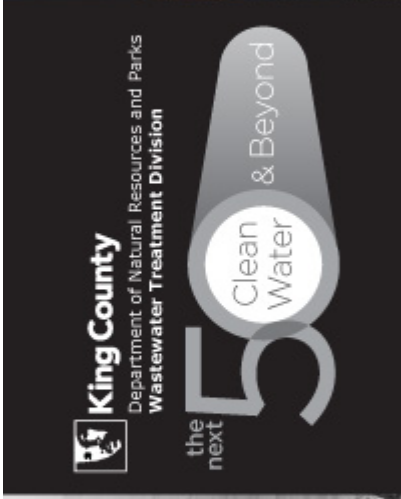
**King County**

Department of Natural Resources and Parks  
Wastewater Treatment Division

## City of Mercer Island Council Meeting

Project Handout  
November 16, 2015





**In the last 50 years, treating the area's wastewater has transformed Lake Washington into one of the cleanest urban lakes in the world.**

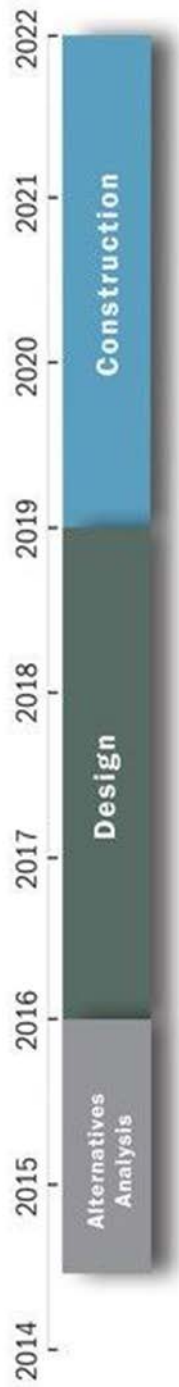


# Project purpose

- South Treatment Plant in Renton began operations 50 years ago
- North Mercer/Enatai Interceptor was built in the 1970's
- Pipeline upgrades will provide safe, reliable service to North Mercer Island and Southwest Bellevue for the next 50+ years

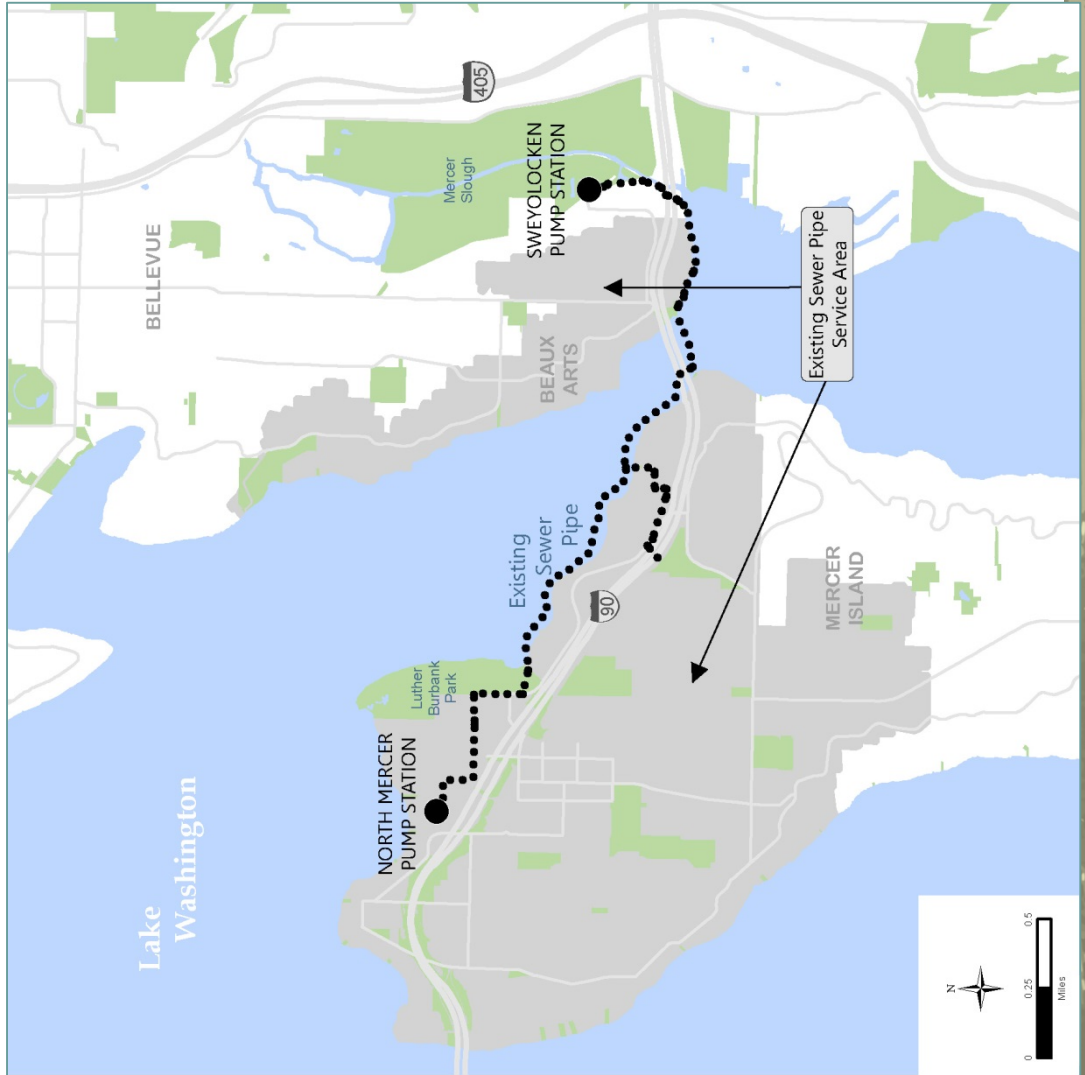


# Preliminary Schedule





# Existing System



# Alternative 4 (Option 1-A)



**LEGEND**







- Potential Trenchless Alignment
- Trenchless
- Open cut
- Existing Pipeline\*
- location for underground diversion pipe

\*Rehabilitation will occur on some portions of the existing pipeline.

# Alternative 4 (Option 1-B)



**LEGEND**

-  Potential Trenchless Alignment
-  Trenchless
-  Open cut
-  Existing Pipeline\*
-  location for underground diversion pipe
-  \*Rehabilitation will occur on some portions of the existing pipeline.

# Alternative 9 (Option 2)



**LEGEND**

- Potential Trenchless Alignment
- Trenchless
- Open cut
- Existing Pipeline\*
- location for underground diversion pipe
- \*Rehabilitation will occur on some portions of the existing pipeline.

# Alternative 14 (Option 3-A)



# Alternative 14 (Option 3-B)



# Questions?

For more information, please contact:

King County Wastewater Treatment Division (WTD),  
Department of Natural Resources and Parks

Sibel Yildiz, PMP, Capital Project Manager  
206-477-5434 or [sibel.yildiz@kingcounty.gov](mailto:sibel.yildiz@kingcounty.gov)

## 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.



\_\_\_\_\_  
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	178376-178475	11/05/15	\$ 200,036.01
			<b>\$ 200,036.01</b>



**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00178376	11/05/2015	AIRGAS USA LLC Oxygen/Fire	P88654	9044556413	10/16/2015	119.17
00178377	11/05/2015	ALPINE PRODUCTS INC TYPE II BARRICADES (PLASTIC)	P88632	TM153682/705/7/8	10/20/2015	5,515.85
00178378	11/05/2015	APPLIED ECOLOGY LLC 2015-2016 Open Space Vegetatio	P87125	197	09/22/2015	27,491.63
00178379	11/05/2015	ARC COPY CHARGES	P88669	OH005578	09/30/2015	1,469.31
00178380	11/05/2015	ASSOCIATED EARTH SCIENCES INC Geotechnical Engineering for L	P87667	030424	10/28/2015	7,900.00
00178381	11/05/2015	AWC NOVEMBER 2015		OH005595	11/04/2015	268.40
00178382	11/05/2015	AWC OCTOBER 2015		OH005596	11/04/2015	268.40
00178383	11/05/2015	BAKER, DENNIS L MILEAGE EXPENSE		102915	10/29/2015	57.50
00178384	11/05/2015	BOETTCHER, GLENN FLEX SPEND REIMB		30OCT2015	10/30/2015	306.11
00178385	11/05/2015	BRZUSEK, DANIELLE NOV 2015 COBRA REIMB		OH005594	11/03/2015	926.30
00178386	11/05/2015	CADMAN INC 5/8"-MINUS ROCK (189.55 TONS)	P88707	5372/3414/1964	10/05/2015	3,964.39
00178387	11/05/2015	CEDAR CREEK CONTRACTORS LLC Mercer Island Parks Parking Lo	P88377	2015351	10/19/2015	8,089.91
00178388	11/05/2015	CEDAR GROVE COMPOSTING INC 3-WAY TOPSOIL (25 YDS)	P88545	0000251014	10/14/2015	659.20
00178389	11/05/2015	CENTURYLINK PHONE USE OCT 2015		OH005588	10/29/2015	223.06
00178390	11/05/2015	CHIEF SUPPLY CORP Patrol Supplies - Batteries, N	P88678	386365	10/20/2015	553.45
00178391	11/05/2015	CINTAS CORPORATION #460 2015 rug cleaning services for	P85005	460469127	10/29/2015	24.64
00178392	11/05/2015	CODE PUBLISHING CO MICC E-update thru Ord 15-16	P88598	51180	10/19/2015	334.83
00178393	11/05/2015	COMCAST Internet Charges/Fire	P88652	OH005580	10/18/2015	164.21
00178394	11/05/2015	CONFIDENTIAL DATA DISPOSAL Shredding	P88674	83004	10/31/2015	100.00
00178395	11/05/2015	DAVIS, SUZANNA Instruction services for Belly	P88699	15871	11/04/2015	522.90
00178396	11/05/2015	DEFTY, YVONNE STUDENT EXCHANGE SUPPLIES		OH005590	11/03/2015	394.55
00178397	11/05/2015	DIRECT MATTERS Order of Release Forms	P88603	53957	10/14/2015	601.98
00178398	11/05/2015	DOWD, PAUL LEOFF1 Retiree Medical Expense	P88695	OH005602	11/03/2015	197.09
00178399	11/05/2015	EARTHCORPS INC 2015-2016 Volunteer Recruitmen	P85100	5396	09/30/2015	3,203.00
00178400	11/05/2015	EARTHWORK ENTERPRISES INC REFUND HYDRANT METER DEPOSIT		OH005597	09/28/2015	2,400.00
00178401	11/05/2015	EJ USA INC 6 X 24 RINGS & COVERS "SEWER"	P88630	3894256	10/15/2015	1,687.50

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00178402	11/05/2015	FEHR & PEERS SOUND TRANSIT REVIEW SVCS	P87284	102663	09/09/2015	10,742.35
00178403	11/05/2015	FEHR & PEERS SOUND TRANSIT REVIEW SVCS	P87284	102656/103455	09/09/2015	19,958.82
00178404	11/05/2015	FRANKLIN, JENNIFER D REPLACE WARRANT 178275		OH005561	10/29/2015	97.30
00178405	11/05/2015	GOODSELL POWER EQUIPMENT BLADE SET & TRIMMER LINE	P88697	686590	10/05/2015	226.50
00178406	11/05/2015	GRAINGER INVENTORY PURCHASES	P88591	9868747016	10/15/2015	626.90
00178407	11/05/2015	H D FOWLER 12" EXTENSION FOR M&H 929 FIRE	P88658	I4072460	10/23/2015	219.00
00178408	11/05/2015	HACH COMPANY INTELICAL PHC735 RED ROD PH	P88636	9610657/9615876/	10/06/2015	365.79
00178409	11/05/2015	HOLMES, EDWARD J PERDIEM REIMB		110215	11/02/2015	313.85
00178410	11/05/2015	HOME DEPOT CREDIT SERVICE FAUCET FOR WAREHOUSE	P88635	0272574023293	10/27/2015	700.83
00178411	11/05/2015	HORSCHMAN, BRENT FLEX SPEND REIMB		30OCT2015	10/30/2015	192.31
00178412	11/05/2015	HUGHES FIRE EQUIPMENT INC 8610 Switch Assembly, 8611 Cab	P88679	498656/498539	10/14/2015	1,049.99
00178413	11/05/2015	JOHN DEERE LANDSCAPES INVENTORY PURCHASES	P88508	73533953	10/01/2015	262.80
00178414	11/05/2015	KASER, MICHAEL MILEAGE EXPENSE		103015	10/30/2015	380.90
00178415	11/05/2015	KC RECORDS RECORDING FEES	P88665	OH005582	11/02/2015	684.00
00178416	11/05/2015	KC RECORDS RECORDING FEES	P88666	OH005581	11/02/2015	611.00
00178417	11/05/2015	KEVEREN, BREANNA FLEX SPEND REIMB		30OCT2015	10/30/2015	499.98
00178418	11/05/2015	KING COUNTY FINANCE I-NET MONTHLY SERVICES FROM	P85541	11003895	10/20/2015	1,623.00
00178419	11/05/2015	LAKESIDE INDUSTRIES CLASS B ASPHALT (4 TONS)	P88648	3258614/3258509	10/07/2015	324.13
00178420	11/05/2015	LEDBETTER-KRAFT, DELORES E Instruction services for Aerob	P88702	15875	11/04/2015	1,078.00
00178421	11/05/2015	LOISEAU, LERI M LEOFF1 Retiree Medical Expense	P88720	OH005605	11/05/2015	1,005.18
00178422	11/05/2015	LUND, MARK FLEX SPEND REIMB		30OCT2015	10/30/2015	1,215.06
00178423	11/05/2015	LYONS, STEVEN FRLEOFF1 Retiree Medical Expen	P88696	OH005603	11/03/2015	333.00
00178424	11/05/2015	MASTERMARK L. Pineau Notary Stamp	P88533	0688424	10/14/2015	37.01
00178425	11/05/2015	MERCER ISLAND GUILD OF EMAC ad in phone book	P88673	8316	10/21/2015	450.00
00178426	11/05/2015	MI CHAMBER OF COMMERCE MONTHLY BILLING FOR SERVICES	P85014	OH005584	10/24/2015	1,200.00
00178427	11/05/2015	MI SCHOOL DISTRICT #400 2015 Operational support for M	P85060	OH005591	11/02/2015	10,541.67

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00178428	11/05/2015	MI SISTER CITY ASSOCIATION Delegation Visit - Council & C	P88662	OH005583	10/20/2015	895.00
00178429	11/05/2015	MICHAEL SKAGGS ASSOCIATES MACHINE SCRUB & RECOAT MERCER	P88705	15550	10/07/2015	540.00
00178430	11/05/2015	MORENO, ALFREDO MILEAGE EXPENSE		103015	10/30/2015	380.90
00178431	11/05/2015	MOUNTAINS TO SOUND 2015-2016 Volunteer recruitmen	P85920	3	09/30/2015	4,088.50
00178432	11/05/2015	MYERS, JAMES S LEOFF1 Retiree Medical Expense	P88721	OH005606	11/05/2015	3,190.00
00178433	11/05/2015	NATIONAL BUSINESS SYSTEMS New Keystroke/pin pad equipmen	P88643	72474	10/09/2015	1,639.22
00178434	11/05/2015	NFPA Membership Renewal/Heitman	P88687	6520513X#2	10/06/2015	165.00
00178435	11/05/2015	NOV, ADI OVERPAYMENT REFUND		102815	10/28/2015	200.00
00178436	11/05/2015	NW ARBORICULTURE LLC Tree work on ROW Trail between	P88594	6596	11/13/2015	2,935.70
00178437	11/05/2015	OMWBE FINANCIAL OFFICE POLITICAL SUBDIVISION FEE	P88639	3031773	10/20/2015	150.00
00178438	11/05/2015	PACIFIC AIR CONTROL INC REPLACED BELT EXH FAN CUSTODIA	P88677	182918	10/15/2015	418.84
00178439	11/05/2015	PACIFIC INDUSTRIAL SUPPLY CO PLATE STEEL, 11 GA.	P88577	1261733	10/15/2015	63.46
00178440	11/05/2015	PACIFIC RIM EQUIPMENT RENTAL EXCAVATOR RENTAL	P88637	125921	10/22/2015	693.22
00178441	11/05/2015	PANGBORN, JIM THRIFT SHOP SUPPLIES		OH005600	10/30/2015	76.30
00178442	11/05/2015	PAULETTO, MAUDE Instruction services for Yoga	P88701	15825/24/23	11/04/2015	1,558.73
00178443	11/05/2015	PETERSEN, CHRISTOPHER FLEX SPEND REIMB		30OCT2015	10/30/2015	1,000.00
00178444	11/05/2015	PETTY CASH FUND THRIFT SHOP PETTY CASH REIMBURSEMENT		OH005599	11/03/2015	79.03
00178445	11/05/2015	PLATT ELECTRIC INVENTORY PURCHASES	P88644	H908947	10/16/2015	281.46
00178446	11/05/2015	PUBLIC SAFETY TESTING INC Backgrounds - Anderson, Jackso	P88651	PSTI15369	10/11/2015	3,780.85
00178447	11/05/2015	PUGET SOUND ENERGY Utility Assistance for Emergen	P87873	OH005585	10/28/2015	127.67
00178448	11/05/2015	PUGET SOUND ENERGY Utility Assistance for Emergen	P87873	OH005586	10/29/2015	63.57
00178449	11/05/2015	PUGET SOUND ENERGY ENERGY USE		OH005589	10/26/2015	29,569.93
00178450	11/05/2015	PUGET SOUND ENERGY Seafair power	P88706	OH005604	10/23/2015	10.84
00178451	11/05/2015	REGIONAL TOXICOLOGY SERVICES Lab fees for C.Hamish clients	P86168	TC20290101515	10/15/2015	15.70
00178452	11/05/2015	REHN, RANDY Gallery Sales proceeds	P88668	OH005592	11/02/2015	356.25
00178453	11/05/2015	RICOH USA INC Cost Per Copy/Fire	P88688	5038707978	10/25/2015	87.94

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00178454	11/05/2015	SANDERSON SAFETY SUPPLY CLASS III JACKET (XLG)	P88575	613676001	10/15/2015	50.26
00178455	11/05/2015	SANDINE, ASEA FLEX SPEND REIMB		30OCT2015	10/30/2015	192.32
00178456	11/05/2015	SEA WESTERN INC 1 MSA Altair 5x Gas	P88241	186910	10/15/2015	3,036.80
00178457	11/05/2015	SEATTLE PLAY THERAPY LLC Honoraum for clinical present	P88607	OH005587	10/22/2015	100.00
00178458	11/05/2015	SEATTLE SHAKESPEARE COMPANY Wooden O performances July 9 -	P88664	35066	10/12/2015	6,000.00
00178459	11/05/2015	SKYLINE COMMUNICATIONS INC EOC INTERNET SERVICES	P88676	IN41234	11/01/2015	192.55
00178460	11/05/2015	SYSTEMS DESIGN WEST LLC Transport Billing Fees	P88656	MIFD1015	10/14/2015	1,243.27
00178461	11/05/2015	TREAT, NOEL FLEX SPEND REIMB		30OCT2015	10/30/2015	181.82
00178462	11/05/2015	TUTTLE, LAJUAN FLEX SPEND REIMB		30OCT2015	10/30/2015	28.85
00178463	11/05/2015	UNDERWATER SPORTS INC. Dive gloves	P88675	20010382	10/21/2015	27.32
00178464	11/05/2015	UNITED SITE SERVICES 2015 Portable toilet rentals a	P85006	1143429466/11434	10/23/2015	565.45
00178465	11/05/2015	UPS SHIPPING FEE		0000T6781T435	10/24/2015	25.12
00178466	11/05/2015	VAN GORP, ALISON FLEX SPEND REIMB		30OCT2015	10/30/2015	192.31
00178467	11/05/2015	VERIZON WIRELESS October 2015 VZ Billing / K. S	P88690	9754434270	10/23/2015	337.11
00178468	11/05/2015	VERIZON WIRELESS Parks cell phone use charges f	P88692	9754434272	10/23/2015	1,710.27
00178469	11/05/2015	VICKERS MICHAEL L REPLACE WARRANT 170064		OH005598	11/03/2015	161.00
00178470	11/05/2015	WASHINGTON2 ADVOCATES LLC I-90 Loss of Mobility Negotiat	P88691	5279	10/31/2015	10,000.00
00178471	11/05/2015	WESCOM Calibrate radar	P88671	22239/22243	10/15/2015	436.91
00178472	11/05/2015	WILLING, ROBERT MILEAGE EXPENSE		102815	10/28/2015	32.20
00178473	11/05/2015	WINKELMAN, BARBARA GAINES Instruction services for You B	P88700	15904	11/04/2015	126.00
00178474	11/05/2015	WYDE, ROBERTA Gallery Sales proceeds	P88685	OH005601	11/03/2015	120.00
00178475	11/05/2015	XEROX CORPORATION PRINTER SUPPLIES		230023986	11/01/2015	725.59
					Total	200,036.01

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: 402000 - Water Fund-Admin Key</i>				
	00178400	EARTHWORK ENTERPRISES INC	REFUND HYDRANT METER DEPOSIT	2,400.00
P88631	00178406	GRAINGER	INVENTORY PURCHASES	366.23
P88644	00178445	PLATT ELECTRIC	INVENTORY PURCHASES	281.46
P88508	00178413	JOHN DEERE LANDSCAPES	INVENTORY PURCHASES	262.80
	00178435	NOV, ADI	OVERPAYMENT REFUND	200.00
P88158	00178406	GRAINGER	INVENTORY PURCHASES	94.34
P88591	00178406	GRAINGER	INVENTORY PURCHASES	61.14
<i>Org Key: 814083 - Vol Life Ins - States West Lif</i>				
	00178381	AWC	NOVEMBER 2015	268.40
	00178382	AWC	OCTOBER 2015	268.40
<i>Org Key: CA1100 - Administration (CA)</i>				
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	38.51
<i>Org Key: CM11SP - Special Projects-City Mgr</i>				
P87284	00178403	FEHR & PEERS	SOUND TRANSIT REVIEW SVCS	19,958.82
P87284	00178402	FEHR & PEERS	SOUND TRANSIT REVIEW SVCS	10,742.35
P88691	00178470	WASHINGTON2 ADVOCATES LLC	I-90 Loss of Mobility Negotiat	10,000.00
<i>Org Key: CM1200 - City Clerk</i>				
P88598	00178392	CODE PUBLISHING CO	MICC E-update thru Ord 15-16	334.83
<i>Org Key: CO6500 - Sister City Program</i>				
P88662	00178428	MI SISTER CITY ASSOCIATION	Delegation Visit - Council & C	895.00
	00178396	DEFTY, YVONNE	STUDENT EXCHANGE SUPPLIES	394.55
<i>Org Key: CR1100 - CORe Admin and Human Resources</i>				
P88694	00178467	VERIZON WIRELESS	October 2015 VZ Billing / K. S	40.01
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<i>Org Key: CT1100 - Municipal Court</i>				
P88604	00178397	DIRECT MATTERS	Order of Release Forms	329.86
P88603	00178397	DIRECT MATTERS	Def Finding Forms	272.12
<i>Org Key: DS1100 - Administration (DS)</i>				
P88665	00178415	KC RECORDS	RECORDING FEES	684.00
P88666	00178416	KC RECORDS	RECORDING FEES	611.00
P88690	00178467	VERIZON WIRELESS	DSG PHONE & DATA CHARGES 9/24-	297.10
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	38.49
P88533	00178424	MASTERMARK	L. Pineau Notary Stamp	37.01
P88669	00178379	ARC	COPY CHARGES	22.10
<i>Org Key: FN1100 - Administration (FN)</i>				
	00178465	UPS	SHIPPING FEE	16.80
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<i>Org Key: FNBE01 - Financial Services</i>				
P85014	00178426	MI CHAMBER OF COMMERCE	MONTHLY BILLING FOR SERVICES	1,200.00
<i>Org Key: FR1100 - Administration (FR)</i>				
P88651	00178446	PUBLIC SAFETY TESTING INC	Backgrounds - Anderson, Jackso	3,780.85
P88656	00178460	SYSTEMS DESIGN WEST LLC	Transport Billing Fees	1,243.27

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P88687	00178434	NFPA	Membership Renewal/Heitman	165.00
P88652	00178393	COMCAST	Internet Charges/Fire	104.08
P88688	00178453	RICOH USA INC	Cost Per Copy/Fire	87.94
P88653	00178393	COMCAST	Internet Charges/Fire	60.13
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	50.44
<i>Org Key: FR2100 - Fire Operations</i>				
P88679	00178412	HUGHES FIRE EQUIPMENT INC	8610 Switch Assembly, 8611 Cab	1,049.99
P88655	00178468	VERIZON WIRELESS	Cell Charges/Fire	17.52
<i>Org Key: FR2500 - Fire Emergency Medical Svcs</i>				
P88654	00178376	AIRGAS USA LLC	Oxygen/Fire	119.17
<i>Org Key: GGM001 - General Government-Misc</i>				
P88639	00178437	OMWBE FINANCIAL OFFICE	POLITICAL SUBDIVISION FEE	150.00
<i>Org Key: GGM004 - Gen Govt-Office Support</i>				
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	89.09
<i>Org Key: GGM005 - Genera Govt-LI Retiree Costs</i>				
P88721	00178432	MYERS, JAMES S	LEOFF1 Retiree Medical Expense	3,190.00
P88720	00178421	LOISEAU, LERI M	LEOFF1 Retiree Medical Expense	1,005.18
P88696	00178423	LYONS, STEVEN	FRLEOFF1 Retiree Medical Expn	333.00
P88695	00178398	DOWD, PAUL	LEOFF1 Retiree Medical Expense	197.09
<i>Org Key: GX9995 - Employee Benefits-General</i>				
	00178385	BRZUSEK, DANIELLE	NOV 2015 COBRA REIMB	926.30
<i>Org Key: IGBE01 - MI Pool Operation Subsidy</i>				
P85060	00178427	MI SCHOOL DISTRICT #400	2015 Operational support for M	10,541.67
<i>Org Key: IS2100 - IGS Network Administration</i>				
P85541	00178418	KING COUNTY FINANCE	I-NET MONTHLY SERVICES FROM	1,623.00
	00178414	KASER, MICHAEL	MILEAGE EXPENSE	242.65
	00178430	MORENO, ALFREDO	MILEAGE EXPENSE	242.65
	00178414	KASER, MICHAEL	PERDIEM REIMB	138.25
	00178430	MORENO, ALFREDO	PERDIEM REIMB	138.25
	00178389	CENTURYLINK	PHONE USE OCT 2015	121.74
P88692	00178468	VERIZON WIRELESS	IGS GIS LINE, IGS WIFI, IGS LO	120.03
	00178389	CENTURYLINK	PHONE USE OCT 2015	101.32
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<i>Org Key: MT2100 - Roadway Maintenance</i>				
P88632	00178377	ALPINE PRODUCTS INC	TYPE II BARRICADES (PLASTIC)	1,877.93
	00178449	PUGET SOUND ENERGY	ENERGY USE	319.79
P88545	00178388	CEDAR GROVE COMPOSTING INC	3-WAY TOPSOIL (25 YDS)	151.62
<i>Org Key: MT2300 - Planter Bed Maintenance</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE	12.24
<i>Org Key: MT2500 - ROW Administration</i>				
	00178383	BAKER, DENNIS L	MILEAGE EXPENSE	28.75
<i>Org Key: MT3000 - Water Service Upsizes and New</i>				
P88707	00178386	CADMAN INC	5/8"-MINUS ROCK (189.55 TONS)	555.01

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: MT3100 - Water Distribution</i>				
P88707	00178386	CADMAN INC	5/8"-MINUS ROCK (189.55 TONS)	555.01
P88648	00178419	LAKESIDE INDUSTRIES	CLASS B ASPHALT (4 TONS)	324.13
P88661	00178410	HOME DEPOT CREDIT SERVICE	TOOL BOX & DRILL	258.10
	00178465	UPS	SHIPPING FEE	8.32
<i>Org Key: MT3120 - Hydrant Maintenance</i>				
P88658	00178407	H D FOWLER	12" EXTENSION FOR M&H 929 FIRE	219.00
<i>Org Key: MT3150 - Water Quality Event</i>				
P88636	00178408	HACH COMPANY	INTELLICAL PHC735 RED ROD PH	485.09
P88636	00178408	HACH COMPANY	STORAGE SOLUTION	120.51
P88636	00178408	HACH COMPANY	CREDIT-RETURNED PROBE	-239.81
<i>Org Key: MT3200 - Water Pumps</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE	2,304.58
<i>Org Key: MT3300 - Water Associated Costs</i>				
	00178472	WILLING, ROBERT	MILEAGE EXPENSE	32.20
	00178383	BAKER, DENNIS L	MILEAGE EXPENSE	28.75
<i>Org Key: MT3500 - Sewer Pumps</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE	2,589.37
P88577	00178439	PACIFIC INDUSTRIAL SUPPLY CO	PLATE STEEL, 11 GA.	63.46
P88591	00178406	GRAINGER	WELDING WIRES & GRINDING WHEEL	52.59
<i>Org Key: MT4150 - Support Services - Clearing</i>				
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	125.07
<i>Org Key: MT4200 - Building Services</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE	4,141.26
	00178449	PUGET SOUND ENERGY	ENERGY USE	3,621.12
P88669	00178379	ARC	MICEC PLANS	466.16
P88709	00178410	HOME DEPOT CREDIT SERVICE	FAUCET FOR WAREHOUSE	88.65
P88575	00178454	SANDERSON SAFETY SUPPLY	CLASS III JACKET (XLG)	50.26
<i>Org Key: MT4300 - Fleet Services</i>				
P88591	00178406	GRAINGER	WELDING WIRES & GRINDING WHEEL	52.60
<i>Org Key: MTBE01 - Maint of Medians &amp; Planters</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE	979.50
<i>Org Key: PO1100 - Administration (PO)</i>				
P88496	00178468	VERIZON WIRELESS	Cell phone bill	1,136.39
	00178409	HOLMES, EDWARD J	PERDIEM REIMB	313.85
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	175.40
<i>Org Key: PO1350 - Police Emergency Management</i>				
P88673	00178425	MERCER ISLAND GUILD OF	EMAC ad in phone book	450.00
P88676	00178459	SKYLINE COMMUNICATIONS INC	EOC INTERNET SERVICES	192.55
	00178404	FRANKLIN, JENNIFER D	REPLACE WARRANT 178275	97.30
<i>Org Key: PO1700 - Records and Property</i>				
P88674	00178394	CONFIDENTIAL DATA DISPOSAL	Shredding	100.00

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<i>Org Key: PO2100 - Patrol Division</i>				
P88678	00178390	CHIEF SUPPLY CORP	Patrol Supplies - Batteries, N	553.45
P88671	00178471	WESCOM	Calibrate radar	246.38
P88671	00178471	WESCOM	Radar repair & calibrate	190.53
<i>Org Key: PO2200 - Marine Patrol</i>				
	00178469	VICKERS MICHAEL L	REPLACE WARRANT 170064	161.00
P88675	00178463	UNDERWATER SPORTS INC.	Dive gloves	27.32
<i>Org Key: PR0000 - Parks &amp; Recreation-Revenue</i>				
P88668	00178452	REHN, RANDY	Gallery Sales proceeds	356.25
P88685	00178474	WYDE, ROBERTA	Gallery Sales proceeds	120.00
<i>Org Key: PR1500 - Urban Forest Management</i>				
P88594	00178436	NW ARBORICULTURE LLC	Tree work at SE 46th St ROW Tr	1,412.55
<i>Org Key: PR2100 - Recreation Programs</i>				
P88700	00178473	WINKELMAN, BARBARA GAINES	Instruction services for You B	126.00
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	11.95
<i>Org Key: PR2101 - Youth and Teen Camps</i>				
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	30.14
<i>Org Key: PR2108 - Health and Fitness</i>				
P88702	00178420	LEDBETTER-KRAFT, DELORES E	Instruction services for Aerob	1,078.00
P88701	00178442	PAULETTO, MAUDE	Instruction services for Yoga	939.58
P88699	00178395	DAVIS, SUZANNA	Instruction services for Belly	522.90
P88701	00178442	PAULETTO, MAUDE	Instruction services for Yoga	343.00
P88701	00178442	PAULETTO, MAUDE	Instruction services for Yoga	276.15
<i>Org Key: PR3500 - Senior Services</i>				
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	50.64
<i>Org Key: PR4100 - Community Center</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE	10,624.58
P88705	00178429	MICHAEL SKAGGS ASSOCIATES	MACHINE SCRUB & RECOAT MERCER	540.00
P88677	00178438	PACIFIC AIR CONTROL INC	REPLACED BELT EXH FAN CUSTODIA	418.84
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	62.52
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	32.54
<i>Org Key: PR5600 - Cultural &amp; Performing Arts</i>				
P88664	00178458	SEATTLE SHAKESPEARE COMPANY	Wooden O performances July 9 -	6,000.00
<i>Org Key: PR5900 - Summer Celebration</i>				
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	30.14
<i>Org Key: PR6100 - Park Maintenance</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE	2,888.83
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	36.18
P88710	00178410	HOME DEPOT CREDIT SERVICE	PIPE FITTINGS	24.29
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	11.93
P88706	00178450	PUGET SOUND ENERGY	Seafair power	10.84



**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: PR6200 - Athletic Field Maintenance</i>				
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	56.29
<i>Org Key: PR6500 - Luther Burbank Park Maint.</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE OCT 2015	805.46
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	101.91
P85005	00178391	CINTAS CORPORATION #460	2015 rug cleaning services for	24.64
P88710	00178410	HOME DEPOT CREDIT SERVICE	PIPE FITTINGS	24.28
<i>Org Key: PR6600 - Park Maint-School Related</i>				
	00178449	PUGET SOUND ENERGY	ENERGY USE	570.83
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	28.34
<i>Org Key: PR6700 - I90 Park Maintenance</i>				
P88545	00178388	CEDAR GROVE COMPOSTING INC	3-WAY TOPSOIL (25 YDS)	507.58
P85006	00178464	UNITED SITE SERVICES	2015 Portable toilet rental an	338.65
P88635	00178410	HOME DEPOT CREDIT SERVICE	MAKITA 18W HAMMER IMPACT KIT	305.51
P88697	00178405	GOODSELL POWER EQUIPMENT	BLADE SET & TRIMMER LINE	226.50
	00178449	PUGET SOUND ENERGY	ENERGY USE	180.12
P85006	00178464	UNITED SITE SERVICES	2015 Portable toilet rentals a	151.20
P88667	00178468	VERIZON WIRELESS	Parks cell phone use charges f	70.15
<i>Org Key: PR6800 - Trails Maintenance</i>				
P88594	00178436	NW ARBORICULTURE LLC	Tree work on ROW Trail between	1,523.15
<i>Org Key: PY4615 - Flex Admin 2015</i>				
	00178422	LUND, MARK	FLEX SPEND REIMB	1,215.06
	00178443	PETERSEN, CHRISTOPHER	FLEX SPEND REIMB	1,000.00
	00178417	KEVEREN, BREANNA	FLEX SPEND REIMB	499.98
	00178384	BOETTCHER, GLENN	FLEX SPEND REIMB	306.11
	00178455	SANDINE, ASEA	FLEX SPEND REIMB	192.32
	00178411	HORSCHMAN, BRENT	FLEX SPEND REIMB	192.31
	00178466	VAN GORP, ALISON	FLEX SPEND REIMB	192.31
	00178461	TREAT, NOEL	FLEX SPEND REIMB	181.82
	00178462	TUTTLE, LAJUAN	FLEX SPEND REIMB	28.85
<i>Org Key: WG131E - Fire Equipment</i>				
P88241	00178456	SEA WESTERN INC	1 MSA Altair 5x Gas	3,036.80
<i>Org Key: WP122P - Open Space - Pioneer/Engstrom</i>				
P85006	00178464	UNITED SITE SERVICES	Portable toilet rental and ser	75.60
<i>Org Key: WP122R - Vegetation Management</i>				
P87160	00178378	APPLIED ECOLOGY LLC	2015-2016 Open Space Vegetatio	7,132.13
P87125	00178378	APPLIED ECOLOGY LLC	2015-2016 Open Space Vegetatio	4,998.00
P85920	00178431	MOUNTAINS TO SOUND	2015-2016 Volunteer recruitmen	4,088.50
P85100	00178399	EARTHCORPS INC	2015-2016 Volunteer Recruitmen	3,203.00
<i>Org Key: WP720R - Recurring Park Projects</i>				
P88377	00178387	CEDAR CREEK CONTRACTORS LLC	Mercer Island Parks Parking Lo	4,395.91
P88377	00178387	CEDAR CREEK CONTRACTORS LLC	50% Retainage	3,694.00
P88707	00178386	CADMAN INC	5/8"-MINUS ROCK (189.55 TONS)	2,497.57
<i>Org Key: WR111R - Pavement Markings</i>				

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P88632	00178377	ALPINE PRODUCTS INC	HOT TAPE, TRAFFIC PAINT & STEN	3,013.20
<i>Org Key: WS160R - Street Related Sewer CIP</i>				
P88630	00178401	EJ USA INC	6 X 24 RINGS & COVERS "SEWER"	1,687.50
<i>Org Key: XG300R - Fire Station 92 Replacement</i>				
P88669	00178379	ARC	FIRE STATION PLANS	981.05
<i>Org Key: XP520R - Recreational Trail Connections</i>				
P87667	00178380	ASSOCIATED EARTH SCIENCES INC	Geotechnical Engineering for L	7,900.00
P88707	00178386	CADMAN INC	5/8"-MINUS ROCK (189.55 TONS)	317.16
<i>Org Key: XP710R - Luther Burbank Minor Improvemt</i>				
P87160	00178378	APPLIED ECOLOGY LLC	2015-2016 Open Space Vegetatio	15,361.50
P88637	00178440	PACIFIC RIM EQUIPMENT RENTAL	EXCAVATOR RENTAL	693.22
<i>Org Key: XR544R - NMW Crossing at Cov Shores</i>				
P88632	00178377	ALPINE PRODUCTS INC	HOT TAPES	624.72
P88707	00178386	CADMAN INC	5/8"-MINUS ROCK (189.55 TONS)	39.64
<i>Org Key: YF1100 - YFS General Services</i>				
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<i>Org Key: YF1200 - Thrift Shop</i>				
P88643	00178433	NATIONAL BUSINESS SYSTEMS	New Keystroke/pin pad equipmen	1,639.22
	00178449	PUGET SOUND ENERGY	ENERGY USE	532.25
	00178444	PETTY CASH FUND THRIFT SHOP	PETTY CASH REIMBURSEMENT	79.03
	00178441	PANGBORN, JIM	THRIFT SHOP SUPPLIES	76.30
	00178475	XEROX CORPORATION	PRINTER SUPPLIES	62.54
<i>Org Key: YF2100 - School/City Partnership</i>				
P86168	00178451	REGIONAL TOXICOLOGY SERVICES	Lab fees for C.Harnish clients	15.70
<i>Org Key: YF2500 - Family Counseling</i>				
P88607	00178457	SEATTLE PLAY THERAPY LLC	Honoraium for clinical present	100.00
<i>Org Key: YF2600 - Family Assistance</i>				
P87873	00178447	PUGET SOUND ENERGY	Utility Assistance for Emergen	127.67
P87873	00178448	PUGET SOUND ENERGY	Utility Assistance for Emergen	63.57
Total				<u>200,036.01</u>

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	178476-178562	11/10/15	\$ 204,739.87
			<b>\$ 204,739.87</b>

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00178476	11/05/2015	NC MACHINERY CO CLAYSPADE	P88634	T2131801	10/27/2015	132.50
00178477	11/05/2015	PETERS II, MICHAEL J TRAINING EXPENSES		110215	11/21/2015	167.32
00178478	11/10/2015	AERO CONSTRUCTION REFUND HYDRANT METER DEPOSIT		OH005617	10/29/2015	2,900.00
00178479	11/10/2015	ALPINE PRODUCTS INC MISC. WORK CLOTHES	P88646	TM153846	10/23/2015	417.03
00178480	11/10/2015	AMERICAN EXPRESS (YFS) Cash & Carry (supplies for Ope	P88747	93311OCT2015	10/28/2015	1,613.98
00178481	11/10/2015	ANDERSON, LAURA MARIE Instruction services for Power	P88768	15840/15845	11/09/2015	1,495.22
00178482	11/10/2015	ARTSITELTD LLC Repair, cleaning and moving of	P88743	1153	10/15/2015	2,164.60
00178483	11/10/2015	AT&T MOBILITY SEWER WIRELESS DATA SERVICE	P88751	7404045X11022015	10/24/2015	31.86
00178484	11/10/2015	AUTONATION FORD BELLEVUE REPAIR PARTS FL-0407	P88711	437829	10/19/2015	187.95
00178485	11/10/2015	BAKER, DENNIS L MILEAGE EXPENSE		OH005615	11/03/2015	28.75
00178486	11/10/2015	BELLEVUE COLLEGE Contract 21151 completed, depo	P88730	21151	11/05/2015	150.00
00178487	11/10/2015	BELLEVUE COLLEGE-CONT EDU ECTC Training C. Clifton	P88734	1106562	11/02/2015	440.64
00178488	11/10/2015	BROCCOLI, TERESE Credit on account from past pr	P88725	618654	11/05/2015	14.00
00178489	11/10/2015	CENTURYLINK PHONE USE NOV 2015		OH005618	11/01/2015	1,401.78
00178490	11/10/2015	CESSCO INVENTORY PURCHASES	P88680	4474	10/23/2015	108.67
00178491	11/10/2015	CHIEF SUPPLY CORP 2 packages of AAA batteries -	P88663	389341	10/23/2015	27.00
00178492	11/10/2015	CLARK'S NATIVE TREES & SHRUBS Plants	P88742	15653/15615	10/15/2015	9,602.62
00178493	11/10/2015	COOK, KEVIN FRLEOFF1 Retiree Medical Expen	P88723	OH005621	11/05/2015	75.00
00178494	11/10/2015	COOPER, ROBERT REPLACE WARRANT 168368		OH005607	11/09/2015	1,543.91
00178495	11/10/2015	CRYSTAL AND SIERRA SPRINGS 2015 WATER SERVICES DELIVERY F	P86578	14555831101015	10/10/2015	89.02
00178496	11/10/2015	DEDOMINICIS, AMY E FS 92 Project Management	P76634	501449	10/30/2015	450.00
00178497	11/10/2015	DELL MARKETING L.P. IDS Security Logging System	P88670	XJT7DC294	10/23/2015	9,248.02
00178498	11/10/2015	DEPT OF ENTERPRISES SERVICES PRINTING BUSINESS CARDS OCT 20		73140955	11/02/2015	23.79
00178499	11/10/2015	EARTHWORK ENTERPRISES INC SUB BASIN 52 DRAINAGE IMPROVEM	P85973	7	09/30/2015	45,203.07
00178500	11/10/2015	EXCEL SUPPLY COMPANY INVENTORY PURCHASES	P88645	76894	10/22/2015	145.39
00178501	11/10/2015	FRED HUTCHINSON CANCER RES CTR Contract 19918 completed, depo	P88729	19918	11/05/2015	350.00

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00178502	11/10/2015	G&K SERVICES MAINT - OCT. COVERALL/LAUNDRY	P88738	OH005622	10/25/2015	694.76
00178503	11/10/2015	GRAINGER Yellow marking chalk	P88683	9878085480	10/27/2015	332.59
00178504	11/10/2015	GRAND & BENEDICTS INC Operating supplies for MI Thri	P85351	0765337IN	10/27/2015	252.97
00178505	11/10/2015	GRAYBAR Replacement lamps for MICEC Gy	P88746	981749033/74882	10/26/2015	862.42
00178506	11/10/2015	HUGHES FIRE EQUIPMENT INC Misc. Apparatus Parts	P88686	819/927/930/952	10/26/2015	369.65
00178507	11/10/2015	IRIS WINDOW COVERINGS INC Re-wire of shades in Mercer Ro	P88728	51140	10/16/2015	164.25
00178508	11/10/2015	KAREN REED CONSULTING LLC Town Center Vision & Developme	P88761	0551	11/03/2015	6,222.50
00178509	11/10/2015	KROESENS INC MP uniform equip	P88779	208031	10/26/2015	328.50
00178510	11/10/2015	LAKESIDE INDUSTRIES REFUND HYDRANT METER DEPOSIT		OH005616	10/07/2015	2,400.00
00178511	11/10/2015	LEXISNEXIS Library Subscriptions - Invoic	P88748	3090341417	10/31/2015	235.75
00178512	11/10/2015	LIFEWIRE Clinical Consult for domestic	P88744	OH005624	10/26/2015	225.00
00178513	11/10/2015	LITTLEDROPS ORPHANAGE FUND Contract 20613 completed, depo	P88732	20613	11/05/2015	35.00
00178514	11/10/2015	LOLLIE FLEUR Floral arrangements for MICEC	P88726	2015CEC01	11/04/2015	89.79
00178515	11/10/2015	LYONS, STEVEN FRLEOFF1 Retiree Medical Expen	P88770	OH005623	11/09/2015	50.00
00178516	11/10/2015	MATTOO, ANINDA Booking made on incorrect type	P88733	615455	11/05/2015	50.00
00178517	11/10/2015	MERCER ISLAND CHEVRON FUEL NOV	P88755	531263/531502	10/04/2015	126.17
00178518	11/10/2015	MERCER ISLAND REPORTER SUBSCRIPTION RENEWAL FOR 16711	P88715	OH005629	11/04/2015	39.00
00178519	11/10/2015	MI FOOTBALL BOOSTER CLUB Contract 20071 completed, depo	P88731	20071	11/05/2015	350.00
00178520	11/10/2015	MI HARDWARE - MAINT MISC. HARDWARE FOR THE MONTH O	P88717	OH005626	10/31/2015	346.12
00178521	11/10/2015	MI HARDWARE - P&R Custodial and Misc Supplies fo	P88769	OH005628	10/31/2015	64.41
00178522	11/10/2015	MI HARDWARE - UTILITY MISC. HARDWARE FOR THE MONTH O	P88760	OH005625	10/31/2015	67.87
00178523	11/10/2015	MI UTILITY BILLS PAYMENT OF UTILITY BILLS FOR W	P88719	OH005627	10/31/2015	6,741.33
00178524	11/10/2015	MOLTZ, ERIC CDL PHYSICAL		OH005610	11/04/2015	50.00
00178525	11/10/2015	MONTAGUE, LIANA ANNUAL COUNSELOR RENEWAL		OH005609	11/05/2015	100.00
00178526	11/10/2015	NAT'L HOSE TESTING SPEC INC 2015 Hose/Ladder Testing	P88542	44974	10/12/2015	5,496.00
00178527	11/10/2015	NORTON CORROSION LIMITED LLC 2015 ANNUAL CATHODIC INSPECTIO	P88753	250939	08/28/2015	1,503.00

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00178528	11/10/2015	OVERLAKE OIL 800 GAL. UNLEADED DELIVERY - F	P88740	0174432IN	10/23/2015	1,643.84
00178529	11/10/2015	PUGET SOUND ENERGY Utility Assistance for Emergen	P87873	OH005631	11/06/2015	21.63
00178530	11/10/2015	PUGET SOUND ENERGY ENERGY USE OCT 2015		OH005620	11/02/2015	3,215.52
00178531	11/10/2015	PUGET SOUND ENERGY CROSSWALK LED - SE 53RD TO	P88750	OH005630	10/07/2015	1,057.92
00178532	11/10/2015	PURE AIR FILTRATION LLC SULPHASORB XL	P88087	2015315	10/23/2015	4,224.00
00178533	11/10/2015	PURIFIED WATER TO GO MONTHLY WATER SERVICE JAN-DEC	P85015	902115	09/30/2015	36.26
00178534	11/10/2015	REDMOND, CITY OF 3rd Quarter Apparatus Maintena	P88657	00001418	10/23/2015	14,516.28
00178535	11/10/2015	REPUBLIC SERVICES #172 DEANE'S PARK HAUL AWAY	P88712	0172006543935	09/30/2015	130.56
00178536	11/10/2015	RICH LANDSCAPING INC 2015-2016 Open Space Vegetatio	P87270	34574	11/03/2015	6,677.55
00178537	11/10/2015	SEATTLE PUBLIC UTILITIES WATER QUALITY SERVICE	P88737	W0081482	10/15/2015	1,266.00
00178538	11/10/2015	SEATTLE PUMP REPLACEMENT PARTS FOR FL-0388	P88618	154152	10/27/2015	88.05
00178539	11/10/2015	SHRED-IT USA Shredding Service - Finance	P88722	9408001976	10/26/2015	272.75
00178540	11/10/2015	SNYDER DISCOUNT OIL Utility ass't for EA client KC	P88745	187784	10/30/2015	736.72
00178541	11/10/2015	SOUND LEGAL COPY LEGAL COPY FEES	P88735	82474	10/31/2015	16,792.94
00178542	11/10/2015	SOUND SAFETY PRODUCTS MISC. WORK CLOTHES	P88660	52874	10/22/2014	160.92
00178543	11/10/2015	STANTEC CONSULTING SRVS INC MADRONA CREST WEST WATER SYSTE	P86755	968123	10/16/2015	13,708.60
00178544	11/10/2015	TACOMA FUEL DOCK INC MARINE PATROL FUEL 9/24 & 9/29	P88649	7983/7973	09/24/2015	1,040.75
00178545	11/10/2015	TOLLIVER, SCOTT LIGHTING REPAIR PARTS		OH005608	11/06/2015	8.21
00178546	11/10/2015	TRAFFIC SAFETY SUPPLY INVENTORY PURCHASES	P88193	103339/104924	10/14/2015	309.52
00178547	11/10/2015	TROY, BRIAN MILEAGE EXPENSE		OH005612	11/05/2015	45.43
00178548	11/10/2015	UTILITIES UNDERGROUND LOCATION EXCAVATION NOTIFICATION - OCTO	P88752	5100157	10/31/2015	237.16
00178549	11/10/2015	VERIZON WIRELESS MAINT. DEPT CELLULAR SERVICE	P88739	9754434269	10/23/2015	900.50
00178550	11/10/2015	VERIZON WIRELESS PD cell phones	P85025	9754434274	10/23/2015	1,103.63
00178551	11/10/2015	WA FITNESS SERVICES INC Quarterly Maintenance City Hal	P88767	W15632	11/06/2015	184.96
00178552	11/10/2015	WA ST TREASURER'S OFFICE Remit Oct 2015 NC Court Fees	P88774	OH005632	10/31/2015	1,786.90
00178553	11/10/2015	WA ST TREASURER'S OFFICE Remit Oct 2015 MI Court Fees	P88775	OH005634	10/31/2015	26,147.38

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00178554	11/10/2015	WALKER JR, RUDY MILEAGE EXPENSE		OH005614	10/30/2015	28.75
00178555	11/10/2015	WALTER E NELSON CO INVENTORY PURCHASES	P88682	507374	10/27/2015	1,043.34
00178556	11/10/2015	WASHINGTON STATE PATROL Thrift Shop Background Checks	P88766	I16002456	11/02/2015	156.00
00178557	11/10/2015	WASPC IACP/SACOP Conf	P88786	INV026786	10/29/2015	1,142.32
00178558	11/10/2015	WESTERN EQUIPMENT DISTRIBUTORS 64) TINES	P88762	7909622	10/30/2015	406.66
00178559	11/10/2015	WILLING, ROBERT MILEAGE EXPENSE		OH005613	10/30/2015	32.20
00178560	11/10/2015	WSCPA Crime Prev assoc fee	P88781	OH005633	11/01/2015	150.00
00178561	11/10/2015	X5 SOLUTIONS INC MONTHLY LONG DISTANCE JAN-DEC	P85035	OH005593	10/31/2015	217.63
00178562	11/10/2015	YAMASHITA, M PATRICK TRAINING EXPENSE		OH005611	11/05/2015	39.79
					Total	<u>204,739.87</u>

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: 001000 - General Fund-Admin Key</i>				
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	10,406.95
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	5,913.19
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	4,484.68
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	1,852.96
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	1,058.41
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	930.30
P88774	00178552	WA ST TREASURER'S OFFICE	Remit Oct 2015 NC Court Fees	740.72
P88774	00178552	WA ST TREASURER'S OFFICE	Remit Oct 2015 NC Court Fees	409.87
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	362.00
P88729	00178501	FRED HUTCHINSON CANCER RES CTR	Contract 19918 completed, depo	350.00
P88731	00178519	MI FOOTBALL BOOSTER CLUB	Contract 20071 completed, depo	350.00
P88774	00178552	WA ST TREASURER'S OFFICE	Remit Oct 2015 NC Court Fees	334.68
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	267.82
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	267.79
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	224.64
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	216.00
P88774	00178552	WA ST TREASURER'S OFFICE	Remit Oct 2015 NC Court Fees	168.36
P88730	00178486	BELLEVUE COLLEGE	Contract 21151 completed, depo	150.00
P88774	00178552	WA ST TREASURER'S OFFICE	Remit Oct 2015 NC Court Fees	83.91
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	62.90
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	60.09
P88733	00178516	MATTOO, ANINDA	Booking made on incorrect type	50.00
P88775	00178553	WA ST TREASURER'S OFFICE	Remit Oct 2015 MI Court Fees	39.65
P88732	00178513	LITTLEDROPS ORPHANAGE FUND	Contract 20613 completed, depo	35.00
P88774	00178552	WA ST TREASURER'S OFFICE	Remit Oct 2015 NC Court Fees	31.20
P88774	00178552	WA ST TREASURER'S OFFICE	Remit Oct 2015 NC Court Fees	18.16
P88725	00178488	BROCCOLI, TERESE	Credit on account from past pr	14.00
<i>Org Key: 402000 - Water Fund-Admin Key</i>				
	00178478	AERO CONSTRUCTION	REFUND HYDRANT METER DEPOSIT	2,900.00
	00178510	LAKESIDE INDUSTRIES	REFUND HYDRANT METER DEPOSIT	2,400.00
P88682	00178555	WALTER E NELSON CO	INVENTORY PURCHASES	1,043.34
P88193	00178546	TRAFFIC SAFETY SUPPLY	INVENTORY PURCHASES	309.52
P88683	00178503	GRAINGER	INVENTORY PURCHASES	182.58
P88645	00178500	EXCEL SUPPLY COMPANY	INVENTORY PURCHASES	145.39
P88680	00178490	CESSCO	INVENTORY PURCHASES	108.67
P88681	00178503	GRAINGER	INVENTORY PURCHASES	92.50
<i>Org Key: CA1100 - Administration (CA)</i>				
P88748	00178511	LEXISNEXIS	Library Subscriptions - Invoic	235.75
<i>Org Key: CR1100 - CORe Admin and Human Resources</i>				
P88767	00178551	WA FITNESS SERVICES INC	Quarterly Maintenance City Hal	184.96
<i>Org Key: DS1400 - Development Engineering</i>				
	00178562	YAMASHITA, M PATRICK	TRAINING EXPENSE	39.79
<i>Org Key: DSBE01 - Economic Development</i>				
P88761	00178508	KAREN REED CONSULTING LLC	Town Center Vision & Developme	6,222.50
<i>Org Key: FN1100 - Administration (FN)</i>				



**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P88722	00178539	SHRED-IT USA	Shredding Service - Finance	272.75
<i>Org Key: FR1100 - Administration (FR)</i>				
	00178489	CENTURYLINK	PHONE USE NOV 2015	156.56
<i>Org Key: FR2100 - Fire Operations</i>				
P88657	00178534	REDMOND, CITY OF	3rd Quarter Apparatus Maintena	14,516.28
P88686	00178506	HUGHES FIRE EQUIPMENT INC	Misc. Apparatus Parts	369.65
<i>Org Key: FR2400 - Fire Suppression</i>				
P88542	00178526	NAT'L HOSE TESTING SPEC INC	2015 Hose/Ladder Testing	5,496.00
<i>Org Key: FR4100 - Training</i>				
	00178477	PETERS II, MICHAEL J	TRAINING EXPENSES	167.32
<i>Org Key: GGM001 - General Government-Misc</i>				
P88735	00178541	SOUND LEGAL COPY	LEGAL COPY FEES	16,792.94
P85015	00178533	PURIFIED WATER TO GO	MONTHLY WATER SERVICE JAN-DEC	36.26
<i>Org Key: GGM005 - Genera Govt-L1 Retiree Costs</i>				
P88723	00178493	COOK, KEVIN	FRLEOFF1 Retiree Medical Expen	75.00
P88770	00178515	LYONS, STEVEN	FRLEOFF1 Retiree Medical Expen	50.00
<i>Org Key: GGM606 - Excess Retirement-Fire</i>				
	00178494	COOPER, ROBERT	REPLACE WARRANT 168368	1,543.91
<i>Org Key: IS2100 - IGS Network Administration</i>				
	00178489	CENTURYLINK	PHONE USE NOV 2015	488.29
P85035	00178561	X5 SOLUTIONS INC	MONTHLY LONG DISTANCE JAN-DEC	217.63
<i>Org Key: MT2100 - Roadway Maintenance</i>				
	00178530	PUGET SOUND ENERGY	ENERGY USE NOV 2015	3,201.31
P88750	00178531	PUGET SOUND ENERGY	CROSSWALK LED - SE 53RD TO	1,057.92
	00178530	PUGET SOUND ENERGY	ENERGY USE OCT 2015	14.21
<i>Org Key: MT2500 - ROW Administration</i>				
P88659	00178542	SOUND SAFETY PRODUCTS	MISC. WORK CLOTHES	128.12
	00178498	DEPT OF ENTERPRISES SERVICES	PRINTING BUSINESS CARDS OCT 20	23.79
<i>Org Key: MT3100 - Water Distribution</i>				
P88634	00178476	NC MACHINERY CO	CLAYSPADE	132.50
P88760	00178522	MI HARDWARE - UTILITY	MISC. HARDWARE FOR THE MONTH O	27.57
P88683	00178503	GRAINGER	123 BATTERY (2 PK)	18.29
P88717	00178520	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	17.11
<i>Org Key: MT3150 - Water Quality Event</i>				
P88737	00178537	SEATTLE PUBLIC UTILITIES	WATER QUALITY SERVICE	947.00
<i>Org Key: MT3200 - Water Pumps</i>				
P88753	00178527	NORTON CORROSION LIMITED LLC	2015 ANNUAL CATHODIC INSPECTIO	1,503.00
	00178489	CENTURYLINK	PHONE USE NOV 2015	472.93
<i>Org Key: MT3300 - Water Associated Costs</i>				
P88734	00178487	BELLEVUE COLLEGE-CONT EDU	ECTC Training C. Clifton	246.72
	00178559	WILLING, ROBERT	MILEAGE EXPENSE	32.20

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
	00178554	WALKER JR, RUDY	MILEAGE EXPENSE	28.75
<i>Org Key: MT3400 - Sewer Collection</i>				
P88760	00178522	MI HARDWARE - UTILITY	MISC. HARDWARE FOR THE MONTH O	40.30
<i>Org Key: MT3500 - Sewer Pumps</i>				
P88087	00178532	PURE AIR FILTRATION LLC	SULPHASORB XL	4,224.00
P88717	00178520	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	27.57
<i>Org Key: MT3600 - Sewer Associated Costs</i>				
P88751	00178483	AT&T MOBILITY	SEWER WIRELESS DATA SERVICE	31.86
P88660	00178542	SOUND SAFETY PRODUCTS	MISC. WORK CLOTHES	32.80
	00178485	BAKER, DENNIS L	MILEAGE EXPENSE	28.75
<i>Org Key: MT3800 - Storm Drainage</i>				
	00178547	TROY, BRIAN	MILEAGE EXPENSE	45.43
<i>Org Key: MT4101 - Support Services - General Fd</i>				
P88715	00178518	MERCER ISLAND REPORTER	SUBSCRIPTION RENEWAL FOR 16711	39.00
<i>Org Key: MT4150 - Support Services - Clearing</i>				
P88739	00178549	VERIZON WIRELESS	MAINT. DEPT CELLULAR SERVICE	900.50
P88738	00178502	G&K SERVICES	MAINT - OCT. COVERALL/LAUNDRY	694.76
P88752	00178548	UTILITIES UNDERGROUND LOCATION	EXCAVATION NOTIFICATION - OCTO	237.16
P88734	00178487	BELLEVUE COLLEGE-CONT EDU	ECTC Training A. Sandine	193.92
P86578	00178495	CRYSTAL AND SIERRA SPRINGS	2015 WATER SERVICES DELIVERY F	89.02
	00178524	MOLTZ, ERIC	CDL PHYSICAL	50.00
<i>Org Key: MT4200 - Building Services</i>				
	00178545	TOLLIVER, SCOTT	LIGHTING REPAIR PARTS	8.21
<i>Org Key: MT4300 - Fleet Services</i>				
P88740	00178528	OVERLAKE OIL	800 GAL. UNLEADED DELIVERY - F	1,643.84
P88649	00178544	TACOMA FUEL DOCK INC	MARINE PATROL FUEL 9/24 & 9/29	1,040.75
P88711	00178484	AUTONATION FORD BELLEVUE	REPAIR PARTS FL-0407	187.95
P88755	00178517	MERCER ISLAND CHEVRON	FUEL NOV	126.17
P88618	00178538	SEATTLE PUMP	REPLACEMENT PARTS FOR FL-0388	88.05
<i>Org Key: MT4501 - Water Administration</i>				
P88737	00178537	SEATTLE PUBLIC UTILITIES	WATER QUALITY SERVICE	174.00
<i>Org Key: PO1100 - Administration (PO)</i>				
P88786	00178557	WASPC	IACP/SACOP Conf	1,142.32
P88784	00178550	VERIZON WIRELESS	PD cell phones	1,063.62
P88781	00178560	WSCPA	Crime Prev assoc fee	150.00
<i>Org Key: PO2100 - Patrol Division</i>				
P88663	00178491	CHIEF SUPPLY CORP	2 packages of AAA batteries -	27.00
<i>Org Key: PO2200 - Marine Patrol</i>				
P88779	00178509	KROESENS INC	MP uniform equip	328.50
<i>Org Key: PR1100 - Administration (PR)</i>				
	00178489	CENTURYLINK	PHONE USE NOV 2015	47.29

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: PR2108 - Health and Fitness</i>				
P88768	00178481	ANDERSON, LAURA MARIE	Instruction services for Power	965.80
P88768	00178481	ANDERSON, LAURA MARIE	Instruction services for Power	529.42
P88718	00178503	GRAINGER	Yellow marking chalk	39.22
<i>Org Key: PR4100 - Community Center</i>				
P88728	00178507	IRIS WINDOW COVERINGS INC	Re-wire of shades in Mercer Ro	164.25
P88726	00178514	LOLLIE FLEUR	Floral arrangements for MICEC	89.79
P88769	00178521	MI HARDWARE - P&R	Custodial and Misc Supplies fo	64.41
<i>Org Key: PR6100 - Park Maintenance</i>				
P88719	00178523	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	1,216.47
P88712	00178535	REPUBLIC SERVICES #172	DEANE'S PARK HAUL AWAY	130.56
P88717	00178520	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	81.68
P88646	00178479	ALPINE PRODUCTS INC	MISC. WORK CLOTHES	41.50
<i>Org Key: PR6200 - Athletic Field Maintenance</i>				
P88719	00178523	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	826.20
P88646	00178479	ALPINE PRODUCTS INC	HOT TAPE (ARROWS)	375.53
	00178489	CENTURYLINK	PHONE USE NOV 2015	86.32
<i>Org Key: PR6500 - Luther Burbank Park Maint.</i>				
P88719	00178523	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	2,118.88
P88717	00178520	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	86.69
<i>Org Key: PR6700 - I90 Park Maintenance</i>				
P88719	00178523	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	2,579.78
P88762	00178558	WESTERN EQUIPMENT DISTRIBUTORS	64) TINES	406.66
P88717	00178520	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	133.07
<i>Org Key: PRAT40 - Ongoing Art Programs</i>				
P88743	00178482	ARTSITELTD LLC	Repair, cleaning and moving of	2,164.60
<i>Org Key: WD106R - Minor Watercourse Improvmts</i>				
P88046	00178499	EARTHWORK ENTERPRISES INC	SUB BASIN 52 DRAINAGE IMPROVEM	39,660.89
<i>Org Key: WG105R - Community Center Bldg Repairs</i>				
P88746	00178505	GRAYBAR	Replacement lamps for MICEC Gy	451.40
P88746	00178505	GRAYBAR	Replacement Lamps for MICEC Gy	411.02
<i>Org Key: WG110T - Computer Equip Replacements</i>				
P88670	00178497	DELL MARKETING L.P.	IDS Security Logging System	9,248.02
<i>Org Key: WP122P - Open Space - Pioneer/Engstrom</i>				
P87270	00178536	RICH LANDSCAPING INC	2015-2016 Open Space Vegetatio	6,677.55
<i>Org Key: WP122R - Vegetation Management</i>				
P88742	00178492	CLARK'S NATIVE TREES & SHRUBS	Plants	7,584.53
P88742	00178492	CLARK'S NATIVE TREES & SHRUBS	Plants	2,018.09
<i>Org Key: WW312R - ICW and 85th Ave Water Impv</i>				
P85973	00178499	EARTHWORK ENTERPRISES INC	2015 WATER SYSTEM IMPROVEMENTS	5,542.18
P88737	00178537	SEATTLE PUBLIC UTILITIES	WATER QUALITY SERVICE	145.00
<i>Org Key: WW526R - Madrona Crest West Water Sys</i>				

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P86755	00178543	STANTEC CONSULTING SRVS INC	MADRONA CREST WEST WATER	7,960.85
<i>Org Key: XG300R - Fire Station 92 Replacement</i>				
P76634	00178496	DEDOMINICIS, AMY E	FS 92 Project Management	450.00
<i>Org Key: XR541C - Safe Routes - Madrona Crest</i>				
P86755	00178543	STANTEC CONSULTING SRVS INC	MADRONA CREST WEST WATER	5,747.75
<i>Org Key: YF1100 - YFS General Services</i>				
P88747	00178480	AMERICAN EXPRESS (YFS)	Complete office - Operating ex	397.87
P88747	00178480	AMERICAN EXPRESS (YFS)	Costco (Open House expenses)	212.78
P88766	00178556	WASHINGTON STATE PATROL	Thrift Shop Background Checks	156.00
P88747	00178480	AMERICAN EXPRESS (YFS)	Cash & Carry (supplies for Ope	116.12
	00178525	MONTAGUE, LIANA	ANNUAL COUNSELOR RENEWAL	100.00
P85025	00178550	VERIZON WIRELESS	Monthly charge for mobile broa	40.01
<i>Org Key: YF1200 - Thrift Shop</i>				
P88747	00178480	AMERICAN EXPRESS (YFS)	Costco (Tshop operating suppli	454.17
P85351	00178504	GRAND & BENEDICTS INC	Operating supplies for MI Thri	252.97
P88747	00178480	AMERICAN EXPRESS (YFS)	Costco (Tshop volunteer suppli	246.91
P88747	00178480	AMERICAN EXPRESS (YFS)	Costco (Tshop operating suppli	164.39
	00178489	CENTURYLINK	PHONE USE NOV 2015	150.39
<i>Org Key: YF2100 - School/City Partnership</i>				
P88747	00178480	AMERICAN EXPRESS (YFS)	Complete Office (school progra	21.74
<i>Org Key: YF2500 - Family Counseling</i>				
P88744	00178512	LIFEWIRE	Clinical Consult for domestic	225.00
<i>Org Key: YF2600 - Family Assistance</i>				
P88745	00178540	SNYDER DISCOUNT OIL	Utility ass't for EA client KC	736.72
P87873	00178529	PUGET SOUND ENERGY	Utility Assistance for Emergen	21.63
Total				204,739.87



CITY OF MERCER ISLAND  
CERTIFICATION OF PAYROLL

**PAYROLL PERIOD ENDING**

**10/24/2015**

**PAYROLL DATED**

**11/13/2015**

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

Description		Date	Amount
Payroll Checks	62876752-62876762		12,200.31
Direct Deposits			477,596.81
Void/Manual Adjustments			24,463.39
Tax & Benefit Obligations			252,242.45
Total Gross Payroll		11/13/15	766,502.96

**CITY OF MERCER ISLAND****PAYROLL SUMMARY**

<b>PAYROLL PERIOD ENDING</b>	<b>10/24/2015</b>
<b>PAYROLL DATED</b>	<b>11/13/2015</b>
<b>Net Cash</b>	489,797.12
<b>Net Voids/Manuals</b>	24,463.39
<b>Federal Tax Deposit - Key Bank</b>	94,432.12
<b>Social Security and Medicare Taxes</b>	39,191.75
<b>Medicare Taxes Only (Fire Fighter Employees)</b>	1,827.36
<b>Public Employees Retirement System 1 (PERS 1)</b>	153.89
<b>Public Employees Retirement System 2 (PERS 2)</b>	21,831.24
<b>Public Employees Retirement System 3 (PERS 3)</b>	4,809.31
<b>Public Employees Retirement System (PERSJM)</b>	597.36
<b>Public Safety Employees Retirement System (PSERS)</b>	161.27
<b>Law Enforc. &amp; Fire fighters System 2 (LEOFF 2)</b>	24151.37
<b>Regence &amp; LEOFF Trust - Medical Insurance</b>	14351.95
<b>Domestic Partner/Overage Dependand - Insurance</b>	1,133.70
<b>Group Health Medical Insurance</b>	1,211.38
<b>Health Care - Flexible Spending Accounts</b>	2,836.82
<b>Dependent Care - Flexible Spending Accounts</b>	1,606.84
<b>United Way</b>	131.07
<b>ICMA Deferred Compensation</b>	32,118.20
<b>Fire 457 Nationwide</b>	4,119.58
<b>ROTH IRA</b>	50.00
<b>Child Support</b>	1,765.08
<b>Chapter 13/Garnishments</b>	1,331.00
<b>MI Employees' Association</b>	143.75
<b>Cities &amp; Towns/AFSCME Union Dues</b>	0.00
<b>Police Union Dues</b>	0.00
<b>Fire Union Dues</b>	1,939.17
<b>Fire Union - Supplemental Dues</b>	153.00
<b>Standard - Supplemental Life Insurance</b>	0.00
<b>Unum - Long Term Care Insurance</b>	1,121.40
<b>AFLAC - Supplemental Insurance Plans</b>	767.77
<b>GET - Guarantee Education Tuition of WA</b>	150.00
<b>Coffee Fund</b>	40.00
<b>Transportation</b>	116.07
<b>Miscellaneous</b>	0.00

<b>TOTAL GROSS PAYROLL</b>	<b>\$ 766,502.96</b>
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# CITY COUNCIL MINUTES

## REGULAR MEETING

### OCTOBER 19, 2015

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#### CALL TO ORDER & ROLL CALL

Mayor Bruce Bassett called the meeting to order at 7:00 pm in the Council Chambers of City Hall, 9611 SE 36th Street, Mercer Island, Washington.

Councilmembers Debbie Bertlin, Jane Brahm, Mike Cero, Terry Pottmeyer, Benson Wong, Deputy Mayor Dan Grausz, and Mayor Bruce Bassett were present.

#### SPECIAL BUSINESS

##### Recognition of Let's Move Campaign Partners

Councilmember Debbie Bertlin recognized many of the community partners who supported the City of Mercer Island in receiving 5 gold medals for the Let's Move campaign as follows:

- Mercer Island Food Revolution
- Mercer Island Library
- My Mercer Island
- Stroum Jewish Community Center
- The Fresh Start Gal
- Mary Wayte Pool
- Mercer Island Pediatrics
- Mercer Island Preschool Association
- Mercer Island School District
- Mercer Island Boys & Girls Club

#### APPEARANCES

John MacPherson, 4503 90<sup>th</sup> Ave SE, expressed his concern about the impact of the proposed MICA at Mercerdale Park. He spoke about the measurements of the building and takes issue with no parking being allotted in the plans. He asked the Council for an advisory vote on the issue.

Ben Pariser, 3861 80<sup>th</sup> Ave SE, MICA Board Member, spoke about the concerted effort to spread misinformation about MICA. He noted that construction will not begin until MICA raises 100% of the construction costs and that they will secure parking prior to construction.

Kristine Crothers and daughter Elena, 4805 84<sup>th</sup> Ave SE, YTN Board Member, voiced support for MICA as the future home of YTN. She noted that there is no other location for YTN on Mercer Island. She believes that MICA will build community and that the Council and citizens should support the use of public space for arts, just like the public spaces for sports.

Robin Parkinson, 3870 83<sup>rd</sup> Ave SE, has three kids in theater at YTN and it is like their second home. She noted that the school district does not properly support the arts, so YTN is a treasure on Mercer Island.

Viril Hill, 8316 SE 57<sup>th</sup> Street, spoke about the misstatements of facts regarding MICA. He spoke about the size of the building and footprint. He stated that parking is a known issue and MICA is working on a solution.

Al Lippert, 4052 94<sup>th</sup> Ave SE, spoke about pickle ball at the MICEC. He noted that it is more expensive for non-residents to play pickle ball on Mercer Island. He feels the pickle ball community is treated strongly by staff when their session time is up. He requested that the pickle ball group be able to finish games or start early if

there is no one else using the gym.

Manny Cawaling, Executive Director of YTN, read a letter from the Russian Chamber Music Foundation of Seattle supporting MICA and the proposed location at the former Recycling Center.

Sue Sherwood, 7444 West Mercer Way, spoke about the quality of the school district being a reason people have moved to Mercer Island. She believes that MICA has the potential to change the cultural landscape of the community, creating arts education and enrichment for both young and old.

Robert Thorpe, 5800 West Mercer Way, commended the Planning Commission and Design Commission members who have worked through so many issues regarding the town center visioning during the joint commission meeting. He also expressed frustration with those that spoke negatively during the meetings.

Ira Appelman, 4436 Ferncroft Road, thinks the Council is terrified of an advisory vote for MICA. He does not think that Mercer Island is being properly represented in regards to transportation and the Council is losing a strong voice for Mercer Island because they are too focused on making Mercer Island not look elitist. He believes the Council is working for regional leaders, not Mercer Islanders.

John Gordon Hill, 8914 SE 56<sup>th</sup> Street, President of MICA, thanked the Council for doing a tough job in trying to decide what is best for the Mercer Island community. He spoke about the site for MICA and thanked the Council for supporting it.

Paramita Mukherjee, 8116 SE 73<sup>rd</sup> St, stated that as a YTN parent she is having a hard time explaining to her 6 year old son that YTN soon may not exist on Mercer Island.

## **CONSENT CALENDAR**

**Payables: \$1,406,621.26 (10/01/15), \$159,932.01 (10/08/15), & \$526,232.75 (10/14/15)**

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

**Payroll: \$744,987.67 (10/16/15)**

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

It was moved by Brahm; seconded by Wong to:

**Approve the Consent Calendar and the recommendations contained therein.**

Passed 7-0

FOR: 7 (Bassett, Bertlin, Brahm, Cero, Grausz, Wong, Pottmeyer)

## **REGULAR BUSINESS**

### **AB 5122 I-90 Loss of Mobility Negotiations Status Report**

City Manager Noel Treat introduced Eric Beckman from Sound Transit who provided information about the response they received during the Listening Tour. He noted that he will be giving this same presentation to the Sound Transit Board later this week. He spoke about the process to get to resolution on each of the issues. He noted that he will report back to the City Council and Sound Transit Board with next steps, to whom the action is assigned, and a definitive schedule.

City Manager Treat noted that staff has started discussions with Sound Transit about I-90 issues, but that WSDOT has not yet been engaged in the discussions. He is hopeful that by November they will be part of the conversations. He also provided a final version of the Guiding Principles for approaching negotiations.

### **AB 5119 2014 Mercer Island Dashboard Report**

Finance Director Chip Corder presented the 2014 Dashboard Report, the City's performance measurement model. He noted that the model is comprised of 35 "dashboard" indicators, which are organized around the City's 6



priorities of government and broken down into functional areas within each priority of government:

1. Community Safety & Security: 8 indicators
2. Effective & Efficient Public Service Delivery & Community Sustainability: 14 indicators
3. Reliable Public Infrastructure: 4 indicators
4. Attractive Neighborhoods & Business Districts: 3 indicators
5. Recreational, Cultural, Health & Educational Opportunities: 5 indicators
6. Public Communication & Community Involvement: 1 indicator

City Manager Treat noted that he and the Finance Director will be reviewing the metrics in the Dashboard Report to determine if there is different information to collect that is more relevant to the daily management of the City. He will provide an update at the Planning Session in January.

### **AB 5121 Organizational Performance Audit Proposal**

City Manager Noel Treat and Finance Director Chip Corder presented their recommendation to hire a local government consultant to conduct (1) a high level assessment of the City's leanness and total operating cost relative to other "full service" cities in the Seattle metro area and (2) a "selective" performance audit of the Maintenance Department. He suggested having two Councilmembers directly involved in detailing the scope of work, selecting the consultant by mid-November, and completing the high level assessment by early January 2016 and the Maintenance Department audit by the end of March 2016.

The Council provided comments about the proposal for the high level assessment and the performance audit and discussed using "full service" cities for comparison.

Mayor Bassett suggested that the high level assessment be put on hold and have staff and two Councilmembers work on the scope and objectives of the Maintenance Department performance audit. City Manager Treat noted that the appropriation can be made once the Council has reviewed the proposal. Councilmembers Jane Brahm, Mike Cero, Benson Wong, Deputy Mayor Dan Grausz and Mayor Bassett volunteered to be part of the process. Mayor Bassett will choose the two members and inform them of such.

## **OTHER BUSINESS**

### **Councilmember Absences**

There were no absences.

### **Planning Schedule**

City Manager Treat reminded the Council that the agenda items are not listed in order on the Planning Schedule and that the agenda order is determined by staff before compiling the packet. He also noted that the City is working with MICA on a draft lease which will be presented to the Council on November 16 along with information on an advisory vote and what it involves.

Councilmember Jane Brahm suggested setting the date for the 2016 Planning Session.

### **Board Appointments**

There were no appointments.

### **Councilmember Reports**

Councilmember Brahm spoke about the upcoming Sister City Student Exchange reception at City Hall on October 26; former City Attorney Ron Dickenson's passing; Mercer Island Food Revolution's community dinner, PSRC Transportation Policy board meeting regarding the pilot permit parking program; Parks & Rec Subcommittee meeting; and Advanced Transportation Technologies conference.

Councilmember Pottmeyer spoke about the great ideas coming out of the Parks & Rec subcommittee meeting, but that there are funding issues for parks. She suggested reinstating a parks foundation.

Deputy Mayor Grausz spoke about the first Joint Commission meeting on the Town Center Visioning and Development Code Update. He expressed concern about the Planning Commission being overloaded with their current work plan and workload. He suggested that the Planning Commission's review of the impact fees be light and have the Council vet the larger policy issues. City Manager Treat responded that there is a plan to get the impact fees done in a timely manner following current protocol.

Councilmember Bertlin spoke about the Parks & Rec subcommittee meeting; need for a status update of the Mercer Island Library renovation project; Utility Board's review of the Enatai sewer project; and Advanced

Transportation Technologies conferences.

Councilmember Wong spoke about the Mercer Island Library renovation project and the open house for the new law firm on the Island.

Mayor Bassett spoke about the K4C (King County-Cities Climate Collaborative) meeting; AWC's CityVision article about Mercer Island sustainability efforts, coal strip analyzation response; and civic engagement letters from high school students.

**ADJOURNMENT**

The Regular Meeting adjourned at 9:51 pm.

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Bruce Bassett, Mayor

Attest:

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Allison Spietz, City Clerk



## **CITY COUNCIL MINUTES REGULAR MEETING NOVEMBER 2, 2015**

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### **CALL TO ORDER & ROLL CALL**

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

Councilmembers Debbie Bertlin, Jane Brahm, Mike Cero, Terry Pottmeyer, Benson Wong, Deputy Mayor Dan Grausz, and Mayor Bruce Bassett were present.

### **STUDY SESSION**

#### **AB 5113 & AB 5125 Emergency Management & Communities That Care Updates**

Emergency Manager Jennifer Franklin presented the Emergency Management update. She showed some emergency management and crime prevention pictures from 2015 and spoke about the 2015-2016 key initiatives. She also spoke about the services and products of the City's Emergency Management program, the 2015 Operation Safe Community Active Shooter Full Scale Emergency Exercise, and provided an Emergency Management Boil Water Update.

YFS Administrative and Professional Services Manager Derek Franklin presented the Communities that Care update. He spoke about the mission, funding, focus on alcohol and marijuana, youth involvement at Mercer Island High School, and partnerships. He provided a chart showing outcomes and data comparison. He also spoke about the privatization of alcohol and marijuana and about the variables influencing underage substance use rates.

Hannah Stewart, a sophomore at Mercer Island High School, spoke about starting the SAFE Club at Mercer Island High School which shows that there is a group of kids at the high school that can have fun while being safe. They focus on substance abuse prevention, prevention work, and fun and safe sober events. She spoke about the Club's prevention activities and showed a prevention activities public service announcement video.

### **SPECIAL BUSINESS**

#### **Mercer Island Library Board Update**

Mercer Island Library Board Chair Bryan Cairns summarized the Library Boards' actions regarding the Mercer Island Library Renovation Project. He noted that KCLS is now ready to move forward with the project, which will be approximately one month in duration in 2016. He thanked KCLS Director Gary Wasdin for his time, energy, and thoughtful response to the expressed desires of the Mercer Island community.

KCLS Director Gary Wasdin spoke about the process and about coming to an agreement on moving forward to maintain the general look and feel of the Mercer Island Library. He spoke about trying to keep the original bond issues as the guiding principles and about the work that will be done during the time that the library will be closed. He noted that a temporary site will be established during the closure. Director Wasdin also spoke about the future of libraries, makerspaces, and embracing new and creative ways of learning.

Deputy Mayor Grausz, Council liaison to the Library Board, noted that a lot has changed over the last couple of years. He spoke about the importance of having a Library Board in place and stated that things are now moving in a good direction. He thanked Director Wasdin for his time working on Island issues and looks forward to building the relationship between the City and KCLS. He also thanked Chair Cairns for his work on the Library Board.

## **Leadership Eastside Day Proclamation**

Mayor Bruce Bassett proclaimed November 9, 2015 as Leadership Eastside Day to recognize its 10 year anniversary and the many contributions that Leadership Eastside has made in the community.

## **APPEARANCES**

Dick Winslow, 3761 77<sup>th</sup> Ave SE, thanked the Council for being responsive to public opinion. He noted that being a City Councilmember is a difficult job and hopes that the Council continues its same responsiveness in the coming months and years.

Marty Gale, 9404 SE 54<sup>th</sup> Street, spoke about the Camicia case. She provided some background on the case and read portions of the judges' statement. She feels that Mercer Island has been shamed again and that the citizens of Mercer Island deserve better from its leaders.

Ira Appelman, 4036 Ferncroft Road, thanked Gary Wasdin for doing a great job. He would like the Council to spend some time focusing on what went wrong in its court cases and what is going to be done to correct it. He submitted for the record a motion from the Camicia case.

Salim Nice, 5619 89<sup>th</sup> Ave SE, spoke about the results of the I-90 origin destination study and about the amount of cut-through traffic. He asked why these results are not being included in the Sound Transit mitigation.

Gary Robinson, 6026 East Mercer Way, spoke about the success and resolution of the library issue. He noted that the City Council finally got engaged and moved with the community. He asked for that same engagement to be applied in regards to Mercerdale Park and to have a vote.

Tom Acker, 2427 84<sup>th</sup> Ave SE, spoke about the elections, the cut-through issue, and the Camicia lawsuit. He also spoke about the provisions that are being put in place to make sure that Mercer Island stays compliant within the courts and within the public disclosure rules.

## **MINUTES**

### **Regular Meeting Minutes of September 8, 2015**

It was moved by Brahm; seconded by Bertlin to:

**Adopt the Regular Meeting Minutes of September 8, 2015 as written.**

Passed 7-0

FOR: 7 (Bassett, Bertlin, Brahm, Cero, Grausz, Pottmeyer, Wong)

### **Regular Meeting Minutes of October 5, 2015**

It was moved by Brahm; seconded by Bertlin to:

**Adopt the Regular Meeting Minutes of October 5, 2015 as written.**

Passed 7-0

FOR: 7 (Bassett, Bertlin, Brahm, Cero, Grausz, Pottmeyer, Wong)

### **Special Joint Meeting with MISD Board Minutes of October 8, 2015**

It was moved by Bertlin; seconded by Wong to:

**Adopt the Special Joint Meeting with MISD Board Minutes of October 8, 2015 as written.**

Passed 6-0

FOR: 6 (Bassett, Bertlin, Brahm, Grausz, Pottmeyer, Wong)

ABSTAIN: 1 (Cero)

## **CONSENT CALENDAR**

**Payables: \$1,033,504.03 (10/22/15) & \$555,360.91 (10/29/15)**

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

**Payroll: \$745,156.74 (10/30/15)**

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

It was moved by Bertlin; seconded by Brahm to:

**Approve the Consent Calendar and the recommendations contained therein.**

Passed 7-0

FOR: 7 (Bassett, Bertlin, Brahm, Cero, Grausz, Pottmeyer, Wong)

**REGULAR BUSINESS**

**AB 5124 Town Center Code Amendment Work Plan**

DSG Director Scott Greenberg presented the Town Center Visioning and Code Update. He provided a project update, and spoke about the recommended work plan, the work plan flow, and communicating the draft Town Center Vision. He also spoke about funding for the requested additional information and outreach and the recommended funding sources.

Following discussion, the Council approved funding for the following items from the requested additional information and outreach as follows:

<b>Requested Additional Information and Outreach</b>	<b>Amount</b>
1. Town Center Traffic Analysis (REQUIRED)	\$15,000
2. Karen Reed Contract Extension	\$10,000
3. Code graphics	\$19,190
4. Review and assessment of proposed incentives	\$20,000
5. Review and assessment of proposed retail frontage requirements	\$25,000
6. All-address mailing	\$6,500
<b>TOTAL</b>	<b>\$95,690</b>

It was moved by Grausz; seconded by Wong to:

**Approve the work plan recommended by the Joint Commission (AB 5124, Exhibit 2) for a total of \$95,690 using the remaining 2014 General Fund Surplus for Miscellaneous Professional Services in the amount of \$29,704 and funding the balance from the available Beautification Fund balance.**

Passed 7-0

FOR: 7 (Bassett, Bertlin, Brahm, Cero, Grausz, Pottmeyer, Wong)

**AB 5120 Public Hearing Regarding Moratorium on Town Center Building Permits**

City Attorney Kari Sand provided a chronology of the moratorium. She stated that, if renewed, the current moratorium will extend until mid-June 2016. She noted that the City has worked diligently to complete the Town Center Visioning and Development Code update process but that additional time is necessary to complete the work plan and that the moratorium should be renewed and extended accordingly. She also spoke briefly about the proposed Hotel Mercer project and the request to change the Town Center moratorium's northern boundary.

The Mayor opened the public hearing at 9:34 pm.

John Houlihan, 100 N 35<sup>th</sup> Street, Seattle, attorney for Dollar Development and the Cassans, requested that the moratorium boundary be changed to SE 27<sup>th</sup> to allow the Hotel Mercer project to proceed. He described the project and expressed his concern that, if the moratorium continues to be extended, it may approach almost two full years. He noted that this is a good, solid project that brings many benefits to Mercer Island.

Leon Cohen, 9219 SE 33<sup>rd</sup> Place, spoke in favor of changing the boundary of the moratorium.

At 9:40 pm the Mayor continued the public hearing to Monday, November 16, 2015 at 7:00 pm.

It was moved by Brahm; seconded by Pottmeyer to:  
**Set Ordinance No. 15-20 to the November 16, 2015 Council meeting for a second reading.**  
Passed 7-0  
FOR: 7 (Bassett, Berlin, Brahm, Cero, Grausz, Pottmeyer, Wong)

Council directed staff to add language to the ordinance to prohibit conditional use permit requests so that a property owner cannot become vested in leased parking.

### **AB 5123 Adoption of New Standards for Indigent Defense**

City Attorney Kari Sand spoke about adopting new standards for indigent defense. She noted that under state law, the City is required to have public defense standards in place. She also noted that the standards are created to ensure that public defenders are competent, not overworked, and to ensure effective representation of counsel as is constitutionally required.

It was moved by Brahm; seconded by Wong to:  
**Suspend the City Council Rules of Procedure 5.2 requiring a first and second reading of all ordinances.**  
Passed 6-1  
FOR: 6 (Bassett, Berlin, Brahm, Grausz, Pottmeyer, Wong)  
AGAINST: 1 (Cero)

It was moved by Brahm; seconded by Wong to:  
**Adopt Ordinance No. 15-21 adopting new Standards for Indigent Defense as adopted by the Washington State Supreme Court on recommendation of the Washington State Bar Association.**  
Passed 7-0  
FOR: 7 (Bassett, Berlin, Brahm, Cero, Grausz, Pottmeyer, Wong)

## **OTHER BUSINESS**

### **Councilmember Absences**

There were no absences.

### **Planning Schedule**

There were no changes.

### **Board Appointments**

There were no appointments.

### **Councilmember Reports**

Councilmember Wong spoke about the annual Mercer Island Schools Foundation phone-a-thon. He attended a Sustainability Committee meeting on October 22. He noted that the City now owns its first electric vehicle and that the Maintenance Department is looking at new ways to promote sustainability practices.

Councilmember Berlin attended the Superintendents Advisory Board meeting in which there was an update on the progress with the schools and a recognition of Chief Holmes participation on the Diversity Committee. She noted the great progress that has been made between the School Board and the City Council in recent years.

Councilmember Cero reminded everyone that tomorrow is election day.

Councilmember Brahm spoke about the Sister City visit and City reception. She complimented the City for putting on an amazing Halloween spread. She noted that Mercer Island has been named one of the best American suburbs in the annual ranking of Business Insider.

Mayor Bassett spoke about the French Sister City visit and asked that everyone vote.

## **EXECUTIVE SESSION**

At 10:10 pm, Mayor Bassett convened the Executive Session to discuss planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or

proceedings while in progress pursuant to RCW 42.30.140(4)(b) for approximately 30 minutes.

The Mayor adjourned the Executive Session at 10:32 pm.

**ADJOURNMENT**

The Regular Meeting adjourned at 10:32 pm.

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Bruce Bassett, Mayor

Attest:

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Karin Roberts, Deputy City Clerk



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

**AB 5131  
November 16, 2015  
Consent Calendar**

**WRIA 8 INTERLOCAL AGREEMENT**

**Proposed Council Action:**

Approve WRIA 8 Interlocal Agreement.

**DEPARTMENT OF**

Maintenance (Jason Kintner)

**COUNCIL LIAISON**

Bruce Bassett

**EXHIBITS**

1. 2016-2025 WRIA 8 Interlocal Agreement

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	11,790
<b>AMOUNT BUDGETED</b>	\$	13,000
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

In 2001, twenty-seven (27) jurisdictions located within King and Snohomish Counties Watershed Resource Inventory Area (WRIA) 8 entered into the WRIA 8 Interlocal Agreement (ILA) for Chinook salmon habitat protection and restoration planning and to establish a forum of local governments as the responsible entity for executing the ILA. This agreement provided a mechanism and governance structure for joint funding, development, review, approval, and implementation of the WRIA 8 Chinook Salmon Conservation Plan (WRIA 8 Plan). The Mercer Island Council ratified the ILA in September of 2005 (AB 4005) and extended the ILA in November 2006 (AB 4145). The WRIA 8 Plan is the approved plan to meet the requirements of the federal Endangered Species Act (ESA) and recover WRIA 8's threatened Cedar River and Sammamish River Chinook salmon populations.

Attached as Exhibit 1 is the WRIA 8 ILA for 2016-2025. The current ILA expires on December 31, 2015. Mercer Island's annual cost share is \$11,790 for 2016 (see Exhibit 1, page 17). The ILA calls for the cost shares of participating jurisdictions, which are based on population, assessed value and area in square miles, to be updated every three years.

Staff believes that approving the ILA for implementation of the Chinook Salmon Conservation Plan is a highly cost-effective way for Mercer Island to comply with the federal requirements of the ESA and improve threatened salmon populations. Shoreline Restoration Phase II at Luther Burbank Park (Calkins Point) is a recent example of a City project that was approved and partially funded through WRIA 8. This project includes the restoration of approximately 2,650 lineal feet of shoreline designed to prevent ongoing erosion and to provide high-quality habitat for migrating juvenile salmon in Lake Washington. This project demonstrates how our WRIA 8 investment was used to improve habitat protection and preserve recreational shoreline for the Mercer Island community.



## RECOMMENDATION

*Maintenace Director*

MOVE TO: Authorize the City Manager to sign the 2016-2025 WRIA 8 Interlocal Agreement with the WRIA 8 Salmon Recovery Council.

## INTERLOCAL AGREEMENT

### For the Watershed Basins within Water Resource Inventory Area 8

#### PREAMBLE

**THIS AGREEMENT** ("Agreement") is entered into pursuant to Chapter 39.34 RCW by and among the eligible county and city governments signing this agreement that are located in King and Snohomish Counties, lying wholly or partially within the management area of Watershed Resource Inventory Area ("WRIA") 8, which includes all or portions of the Lake Washington, Cedar River, and Sammamish River basins, all political subdivisions of the State of Washington (individually for those signing this Agreement, "party", and collectively "parties"). The parties share interests in and responsibility for addressing long-term watershed planning and conservation.

**WHEREAS**, the parties share interests in and responsibility for addressing long-term watershed planning and conservation of the aquatic ecosystems and floodplains for purposes of implementing the Lake Washington/Cedar/Sammamish Watershed (WRIA 8) Chinook Salmon Conservation Plan ("WRIA 8 Plan") and improving watershed health for the watershed basins in WRIA 8 and wish to provide for funding and implementation of various activities and projects therein; and

**WHEREAS**, Puget Sound Chinook salmon, including the WRIA 8 Cedar and Sammamish populations, were listed as threatened under the Endangered Species Act (ESA) in 1999; and

**WHEREAS**, the parties recognize their participation in this Agreement demonstrates their commitment to proactively working to address the ESA listing of Chinook salmon; and

**WHEREAS**, the parties recognize achieving WRIA 8 salmon recovery and watershed health goals requires a recommitment to, and acceleration of, the collaborative implementation and funding of salmon recovery actions, and

**WHEREAS**, the parties have participated in an Interlocal Agreement for the years 2001-2005 to develop the WRIA 8 Plan, contributed to the federally-approved Puget Sound Salmon Recovery Plan, and desire to continue providing efficient participation in the implementation of such plans; and

**WHEREAS**, the parties took formal action in 2005 and 2006 to ratify the WRIA 8 Plan, and

**WHEREAS**, the parties have participated in an extension of the 2001-2005 Interlocal Agreement and an Interlocal Agreement for the years 2007-2015 to implement the WRIA 8 Plan; and

**WHEREAS**, the parties seek information on watershed conditions and salmon conservation and recovery needs to inform local decision-making bodies regarding actions in response to listings under the ESA; and

**WHEREAS**, the parties have prioritized and contributed resources and funds for implementing projects and programs to protect and restore salmon habitat; and

**WHEREAS**, the parties wish to monitor and evaluate implementation of the WRIA 8 Plan through adaptive management; and

**WHEREAS**, the parties wish to continue to use adaptive management for identifying, coordinating and implementing basin plans and water quality, flood hazard reduction, water quantity, and habitat projects in the watersheds; and

**WHEREAS**, the parties recognize climate change is likely to affect watershed ecosystem function and processes, and salmon habitat restoration actions are a proactive approach to making the watershed ecosystem more resilient to changing conditions, which supports watershed health for human communities and salmon populations; and

**WHEREAS**, the parties have an interest in participating on the Puget Sound Salmon Recovery Council and other groups associated with Puget Sound recovery because of the contributions of the Lake Washington/Cedar/Sammamish Watershed to the overall health of Puget Sound and to collectively seek funding to implement the WRIA 8 Plan; and

**WHEREAS**, the parties have an interest in participating on the Washington Salmon Coalition and other groups associated with the Salmon Recovery Funding Board to collectively seek funding to implement the WRIA 8 Plan; and

**WHEREAS**, the parties have an interest in supporting implementation of the Puget Sound Partnership Action Agenda to restore the health of Puget Sound as it relates to salmon recovery and WRIA 8 priorities; and

**WHEREAS**, the parties recognize the importance of efforts to protect and restore habitat for multiple species in the Lake Washington/Cedar/Sammamish Watershed, including Lake Sammamish kokanee, and will seek opportunities to partner and coordinate Chinook recovery efforts with these other efforts where there are overlapping priorities and benefits; and

**WHEREAS**, the parties have an interest in achieving multiple benefits by integrating salmon recovery planning and actions with floodplain management, water quality and agriculture; and

**WHEREAS**, the parties recognize that identification of watershed issues, and implementation of salmon conservation and recovery actions may be carried out more efficiently if done cooperatively than if carried out separately and independently;

**NOW, THEREFORE**, in consideration of the mutual promises, benefits and covenants contained herein, the parties hereto do mutually covenant and agree as follows:

## MUTUAL COVENANTS AND AGREEMENTS

1. **DEFINITIONS.** For purposes of this Agreement, the following terms shall have the meaning provided for below:
  - 1.1. **ELIGIBLE JURISDICTIONS:** The governments eligible for participation in this Agreement as parties are the Counties of King and Snohomish; the cities of Bellevue, Bothell, Brier, Clyde Hill, Edmonds, Everett, Issaquah, Kenmore, Kent, Kirkland, Lake Forest Park, Lynnwood, Maple Valley, Medina, Mercer Island, Mill Creek, Mountlake Terrace, Mukilteo, Newcastle, Redmond, Renton, Sammamish, Seattle, Shoreline, Woodinville; the towns of Beaux Arts, Hunts Point, Woodway and Yarrow Point; and other interested public agencies and tribes.
  - 1.2. **WRIA 8 SALMON RECOVERY COUNCIL:** The **WRIA 8 Salmon Recovery Council** created herein is the governing body responsible for implementing this Agreement and is comprised of members who are designated representatives of eligible jurisdictions who have authorized the execution of and become parties to this Agreement. In addition, the **WRIA 8 Salmon Recovery Council** includes members who are not representatives of the parties and are comprised of a balance of stakeholder representatives and any other persons who are deemed by the parties to this Agreement to be appropriate for the implementation and adaptive management of the **WRIA 8 Plan**. The appointed representatives of parties will appoint the members who are not representing parties, using the voting provisions of Section 5 of this Agreement.
  - 1.3. **LAKE WASHINGTON/CEDAR/SAMMAMISH WATERSHED (WRIA 8) CHINOOK SALMON CONSERVATION PLAN, JULY 2005:** **WRIA 8 Plan** as referred to herein is the three volume document, and any subsequent updates adopted in accordance with the procedures provided for in Section 6 below, developed in partnership with stakeholder representatives and ratified by the parties to this Agreement for the purposes of preserving, protecting, and restoring habitat with the intent to recover listed species, including sustainable, genetically diverse, harvestable populations of naturally spawning Chinook salmon.
  - 1.4. **MANAGEMENT COMMITTEE:** **Management Committee** as referred to herein consists of five (5) elected officials or their designees which elected officials are chosen by the party members of the **WRIA 8 Salmon Recovery Council**, according to the voting procedures in Section 5, and charged with staff oversight and administrative duties on the **WRIA 8 Salmon Recovery Council's** behalf.
  - 1.5. **SERVICE PROVIDER(S):** **Service Provider(s)**, as used herein, means that agency, government, consultant or other entity which supplies staffing or other resources to and for the **WRIA 8 Salmon Recovery Council**, in exchange for payment. The **Service Provider(s)** may be a party to this Agreement.

- 1.6 **FISCAL AGENT:** The *Fiscal Agent* refers to that agency or government which performs all accounting services for the **WRIA 8 Salmon Recovery Council**, as it may require, in accordance with the requirements of Chapter 39.34 RCW.
- 1.7 **STAKEHOLDERS:** Stakeholders refers to those public and private entities within the WRIA who reflect the diverse interests integral for planning, implementation, and adaptive management for the recovery of the listed species under the Endangered Species Act, and may include but are not limited to environmental and business interests.
2. **PURPOSES.** The purposes of this Agreement include the following:
  - 2.1 To provide a mechanism and governance structure for the implementation and adaptive management of the implementation of the **WRIA 8 Plan**
  - 2.2 To share the cost of the WRIA 8 Service Provider team to coordinate and provide the services necessary for the successful implementation and management of the **WRIA 8 Plan**. The maximum financial or resource obligation of any participating eligible jurisdiction under this Agreement shall be limited to its share of the cost of the Service Provider staff and associated operating costs.
  - 2.3 To provide a mechanism for securing technical assistance and funding from state agencies or other sources.
  - 2.4 To provide a mechanism for the implementation of other multiple benefit habitat, water quality and floodplain management projects with local, regional, state, federal and non-profit funds as may be contributed to or secured by the **WRIA 8 Salmon Recovery Council**.
  - 2.5 To annually recommend WRIA 8 salmon recovery programs and projects for funding by the King County Flood Control District through the District's Cooperative Watershed Management grant program.
  - 2.6 To serve as the salmon recovery "Lead Entity" as designated by state law (Chapter 77.85 RCW) for WRIA 8, The Lead Entity is responsible for developing a salmon recovery strategy, working with project sponsors to develop projects, convening local technical and citizen committees to annually recommend WRIA 8 salmon habitat restoration and protection projects for funding by the State of Washington Salmon Recovery Funding Board, and representing WRIA 8 in Puget Sound region and state wide salmon recovery forums.
  - 2.7 To provide a framework for cooperation and coordination among the parties on issues relating to the implementation and management of the implementation of the **WRIA 8 Plan** and to meet the requirement or a commitment by any party to participate in WRIA-based or watershed basin planning in response to any state or federal law which may require such participation as a condition of any funding, permitting or other program of state or federal agencies, at the discretion of such party to this Agreement.

- 2.8 To .develop and articulate WRIA-based positions on salmon habitat, conservation and funding to state and federal legislators.
- 2.9 To provide for the ongoing participation of citizens and other stakeholders in such efforts and to ensure continued public outreach efforts to educate and garner support for current and future ESA efforts.
- 2.10 To provide information for parties to use to inform land use planning, regulations, and outreach and education programs.
- 2.11 To provide a mechanism for on-going monitoring and adaptive management of the **WRIA 8 Plan** as defined in the Plan.

It is not the purpose or intent of this Agreement to create, supplant, preempt or supersede the authority or role of any individual jurisdiction or water quality policy bodies such as the Regional Water Quality Committee.

3. **EFFECTIVE DATE AND TERM.** This Agreement shall become effective on January 1, 2016 provided it has been signed by that date by at least nine (9) of the eligible jurisdictions within WRIA 8 representing at least seventy percent (70%) of the affected population, as authorized by each jurisdiction's legislative body, and further provided that after such signatures this Agreement has been filed by King County and Snohomish County in accordance with the terms of RCW 39.34.040 and .200. If such requirements are not met by January 1, 2016, then the effective date of this Agreement shall be the date on which such requirements are met. This Agreement provides the mechanism and governance structure for implementation of the **WRIA 8 Plan** from January 1, 2016 through December 31, 2025. Once effective, this Agreement shall remain in effect through December 31, 2025; provided, however, that this Agreement may be extended for such additional terms as the parties may agree to in writing, with such extension being effective upon its execution by at least nine (9) of the eligible jurisdictions within WRIA 8 representing at least seventy per cent (70%) of the affected population,.
4. **ORGANIZATION AND NATURE OF WRIA 8 SALMON RECOVERY COUNCIL.** The parties hereby establish a governing body for WRIA 8 and the Lake Washington-Cedar and Sammamish watershed basins and associated Puget Sound drainages (hereinafter the "**WRIA 8 Salmon Recovery Council**") the precise boundaries of which are established in Chapter 173-500 WAC, or as determined by the **WRIA 8 Salmon Recovery Council**, to serve as the formal governance structure for carrying out the purposes of this Agreement in partnership with non-party members. Each party to this agreement shall appoint one (1) elected official to serve as its representative on the **WRIA 8 Salmon Recovery Council**. The **WRIA 8 Salmon Recovery Council** is a voluntary association of the county and city governments, and other interested public agencies and tribes, located wholly or partially within the management area of WRIA 8 and the Lake Washington/Cedar/Sammamish watershed basins and associated Puget Sound drainages who

choose to be parties to this Agreement. Representatives from stakeholder entities who are selected under the voting provisions of Section 5.2 of this agreement are also part of this association.

4.1 Upon the effective execution of this agreement and the appointment of representatives to the **WRIA 8 Salmon Recovery Council**, the party members of the **WRIA 8 Salmon Recovery Council** shall meet and choose from among its members, according to the voting provisions of Section 5, five (5) elected officials or their designees, to serve as a **Management Committee** to oversee and direct the funds and personnel contributed under this Agreement, in accordance with the adopted annual budget and such other directions as may be provided by the party members of the **WRIA 8 Salmon Recovery Council**. Representatives of the **Fiscal Agent** and **Service Provider** may serve as non-voting ex officio members of the Management Committee. The **Management Committee** shall act as an executive subcommittee of the **WRIA 8 Salmon Recovery Council**, responsible for oversight and evaluation of any **Service Providers** or consultants, for administration of the budget, and for providing recommendations on administrative matters to the **WRIA 8 Salmon Recovery Council** for action, consistent with the other subsections of this section.

4.1.1 Services to the **WRIA 8 Salmon Recovery Council** for the term of this agreement shall be provided by King County Department of Natural Resources which shall be the primary **Service Provider** unless the party members pursuant to the voting provisions of Section 5 choose another primary **Service Provider**. The **Management Committee** shall prepare a Memorandum of Understanding to be signed by an authorized representative of King County and an authorized representative of WRIA 8, which shall set out the expectations for services to be provided. Services should include, without limitation, identification of and job descriptions for dedicated staff in increments no smaller than .5 FTE, description of any supervisory role retained by the **Service Provider** over any staff performing services under this Agreement, and a method of regular consultation between the **Service Provider** and the **Management Committee** concerning the performance of services hereunder.

4.1.2 The **Management Committee** shall make recommendations to the party members of the **WRIA 8 Salmon Recovery Council** for action, including decisions related to work program, staffing and service agreements, and budget and financial operations, annually for each year of this Agreement. All duties of the **Management Committee** shall be established by the party members of the **WRIA 8 Salmon Recovery Council**.

- 4.2 The party members of the **WRIA 8 Salmon Recovery Council** shall have the authority and mandate to establish and adopt the following:
- 4.2.1 By September 1 of each year, establish and approve an annual budget, establishing the level of funding and total resource obligations of the parties which are to be allocated on a proportional basis according to the average of the population, assessed valuation and area attributable to each party to the Agreement, in accordance with the formula set forth in Exhibit A, which formula shall be updated every third year by the **WRIA 8 Salmon Recovery Council**, as more current data become available, and in accordance with Section 2.2. Individual party cost shares may change more frequently than every three years for parties involved in an annexation that changes the area, population, and assessed value calculation of such party to the extent that the cost shares established by the formula set forth in Exhibit A would be changed by such annexation. For parties that are not county or city governments, the level of funding and resource obligation will be determined in communications with the **Management Committee**, which will develop a recommendation for review and approval by, the **WRIA 8 Salmon Recovery Council**.
- 4.2.2 Review and evaluate annually the duties to be assigned to the **Management Committee** hereunder and the performance of the **Fiscal Agent** and **Service Provider(s)** to this Agreement, and provide for whatever actions it deems appropriate to ensure that quality services are efficiently, effectively and responsibly delivered in the performance of the purposes of this Agreement. In evaluating the performance of any **Service Provider(s)**, at least every three (3) years, the **WRIA 8 Salmon Recovery Council** may retain an outside consultant to perform a professional assessment of the work and services so provided. Evaluations of the **Service Provider(s)** shall occur in years 3, 6, and 9 of the Agreement
- 4.2.3 Oversee and administer the expenditure of budgeted funds and allocate the utilization of resources contributed by each party or obtained from other sources in accordance with an annual prioritized list of implementation and adaptive management activities within the WRIA during each year of this Agreement.
- 4.3 The **WRIA 8 Salmon Recovery Council** through the primary **Service Provider** may contract with similar watershed forum governing bodies or any other entities for any lawful purpose related hereto, including specific functions and tasks which are initiated and led by another party to this Agreement beyond the services provided by the primary **Service Provider**. The parties may choose to create a separate legal or administrative entity under applicable state law, including without limitation a nonprofit corporation or



general partnership, to accept private gifts, grants or financial contributions, or for any other lawful purposes.

- 4.4 The party members of the **WRIA 8 Salmon Recovery Council** shall adopt other rules and procedures that are consistent with its purposes as stated herein and are necessary for its operation.
5. **VOTING.** The party members on the **WRIA 8 Salmon Recovery Council** shall make decisions; approve scope of work, budget, priorities and any other actions necessary to carry out the purposes of this Agreement as follows:
  - 5.1 No action or binding decision will be taken by the **WRIA 8 Salmon Recovery Council** without the presence of a quorum of active party members. A quorum exists if a majority of the party members are present at the **WRIA 8 Salmon Recovery Council** meeting, provided that positions left vacant on the **WRIA 8 Salmon Recovery Council** by parties shall not be included in calculating the quorum. In addition, positions will be considered vacant on the third consecutive absence and shall not be included in calculating a quorum until that time in which the party member is present. The voting procedures provided for in 5.1.1 through 5.1.2 are conditioned upon there being a quorum of the active party members present for any action or decision to be effective and binding.
    - 5.1.1 Decisions shall be made using a consensus model as much as possible. Each party agrees to use its best efforts and exercise good faith in consensus decision-making. Consensus may be reached by unanimous agreement of the party members at the meeting, or by a majority recommendation agreed upon by the active party members, with a minority report. Any party who does not accept a majority decision may request weighted voting as set forth below.
    - 5.1.2 In the event consensus cannot be achieved, as determined by rules and procedures adopted by the **WRIA 8 Salmon Recovery Council**, the **WRIA 8 Salmon Recovery Council** shall take action on a dual-majority basis, as follows:
      - 5.1.2.1 Each party, through its appointed representative, may cast its weighted vote in connection with a proposed **WRIA 8 Salmon Recovery Council** action.
      - 5.1.2.2 The weighted vote of each party in relation to the weighted votes of each of the other parties shall be determined by the percentage of the annual contribution by each party set in accordance with Subsection 4.2.1 in the year in which the vote is taken.
      - 5.1.2.3 For any action subject to weighted voting to be deemed approved, an affirmative vote must be cast by both a majority of the active party members to this Agreement and by a majority of the weighted votes of the active party members to this Agreement. No action shall be valid

and binding on the parties to this Agreement until it shall receive majority of votes of both the total number of active party members to the Agreement and of the active members representing a majority of the annual budget contribution for the year in which the vote is taken. A vote of abstention shall be recorded as a “no” vote.

- 5.2 The party members on the **WRIA 8 Salmon Recovery Council** may deem it appropriate to appoint to the **WRIA 8 Salmon Recovery Council** non-party stakeholder representatives and other persons who are appropriate for the implementation and adaptive management of the **WRIA 8 Plan**.
  - 5.2.1 Nomination of such non-party members may be made by any member of the **WRIA 8 Salmon Recovery Council**. Appointment to the **WRIA 8 Salmon Recovery Council** of such non-party members requires either consensus or dual majority of party members as provided in Section 5.1.
  - 5.2.2 The party members on the **WRIA 8 Salmon Recovery Council** may deem it appropriate to allow non-party members to vote on particular **WRIA 8 Salmon Recovery Council** decisions. The party members may determine which issues are appropriate for non-party voting by either consensus or majority as provided in Sections 5.1, except in the case where legislation requires non-party member votes.
  - 5.2.3 Decisions of the entire **WRIA 8 Salmon Recovery Council**, both party and non-party members, shall be made using a consensus model as much as possible. Voting of the entire **WRIA 8 Salmon Recovery Council** will be determined by consensus or majority as provided in Sections 5.1 and a majority of the non-party members.

6. **ADAPTIVE MANAGEMENT OF THE WRIA 8 CHINOOK SALMON CONSERVATION PLAN.**

The **WRIA 8 Plan** shall be implemented with an adaptive management approach. Such an approach anticipates updates and amendments to the **WRIA 8 Plan**. Such amendments to be effective and binding must comply with the following provisions:

- 6.1 The **WRIA 8 Salmon Recovery Council** shall act to approve or remand any **WRIA 8 Plan** amendments prepared and recommended by the committees of the **WRIA 8 Salmon Recovery Council** within ninety (90) calendar days of receipt of the plan amendments, according to the voting procedures described in Section 5.
- 6.2 In the event that any amendments are not so approved, they shall be returned to the committees **of the WRIA 8 Salmon Recovery Council** for further consideration and amendment and thereafter returned to the **WRIA 8 Salmon Recovery Council** for decision.

- 6.3 After approval of the **WRIA 8 Plan** amendments by the **WRIA 8 Salmon Recovery Council**, the plan amendments shall be referred to the parties to this Agreement for ratification prior to the submission to any federal or state agency for further action. Ratification means an affirmative action, evidenced by a resolution, motion, or ordinance of the jurisdiction's legislative body, by at least nine (9) jurisdictions within WRIA 8 representing at least seventy per cent (70%) of the total population of WRIA 8. Upon ratification, the **WRIA 8 Salmon Recovery Council** shall transmit the **updated WRIA 8 Plan** to any state or federal agency as may be required for further action.
- 6.4 In the event that any state or federal agency to which the **WRIA 8 Plan** or amendments thereto are submitted shall remand the **WRIA 8 Plan** or amendments thereto for further consideration, the **WRIA 8 Salmon Recovery Council** shall conduct such further consideration and may refer the plan or amendments to the committees of the **WRIA 8 Salmon Recovery Council** for recommendation on amendments thereto.
- 6.5 The parties agree that any amendments to the **WRIA 8 Plan** shall not be forwarded separately by any of them to any state or federal agency unless it has been approved and ratified as provided herein.

7. **OBLIGATIONS OF PARTIES; BUDGET; FISCAL AGENT; RULES.**

- 7.1 Each party shall be responsible for meeting its financial obligations hereunder as described in Section 2.2, and established in the annual budget adopted by the **WRIA 8 Salmon Recovery Council** under this Agreement and described in Section 4.2.1. The maximum funding responsibilities imposed upon the parties during the first year of this Agreement shall not exceed the amounts set forth in Exhibit A, which shall be updated every third year as described in Section 4.2.1, or as annexations result in changes to the area, population, and assessed value calculation for those parties involved in the annexation to the extent that the cost shares established by the formula set forth in Exhibit A would be changed for such parties by the annexation.
- 7.2 No later than September 1 of each year of this Agreement, the **WRIA 8 Salmon Recovery Council** shall adopt a budget, including its overhead and administrative costs, for the following calendar year. The budget shall propose the level of funding and other responsibilities (e.g. staffing) of the individual parties for the following calendar year and shall propose the levels of funding and resources to be allocated to specific prioritized implementation and adaptive management activities within the WRIA. The parties shall thereafter take whatever separate legislative or other actions that may be necessary to timely address such individual responsibilities under the proposed budget, and shall have done so no later than December 1st of each such year.

7.3 Funds collected from the parties or other sources on behalf of the **WRIA 8 Salmon Recovery Council** shall be maintained in a special fund by King County as **Fiscal Agent** and as *ex officio* treasurer on behalf of the **WRIA 8 Salmon Recovery Council** pursuant to rules and procedures established and agreed to by the **WRIA 8 Salmon Recovery Council**. Such rules and procedures shall set out billing practices and collection procedures and any other procedures as may be necessary to provide for its efficient administration and operation. Any party to this Agreement may inspect and review all records maintained in connection with such fund at any reasonable time.

8. **LATECOMERS**. A county or city government, or other interested public agency or tribe in King or Snohomish County lying wholly or partially within the management area of WRIA 8 and the Lake Washington-Cedar and Sammamish watershed basins and adjacent Puget Sound drainages which has not become a party to this Agreement within twelve (12) months of the effective date of this Agreement may become a party only with the written consent of all the parties. The provisions of Section 5 otherwise governing decisions of the **WRIA 8 Salmon Recovery Council** shall not apply to Section 8. The parties and the county, city, or other public agency or tribe seeking to become a party shall jointly determine the terms and conditions under which the county, city, or other public agency or tribe may become a party. These terms and conditions shall include payment by such county, city, or other public agency or tribe to the **Fiscal Agent** of the amount determined jointly by the parties and the county, city, or other public agency or tribe to represent such county, city, or other public agency or tribe's fair and proportionate share of all costs associated with activities undertaken by the **WRIA 8 Salmon Recovery Council** and the parties on its behalf as of the date the county, city, or other public agency or tribe becomes a party. Any county, city, or other public agency or tribe that becomes a party pursuant to this section shall thereby assume the general rights and responsibilities of all other parties to this Agreement. After the inclusion of such entity as a party to this Agreement, the formula for party contribution shall be adjusted for the following year to reflect the addition of this new party.

**TERMINATION**. This Agreement may be terminated by any party, as to that party only, upon sixty (60) calendar days' written notice to all other parties. The terminating party shall remain fully responsible for meeting all of its funding and other obligations through the end of the calendar year in which such notice is given, together with any other costs that may have been incurred on behalf of such terminating party up to the effective date of such termination. This Agreement may be terminated at any time by the written agreement of all parties. It is possible that the makeup of the parties to this Agreement may change from time to time. Regardless of any such changes, the parties choosing not to exercise the right of termination shall each remain obligated to meet their respective share of the obligations of the **WRIA 8 Salmon Recovery Council** as reflected in the annual budget.

10. **HOLD HARMLESS AND INDEMNIFICATION.** To the extent permitted by state law, and for the limited purposes set forth in this agreement, each party shall protect, defend, hold harmless and indemnify the other parties, their officers, elected officials, agents and employees, while acting within the scope of their employment as such, from and against any and all claims (including demands, suits, penalties, liabilities, damages, costs, expenses, or losses of any kind or nature whatsoever) arising out of or in any way resulting from such party's own negligent acts or omissions related to such party's participation and obligations under this Agreement. Each party agrees that its obligations under this subsection extend to any claim, demand and/or cause of action brought by or on behalf of any of its employees or agents. For this purpose, each party, by mutual negotiation, hereby waives, with respect to the other parties only, any immunity that would otherwise be available against such claims under the industrial insurance act provisions of Title 51 RCW. The provisions of this subsection shall survive and continue to be applicable to parties exercising the right of termination pursuant to Section 9.
11. **NO ASSUMPTION OF LIABILITY.** In no event do the parties to this Agreement intend to assume any responsibility, risk or liability of any other party to this Agreement or otherwise with regard to any party's duties, responsibilities or liabilities under the Endangered Species Act, or any other act, statute or regulation of any local municipality or government, the State of Washington or the United States.
12. **VOLUNTARY AGREEMENT.** This is a voluntary agreement and it is acknowledged and agreed that, in entering into this Agreement, no party is committing to adopt or implement any actions or recommendations that may be contained in the ***WRIA 8 Plan*** pursuant to this Agreement.
13. **NO PRECLUSION OF ACTIVITIES OR PROJECTS.** Nothing herein shall preclude any one or more of the parties to this Agreement from choosing or agreeing to fund or implement any work, activities or projects associated with any of the purposes hereunder by separate agreement or action, provided that any such decision or agreement shall not impose any funding, participation or other obligation of any kind on any party to this Agreement which is not a party to such decision or agreement.
14. **NO THIRD PARTY RIGHTS.** Nothing contained in this Agreement is intended to, nor shall it be construed to, create any rights in any third party, including without limitation the non-party members, NMFS, USFWS, any agency or department of the United States, or the State of Washington, or to form the basis for any liability on the part of the ***WRIA 8 Salmon Recovery Council*** or any of the parties, or their officers, elected officials, agents and employees, to any third party.
15. **AMENDMENTS.** This Agreement may be amended, altered or clarified only by the unanimous consent of the parties to this Agreement, represented by affirmative action by their legislative bodies.
16. **COUNTERPARTS.** This Agreement may be executed in counterparts.

17. **APPROVAL BY PARTIES' GOVERNING BODIES.** The governing body of each party must approve this Agreement before any representative of such party may sign this Agreement.
18. **FILING OF AGREEMENT.** This Agreement shall be filed by King County and Snohomish County in accordance with the provisions of RCW 39.34.040 and .200 and with the terms of Section 3 herein.

**IN WITNESS WHEREOF,** the parties hereto have executed this Agreement on the dates indicated below:

Approved as to form:

TOWN OF BEAUX ARTS VILLAGE:

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to form:

CITY OF MERCER ISLAND:

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# Exhibit A

## Regional Watershed Funding

### WRIA Based Cost-share: WRIA 8

**For 2016**

**Total : \$553,713**

*Note: Total reflects WRIA 8 Salmon Recovery Council decision (March 19, 2015) to provide for an annual increase in the ILA cost share not to exceed the Consumer Price Index for Wages, which is estimated to be 2.18% in 2016. Jurisdictional area, population, and assessed value is to be recalculated every three years per the WRIA 8 interlocal agreement for 2016-2025.*

**WRIA 8 Salmon Recovery Council approved 3-19-15**

WRIA 8 Jurisdiction	Population (Pop)	Assessed Value (AV)	Area (Sq. Mi.)	Cost-Share Amount (Average of Pop, AV, Area)	WRIA 8 Jurisdiction
Beaux Arts	290	\$104,734,000	0.08	0.0%	Beaux Arts
Bellevue	132,100	\$33,167,992,493	33.53	7.2%	Bellevue
Bothell	40,540	\$5,955,222,655	13.66	2.9%	Bothell
Clyde Hill	2,980	\$1,714,510,000	1.06	0.2%	Clyde Hill
Edmonds	39,950	\$7,512,735,402	8.99	1.9%	Edmonds
Hunts Point	395	\$784,473,000	0.28	0.1%	Hunts Point
Issaquah	32,130	\$6,132,631,583	11.4	2.4%	Issaquah
Kenmore	21,170	\$2,835,378,679	6.14	1.3%	Kenmore
Kent	0	\$1,714,000	0.45	0.1%	Kent
King County (Uninc.)	129,665	\$16,265,512,387	166.03	35.7%	King County (Uninc.)
Kirkland	81,730	\$14,356,215,877	17.81	3.8%	Kirkland
Lake Forest Park	12,680	\$1,844,674,400	3.51	0.8%	Lake Forest Park
Maple Valley	2,454	\$357,899,600	1.3	0.3%	Maple Valley
Medina	3,000	\$2,822,326,500	1.41	0.3%	Medina
Mercer Island	22,720	\$9,132,580,404	6.21	1.3%	Mercer Island
Mill Creek	18,600	\$3,048,481,121	4.68	1.0%	Mill Creek
Mountlake Terrace	20,160	\$2,269,630,481	4.17	0.9%	Mountlake Terrace
Mukilteo	20,440	\$3,843,580,393	6.00	1.3%	Mukilteo
Newcastle	10,640	\$1,888,944,600	4.46	1.0%	Newcastle
Redmond	55,840	\$11,941,569,998	16.45	3.5%	Redmond
Renton	59,193	\$6,961,057,377	13.81	3.0%	Renton
Sammamish	48,060	\$8,110,684,304	17.05	3.7%	Sammamish
Seattle	435,487	\$92,061,834,922	53.01	11.4%	Seattle
Shoreline	53,670	\$7,322,409,100	11.59	2.5%	Shoreline
Sno. Co. (Uninc.)	159,369	\$20,454,964,615	55.51	11.9%	Snoh. Co. (Uninc.)
Woodinville	10,990	\$2,507,893,071	5.66	1.2%	Woodinville
Woodway	1,300	\$441,766,909	1.08	0.2%	Woodway
Yarrow Point	1,015	\$838,037,500	0.36	0.1%	Yarrow Point
<b>Totals</b>	<b>1,416,568</b>	<b>\$264,679,455,371</b>	<b>465.69</b>	<b>100.0%</b>	<b>Totals</b>
					<b>\$553,713</b>

NOTE: King County land area excludes the Upper Cedar basin

DATA SOURCES:

- Parcels with 2013 Assessment data
- 2010 Census Tracts
- 2013 Population
- King County Cities
- Snohomish County Cities





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

**AB 5130  
November 16, 2015  
Consent Calendar**

**RESOLUTION SETTING PUBLIC HEARING FOR  
THE ASSUMPTION OF MERCER ISLAND  
TRANSPORTATION BENEFIT DISTRICT**

**Proposed Council Action:**

Pass Resolution No. 1508 setting December 7, 2015, 7:00 pm in the City Hall Council Chambers as the time and place for the public hearing on the proposed assumption of the Mercer Island Transportation Benefit District

<b>DEPARTMENT OF</b>	City Attorney (Christina Schuck)
<b>COUNCIL LIAISON</b>	n/a
<b>EXHIBITS</b>	1. Proposed Resolution No. 1508
<b>APPROVED BY CITY MANAGER</b>	

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

The newly passed state transportation funding bill, 2ESSB 5987, included a number of changes to the laws governing transportation benefit districts ("TBD"). One important change allows a TBD with the same boundaries as the city itself to absorb the TBD and assume all of its powers and functions. Currently, the MI TBD is a quasi-municipal corporation which functions as an independent legal entity separate from the City.

**ASSUMPTION PROCESS**

2ESSB 5987 sets forth a specific assumption process that legislative authorities must follow to assume control of the TBD. The first step requires the city or county legislative authority (here, the City Council) to adopt a resolution indicating its intention to conduct a public hearing on the assumption of the TBD's rights, powers, functions and obligations and setting the time and place for the hearing. The resolution must specify that "all persons interested may appear and be heard" and must be published at least twice in the newspaper during the two weeks preceding the scheduled public hearing. The proposed resolution is attached as Exhibit 1. Setting the hearing on December 7, 2015 provides the City with enough time to comply with the notice requirement.

After receiving testimony at the hearing, the Council must determine if the "public interest or welfare would be satisfied" by the City assuming the rights, powers and functions of the TBD. If Council makes this determination, it may adopt an ordinance declaring its intent to assume the MI TBD. After assumption, the governing body of the TBD is abolished and the City Council is vested with all the rights, powers, immunities, functions and obligations of the governing body of the TBD.

The transfer pursuant to the assumption process does not alter the validity of any act performed by the TBD before assumption. Any pending business before the TBD board would be transferred and continued in order to be acted upon by the city. All funds, credits or other assets must be assigned to the City.

The MI TBD Board was briefed on this legislation at its regular meeting on October 19, 2015.

## **RECOMMENDATION**

*Assistant City Attorney*

MOVE TO: Adopt Resolution No. 1508 setting December 7, 2015, 7:00 pm in the City Hall Council Chambers as the time and place for the public hearing on the proposed assumption of the Mercer Island Transportation Benefit District.

**CITY OF MERCER ISLAND  
RESOLUTION NO. 1508**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON  
SETTING THE DATE FOR A PUBLIC HEARING CONCERNING THE  
MERCER ISLAND CITY COUNCIL'S INTENT TO ASSUME THE  
RIGHTS, POWERS, FUNCTIONS AND OBLIGATIONS OF THE  
MERCER ISLAND TRANSPORTATION BENEFIT DISTRICT, ON  
DECEMBER 7, 2015, AS ALLOWED BY SECOND ENGROSSED  
SUBSTITUTE SENATE BILL 5987, SECTION 302 (JULY 15, 2015)**

WHEREAS, the City Council of the City of Mercer Island has adopted Ordinance No. 14C-11 creating the Mercer Island Transportation Benefit District with the same boundaries as the City limits;

WHEREAS, Second Engrossed Substitute Senate Bill 5987, in Section 302, which took effect on July 15, 2015, provides that “[t]he assumption of the rights, powers, functions and obligations of a transportation benefit district may be initiated by the adoption of an ordinance or a resolution by the city or county legislative authority indicating its intention to conduct a hearing concerning the assumption of such rights, powers, functions and obligations”; and

WHEREAS, the City of Mercer Island is required to identify the time, date and place for a public hearing on the proposed assumption of the rights, powers, functions and obligations of the Mercer Island Transportation Benefit District;

**BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AS FOLLOWS:**

The City of Mercer Island Council will hold a public hearing on the proposed assumption of the rights, powers, functions and obligations of the Mercer Island Transportation Benefit District on December 7, 2015, at 7:00 PM. The hearing will be held in the City Hall Council Chambers at 9611 SE 36<sup>th</sup> Street, Mercer Island, WA 98040. All persons interested may appear and be heard.

**PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON,  
AT ITS MEETING ON THE 16TH DAY OF NOVEMBER, 2015.**

CITY OF MERCER ISLAND

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Bruce Bassett, Mayor

ATTEST:

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Allison Spietz, City Clerk



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

**AB 5133  
November 16, 2015  
Regular Business**

**DISCUSS THE DRAFT GROUND LEASE  
BETWEEN THE CITY AND THE MERCER  
ISLAND CENTER FOR THE ARTS ("MICA") FOR  
USE OF THE RECYCLING CENTER SITE AT  
MERCERDALE PARK**

**Proposed Council Action:**

Discuss the draft Ground Lease and provide direction to City staff.

**DEPARTMENT OF**

City Attorney (Kari Sand)

**COUNCIL LIAISON**

n/a

**EXHIBITS**

1. Draft Ground Lease and Exhibit A thereto

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

**BACKGROUND**

In response to Youth Theater Northwest ("YTN") losing its site on school district property due to the school construction projects, in 2013, the Council agreed to make the Recycling Center site next to Mercerdale Park available for YTN to develop a new performance facility. The City executed a Letter of Agreement with YTN setting out the basic provisions of the potential use of the Recycling Center site. Thereafter, the Mercer Island Center for the Arts ("MICA") was formed to serve as the lead on fundraising and development of the project. The City then executed a new Letter of Agreement to substitute MICA for YTN as the party that will undertake the design, construction, financing and management of the facility.

To move forward with Council direction and the term of the Letter of Agreement, City staff has undertaken negotiations with MICA to develop a proposed lease for the site. The lease from PEAK to the school district served as the starting point for this negotiation. MICA proposes to construct and operate a center for the performing and visual arts and for arts education programs, including theatres, a recital hall, classrooms, a food and beverage venue and other arts and arts education spaces on the Recycling Center site at Mercerdale Park, located generally at the southwest corner of 77<sup>th</sup> Avenue SE and SE 32<sup>nd</sup> Street. To date, MICA has not submitted a building permit application. MICA will be subject to the City's land use regulations and building permit processes in effect at the time a complete application for a building permit is submitted.

Please note that the draft Ground Lease at Exhibit 1 (note that all Section references below are to Exhibit 1) is subject to further revision as negotiations between the City and MICA remain on-going. Exhibit A, Legal Description of Premises, will be included once it is independently verified by a surveyor on behalf of the City. Further revisions are also expected based on direction received from Council.

## KEY TERMS OF DRAFT GROUND LEASE FOR CITY COUNCIL CONSIDERATION

- **City Land at Mercedale Park:** The Center is proposed to be constructed on City-owned land at Mercedale Park in the area known as the Recycling Center site. Proposed Exhibit A to the draft Ground Lease is a legal description of the Premises proposed to be subject to this lease.
- **Timing of Center Design, Construction & Operation:** At its sole expense, MICA shall fund the design and construction of a center for the performing and visual arts (“the Center”), which thereafter will be operated and controlled by MICA. Other protections to the City in terms of the Center’s design, construction and operation include but are not limited to the following:
  - MICA must comply with all applicable land use and permitting regulations and obtain City permits. (Section 2(a)(iii))
  - The property is leased only on an “AS IS” basis; the City is making no guarantees about the suitability of the property. (Section 3(d))
  - Prior to the start of construction, MICA is required to obtain pledges or financing equal to 100% of the Center’s projected total construction costs. (Section 3(f))
  - MICA must secure the City’s approval of an Operating Plan and Budget for the Center to demonstrate that MICA will be financially capable of maintaining operations of the Center and compliance with this lease. (Section 2(a)(v))
  - The lease obligates MICA to construct the Center in a timely manner and requires that within 5 years after the date of this lease, MICA will have obtained at least 70% of the Center’s projected total construction costs. It further requires that within 7 years after the date of this lease, MICA obtain 100% of the Center’s projected total construction costs. (Section 3(b) & (c))
  - Construction of the Center must be completed within 2 years after it begins. (Section 3(b)).
  - MICA must defend and indemnify the City under the terms of the Lease and will need to maintain adequate insurance. (Sections 13 & 14)
  - City will have the right to inspect the Center at regular intervals. (Section 16)
- **Term of Lease:** A 2-year Construction Period is anticipated, followed by a 50-year initial term with 3 options to extend for 10 years each. (Section 3)
- **Annual Rent in Exchange for Public Benefits:** MICA will pay the City \$1.00 per year in exchange for the City’s use of the Center on a priority basis, provision of public restrooms at Mercedale Park, and other public benefits. (Sections 2, 4 & 5) “Other public benefits” include but are not limited to the following:
  - On-site storage, hot and cold water sinks and electrical outlets for the Mercer Island Farmers Market and for the City’s annual Summer Celebration events;
  - New public restrooms to replace the existing outdated restrooms;
  - New public plaza to include improved park amenities (benches, tables, waste and recycling receptacles and drinking fountains) or other landscaped outdoor open spaces;
  - Drainage work to benefit both the Premises and Mercedale Park;
  - Replacement of portions of the Northwest Native Gardens;
  - Replacement of portions of the Bicentennial Park amenities (flag pole and seating area);
  - Indoor/outdoor eating venue (to the extent economically viable, as determined solely by MICA);
  - An outdoor theatre stage that faces the grassy area of Mercedale Park for public performances;
  - Removal of the Recycling Center buildings and pavement;
  - Use of the Center for City-related public meetings and City-sponsored art classes; and
  - Use of the Center as a Back-up Emergency Operations Center for the City.

- **Utilities:** During the lease term, all utilities will be paid by MICA. (Section 8)
- **Indemnification & Insurance:** The proposed provisions and coverage limits need to be sent to the Washington Cities Insurance Authority (“WCIA”) for review. (Sections 13 & 14)
- **Termination:** If MICA declines to exercise an option to extend the Term, the lease will terminate at the end of the current Term. If the City terminates the lease based on default by MICA, the City will take immediate ownership of the Center with no obligation to reimburse MICA. If the Center is substantially complete at termination, then MICA will pay the City an amount equal to three years’ worth of operating expenses, and the City will use good faith efforts to identify a replacement tenant. If a replacement tenant is found, then the City will reimburse MICA a prorated amount of the operating expenses. If the Center is not substantially complete at termination, then MICA is responsible to reimburse the City to restore the Premises, including but not limited to demolition and removal costs for the Center and related improvements.

## KEY ISSUES GOING FORWARD

There are several key issues that will need to be addressed in the future if the project is to move to construction. These issues do not need to be resolved now in order to approve the proposed lease. Under the terms of the lease, these issues will need to be resolved prior to issuance of permits for construction of the Center.

- **Zoning Code (“P”-zone):** Currently, the “Public Institution” (“P”) zone does not include as an allowed use a center for the performing and visual arts, so a code text amendment will be needed if this project moves forward.
- **Wetland:** Currently, the Mercer Island City Code (“MICC”) does not allow alteration of a wetland over one acre in size, and the wetland at the proposed Premises is over two acres in size. This is the case under current City Code even though the wetland that would be impacted is a lower value wetland and MICA proposes mitigation to offset the impacts. Given the MICC, to move forward with permitting and construction, the current proposal for the Center will either need to be revised to comply with the current Code (such as re-orient or relocate the building on the site, reduce the building’s footprint, or other revisions), or the City will need to update its wetland regulations. More recently updated wetland codes adopted in other cities would allow the development to proceed under these facts if appropriate on-site or off-site mitigation, in the city’s determination, were agreed to such that equivalent or greater hydrological, water quality and wetland habitat functions will be achieved. The City may consider such provisions consistent with “best available science.”
- **Parking:** The site cannot accommodate required parking, so appropriate off-site parking acceptable to the City will need to be identified.

## POTENTIAL ADVISORY ELECTION PROCESS AND COST ESTIMATES

The City Council previously asked for information about an advisory election to be provided at the same time a draft ground lease is considered. An “Advisory Vote” is a tool that the Mercer Island City Council may use to gauge the level of community support for a proposed project. For example, the question of whether the City should lease a portion of Mercedale Park for the potential construction of a performing and visual arts center could be submitted to the voters as an advisory vote. The results of an advisory vote are non-binding and do not change local law.

If the City Council were to put a question to the voters, it would be in the form of a ballot measure. The Council would choose the election date they would want the ballot measure on, the City Attorney would

draft a ballot title and resolution, the Council would pass the resolution to place a measure on the ballot, and the City Clerk will file the resolution with the King County Director of Elections.

An advisory vote could cost anywhere from \$20,000 to \$70,000, depending on when the election is held (a special election would be the most expensive) and how many other items are on the ballot (the costs are split between all of the jurisdictions with ballot measures).

## **RECOMMENDATION**

*City Attorney*

Provide direction to City staff on the key terms of the draft Ground Lease between the City and MICA.

## GROUND LEASE AND USE AGREEMENT

THIS GROUND LEASE AND USE AGREEMENT ("Agreement") is made as of the \_\_\_ day of \_\_\_\_\_, 2015, by and between the CITY OF MERCER ISLAND, a Washington municipal corporation ("City"), and the MERCER ISLAND CENTER FOR THE ARTS, a Washington nonprofit corporation ("MICA").

### RECITALS:

- A. The City owns property commonly known as the "Recycling Center," "Bicentennial Park" and the "Northwest Native Garden," located generally at the southwest corner of 77<sup>th</sup> Ave. SE and SE 32<sup>nd</sup> St., Mercer Island, Washington;
- B. A portion of said property has been designated and legally described in Exhibit A, which is incorporated herein by this reference (the "Premises");
- C. The Premises are between and adjacent to the grassy area of Mercerdale Park and the Mercerdale Hillside (collectively "Mercerdale Park");
- D. Subject to the City's land use regulations and building permit processes in effect at the time ~~of~~ a complete application is submitted, MICA desires to lease the Premises from the City for purposes of constructing and operating a center for the performing and visual arts and for arts education programs, including theatres, a recital hall, classrooms, a food and beverage venue and other arts and arts education spaces (the "Center"), the construction of which will be managed and financed by MICA and which will then be operated and controlled by MICA;
- E. The City will benefit by having access to the Center and will be able to use the Center for its own arts, educational and recreational purposes as well as to benefit the Mercer Island Farmers Market and Mercerdale Park users;
- F. The Mercer Island community will also benefit by the provision of arts facilities that will replace the youth theatre venue formerly located at SE 40<sup>th</sup> St. on what is commonly referred to as the Mercer Island School District's North Mercer Campus that was lost due to the construction of a new elementary school;
- G. The leasing of the Premises to MICA will not materially interfere with the continued use of Mercerdale Park for recreational and park purposes, nor will it interfere with the adjacent operation of the Farmers Market or the City's annual Summer Celebration events.

NOW, THEREFORE, in consideration of the terms and conditions contained herein, the City and MICA mutually agree as follows:



1. **PURPOSE OF AGREEMENT.**

This Agreement provides for the leasing of the Premises to MICA and for the development, operation and maintenance of the Center by MICA on the Premises. This Agreement is also intended to provide a framework for the City and MICA as to the use of parts of the Center by the City at certain times as well as to provide access, as required by the City, to certain parts of the Center by the public and by certain other entities for the purposes herein provided.

2. **PROJECT DESCRIPTION.**

a. Construction and Operation of the Center. Subject to the provisions of this Agreement, MICA shall design, construct, maintain and operate the Center. The design and construction of the Center shall be at the sole responsibility of MICA. The design and construction of the Center shall be ~~designed, constructed and utilized consistent with the schematic shown on Exhibit B attached hereto, and the building design considerations attached as Exhibit C, and it shall be~~ subject to the following considerations and provisions:

(i) During the development of the Center design, the schematics and draft plans and specifications shall be provided to the City's Representative (identified in Section 27) for review at appropriate intervals so the City can confirm that there are no conflicts with the City's desired use of Mercedale Park and that the Center project will be aesthetically consistent with Mercedale Park.

(ii) MICA shall regularly communicate with the City's Representative during Center design, preconstruction activities, construction activities, and post-construction activities. Notwithstanding this regular communication, MICA shall provide the City's Representative with written notice of its intent to begin construction at the Premises not less than thirty (30) days prior to the commencement of such construction and shall use its best efforts to coordinate construction activities on the Premises with City activities at Mercedale Park.

(iii) The final design of the Center project – including but not limited to signage, landscaping, ~~and~~ traffic flow and parking – and any subsequent plans and specifications for additions or improvements thereto, shall be subject to the City's land use regulations and building permit processes, including Design Commission review if applicable, in effect at the time the complete application for a building permit is submitted. ~~The City has approved the project design schematic and building design considerations set forth in Exhibits B and C.~~

(iv) Prior to commencing construction MICA shall obtain the approval of the City's Representative for any temporary use of City property other than the Premises in order to facilitate the construction of the Center (e.g., staging areas) and for any interference that construction will cause in the use of Mercedale Park or other City property.

(v) Prior to commencing construction, MICA shall be required to secure the City's approval (at the City's sole discretion) of an Operating Plan and Budget for the Center. The Plan and Budget must demonstrate that ~~the~~ MICA will be financially capable of maintaining operations of the Center and compliance with this Lease. During the Term, MICA shall be solely responsible for operation of the Center.

(vi) MICA shall be required to operate the Center for the Term of the tenancy under this Agreement consistent with Section 3 of this Agreement.

b. Compliance with Laws; Permits; Related Legal Proceedings. MICA shall abide by all applicable laws, regulations and ordinances in constructing and operating the Center and in using the Premises, including, without limitation, possessing all required licenses, certifications, or other approvals (whether required to be held by MICA as an entity or by MICA's individual employees, volunteers, subtenants, or other agents) relevant to MICA's use of the Premises for specific programs. In addition, MICA agrees to the following:

(i) MICA shall obtain any necessary approvals and permits as may be required by any applicable law or regulation prior to beginning construction on the Premises. The costs of all fees connected with acquiring required approvals and permits shall be the exclusive responsibility of and shall be paid by MICA.

(ii) Without limiting Section 2(b)(i) above, MICA shall, at its sole cost and expense, perform all actions necessary to comply with any and all traffic mitigation measures and traffic management requirements that may be required as a condition of MICA's use of the Premises for the Center and/or the construction of the Center on the Premises. The City shall be responsible for implementing traffic [management related to any City use of the Center](#).

Any approvals given by the City's Representative pursuant to Section 2(a) shall not relieve MICA of its obligations under this Section 2(b).

c. Project Funding. Except as otherwise provided in this Section 2(c), MICA shall meet all funding requirements set forth in this Agreement and Section 3(f) below, including but not limited to the requirement to have raised, received pledges or obtained financing for one hundred percent (100%) of the Center's projected total construction costs prior to the start of construction. The City shall be responsible only for the following costs relating to the construction of the Center: The City's its legal and consulting costs related to the negotiation and approval of this Agreement and any associated administrative and judicial appeals.

Notwithstanding the foregoing, nothing in this Lease shall prevent the City from voluntarily contributing additional funds to the Project, making other off-site improvements benefitting the Project and the Center, or providing in-kind services to MICA.

d. Public Benefits. In partial consideration for this Agreement, MICA covenants and agrees to include within the Center the following public benefits and features that would have otherwise required the expenditure of public funds:

- (i) on-site storage for Mercer Island Farmers Market equipment as long as the Farmers Market operates on Mercer Island;
- (ii) hot and cold water sinks, meeting applicable regulatorythe Washington State Department of Health requirements, and electricity outlets for Mercer Island Farmers Market vendors as long as the Farmers Market operates on Mercer Island and for the annual Mercer Island Summer Celebration events;
- (iii) public restrooms to replace the existing outdated restrooms;
- (iv) public plaza to include improved park amenities (benches, tables, waste and recycling receptacles and drinking fountains) or other landscaped outdoor open spaces;
- (v) drainage work that will benefit both the Premises and portions of Mercerdale Park;
- (vi) replacement of portions of the Northwest Native Garden that have fallen into disrepair;
- (vii) replacement of portions of Bicentennial Park amenities (such as the flag pole and seating area) that have fallen into disrepair;
- (viii) an indoor/outdoor eating venue that will be open to the public to the extent the venue remains economically viable, as may be determined by MICA in its sole discretion;
- (ix) removal of the old Recycling Center buildings and pavement unless removed by the Mercer Island School District #400;
- (x) an outdoor theatre stage that faces the grassy area of Mercerdale Park for public performances;
- (xi) back-up Emergency Operations Center (“EOC”) (any additional costs related to such use will be paid by the City); during an emergency, use of the Center as a back-up EOC shall take precedence over all other Center uses;
- (xii) City-related public meetings; and

~~(ix)(xiii)~~— City-sponsored art classes.

3. **RIGHT TO USE REAL PROPERTY FOR CENTER.**

a. Lease of Premises. In consideration for the commitments set forth below regarding the City's use of the Center and other valuable consideration, the City hereby leases to MICA and MICA leases from the City, as provided below, the Premises "as is" (subject to MICA's right to terminate the Lease under Section 3.d.(i), below), together with all improvements on said property in the condition in which it now exists. The City represents and warrants that it has full right and power to enter into this Agreement, and to convey the leasehold interest described herein to MICA on the terms and conditions contained in this Agreement.

b. Term. The term of the tenancy under this Agreement shall be fifty (50) years plus a reasonable period of time for MICA to construct the Center on the Premises, commencing on the date that MICA notifies the City that it has obtained all approvals and permits required by Sections 2(a) and 2(b) of this Agreement that are necessary for it to commence construction of the Center (the "Commencement Date"). In no event shall the reasonable period for construction extend beyond the date that is two (2) years after the Commencement Date. The fifty year occupancy term shall commence upon the City's receipt of written notice from MICA that the Center is substantially complete. The written notice shall be provided by a Commencement Certificate, the form of which is attached as Exhibit ~~DB~~. Notwithstanding MICA's duty to provide the City with written notice that the Center construction is substantially complete, the City may request an official determination regarding whether construction of the Center is substantially complete by contacting MICA's Designated Representative, as established in Section 27, and, if necessary, through use of the dispute resolution procedures contained in Section 12. The term "substantially complete" shall mean when the City has issued a temporary certificate of occupancy for the Center, unless the certificate is being withheld for reasons outside MICA's control, or at any time in which the Center is fully occupied by MICA, whichever is earlier. MICA shall be deemed to have accepted possession of the Premises on the Commencement Date. Prior to the Commencement Date and subject to Section 3(h), MICA shall have no right to possess or otherwise occupy the Premises or, without prior approval of the City, place any items of personal property on the Premises.

c. Option to extend. MICA shall have the option to extend the term of the tenancy under this Agreement up to three (3) periods of ten (10) years each under the same terms and conditions as during the initial term. The initial term, as such may be extended, is referred to herein as the "Term." MICA shall be deemed to have exercised each such option unless it gives notice to the City of its intention to not exercise such option at least six (6) months prior to the expiration of the initial term and any extensions thereto; and provided further that, the approval and commencement of any option term is contingent on MICA's completion of all routine and extra maintenance necessary to maintain the Center in a manner appropriate for

the Center's age. For purposes of determining whether MICA has met its maintenance obligations, MICA and the City shall mutually agree upon a professional inspection team, which shall inspect the Center and report on its condition. MICA shall be solely responsible for all costs associated with such inspection. Any extension shall be governed by the terms and conditions of this Agreement. Any further extensions of this Agreement are to be mutually agreed upon between the parties, and the City agrees to negotiate in good faith if MICA requests extensions of the term.

d. Premises leased "as-is". The Premises shall be deemed leased "as is" subject to the following:

(i) Within ninety (90) days of the date of this Agreement, MICA shall obtain, at its sole cost and expense, a Phase I Environmental Assessment ("EA") of the Premises and shall provide the City with a copy of such Phase I EA. If the City determines, in its sole discretion, that a Phase II EA should be performed, MICA shall have the option to either terminate the Lease or to obtain, at its sole cost and expense, such a Phase II EA and shall provide the City with a copy of the Phase II EA within ninety (90) days of the City's request that the Phase II EA be performed. After review of the Phase II EA, the City may, in its reasonable discretion, since it will have the responsibility to remediate any hazardous materials which might be found, terminate this Agreement if it should determine that the Premises are contaminated to such an extent that construction on the Premises is not feasible remediation costs would exceed \$200,000.

(ii) Subject to the completion of the environmental review required by Section 3(d)(i), MICA has inspected the Premises, is familiar with the present condition of the Premises, and agrees to accept the Premises in its current condition without recourse to the City for any known or unknown surface or subsurface conditions; provided that, the City agrees to defend, indemnify and hold MICA harmless from and against any claims, damages, liabilities and related expenses arising out of or pertaining to any Hazardous Substances, as defined in Section 15 herein, on the Premises existing as of the Commencement Date; provided further that the City's obligation pursuant to this Section shall not apply to Hazardous Substance that first become present on the Premises after the Commencement Date due to any action by MICA or its agents or contractors; and provided further that, nothing in this Section 3(d) shall limit the obligations of MICA pursuant to Sections 13 or 15 below.

e. Modifications to Premises. The City recognizes that the existing condition of the Premises will be modified by the construction and development of the Center.

f. Timeliness. This Agreement is conditioned upon MICA's covenant to construct the Center in a timely manner, consistent with the following:

(i) MICA shall have received contributions or pledges equal to at least seventy percent (70%) of the Center's projected total construction costs within five (5)

years after the date of this Agreement; provided that, the City may grant extensions as required if MICA demonstrates, in the City's sole discretion, that it has engaged in good faith efforts to secure the funds and has reasonable expectations for raising the required funds. The length of any extension granted by the City pursuant to this Section 3(f)(i) shall be determined by the City, in its sole discretion, based upon the facts and circumstances of MICA's request for such extension.

(ii) Notwithstanding the requirements of Section 3(f)(i) above, MICA shall have received contributions, pledges or financing equal to one hundred percent (100%) of the Center's projected total construction costs prior to the start of construction, which in no event shall be later than the date which is seven (7) years after the date of this Agreement; provided that, the City may grant extensions as required if MICA demonstrates, in the City's sole discretion, that it has engaged in good faith efforts to secure the funds and has reasonable expectations for meeting such goals. The length of any extension granted by the City pursuant to this Section 3(f)(ii) shall be determined by the City, in its sole discretion, based upon the facts and circumstances of MICA's request for such extension.

(iii) MICA covenants and agrees that the Commencement Date shall occur and construction shall have begun within sixty (60) days after ~~the date of this Agreement plus any extensions granted pursuant to Section 3(f)(i)~~MICA has received contributions, pledges or financing equal to 100% of the projected total construction costs; provided that, this period shall be extended to the extent of any delay in the commencement of construction of the Center caused by force majeure events or by actions of the City or by any delay caused by permit or land use appeals, including both administrative and judicial appeals, related to the construction of the Center and use of the Premises as contemplated pursuant to this Agreement; and provided further that, the City may grant extensions as required if MICA demonstrates, in the City's sole discretion, that it has engaged in good faith efforts to commence construction of the Center and has reasonable expectations for meeting such goal. The length of any extension granted by the City pursuant to this Section 3(f)(iii) shall be determined by the City, in its sole discretion, based upon the facts and circumstances of MICA's request for such extension.

(iv) MICA covenants and agrees that the Center shall be substantially complete within two (2) years after the Commencement Date; provided that, this period shall be extended to the extent of any delay in the construction of the Center caused by force majeure events or by actions of the City or by any delay caused by permit or land use appeals, including both administrative and judicial appeals, related to the construction of the Center and use of the Premises as contemplated pursuant to this Agreement; and provided further that, the City may grant extensions as required if MICA demonstrates, in the City's sole discretion that it has engaged in good faith efforts to complete construction of the Center and has reasonable expectations for meeting such goal. The length of any extension granted by the City pursuant to this Section 3(f)(iv)

shall be determined by the City, in its sole discretion, based upon the facts and circumstances of MICA's request for such extension. MICA will provide to the City a copy of the AIA G704 Certificate of Substantial Completion promptly after it is issued by the Architect. -The date the Certificate is issued is the date the fifty (50) year term of the Lease commences.

(v) In the event that MICA does not meet any of the timeliness provisions set forth in Sections 3(f)(i) - (iv), the City may immediately terminate the Term or, if the Term has not yet begun, terminate this Agreement, with no obligation to provide notice and/or time to cure and with no obligation to reimburse MICA for costs. If termination is due to MICA not meeting the timeliness provisions set forth in Section 3(f)(iv), MICA shall be solely responsible for immediate repayment to the City of any costs reasonably incurred by the City to restore the Premises to the condition existing immediately prior to the Commencement Date, including but not limited to demolition and removal costs for the Center and related improvements.

g. Ownership of the Center. The Center to be constructed on the Premises by MICA shall be and remain the property of MICA during the Term, subject to the terms and conditions of this Agreement.

h. Annual Report. MICA shall provide the City with an annual report setting forth an evaluation of all service programs provided, the cost of operating and maintaining the Center, and such other information related to the Center as may be requested by the City. The annual report shall be provided no later than 60 days following the end of each calendar year for the prior year.

i. Access to Premises Prior to Commencement Date. To better inform the public and assist MICA in its fundraising efforts, MICA may post a sign on the Premises prior to the Commencement Date that includes a rendering of the proposed Center and other information typical for signs of this nature. The size, appearance and actual location of the sign are subject to approval of the City, which will not be unreasonably withheld or delayed. To enable MICA to evaluate the Premises and plan for construction, the City will permit MICA and its representatives to go onto the Premises prior to the Commencement Date from time to time for the purpose of inspection, planning, special events, surveying and site testing as may be necessary or desirable. MICA will request consent from the City prior to entering the Premises, which consent shall not be unreasonably withheld or delayed. Upon request by the City, any reports produced by MICA or its consultants shall be shared with the City.

#### 4. **RENT.**

MICA shall pay to the City as rental for the Premises an annual rent of ONE DOLLAR (\$1.00) payable on the Commencement Date and on each annual anniversary thereof during the Term

and during any extension periods. In addition, the City shall have the right and privilege to use the Center constructed and operated by MICA as more fully set forth below in Section 5.

5. **USE PRIVILEGES.**

a. Use of the Center. As additional consideration for the granting of this lease by the City, MICA hereby agrees that the City shall have the right to use portions of the Center as follows:

(i) The City shall have the right to use the spaces within the Center (including all equipment therein) at reasonable preferential rates and dates and times.

(ii) The City shall have the right to put on performances each year in the outdoor Center venue that faces the grassy area of Mercedale Park for the purpose of having a public presentation to persons sitting in Mercedale Park. The City shall not pay any usage fee to MICA for the use of such venue, except that the City shall pay all costs as described in Section 9 below.

(iii) The annual schedule for the spaces and the dates and times of usage shall be agreed upon by the City and MICA prior to January 1<sup>st</sup> of each year. The City and MICA shall review and approve the annual schedule for the City's use of the Center with both the City and MICA doing whatever they reasonably can do to accommodate the programming needs of each other.

(iii) During the City's use of any spaces within the Center as above provided, the City shall provide staff necessary to supervise the City's use of the Center and the equipment therein as described in Section 10 below.

b. Public Restrooms. The Center shall be designed so that the public has access to public restrooms at the Center between 6:00 a.m. and 10:00 p.m. on all calendar days. The City will be responsible for the maintenance, repair and security of such restrooms and for the cost of related utilities to the same extent as any public restrooms in the City's park system.

c. Mercer Island Farmers Market. For so long as the Mercer Island Farmers Market ("MIFM") shall continue to operate on SE 32<sup>nd</sup> St. adjacent to the Premises, on Sundays or another day of the week subject to MICA's and the City's prior approval, MICA shall provide storage space, electrical power, facilities for the MIFM vendors to wash their hands and equipment, and adequate hot water, the details of which will be agreed upon between MICA and MIFM consistent with Washington State Department of Health regulations. MICA will assume no responsibility for loss or damage to items placed in the storage space, may place restrictions on items stored there to the extent necessary to address fire safety or similar concerns, may require that MIFM assume responsibility for any damage its causes to the Center incident to its use of the storage space, and shall have the right to inspect the storage space and its contents from time to time upon notice to the MIFM. During periods of use and at the



conclusion of every market day, MIFM is responsible for cleaning and maintaining locations at the Center that are being used by MIFM vendors for washing their hands and equipment. MICA shall have the right to require MIFM to enter into a written agreement in which both parties acknowledge their respective obligations with respect to the above provisions.

**6. INGRESS AND EGRESS.**

By way of this Agreement, the City hereby grants to MICA the non-exclusive right of ingress and egress access across the entryways and driveways to the Premises from 77<sup>th</sup> Ave. SE and SE 32<sup>nd</sup> St. MICA, its staff, MICA members, licensees, and invitees shall have the non-exclusive right to ingress and egress on these entryways and driveway systems throughout the Term. Nothing contained in this Agreement shall limit the rights of MICA, its staff, MICA members, guests, licensees and invitees to use of Mercerdale Park to the same extent the general public has the right to use Mercerdale Park.

**7. IMPROVEMENTS.**

During the Term, MICA shall be permitted to make, at its own expense, any alterations, additions or improvements to the Center or Premises consistent with the programs offered by it, subject to the City's usual land use and building permitting processes in effect at the time of application, as described in Section 2. Subject to Section 25, MICA may remove any fixtures if it wishes upon termination of the Term or any extensions to the Term provided that it leaves the Premises and the Center in a structurally sound, safe and clean condition, and further provided that such removal will not cause permanent injury to the structure of the Center or the Premises. Nothing shall be removed or altered that will affect the structural integrity of the Center. At the time of the termination of the Term of the Lease, the Center will become the property of the City.

**8. UTILITIES.**

MICA, at its own expense, shall construct and maintain any and all utilities and associated facilities required for construction of the Center upon the Premises. For purposes of this Agreement, the term "utilities" shall include telephone, internet and cable, heat, light, water, gas, power, sewer, and for all other public utilities which shall be used in or charged against the leased Premises during the full term of this Agreement. The City will reimburse MICA for any incremental costs of utilities which are due to the City's use. Incremental costs are those that MICA would not incur but for the City's use of the Center.

**9. MAINTENANCE AND REPAIR COSTS.**

a. Routine Maintenance. Except as otherwise set forth herein, MICA shall assume total responsibility for the maintenance and operating expenses for the Center and the

Premises. For purposes of this Section 9(a), "routine maintenance costs" shall not include those costs resulting from damage, disrepair or building improvements, including but not limited to costs related to remodeling, roofing, code-requirements, and permanent fixtures. MICA shall at all times keep the Premises in accordance with the laws of the State of Washington and the City and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector, or other proper officer of any pertinent and authorized public authority, at the sole cost and expense of MICA. Notwithstanding the other terms of this Section 9(a), if the damages were caused by the negligence or willful misconduct of the City, its employees, agents or contractors, or if persons participating in City-sponsored activities caused damage to the Premises (including the Center) during those City-sponsored activities, the City shall pay the actual repair expenses for damage to the Premises. If the source of such damages is not known, MICA shall be responsible for repairing damages to the Center (except the public restrooms), and the City shall be responsible for repairing damages to the Premises (excluding the Center) and the public restrooms.

**Commented [A1]:** Consider requiring annual maintenance plans for the Center and Premises and a capital replacement plan for all equipment and major systems (e.g., roof, exterior cladding, structural elements; HVAC system; plumbing, electrical; exterior pavement/sidewalks/plaza; fire alarm monitoring system; fire suppression/sprinkler system; and the backflow prevention assembly), and all such plans are subject to review and approval by the City.

**Commented [A2]:** Are these costs considered "extra maintenance" consistent with Section 9(b) below? Clarification is needed.

b. Extra Maintenance. MICA shall assume total responsibility for any extra maintenance expenses for the Center and the Premises, as deemed necessary to maintain the Center in a manner appropriate to the Center's age.

**Commented [A3]:** Clarification is needed as to what is considered "extra maintenance."

c. Janitorial Services. MICA, at its own expense, shall provide janitorial services for the Center and the Premises (except the public restrooms) and shall keep the Center and the Premises in a safe and clean condition, free of accumulations of dirt, rubbish, hazardous environmental contaminants, and unlawful obstructions, and shall maintain the landscaping and the Premises exterior entranceways and walkways in a safe and clean condition consistent with the City's standards of maintenance.

## 10. **OVERSIGHT.**

a. Monitoring of Activities. -When the City is using parts of the Center as provided in Section 5, the City shall be solely responsible for monitoring City-sponsored activities within and around the Center and the Premises so as to avoid the risk of property damage or personal injury. At all other times and except as otherwise provided in this Agreement, as between MICA and the City, MICA shall be solely responsible for monitoring activities within the Center and on the Premises so as to avoid the risk of property damage or personal injury.

b. Security. -Except as otherwise provided in Section 5, MICA agrees to provide adequate security and safety to protect the Center and occupants against injury during all uses of the Center. For these purposes, "adequate security and safety" shall be the level of security and safety provided by the City at the Mercer Island Community and Events Center during normal operating times.

c. Normal Functioning. MICA agrees to provide operational support and maintenance necessary to ensure that the Center is fully functioning at all times during which it is open to the public.

~~d. Incremental Costs. The City will reimburse MICA for any incremental costs of staff, security, repairs and janitorial services which are due to the City's use of the Center.~~

**11. SIGNS AND NAMING.**

a. Signs. All signs or symbols placed anywhere externally on the Center shall comply with the City's Development Code. If any signs are permitted by the City, such signs shall be removed by MICA at the termination of the Term.

b. Naming. MICA shall have sole discretion in the naming of rooms, spaces and areas within the Center and of the Center itself.

**12. DISPUTE RESOLUTION.**

For purposes of this Section 12, the Designated Representative of the City shall be the City Manager and the Designated Representative of MICA shall be its President. If either party claims that the other party has breached any term of this Agreement, or in the event of disputes or disagreements under this Agreement that cannot be resolved by the Designated Representatives of the parties, the following procedures shall be followed if and when informal communications, such as telephone conversations, fail to satisfy the claiming party:

a. The claiming party's Designated Representative shall provide a written notice to the other party's Designated Representative of the alleged breach, dispute, or disagreement. The notice shall identify the act or omission at issue and the specific term(s) of this Agreement that the complaining party alleges was violated.

b. The responding party's Designated Representative shall respond to the notice in writing within fifteen (15) working days. The response shall state that party's position as well as what, if any, corrective action the responding party agrees to take.

c. The claiming party shall reply in writing, indicating either satisfaction or dissatisfaction with the response. If satisfied, any corrective action shall be taken within fifteen (15) days of receipt of the responding party's reply unless otherwise mutually agreed. If dissatisfied, the claiming party shall call an in-person meeting. Otherwise, the matter shall be considered closed. The meeting shall occur within a reasonable period of time and shall be attended by the Designated Representatives of each party, and such others as the parties individually invite.

d. If the claiming party remains dissatisfied with the results of the meeting, it shall then refer the matter to the Mayor of the City and the Chairperson of the MICA Board of Directors, or their designees, for resolution. If the issue is not resolved at this level within thirty (30) days, then either party may require in writing that the matter shall be reviewed in a non-binding, structured mediation process developed on a cooperative basis by the parties, and the

parties shall consider in good faith any recommendations or settlements arising from such process.

e. All of the steps preceding shall be a prerequisite to either party suing under this Agreement for breach, specific performance, or any other relief related to this Agreement, except that either party may seek an injunction for irreparable harm.

**13. INDEMNIFICATION/HOLD HARMLESS.**

a. MICA's Indemnification/Hold Harmless. MICA shall protect, defend, indemnify, and hold harmless the City, its officers, officials, employees, and agents, from any and all claims, demands, suits, penalties, losses, damages, judgments, reasonable attorney's fees, and/or costs of any kind whatsoever, arising out of claims of third parties resulting from negligent acts or omissions, or willful misconduct, of MICA, its officers, employees, agents, and/or subcontractors, in the construction or use of the facilities that are the subject of this Agreement.

MICA waives its immunity under Washington's Industrial Insurance Act, Chapter 51 RCW, as respects the City, its officers, officials, employees, and agents, only, and only to the extent necessary to provide the City, its officers, officials, employees, and agents, with a full and complete indemnity and defense of claims made by MICA's employees. The parties acknowledge that these provisions were mutually negotiated and agreed upon by them.

In the event that the City, including its officers, officials, employees, and agents, incurs attorney's fees and/or costs in the defense of claims for damages within the scope of this Section, such reasonable fees and costs shall be recoverable from MICA. In addition, the City, including its officers, officials, employees, and agents, shall be entitled to recover from MICA reasonable attorney's fees and costs incurred to enforce the provisions of this Section 13.

b. City's Indemnification/Hold Harmless. The City shall protect, defend, indemnify, and hold harmless MICA, its officers, officials, employees, and agents, from any and all claims, demands, suits, penalties, losses, damages, judgments, reasonable attorney's fees, and/or costs of any kind whatsoever, arising out of claims by third parties resulting from negligent acts or omissions, or willful misconduct, of the City, its officers, employees, agents, and/or subcontractors, in the use of the facilities that are the subject of this Agreement.

The City waives its immunity under Washington's Industrial Insurance Act, Chapter 51 RCW, as respects MICA, its officers, officials, employees, and agents only, and only to the extent necessary to provide MICA, its officers, officials, employees, and agents with a full and complete indemnity and defense of claims made by the City's employees. The parties acknowledge that these provisions were mutually negotiated and agreed upon by them.

In the event that MICA, including its officers, officials, employees, and agents, incurs attorney's fees and/or costs in the defense of claims for damages within the scope of this Section, such

reasonable fees and costs shall be recoverable from the City. In addition, MICA, including its officers, officials, employees, and agents, shall be entitled to recover from the City attorney's reasonable fees and costs incurred to enforce the provisions of this Section 13.

c. Survival. The provisions of this Section shall survive the expiration or termination of this Agreement and the Term.

#### 14. **INSURANCE.**

**Commented [A4]:** The City's insurer, WCIA, will need to review these provisions and coverage limits.

a. MICA's Insurance Obligations. MICA agrees to maintain property insurance and commercial general liability insurance or other similar liability coverage reasonably acceptable to the City covering injuries to persons and damage to property, with the City added as a named additional insured covering all of the activities pertaining to this Agreement. By requiring such insurance coverage, the City shall not be deemed to, or construed to, have assessed the risks that may be applicable to MICA in this Agreement. MICA shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits or broader coverage than is herein specified.

(i) Scope and Limits of Insurance. Coverage shall be at least as broad as:

(A) Property Insurance: ISO Causes of Loss - Special Form policy or policies of property insurance insuring the Center in an amount sufficient to cover the entire replacement cost thereof, without coinsurance.

(B) General Liability: Limits of not less than \$5,000,000 combined single limit per occurrence, \$5,000,000 aggregate. The policy shall include but not be limited to:

- (1) coverage for Premises and operations;
- (2) contractual liability (including specifically liability assumed herein);
- (3) Employers' Liability or "Stop-Gap" coverage.

(C) Automobile Liability: Limits of not less than \$1,000,000 combined single limit per occurrence.

(D) Workers' Compensation: Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington statutory limits.

(ii) Deductibles. Any deductibles of the insurance coverage shall not limit or apply to the City and shall be the sole responsibility of MICA.

(iii) Other Insurance Provisions. The insurance coverages required by this Agreement are to contain or be endorsed to contain the following provisions where applicable:

(A) Liability Coverages:

- (1) The City, its officers, officials, employees, and agents are to be covered as additional insured as respects liability arising out of activities by or on behalf of MICA in connection with this Agreement.
- (2) To the extent of MICA's negligence, insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, and agents. Any insurance and/or self-insurance maintained by the City, its officers, officials, employees, and agents shall not contribute with MICA's insurance or benefit MICA in any way.
- (3) MICA's insurance coverage shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

(B) All Policies. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after forty-five (45) days' prior written notice has been given to the City.

(C) Acceptability of Insurers. Unless otherwise accepted by the City, insurance coverage is to be placed with insurers with a Best's rating of no less than A:VIII, or, if not rated by Best's, with minimum surpluses the equivalent of Best's surplus size VIII.

(D) Verification of Coverage. MICA shall furnish the City with certificates of insurance and endorsements required by this Agreement. The certificates and endorsements for each policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms approved by the City and are to be received and approved by the City prior to the commencement of activities associated with this Agreement. The City reserves the right to require complete certified copies of all required policies at any time.

(E) Application of Insurance Proceeds. In the case of any insurance policies as described in Section 14(a)(i)(A), the application of the proceeds from damage or loss to property shall be applied as follows: first, for the purpose of defraying the cost of repairing, restoring, replacing and/or rebuilding the Center and other improvements on the Premises as provided in Section 26(a) herein; and second, if MICA elects termination pursuant to Section 26(b), said funds shall be applied first to restoring the Premises as set forth in Section 26(b).

b. City's Insurance Obligations. The City agrees to maintain commercial general liability insurance or other similar liability coverage acceptable to MICA covering injuries to persons and damage to property, ~~with MICA added as a named additional insured,~~ covering all of the activities pertaining to this Agreement. By requiring such insurance coverage, MICA shall not be deemed to, or construed to, have assessed the risks that may be applicable to the City in this Agreement. The City shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits or broader coverage than is herein specified.

**15. HAZARDOUS SUBSTANCES.**

MICA shall not, without first obtaining the City's prior written approval, generate, release, spill, store, deposit, transport, or dispose of (collectively "Release") any hazardous substances, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances, or any pollutants or substances defined as hazardous or toxic as defined by applicable federal, state, and local laws, regulations, or agencies in any reportable quantities ("Hazardous Substances") in, on or about the Premises, except that MICA may store and use limited quantities of Hazardous Substances (such as paints, cleaning agents and office supplies) as necessary in the ordinary course of its operations. MICA shall indemnify, hold harmless, and defend the City from any and all claims, liabilities, losses, damages, cleanup costs, response costs, and expenses, including reasonable attorney's fees, arising out of or in any way related to the Release by MICA, or any of its agents, representatives, employees, or authorized users, or the presence of such Hazardous Substances in, on or about the Premises whether or not approved.

**16. RIGHT OF INSPECTION.**

The City shall have the right to inspect the Premises and the Center during reasonable hours at any time during the Term to ensure compliance with the provisions of this Agreement. When reasonably necessary for such purposes, the City may temporarily alter access to the Premises. Except in an emergency, mutual prior consent is required for any such closures that would require the cancellation of scheduled programming at the Center.

**17. LIENS AND INSOLVENCY.**

MICA shall keep the Center and the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by MICA. In the event MICA becomes

insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee, or other liquidating officer is appointed for the business of MICA, then the City may terminate the Term and this Agreement at the City's option following at least thirty (30) days notice to MICA and an opportunity to remedy such condition within such period.

**18. CONDEMNATION.**

If at any time during the term of this Agreement, the Premises or a substantial portion thereof shall be taken, appropriated or condemned by reason of eminent domain or threat of eminent domain, this Agreement and the Term shall terminate as of the date of any final judgment entered upon such condemnation or as of the date possession is taken by the condemning authority, whichever is earlier; provided that, in case of a taking of part of the Premises not required for MICA's reasonable use, then this Agreement shall continue in full force and effect. The entire award with reference to the value of land shall belong to the City and MICA hereby assigns to the City any award which may be made in such taking or condemnation of the land. The parties shall share, on a proportionate basis (as based upon each party's proportionate share of the capital costs incurred with respect to the construction and subsequent improvement of the Center determined in accordance with generally accepted accounting principles consistently applied, taking into account the initial construction and related capital costs as well as the cost of subsequent capital improvements that are depreciable over the remaining life of the Center), the award with reference to the value of the Center provided that, nothing herein shall be deemed to give the City any interest in or to any award made to MICA for the taking of personal property or fixtures belonging to MICA, for the interruption of or damage to MICA's business, or for MICA's moving expenses. The City covenants and agrees not to exercise its power of eminent domain with respect to the Premises.

**19. PERSONAL PROPERTY TAXES.**

MICA shall pay promptly when due all taxes assessed during the term of this Agreement upon MICA's fixtures, furnishings, equipment, and stock in trade, upon MICA's leasehold interest under this Agreement, or upon any other personal property situated in or upon the leased Premises. In the event any governmental authority, during the term of this Agreement shall levy any tax upon rentals, this Lease or any part thereof, then MICA shall promptly pay such charge.

**20. REAL PROPERTY AND LEASEHOLD EXCISE TAXES.**

a. Real Property Taxes. In the event that either party is determined to be subject to real property taxes, the taxed party shall be solely responsible for such assessments. In the event that both parties are determined to be subject to real property taxes, and it being understood that the King County Assessor will assess the Premises as though all structures and improvements thereto were a part of the realty, the parties therefore agree that the City shall advise MICA as promptly as possible after receipt of annual general property tax statements, that proportion of the annual taxes which apply to improvements to said Premises, and that proportion which apply to the assessed valuation of the land. Not less than five (5) days prior to



April 30 and October 30 of each year of the term of this Agreement and any renewal term, MICA shall deliver to the City a check payable to the King County Treasurer for the portion of the taxes applicable to the improvements, and shall reimburse the City for payment of that proportion of the taxes applicable to the land. The taxes for a partial year shall be pro-rated.

a-b. Leasehold Excise Tax. As the Premises is publicly-owned property, this Agreement may be subject to a leasehold excise tax under Ch. 82.29A RCW. Upon the effective date of the Commencement Certificate, MICA shall complete the necessary paperwork to receive an exemption from the leasehold excise tax. In the event the State of Washington makes any demand upon the City for payment of any leasehold excise tax under RCW 82.29A resulting from MICA's use or occupancy of the Premises, the City shall tender to MICA the right to defend against the levy of any such tax and to appeal any adverse decisions. MICA shall indemnify the City for all sums expended by the City or withheld by the State from the City in connection with such taxation.

**21. ASSIGNMENT.**

Neither party shall assign or sublet its rights or responsibilities under this Agreement without the written authorization of the other party, which authorization shall not be unreasonably withheld, conditioned or delayed. Neither assignment nor sublease shall relieve MICA from its liability or obligations under this Agreement. A consent to one assignment or subletting shall not be deemed a consent or waiver to any subsequent assignment or subletting.

**22. SEVERABILITY.**

If any term of this Agreement is held invalid or unenforceable, the remainder of this Agreement will not be affected but will continue in full force.

**23. NON-WAIVER.**

Failure of either party to insist upon the strict performance of any term of this Agreement will not constitute a waiver or relinquishment of any party's right to thereafter enforce such term.

**24. INTEGRATION.**

This writing contains all terms of this Agreement. It replaces all prior negotiations and agreements. Modifications must be in writing and be signed by each party's authorized representative.

**25. TERMINATION.**

The Term or, if the Term has not yet commenced, then this Agreement, shall be subject to the following termination provisions:

a. Termination After Initial Term or After Any Extension. In the event that MICA chooses not to extend the Term pursuant to Section 3(c), the Term shall terminate at the expiration of the unextended Term and no amounts shall be due from either party to the other.

b. Termination for Default. The parties are required to follow the dispute resolution process in Section 12 prior to taking steps under this Section to terminate for default. Only after pursuing the steps in Section 12 shall each party have the right to terminate under this Section 25(b) in the event the other party is in default of any material term or condition of this Agreement by providing thirty (30) days' advance written notice specifying the basis for such determination. If the other party thereafter fails to commence reasonable steps within the thirty day period to correct fully and to remedy the default within ninety (90) days from the date of the notice, then the Term or, if the Term has not yet begun, this Agreement shall be deemed terminated; provided that, if the nature of the default is such that it cannot be remedied within ninety (90) days, then the Term and this Agreement shall not terminate so long as the party in default is proceeding promptly to remedy the default and does so within such additional period as may be agreed by the parties. This Section 25(b) shall not be invoked by either party for purposes other than default. Such termination shall be subject to the following terms and conditions:

(i) If the City terminates for default by MICA, the City shall take immediate ownership of the Center and shall have no obligation to reimburse MICA in any amount. MICA shall be subject to the following obligations:

(A) If the Center was substantially completed pursuant to Section 3 at the time of termination, MICA shall pay the City upon termination an amount equal to three times the Operating Funds (as defined below); provided that, the City shall use good faith efforts to identify, in its sole and absolute discretion, an alternative tenant to operate the Center and, if such tenant assumes operation of the Center at any point during the three years after termination, the City shall reimburse MICA a pro rata amount of what it has previously paid the City.

(B) If the Center was not substantially completed pursuant to Section 3 at the time of termination, and if the City elects to demolish what has theretofore been constructed, MICA shall be solely responsible for immediate repayment to the City of any costs reasonably incurred by the City to restore the Premises to the condition existing immediately prior to the Commencement Date, including but not limited to demolition and removal costs for the Center and related improvements.

c. Other Termination. Termination may also occur pursuant to Section 3(f) and any other termination provisions set forth in this Agreement.

d. Relinquishing Possession; Disposition of Fixtures and Removal of Personal Property and Fixtures. Upon termination, MICA shall surrender the Premises and the Center to

the City in a structurally sound, safe and clean condition and remove MICA's personal property and convey title to the Center to the City. MICA shall remove all personal property within 45 days of the expiration of the Term or it shall be considered surplus and become the property of the City. The City may dispose of such surplus property by any reasonable means and charge MICA for the City's disposal costs. During such 45-day period, MICA may also remove any improvements, additions, or fixtures erected in or attached to the Center; provided that, MICA is not then in default and the removal will not cause permanent injury to the structure of the Center or the Premises.

e. Operating Funds. For purposes of this Section 25, the phrase "Operating Funds" shall mean the actual average annual costs incurred by MICA in operating the Center during the 3-year period prior to termination or, if there have not yet been three full years of operation, then during the actual period of operation.

#### 26. **DESTRUCTION.**

a. Total or Partial Destruction. In the event of total or partial destruction of the Center, as soon as reasonably possible following receipt of insurance proceeds and any necessary permits, MICA shall commence repair, reconstruction and restoration of the Center and undertake the same diligently to completion. MICA's failure to comply with this Section 26(a) shall be a basis for default unless MICA elects to terminate using the process set forth in Section 26(b) below.

b. Election to Terminate. MICA may, at its option, elect not to restore the Center pursuant to Section 26(a), subject to MICA providing the City with written notice of such election within four (4) weeks of the receipt of the insurance proceeds and subject to MICA's payment to the City an amount equal to the reasonable costs related to restoring the Premises to the condition existing immediately prior to the Commencement Date, in which case MICA shall surrender ownership of the Center to the City. Following MICA's election and payment pursuant to this Section 26(b), this Agreement shall terminate.

#### 27. **NOTICES.**

All notices and communications between the Parties will be between the persons identified immediately below or such successor persons as may be identified in writing by either party. Each of the persons designated below and any successors will have authority to bind their respective organizations or will obtain any necessary authority on an ad hoc basis and in a timely manner. Each such notice or other communication which may be or is required to be given under this Agreement shall be in writing and shall be deemed to have been properly given when delivered personally or by email during normal business hours to the party to whom such communication is directed, or three (3) days after being sent by regular mail, to the appropriate party at the following address:

If to MICA:

Mercer Island Center for the Arts  
P.O. Box 1702  
Mercer Island, WA 98040  
Attn: \_\_\_\_\_  
Email:

If to the City:

City of Mercer Island  
9611 SE 36<sup>th</sup> St.  
Mercer Island, Washington 98040  
Attn: [City Manager](#)  
Email:

**28. JURISDICTION, VENUE, AND GOVERNING LAW.**

The parties hereto, their successors and assigns, hereby consent to the jurisdiction and venue of the King County Superior Court, State of Washington, for the determination of any dispute that may arise pursuant to the terms of this Agreement and other agreements contained herein to the extent not resolved pursuant to Section 12 above. All the rights and remedies of the respective parties shall be governed by the provisions of this instrument and by the laws of the State of Washington as such laws relate to the respective rights and duties of City and MICA.

**29. SECTION HEADINGS.**

The section headings used in the Agreement are for the convenience of the parties. In the event of a conflict between a section heading and the text of a particular section, the written text shall prevail.

**30. SUCCESSORS AND ASSIGNS.**

Subject to the provisions hereof pertaining to assignment and subletting in Section 21, the covenants and agreements of this Agreement shall be binding upon the heirs, legal representatives, successors, and assigns of any or all of the parties hereto.

**31. AMENDMENTS.**

MICA and the City anticipate that terms of this Agreement may need to be modified in the future. MICA's President, after approval of the MICA Board of Directors, and the City Manager,

after approval of the City Council, are hereby authorized to approve mutually agreed amendments to this Agreement and to supplement this Agreement where necessary to improve the administration of this Agreement and the collaboration between the parties. All amendments must be in writing signed by the President of MICA and the City Manager.

**32. AUTHORITY**

The City has the authority to enter into this Agreement pursuant to RCW 35A.11.010, ~~notice of the proposed surplus action was properly advertised pursuant to RCW \_\_\_\_\_~~, and the City Council approved this Agreement on \_\_\_\_\_, 2015, at a regular Council meeting for which public notice was properly advertised; and

MICA's Board of Directors approved this Agreement on \_\_\_\_\_, 2015.

**33. COUNTERPARTS.**

The parties may execute this Agreement in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

IN WITNESS, both the City and MICA have caused this Agreement to be executed by authorized officers.

CITY OF MERCER ISLAND

MERCER ISLAND CENTER FOR THE ARTS

By \_\_\_\_\_  
Its City Manager

By \_\_\_\_\_  
Its President

ADD ACKNOWLEDGEMENTS

EXHIBIT A  
Legal Description of Premises  
[to be inserted]

EXHIBIT B

Schematic Drawing of the MICA Center  
[to be inserted]



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

**AB 5127  
November 16, 2015  
Regular Business**

**CONTINUATION OF PUBLIC HEARING AND SECOND READING OF PROPOSED ORDINANCE RENEWING (EXTENDING) THE MORATORIUM ON TOWN CENTER BUILDING AND LAND DEVELOPMENT PERMITS AND AMENDING THE MORATORIUM'S SCOPE TO INCLUDE CONDITIONAL USE PERMITS FOR TOWN CENTER PARKING**

**Proposed Council Action:**

Conduct a continued public hearing and second reading of the proposed ordinance renewing (extending) the moratorium on Town Center building and land development permits and amending the moratorium's scope to include conditional use permits for parking in the Town Center zone.

**DEPARTMENT OF**

City Attorney (Kari Sand)

**COUNCIL LIAISON**

n/a

**EXHIBITS**

1. Proposed Ordinance No. 15-20

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

**TOWN CENTER MORATORIUM BACKGROUND**

During its November 2, 2015 regular meeting, the Mercer Island City Council conducted a public hearing on the first reading of Ordinance No. 15-20, which proposes to renew (extend) for an additional six months the Town Center moratorium on the acceptance or processing of building permits and any other land development permits or approvals for major new construction in the Town Center ("Town Center moratorium"). The Town Center moratorium was established in February of this year for an initial term of four months, and it was renewed for a term of six months in June.

On August 31, 2015, the City released the Town Center Visioning and Development Code Update Interim Report to the community that summarized work completed and steps moving forward in the Town Center Visioning Process. On September 21, 2015, the Council directed the City's Planning and Design Commissions to meet jointly to recommend new Comprehensive Plan policies related to the Town Center (including a vision statement) and Development Code language implementing the proposed vision and policies. The "Joint Commission" held its first meeting on October 7, 2015 and has proposed a detailed work plan that would have its recommendations forwarded to the City Council at the end of April, 2016. Council accepted the Joint Commission's proposed work plan on November 2, 2015. The Council will later provide its own public process for consideration of the Joint Commission's recommendations and take action on updated Comprehensive Plan policies, vision and Development Code updates.



Adoption of the proposed ordinance is recommended to avoid expiration of the current moratorium, which is set to expire on December 15, 2015, and to avoid one or more applicants vesting to the existing Town Center development regulations as the work of the Joint Commission on the Town Center Visioning and Development Code Update continues. The City has worked expeditiously and diligently to complete the Town Center Visioning and Development Code Update process. However, additional time is necessary to complete the process and the moratorium should be extended accordingly.

For more background information regarding the history of the Town Center moratorium, please see related Agenda Bills 5036, 5048, 5055, 5085 and 5120.

### **COUNCIL DIRECTION AT FIRST READING: EXPAND THE SCOPE OF MORATORIUM TO INCLUDE CONDITIONAL USE PERMITS FOR PARKING IN THE TOWN CENTER ZONE**

The Mercer Island City Council conducted the first reading of Proposed Ordinance No. 15-20 on November 2, 2015. Council directed staff to amend the scope of the Town Center moratorium to also include the acceptance or processing of conditional use permits for parking in the Town Center zone. Currently, parking is a conditional use in all focus areas in the Town Center, except Mid-Rise Office and Auto-Oriented where parking is a permitted use. Further, the current code provides a minimum to maximum range of parking stalls required per unit (Residential use) or per gross square foot (non-Residential uses).

As part of the Town Center Development Code Update work plan, it is expected that the current parking regulations in the Town Center zone will be further restricted, and as an example, ranges for parking (such as 3 to 5 stalls per 1,000 gross square feet of General Retail) will be eliminated in favor of a set number of parking stall requirements based on use. Council expressed concern that under the scope of the current moratorium, applications for a conditional use permit could vest to the current, more flexible parking regulations; thus, Council directed staff to include the acceptance or processing of conditional use permits for Town Center parking within the scope of the Town Center moratorium.

The ordinance has been updated to reflect this direction from Council. The revisions based on Council direction are highlighted in yellow.

## **RECOMMENDATION**

*City Attorney*

Conduct a public hearing on the following:

1. the proposed renewal (extension) of the Town Center moratorium for an additional six months to allow the Joint Commission's work plan and related efforts towards completion of the Town Center Visioning and Development Code Update process to continue; and
2. the proposed amendment to the Town Center moratorium to also include the acceptance or processing of conditional use permits for parking in the Town Center.

**MOVE TO:** Adopt Ordinance No. 15-20 to renew the moratorium on Town Center building and land development permits for an additional six month term and to amend the moratorium's scope to include conditional use permits for parking in the Town Center zone.

**CITY OF MERCER ISLAND  
ORDINANCE NO. 15-20**

**AN INTERIM ORDINANCE OF THE CITY OF MERCER ISLAND,  
WASHINGTON, RELATING TO LAND USE AND ZONING, RENEWING  
THE TERMS OF A MORATORIUM ON THE ACCEPTANCE OF  
APPLICATIONS FOR BUILDING PERMITS OR NEW DEVELOPMENT OR  
REDEVELOPMENT IN THE MERCER ISLAND TOWN CENTER ZONE;  
AND ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, the City of Mercer Island City Council adopted Ordinance No. 15-04, pursuant to RCW 35A.63.220 and RCW 36.70A.390 which established a four-month moratorium on the submission or acceptance of applications for any building permits or any other land development permits or approvals for major new construction as defined in chapter 19.16 of the Mercer Island City Code in the Mercer Island Town Center zone (“Town Center moratorium”), subject to certain exceptions; and

WHEREAS, as required by state law, the Council conducted public hearings on March 2, 2015 and March 16, 2015 to obtain public comment on the Town Center moratorium, and based upon the public comment received and further consideration, the Council adopted Findings of Fact in support of the Town Center moratorium as set forth in Ordinance No. 15-05, and determined that the moratorium should not apply to a proposed mixed use development intended to be located between 77<sup>th</sup> Avenue SE, 78<sup>th</sup> Avenue SE and SE 29<sup>th</sup> Street in the Town Center, referred to in Ordinance No. 15-05 and herein as the “Hines Project”; and

WHEREAS, since adoption of the Town Center moratorium and following good faith negotiations between the City and representatives for the Hines Project, the Council determined that the proposed Hines Project would not deliver the public amenities that supported its exception from the moratorium and, therefore, the Hines Project should not be excepted from the moratorium and on June 1, 2015 amended the scope of the moratorium to include the Hines Project as set forth in Ordinance No. 15-11; and

WHEREAS, Phase 2 of the Town Center Visioning and Development Code update project, as that term is defined in the Findings of Fact included in Ordinance No. 15-05, has taken longer than originally anticipated due to the need to have further public involvement and the difficulty of concluding the process in the time originally envisioned due to its complexity and the importance of achieving the best result for the City; and

WHEREAS, on June 1, 2015, the Council formally modified the schedule for Phase 2 and the Community Engagement Process, as that term is defined in the Findings of Fact included in Ordinance No. 15-05; and

WHEREAS, the Council held an additional public hearing on June 15, 2015 with respect to the possible renewal of the Town Center moratorium; and

WHEREAS, the City Council, by Ordinance No. 15-12, determined it was in the public interest to extend the Town Center moratorium for six months in order to complete the Town Center Visioning and Development Code update; and

WHEREAS, as part of the process, the City released the Town Center Visioning and Development Code Update Interim Report to the community on August 31, 2015, which summarized work completed and remaining areas to address in moving towards the goal of updating the Town Center Vision and Development Code; and

WHEREAS, on September 21, 2015, the City Council tasked the Planning Commission and the Design Commission, collectively, the Joint Commission, with developing recommended development code and comprehensive plan updates and that work planned to continue through April, 2016.

WHEREAS, on November 2, 2015, the City Council held a public hearing to provide an opportunity for public comment on these matters; and

WHEREAS, at the November 2, 2015 regular meeting, the City Council found that the Town Center Development Code Update will include amendments to current parking regulations in the Town Center zone, likely making such regulations stricter and less flexible than current parking regulations, and the City Council expressed a desire to amend the scope of the Town Center moratorium to include the acceptance or processing of conditional use permits for Town Center parking in order to prevent applicants from vesting to the current, more flexible parking regulations; and

WHEREAS, at the November 2, 2015 regular meeting, the City Council continued the public hearing on the moratorium to November 16, 2015, **in order** to provide additional opportunities for formal public comment on these matters; and

WHEREAS, the Town Center moratorium is set to expire on December 15, 2015, unless otherwise repealed, extended or modified by the City Council; and

WHEREAS, based on the City's need for additional time to complete the Town Center Visioning and Development Code update process set forth in Exhibits A and B hereto, and the risk that one or more applicants could vest to the existing development code if the current Town Center moratorium expires, the Council finds that the current moratorium continued by Ordinance No. 15-12 should be extended for an additional six months for the protection of public health, public safety, public property or the public peace pursuant to RCW 35A.13.190 and in accordance with provisions of RCW 35A.63.220 and 36.70A.390.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:**

**Section 1. Findings of Fact in Support of Moratorium Renewal and Amendment.** In addition to the "WHEREAS" recitals set forth herein, the City Council hereby adopts the

following Findings of Fact in support of the Town Center moratorium renewal and amendment:

1. On September 21, 2015, the City Council adopted strategic objectives and supporting actions that extended the work plan for the Town Center Visioning and Development Code update, as set forth in the attached Exhibit A. As a result of that extension and otherwise due to additional time required to complete the Town Center Visioning and Development Code update, the City Council has not considered any recommendations for changes to the Town Center Development Code to date.
2. On September 21, 2015, the City Council directed the City's Planning and Design Commissions, collectively the Joint Commission, to meet to recommend new Comprehensive Plan policies related to the Town Center (including a vision statement) and Development Code language implementing the proposed vision and policies.
3. On November 2, 2015, the City Council approved a detailed work plan to guide the Joint Commission's work, as set forth in the attached Exhibit B. The approved work plan would have the Joint Commission's recommendations forwarded to the City Council at the end of April, 2016. The Council would then provide its own public process for consideration of the Joint Commission's recommendations and take action on updated Comprehensive Plan policies, vision and Development Code updates.
4. On November 2, 2015, the City Council found that the Town Center Development Code Update will include amendments to current parking regulations in the Town Center zone, likely making such regulations stricter and less flexible than current parking regulations. The City Council expressed a desire to amend the scope of the Town Center moratorium to include the acceptance or processing and approval of conditional use permits for Town Center parking in order to prevent applicants from vesting to the current, more flexible parking regulations.
5. In order to enable the Town Center Visioning and Development Code update to proceed without additional development and conditional use permits for parking in the Town Center becoming vested under RCW 19.27.095, which could potentially frustrate the ability of the City to implement the Town Center Visioning and Development Code update recommendations, renewal of the Town Center moratorium for an additional six months is necessary.

**Section 2. Renewal and Amendment of Moratorium.** The Mercer Island City Council hereby renews the moratorium imposed by Ordinance No. 15-12, on the submission or acceptance of applications for any building permits or any other land development permits or approvals for major new construction as defined in MICC 19.16 in the Mercer Island Town Center zone as depicted in the map attached as Exhibit A to Ordinance No 15-05 ("Town Center moratorium"). The Town Center moratorium

does not apply to the MF-2 or P-zones. The Town Center moratorium also does not apply to major new construction that has two stories or less. Further, the Town Center moratorium is hereby amended to include and apply to the submission or acceptance and approval of applications for any conditional use permits for parking in the Mercer Island Town Center zone.

**Section 3. Effective Date.** This Town Center moratorium shall be effective five days after passage and publication, but no sooner or later than the expiration of the moratorium imposed by Ordinance No. 15-12, which is set to expire on December 15, 2015.

**Section 4. Term of Moratorium.** The Town Center moratorium renewed by this Ordinance shall continue in effect for a period of six months from the effective date set forth above, and shall automatically expire upon the effective date of land use regulations adopted by the City Council to address the implementation of its Town Center Vision and Development Code update, or unless renewed for one or more additional periods as provided by state law, or unless earlier terminated by action of the City Council.

**Section 5. Publication.** This Ordinance shall be published by an approved summary consisting of the title.

**Section 6. Severability.** If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, or its applicable held inapplicable to any person, property or circumstance, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause or phrase of this ordinance or its application to any other person, property or circumstance.

**Section 7. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

ADOPTED by the City Council of the City of Mercer Island, Washington at its regular meeting on the 16<sup>th</sup> day of November 2015 and signed in authentication of its passage.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

Approved as to form:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_

## EXHIBIT A

### **Strategic Objectives for Completing Town Center Vision and Development Code Update**

1. The City Planning Commission should be tasked by the City Council with the next phase of work on the Town Center development code update and Comprehensive Plan update. The Planning Commission should be directed to engage the Design Commission in this work, with the two groups convening jointly. An enhanced public process should accompany the work. The work should be based on and build from the Interim Report. The work should be a priority: recommendations should be forwarded to City Council as soon as practicable in early 2016.
2. The draft updated Town Center vision statement, as presented in the Interim Report and preliminarily endorsed by the Council, should serve as a touchstone on the next phase of work on the Comprehensive Plan update and Town Center development code changes. This draft vision statement should be broadly communicated to residents and businesses this fall.
3. Throughout the rest of the process, ensure effective communication to the community around Town Center vision and development code update project.
4. The City Council should be able to take up deliberation on both the updated Comprehensive Plan (incorporating updated Town Center vision statement) and Town Center development code update in early 2016.

**Strategic Objective 1:** The City Planning Commission should be tasked by the City Council with the next phase of work on the Town Center development code update and Comprehensive Plan update. The Planning Commission should be directed to engage the Design Commission in this work, with the two groups convening jointly. An enhanced public process should accompany the work. The work should be based on and build from the Interim Report. The work should be a priority: recommendations should be forwarded to City Council as soon as practicable in early 2016.

Recommended Supporting Actions:

**1.A Do not reconvene Stakeholder Group.** Issue a communication to the group members clearly outlining the next steps and **inviting their attendance and participation at the initial “hand-off” meeting where the Planning and Design Commissions are brought up to speed.**

Rationale:

1. While not all issues are resolved, the Stakeholder Group has provided a wealth of input, both general and highly detailed, on most or all major Town Center Development vision and code update issues. This input is captured in the Interim Report which can and should serve as the basis for the Phase 3 work to finish the Town Center development code update and Comprehensive Plan proposals for Council consideration.
2. The Stakeholder Group has already been asked to participate in meetings well beyond the original schedule to which they committed.
3. Most Stakeholder Group members did not express a desire to reconvene (33 of 42).
4. Some stakeholders noted that dialogue at the Stakeholder Group has become increasingly politicized and unproductive.
5. Based on feedback from members and the TCLG, the Stakeholder Group may well have hit the point of diminishing returns in terms of the productivity of continued dialogue.
6. A key factor driving disagreement in many areas – whether planned density should be significantly reduced or maintained at long planned levels -- seems unlikely to be resolved through further deliberation, since the differences arise from very different values and beliefs that cannot be easily reconciled. Moving forward, choices need to be made that are otherwise consistent with the draft updated Town Center Vision statement.
7. Members who wish to remain engaged can be encouraged to do so through the Planning Commission process.

**1.B Direct the Planning Commission to convene jointly with the Design Commission** to deliberate on the Town Center development code update and related portions of the Comprehensive Plan. Both Commissions should deliberate together on the issues, with the Design Commission’s input being advisory to the Planning Commission. The Design Commission should provide separate advisory votes on issues and their votes should be recorded. The Planning Commission votes should govern the overall process, compliant with City code requirements.

Rationale: The development code is highly detailed around issues that are uniquely matched to the expertise of those on the Design Commission. TCLG members and City

Council members were strongly supportive of the idea of including the Design Commission's input as the process proceeds.

**1.C A Planning Commission/Design Commission ("Joint Commission") work plan outline** should be prepared by staff & consultant team, with input from Planning and Design Commission, to ensure the focus is on building from existing consensus and resolving remaining technical and other issues. This work plan: (1) should include the elements outlined below; (2) should be reviewed by the TCLG, and then (3) approved by action of the City Council as first step in the hand-off of the work. The work plan should not be a "straightjacket" on the work of the Joint Commission, and the City Council should respect the independence of the Planning Commission in its work.

*Rationale:* The City has a strong interest in ensuring the work ahead is completed on a timely basis (given the moratorium in place on Town Center development), that the work addresses concerns raised by the Stakeholder Group and includes ample opportunity for public engagement. By endorsing a work plan, the Council can help ensure these things happen. Also, since the proposed work plan elements described below include some changes in the Planning Commission's regular process, Council endorsement of these process changes will be important. That said, it is also important that the Planning Commission (and Joint Commission) be allowed to serve its function as an independent deliberative body.

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**Recommended Joint Commission Work Plan Scope and Key Components**

*(NOTE: These components will need to be further refined by staff, with input from the Planning and Design Commission)*

1. **Scope:** The Interim Report of the Stakeholder Group should be the foundation for the work of the Joint Commission: the detailed ideas in the report should be the foundational reference from which code language is developed. The Interim Report does not answer all the issues that must be addressed in code, so there will be deviation and evolution of ideas, but it is important to respect the work and ideas of the Stakeholder Group. The draft vision statement for Town Center should serve as a touchstone for the Joint Commission's work: final recommendations should be consistent with the vision statement.

The Joint Commission work should be limited to proposing development code updates for the Town Center, within its current borders, and the directly related Comprehensive Plan language and Town Center vision statement to be included in the Comprehensive Plan.

To avoid potentially extensive delay, the Joint Commission work should proceed without waiting for data as yet unknown about the future Sound Transit projects. The



work plan should also explicitly confirm that a retail strategy is also not part of the work at this time.

**Rationale:** It is critical to use the Interim Report as the basic reference point for the detailed work ahead. Given the interest in lifting the moratorium sooner rather than later, a reasonably focused scope will increase the likelihood that the Joint Commission will expeditiously complete its work. The Joint Commission work should be focused on Town Center issues, not the entire City Comprehensive Plan. As to the specific issues noted above:

- There is no Council or Stakeholder Group consensus for expanding the borders of Town Center-- clarifying this will help limit the number of issues the Joint Commission must address;
- Negotiation and resolution of Sound Transit project impacts could be years away and the development code update should not be delayed that long. Also, there is a separate effort underway to map impacts and negotiate a resolution on these matters. Completing the development code update *without* the Sound Transit projects incorporated arguably strengthens the City's hand in being able to clarify impacts of such projects on the City's plans for Town Center. The code can be amended if necessary once the impacts and mitigation responses are known.

2. ***Initial Meeting:*** An initial "hand-off" meeting should be scheduled for bringing the Joint Commission up to speed on the work of the Stakeholder Group, as set forth in the Interim Report. The primary presenters of this information should be staff, with support from the TCLG. Stakeholder Group members should be invited to attend this meeting, and should have an opportunity to offer comments and suggestions to the Joint Commission as its members begin their work.

**Rationale:** The starting point for the Joint Commission work is the Interim Report. It is important to respect the work of the Stakeholder Group, and give interested Stakeholder Group members an opportunity to share their perspectives with the Joint Commission. The Joint Commission needs to be brought up to speed on the community input to date, including issues where there are competing views.

3. ***Vision Statement:*** After the initial "hand-off" meeting, the Joint Commission should sign off on a communications piece with visuals to help inform the community about the project and the draft updated vision statement (See Strategic Objective 2 below). The vision statement should serve as a "touchstone" and guidance throughout the process. At the end of the process, the Joint Commission should revisit the vision statement to confirm that its recommendations overall are consistent with the vision statement, and to suggest wording refinements to clarify the statement for final adoption and inclusion in the Comprehensive Plan.

Rationale: This recommendation relates to Strategic Objective 2. A solid communication piece around the vision statement with supporting visuals is perhaps the best way to easily and effectively communicate the foundation of this discussion to the community. The Council and many Stakeholder Group members acknowledge a need for wordsmithing of the statement: it is best to take up this task at the end of the process after detailed code language is developed.

4. **Additional studies:** The work plan should identify the type, funding, and schedule for completing any additional third-party studies/information that the Council wants incorporated. At a minimum, a traffic study is required by regulations. In addition, a panel or other third party review and comment on the efficacy of proposed “incentive program” should be seriously considered.

Rationale: Since public amenities are key parts of the desired vision, a third party validation of the viability of the incentive concepts could improve confidence in effectiveness of the proposed code provisions.

5. **Primary Work Topics:** To the extent practicable, schedule Joint Commission deliberations around the same major topics that the Stakeholder Group Interim Report includes, adding key gap areas. Framing agendas and materials should also clearly connect content to the relevant portions of the draft vision statement:
  - a. Retail Frontage Requirements
  - b. Street Frontage Use and Improvements Standards
  - c. Public Open Spaces
  - d. Building Height Limits
  - e. Mid-Block Pedestrian Connections
  - f. Incentives Program: Proposed Mandatory and Elective Building Components.
  - g. Parking Standards (not fully addressed by TCSG)
  - h. Traffic standards (not fully addressed by TCSG)

There may be additional areas needing focus, and the order of discussion should be considered and adjusted as appropriate.

Rationale: The work of the Joint Commission should clearly build upon the work of the Stakeholder Group. Staging it in a familiar manner will also make it easier for the public to comment on.

6. **Adjust work schedule:** The Joint Commission will likely need to meet twice a month in working sessions in order to accomplish the scope of work by early next year.

Rationale: The amount of detailed code language to be reviewed is significant. There is time pressure (given the moratorium) to complete the work.

7. **Provide expanded public input opportunities, with adjustment to allow the Joint Commission to accomplish its work.** Normally, the Planning Commission is required to complete a single public hearing on a proposal before it is forwarded to the City Council. Once at the City Council, there are also multiple opportunities for public input. The Joint Commission work plan should expand upon the basic requirements by adding at least one (and preferably two) public hearing(s) by the Joint Commission in 2015, to allow additional input *before* the final proposal is developed. The hearing(s) should be held *after* the vision statement and related visuals have been produced and shared with the community.

The public hearing(s) should be scheduled at dates *in addition to* the regular Joint Commission work sessions. The regular Joint Commission meetings should be shaped as *work sessions* that are not consumed with oral comment. The City should encourage input through online comments, or other written means. All comments submitted should be compiled weekly and forwarded to the Joint Commission and Council and posted online. Each Joint Commission meeting should include a standing agenda item to discuss comments received. Use outside facilitation resources if necessary to manage various aspects of the public engagement.

Rationale: Given the visibility of this discussion and breadth of perspectives on the issues, additional public hearings provide a counterbalance to having the Joint Commission meetings held as work sessions. It is important for the Joint Commission to consider input received, and for ample opportunity to receive such comment.

8. **Provide monthly written updates for the City Council on the work of the Joint Commission.** The updates should be prepared by staff and approved by Chairs of the Planning Commission and Design Commission. Staff should present these to Council with the Chairs of the Planning Commission and Design Commission participating as appropriate. Updates should cover status of work, issues preliminarily resolved, issues under discussion, major points of disagreement, whether additional resources are needed, and whether the work is on schedule or any major changes are proposed to the work plan. Updates should be posted online.

Rationale: This will help identify any significant disconnects early on, so that the process has a better chance of remaining on schedule. Also, it will provide important additional public communication opportunities.

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**1.D The City's Planning Development Services Director should manage the project going forward,** with support from staff that have been involved to date. Questions about project administration arising over the course of the project should to the extent possible be resolved at the staff level.

*Rationale:* The next phase of work is largely technical. It is appropriate for staff to take the lead on this. Management and oversight of the Stakeholder Group was unfortunately opaque at times, and clarity as to leadership in the next phase will be important. Mr. Greenberg has been engaged since the beginning of the effort, as has Ms. Van Gorp in a supporting role: for the sake of continuity, they should both continue to staff the project.

**1.E The TCLG and Council Subcommittee for the Town Center should be disbanded following the hand-off meeting and review of additional visuals for communicating the Town Center vision statement** (See item 2.A below).

*Rationale:* In deference to the independent role of the Planning Commission, the Council should step back and allow that process to proceed. The Planning Commission's recommendation will come back to the Council *as a whole*, as will updates on the Joint Commission progress.

**1.F Timeline:** The Planning Commission should **target forwarding its final recommendations** on both the Comprehensive Plan and the Town Center development code to the City Council **by March 2016**, barring a compelling need to extend the schedule.

*Rationale:* Given that development once it occurs is around for the long-term, it is better to get the development code update *right* than to be *fast*. That said, the work should proceed expeditiously to minimize the time before the Town Center development moratorium can be lifted.

**Strategic Objective 2: The draft updated Town Center vision statement, as presented in the Interim Report and preliminarily endorsed by the Council, should serve as a touchstone on the next phase of work on the Comprehensive Plan update and Town Center development code changes. This draft vision statement should be broadly communicated to residents and businesses this fall.**

*Recommended supporting actions:*

**2.A An effective communications piece on the updated vision statement, incorporating additional visual depictions, should be created and broadly communicated.** Seth Harry should continue to be contracted to provide additional visuals that will help communicate the updated vision. The TCLG should be reconvened to review and approve the additional visuals. The Joint Commission should approve the final communications piece. The City should use multiple means to communicate the visual communication piece (See item 3.B below). During the entirety of the Joint Commission deliberation, the visuals should be prominently displayed and posted, and public input and questions encouraged. The City may wish to consider a utility bill insert (or statement) to

provide a weblink where visuals and accompanying text (draft vision statement, process information) can be reviewed. Overall, the communication should reinforce core messages, help public better understand the nature of the updated Town Center vision – what it is and is not-- and encourage them to engage in the Joint Commission process.

*Rationale.* Several stakeholders observed that there is a lot of misinformation about what is actually under consideration, for example, rumors of much higher buildings being proposed, or increasing density in Town Center. It is important that the community understand what is in fact being considered. Pictures can be particularly helpful here, since words in the draft vision statement can be interpreted differently.

**Strategic Objective 3: Throughout the rest of the process, ensure effective communication to the community around Town Center vision and development code update project.**

*Recommended supporting actions:*

**3.A** From now through adoption of updated Comprehensive Plan and development code update, the City should conduct an **ongoing, multi-faceted communication effort focusing on sharing the Town Center vision** as preliminarily endorsed by the City Council, **as well as updates on progress on updating the Town Center development code, highlighting opportunities for public engagement.**

- Audiences for this work should include: residents, local business owners, property owners, local developers, and regional partners (in particular, Sound Transit).
- Messages: A series of clear, straightforward messages should be developed to encapsulate the overall project and updated vision statement for the community. These should be conveyed with additional visuals to help people understand what is, and is not, under discussion. Sample messages could include:
  1. The goal is to ensure that future development in Town Center better reflects our community’s vision for Town Center and delivers the public amenities our community wants. In other words, the Town Center development code update is intended to make it more likely that our Town Center vision becomes a reality.
  2. The Town Center vision we are working to achieve remains largely the same that was agreed to in 1994. There is no increase in density proposed. There is no discussion to allow any buildings taller than 5 stories. We want to achieve a mix of retail and residential opportunities, ample parking and attractive streetscapes, with a small-town feel.
  3. The extensive community engagement process conducted in 2015, including the work of the 42-member Town Center Stakeholder Group, has contributed

important ideas about how to strengthen both the Town Center vision and development code. These ideas have been/will be forwarded to the Planning Commission, which is charged to develop a complete recommendation, working with the City's Design Commission. The City Council will make the final decision early next year after receiving the Planning Commission recommendation.

4. There are multiple opportunities for public input throughout this fall and into next winter for those who would like to weigh in on the Town Center vision and development code update.

Additional messages should be developed as the Joint Commission work proceeds, to communicate progress in the work plan.

- Sample communication and outreach tactics could include
  - Visuals on Town Center developed and shared (See Recommendation 2.A above)
  - Status box on City website created and updated bi-weekly, more frequently if appropriate due to the turn of events.
  - Develop and post "Q&A" on City website-- focusing on messages, next steps, and the process to date. Update as needed (not less than once a month).
  - Encourage coverage by the Mercer Island Reporter on status, next steps—drive visits to website to review, comment on updated vision statement, Interim Report, and Joint Commission work as it proceeds.
  - Post links on Next Door to the Interim Report, the Q &A, and the draft updated vision statement and associated visuals, etc.
  - Outreach to other community organizations: in addition to scheduled public hearings, reach out to other community organizations and stakeholders to see if they are interested in hearing a presentation at their regularly scheduled meetings.
  - Review vision statement and visuals with Sound Transit as appropriate given other discussions and negotiations.

**3.B Polling:** Do not conduct polling at this time.

*Rationale:* Polling would likely have to be at high conceptual level on components of the draft vision statement. It cannot replicate the thorough deliberative process to date. Polling arguably undercuts and disrespects the process of the initial visioning committee, the Stakeholder Group, and the Council in its September action to preliminarily endorse the draft updated vision statement.

**3.C Best Practices:** To maximize the learning from this public engagement effort, and others, make it a regular practice to have an "after action review" of what went well, and what did not

go so well. In terms of the current project, this report provides at least one assessment. Assign a staff member responsible for being the “keeper” of this best practices learning.

*Rationale:* Experience is a great teacher on what works best-- if that knowledge is available to others.

**Strategic Objective 4: The City Council should be able to take up deliberation on both the updated Comprehensive Plan (incorporating updated Town Center vision statement) and Town Center development code update in early 2016.**

*Recommended supporting actions:*

- 4.A Plan to extend the Town Center development moratorium before end of year.** A 4-5-month extension is likely the minimum needed.
- 4.B Particular effort should be made by staff to offer briefings to any new Councilmembers or existing Councilmembers who have not served on the TCLG so that they are fully up to speed on the project and the issues when the Council begin deliberating.**
- 4.C Based on level of community engagement, adjustments to the Council’s normal process for deliberating and acting on the proposed development code and Comprehensive Plan updates may or may not be appropriate.**

## **Conclusion**

It is important that Town Center development meet the needs and expectations of the community. There will never be unanimous support for all activity and development that occurs in Town Center. That said, the 1994 Town Center vision has been in place for over two decades now, and has been generally confirmed through three different processes in the last year and half: the initial visioning community group meeting in May 2014; strong support from the Stakeholder Group on a draft updated vision statement for Town Center included in the Interim Report; and action by the City Council in September to preliminarily endorse that draft updated vision statement.

Despite frustrations with the process and continuing strong objections by some stakeholders to various aspects of Town Center development, the Stakeholder Group has in fact generated a wealth of detailed recommendations and ideas, as reflected in the Interim Report. The Interim Report can and should serve as a solid foundation for the next phase of work: development of code language, finalizing the wording of the vision statement, and making related updates to the City Comprehensive Plan. The Planning Commission should be asked to take up this next phase of work. The Design Commission should be engaged fully in this deliberation, given that the expertise of its members closely relates to the subject matter details. An expanded public engagement process should accompany the next phase of effort. It should be a priority to complete the work expeditiously so that the City Council can receive a package of recommendations early in 2016.

## Draft Work Plan

**General Approach:** (Similar to how Planning Commission developed the update to the Comprehensive Plan)

- (1) Staff brings work forward in packages by topic areas. Recommendations based on Interim Report direction where available.
  - Topics scheduled to hear foundational pieces first (e.g., height and sub-areas), and considering complexity of topics and requirements for outside consultant work.
- (2) Joint Commission discusses and gives staff preliminary direction.
- (3) Staff brings adjusted material back at subsequent meeting for a *preliminary “thumbs up”*; Subcommittees formed to work issues in interim if needed.
- (4) “Thumbs up” material is added to package/list for next public hearing.
- (5) Two public hearings, separate and in addition to Joint Commission “Study Sessions” (which are without public comment), conducted before final Planning Commission recommendation.
- (6) No final recommendations until end of the process.

**NOTES:**

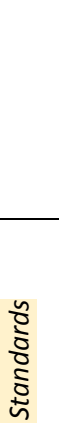
- *All agenda packets will include copies of public comment received since last meeting, with opportunity to discuss.*
- *Each substantive item briefing will incorporate suggested adjustments to Comprehensive Plan policies.*
- *Staff will keep a running list of information requests and follow up actions/information.*
- *Written monthly updates will be provided to the City Council.*



**DRAFT Work Plan Calendar – Meetings, Agenda Items, Public Outreach/Input Opportunities**

Month	Joint Commission Meetings, Council Meetings, and Public Outreach/Input	Subcommittees, Other “schedule tools”	Outside Consultant Work
OCTOBER	<p>Meeting #1 (October 7)</p> <ul style="list-style-type: none"> <li>• Introductions</li> <li>• <b>Public Comment</b></li> <li>• Interim Report</li> </ul> <p>Meeting #2 (Oct. 21):</p> <ul style="list-style-type: none"> <li>• <b>Public Comment</b></li> <li>• Joint Commission Operating Rules</li> <li>• Work Plan Review/recommendation to City Council                             <ul style="list-style-type: none"> <li>• Council Action Nov. 5</li> </ul> </li> <li>• Town Center Vision                             <ul style="list-style-type: none"> <li>• Existing visuals, recommended additional visuals</li> <li>• Public communication piece format, messaging</li> </ul> </li> </ul> <p><i>Recommendations to Council: Work Plan, Vision Communication piece (preferred formats, additional visuals recommended)</i></p>	<p>Create subcommittee to work on communications</p>	
	<p>Council action on Work Plan and Requests for Additional Consultant Work (Nov. 2)</p> <p>Meeting #3 (Saturday – Long Meeting) STUDY SESSION</p> <ul style="list-style-type: none"> <li>• Subareas</li> <li>• Building Heights</li> <li>• Setbacks and other architectural building design standards</li> </ul> <p>Review and sign-off on Vision Communication Piece (using existing draft updated Town Center vision statement text)</p> <p>Council action to extend Moratorium (Nov. 16)</p> <p><b>VISION COMMUNICATION PIECE CIRCULATED/PUBLISHED</b></p> <p>Meeting #4 (December 2) STUDY SESSION</p> <ul style="list-style-type: none"> <li>• Incentives Program: Introductory discussion</li> <li>• Open Space</li> <li>• <i>Follow up discussion/ Prelim. Thumbs up? : Subareas, Building Heights</i></li> </ul>	<p>Create subcommittee on architectural design standards, and? TCLG to provide input on visuals for vision communications piece.</p>	<p>Firm engaged to do additional visuals (1) for communication piece; (2) for design code.</p>
NOVEMBER			
DECEMBER			
			<p>Visual Piece completed</p> <p>Possible panel discussion with developers/others with low-rise mixed-use development experience</p>

Month	Joint Commission Meetings, Council Meetings, and Public Outreach/Input	Subcommittees, Other "schedule tools"	Outside Consultant Work
	Meeting #5 (December 16) STUDY SESSION <ul style="list-style-type: none"> <li>• <i>Incentives Program: discussion &amp; approve direction to consultant</i></li> <li>• Street Standards</li> <li>• Land Uses/ Retail Frontages</li> <li>• Re-cap 2015 Traffic Study (completed for comp. plan update)</li> </ul>		Review of Incentives approach initiated.  Review of Retail Frontage Requirements initiated
JANUARY	Meeting #6 (January __) STUDY SESSION <ul style="list-style-type: none"> <li>• Review of input on vision communication piece</li> <li>• <i>Follow-up discussion/Prelim Thumbs up?: Land Uses/ Retail Frontage and Street Standards</i></li> <li>• <i>Follow-up discussion/Prelim Thumbs up?: Setbacks and other architectural building design standards</i></li> </ul>	Create Vision Statement Subcommittee	
	<b>PUBLIC HEARING #1 (January)</b> <ul style="list-style-type: none"> <li>• Vision Statement</li> <li>• Building Heights, subareas</li> <li>• Land Uses/Retail Frontage</li> <li>• Setbacks &amp; architectural design standards</li> <li>• Street standards</li> </ul>		
	Council Retreat – Presentation from/ Discussion with Joint Commission (January __)		
	Meeting # 7 (January __) STUDY SESSION <ul style="list-style-type: none"> <li>• Review of comments from Public Session, Council retreat, direction to staff.</li> <li>• Purpose &amp; Intent language.</li> <li>• <i>Direction on any revisions to vision statement (Subcommittee report)</i></li> <li>• Incentives Report from Consultant, direction to staff.</li> </ul>		Incentives review Presented
FEBRUARY	Meeting # 8 (February __) STUDY SESSION <ul style="list-style-type: none"> <li>• Retail Frontage Report from consultant presented, direction to staff</li> <li>• Parking standards</li> <li>• Presentation on current traffic analysis/projections.</li> <li>• Other code provisions reviewed</li> </ul>		Retail Frontage Requirements review presented. Presentation on traffic analysis/projections.

Month	Joint Commission Meetings, Council Meetings, and Public Outreach/Input	Subcommittees, Other "schedule tools"	Outside Consultant Work
	Meeting #9 (February __) STUDY SESSION <ul style="list-style-type: none"> <li>Follow-up and Discussion/Prelim Thumbs up?: Incentives Program</li> <li>Follow-up and discussion/Prelim Thumbs up?: Retail Frontage requirements</li> <li>Follow-up and discussion/Prelim Thumbs up?: Parking Standards</li> </ul>		
MARCH	Meeting #10 STUDY SESSION <ul style="list-style-type: none"> <li>Carryover from Meeting #9 as needed</li> <li>Review of all draft code provisions</li> <li>Prepare for Public Hearing #2</li> </ul> <b>PUBLIC HEARING #2</b> <ul style="list-style-type: none"> <li>Full code and Town Center-related Comprehensive Plan amendment package (new items: Incentives Program, Retail Frontage, purpose, intent, other code adjustments)</li> </ul>		Traffic analysis initiated
APRIL	Meeting #11 STUDY SESSION <ul style="list-style-type: none"> <li>Review of input from Public Hearing</li> <li>Report on traffic study</li> <li>Direction to Staff on all Code amendments</li> </ul> <b>PUBLIC HEARING #3</b> on formal package to be recommended		Traffic analysis completed
MAY – JUNE	Meeting #12 ACTION MEETING Final recommendations on code amendments and Comprehensive Plan amendment  <b>Council review of proposed code, comprehensive plan begins</b>		



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

**AB 5134  
November 16, 2015  
Regular Business**

**I-90 LOSS OF MOBILITY NEGOTIATIONS  
STATUS REPORT**

**Proposed Council Action:**  
Receive status report.

<b>DEPARTMENT OF</b>	City Manager (Noel Treat)
<b>COUNCIL LIAISON</b>	n/a
<b>EXHIBITS</b>	1. I-90 Loss of Mobility Issues List
<b>APPROVED BY CITY MANAGER</b>	

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

A report will be provided by staff regarding the I-90 Loss of Mobility Negotiations, including the status of the negotiations and next steps.

**Issues List and Next Steps**

The City is vigorously seeking to negotiate appropriate measures to address the Island's coming loss of mobility from closure of the I-90 center lanes and construction of East Link. As a step in that negotiation effort, an Issues List has been developed by the City (staff, consultants and the Council subcommittee) and Sound Transit staff using public input received during the recent Listening Tour and the guiding principles previously approved by the Council. The Washington Department of Transportation (WSDOT) has still not engaged in these discussions and have thus not yet provide input or agreement to the Issues List. Apparently, WSDOT has just recently hired a representative to lead their discussions with Mercer Island and the City plans to engage in discussions with the WSDOT representative as early as this week. The Issues List is attached as Exhibit 1.

The next step is for the City, Sound Transit, and WSDOT to use the Issues List to negotiate a further refined set of next steps and to establish a schedule for completing the identified actions and conducting further negotiations. Staff from each agency will be meeting on November 17 to begin those discussions. Thereafter, the parties will move towards negotiating binding agreements to address the City's loss of mobility.

**RECOMMENDATION**

*City Manager*

Receive status report.

# I-90 LOSS OF MOBILITY ISSUES LIST

TRAFFIC CONGESTION	
Issue	Action Items
<p><u>Management of I-90 Lanes</u></p> <ul style="list-style-type: none"> <li>• Between Mercer Island and Seattle</li> <li>• Between Mercer Island and Bellevue</li> <li>• Creating a physical or technology barrier on I-90 to prevent SOV traffic that is not MI traffic from using R8A lanes</li> <li>• Exempt MI traffic from any future I-90 tolling</li> </ul>	<p>Identify range of options and alternatives for I-90 lane management both during and post-construction including, without limitation:</p> <ul style="list-style-type: none"> <li>• Status of Mercer Island SOV access to R8A lanes between Seattle and 405 Interchange.</li> <li>• Alternatives for maintaining R8A lane integrity</li> <li>• Consultation with all signatories to the 1976 MOA if any amendments are required to avoid further loss of mobility including issues such as:               <ul style="list-style-type: none"> <li>○ 45 mph provision</li> <li>○ tolling and hot lane provision</li> </ul> </li> <li>• Understanding and addressing FHWA approval requirements, if any</li> </ul>
<p><u>Local Traffic Impacts</u></p> <ul style="list-style-type: none"> <li>• Ramp closure impacts</li> <li>• Local traffic congestion and LOS degradation</li> <li>• Analyzing all impacted streets (not just intersections)</li> <li>• Diversion to East Mercer and West Mercer exits</li> <li>• Additional traffic lights and traffic rotaries</li> <li>• Technology enhancements: real time information apps, action transportation management to address on-ramp backups</li> </ul>	<p>Refine EIS local traffic mitigation commitments based on additional information and detail that has now become evident during the latest design phases of the East Link project. The refinements are to address all issues noted in Issue column.</p>
<p><u>Cut through Traffic</u></p> <ul style="list-style-type: none"> <li>• Stop cut through traffic on MI streets by non-MI traffic seeking to use R8A lanes or for other reasons</li> <li>• Monitoring and enforcement</li> </ul>	<ul style="list-style-type: none"> <li>• Document, through field observations, extent of current problem; quantify expected cut-thru traffic once center roadway closed.</li> <li>• Determine range of possible solutions; physical (roundabouts, chicanes, etc.) or technological (cameras, license plate readers, etc.).</li> <li>• Develop implementation plan as necessary</li> </ul>
<p><u>Parking</u></p> <ul style="list-style-type: none"> <li>• Use of existing Park and Ride               <ul style="list-style-type: none"> <li>○ Implementation of ST Permit Program and/or variable pricing options</li> <li>○ Transfer of ownership/operation to City of Mercer Island</li> </ul> </li> <li>• Additional Mercer Island Park and Ride options               <ul style="list-style-type: none"> <li>○ Town Center area                   <ul style="list-style-type: none"> <li>▪ TOD/City Hall options</li> </ul> </li> <li>○ Other locations on Mercer Island</li> <li>○ Further additions once light rail is operational</li> </ul> </li> <li>• Park and Ride spaces need to be available after AM commute</li> </ul>	<ul style="list-style-type: none"> <li>• Working group consisting of appropriate ST and MI representatives to explore opportunities including but not limited to:               <ul style="list-style-type: none"> <li>○ distance/zip code-based variable priced parking;</li> <li>○ dedicated MI resident parking;</li> <li>○ time limited parking to address needs of non-commuters</li> </ul> </li> <li>• Develop options, process and timeline to increase parking supply in reasonable walking distance to the Light Rail Station or alternatively satellite lot with connecting service. The review of parking options near the Light Rail Station should include TOD projects that maximize benefits of parking facilities.</li> </ul>

**TRAFFIC CONGESTION (continued)**

Issue	Action Items
<p><u>Transit and Non-motorized Connections</u></p> <ul style="list-style-type: none"><li>Expanded on-Island transit programs in order to reduce need for commuter parking and connection I-90 mass transit with parking outside Town Center</li><li>Availability and feasibility of ride sharing apps, increase options for cyclists, and real time signage re: space availability in different lots</li><li>Ensuring light rail seat availability for Mercer Island during AM peak periods</li><li>Maintaining pedestrian and bicycle mobility and safety around station</li><li>Ensure appropriate links and connectivity between station, Town Center and I-90 Trail</li></ul>	<ul style="list-style-type: none"><li>Create an inventory of all non-motorized features/improvements/connections included in the East Link project; determine if there are other partnership opportunities to further enhance connectivity on Mercer Island</li><li>Review shuttle and technology-based (e.g., ride sharing apps) options</li><li>Evaluate transit service on-island compared to existing and future demands.</li><li>Share clear metrics on how fleet headways/capacity is measured/monitored/adjusted to ensure adequate capacity for riders at all stations</li><li>Review opportunities for use of technology to improve transit access and efficiency</li></ul>

**BUS INTEGRATION**

Issue	Action Items
<ul style="list-style-type: none"><li>Comprehensive evaluation of solutions that do not require locating the intercept on Mercer Island</li><li>Analysis of the appropriate split of buses between South Bellevue and Mercer Island</li><li>Evaluating East Mercer Way/City Hall property option</li></ul>	<ul style="list-style-type: none"><li>Undertake a comprehensive evaluation of solutions that do not require locating the intercept on Mercer Island</li><li>Reevaluate the split of buses intercepted at South Bellevue vs. Mercer Island; evaluation of solutions that do not require locating the intercept on Mercer Island</li></ul>

CONSTRUCTION IMPACTS	
Issue	Action Items
<p><u>R8A and East Link</u></p> <ul style="list-style-type: none"> <li>• Pre-Center Roadway Closure Work <ul style="list-style-type: none"> <li>○ Reducing impacts through better detours and timing</li> </ul> </li> <li>• Congestion mitigation</li> <li>• Apps/"push" communication vehicles to update public on construction impacts</li> <li>• Minimize center roadway closure duration <ul style="list-style-type: none"> <li>○ Feasibility of continuing to use center roadway for vehicle traffic even after R8A lanes are operational (2001 Study; 2<sup>nd</sup> No-Build Option)</li> </ul> </li> <li>• Increased construction period bus capacity between Mercer Island and Seattle and Bellevue during AM peak periods</li> <li>• Buses that run exclusively from Mercer Island to Seattle or Mercer Island to Bellevue</li> </ul>	<p>R8A Lane Work: Review impacts and explore possibility of additional opportunities to reduce closure impacts, including number and/or length of closures and improving mobility for Mercer Island traffic during closure periods; possible incentives to contractor for early completion.</p> <p>East Link:</p> <ul style="list-style-type: none"> <li>• Explore potential construction mitigation of peak hour bus service that loops South Bellevue and/or Mercer Island to International District Station, or similar configuration.</li> <li>• Review construction alternatives and schedule and, if the review concludes that center roadway duration cannot be reduced, provide a clear demonstration to public that there is no interim period when the center roadway could remain open for longer period of time</li> </ul>
<p><u>East Link</u></p> <ul style="list-style-type: none"> <li>• Construction vehicle and construction activity impact of Mercer Island streets/traffic/pedestrians/cyclists</li> <li>• Reimbursement for City costs (permits, public safety, utility relocation)</li> <li>• Public nuisance and safety matters (noise impacts, lighting, insurance and indemnification, etc.)</li> <li>• Project coordination (SEPA compliance, property conveyance, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Contract language that keeps the majority of construction access and haul routes within the center roadway avoiding on-Island impacts</li> <li>• Inventory impacts and established mitigation plans</li> <li>• Establish protocols for ongoing construction impact monitoring and for addressing issues</li> <li>• Address City permitting process and cost reimbursement</li> </ul>

GENERAL/ENVIRONMENTAL IMPACTS	
Issue	Action Items
<ul style="list-style-type: none"> <li>• Operational impacts: lighting, noise, air emissions</li> <li>• Replacing lost green space due to construction</li> <li>• Additional Mercer Island public safety resources and training</li> <li>• Post construction monitoring of project metrics and additional mitigation if necessary</li> </ul>	<ul style="list-style-type: none"> <li>• Describe EIS analysis and mitigation requirements, as well as more refined final design information, relative to light, noise, air emissions.</li> <li>• Address impacts on 77<sup>th</sup> Avenue and 80<sup>th</sup> Avenue greenspace from new station and develop enhancement options.</li> <li>• Inclusion of MI first responders in safety and training drills prior to the start of operations.</li> <li>• Demonstrate/share Operations &amp; Maintenance Plan that covers all aspects of light rail operations.</li> <li>• Establish protocols for ongoing operational impact monitoring and for addressing issues.</li> </ul>



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

**AB 5132  
November 16, 2015  
Public Hearing**

**2015-2016 MID-BIENNIAL BUDGET REVIEW**

**Proposed Council Action:**

Receive report; conduct public hearing; adopt 2015-2016 budget amending ordinance; pass 2016 NORCOM budget resolution; pass 2016 water, sewer, and storm water utility rate resolutions; pass 2016 property tax resolution; and adopt 2016 property tax ordinances.

**DEPARTMENT OF**

Finance (Chip Corder)

**COUNCIL LIAISON**

n/a

**EXHIBITS**

1. Third Quarter 2015 Financial Status Report
2. Memo from Scott Greenberg (Joint Commission's additional funding request for Town Center visioning workplan)
3. Ordinance No. 15-25 (amends 2015-2016 budget)
4. Resolution No. 1506 (2016 NORCOM budget allocation)
5. Resolution No. 1503 (2016 water utility rates & service charges)
6. Resolution No. 1504 (2016 sewer utility rates & connection charges)
7. Resolution No. 1505 (2016 storm water utility rates)
8. Resolution No. 1507 (finding of substantial need to set 2016 levy limit at 101%)
9. Ordinance No. 15-26 (2016 property tax levy amount)
10. Ordinance No. 15-27 (2016 property tax levy increase)

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	413,690
<b>AMOUNT BUDGETED</b>	\$	
<b>APPROPRIATION REQUIRED</b>	\$	413,690

**SUMMARY**

The City Council is required by state law (RCW 35.34.130) to conduct a mid-biennial review of the City's adopted budget before the end of the first year of the fiscal biennium.

The 2015-2016 mid-biennial budget review encompasses the following:

- Third Quarter 2015 Financial Status Report
- 2015-2016 budget issues



- Proposed resolutions/ordinances:
  - 2015-2016 budget amending ordinance
  - 2016 NORCOM budget resolution
  - 2016 utility rate resolutions (water, sewer, and storm water)
  - 2016 property tax levy resolution (finding of substantial need to set levy limit at 101 percent) and ordinances (levy amount and percentage change)

### **Third Quarter 2015 Financial Status Report**

The Third Quarter 2015 Financial Status Report, which focuses on the General Fund and real estate excise tax (REET) receipts, is attached as Exhibit 1. The key takeaway items from the report are:

- Total General Fund revenues are projected to be \$675,000, or 2.5 percent, more than what is budgeted at year-end primarily due to stronger than expected development activity on the Island.
- Total General Fund expenditures, including carryovers for purchases and services not completed by year-end, are projected to be \$400,000, or 1.5 percent, under budget at year-end.
- Taken together, the total General Fund surplus is projected to be \$1.075 million; however, it is estimated that \$500,000-\$600,000 of the projected surplus relates to development fees, which are restricted to funding development services.
- Sales tax revenue is up \$701,893, or 29.7 percent, through the third quarter of 2015 compared to the same period in 2014 primarily due to the “construction,” “retail & wholesale trade,” and “other” sectors which are up 54.7 percent, 10.8 percent, and 42.8 percent respectively. However, it should be noted that the “other” sector includes significant, one-time receipts from a “non-classified” business of \$109,395 in 2015 and \$19,281 in 2014. Excluding these one-time receipts, the “other” sector is up only 4.8 percent in 2015.
- Utility tax revenue is down \$36,839, or 1.2 percent, through the third quarter of 2015 compared to the same period in 2014 primarily due a 6.2 percent decrease in electric/gas utility tax and an 11.2 percent decrease in cellular utility tax.
- Licenses, permits, and zoning fees are up \$491,840, or 22.2 percent, through the third quarter of 2015 compared to the same period in 2014 due to the continuing high level of development activity on the Island and to school district capital projects in particular. Across all building permit types, total building valuation is up 95.8 percent through the third quarter of 2015.
- Real estate excise tax (REET) revenue is up \$204,367, or 8.5 percent, through the third quarter of 2015 compared to the same period in 2014 primarily due to an 8.8 percent increase in the average property sales price. However, no surplus is projected for 2015, with REET projected to end the year at budget (i.e. \$3,004,000).

### **2015-2016 Budget Issues**

Following are three noteworthy budget issues for 2015-2016:

- **2016 Biennial Citizen Survey**
  - This is budgeted in 2016 and scheduled to be conducted in January/February. Staff will be engaging the Council at its January 4, 2016 meeting on any special questions the Council wants to include in the survey.

- **YFS Fund**

- It is possible that additional funding will be required to balance the YFS Fund through 2016 due to Thrift Shop sales, which are projected to lag the \$1.36 million budget by \$30,000-\$40,000 in 2015. A financial condition assessment of the YFS Fund will be made in the first quarter of 2016, and a funding request, if necessary, will be included with the 2015 General Fund surplus disposition agenda bill planned for May 2016.

- **Water Quality Technician**

- On January 4, 2016, the Maintenance Director will update the Council on what has been accomplished to date, what staff has learned, and what remains to be done following the water contamination event back in September/October 2014. This update will include a request to hire a Water Quality Technician for a three year contract period. This position, if approved, would be funded by the ongoing water rate increase that took effect in 2015 to fund the water contamination event action plan.

**Resolutions/Ordinances**

***2015-2016 Budget Amending Ordinance***

Ordinance No. 15-25, which is attached as Exhibit 3, includes the following:

- \$122,690 in budget adjustments that have been previously approved by the Council but not formally adopted via a budget amending ordinance; and
- \$291,000 in new budget adjustments that have not been presented to the Council yet.

A memo from DSG Director Scott Greenberg is attached as Exhibit 2 regarding an additional \$11,000 funding request from the Planning and Design Commissions for the Town Center visioning and development code update workplan.

***2016 NORCOM Budget Resolution***

Resolution No. 1506, which is attached as Exhibit 4, approves NORCOM's 2016 budget allocation to the City of Mercer Island. Every participating city needs to adopt such a resolution before NORCOM approves its 2016 Budget in December 2015. Comparing 2016 to 2015, NORCOM's budget allocation to Mercer Island increased \$143,701, or 25.1 percent, as shown in the table below.

<b>Department</b>	<b>2015 Budget Allocation</b>	<b>2016 Budget Allocation</b>	<b>\$ Increase/Decrease</b>	<b>% Change</b>
Mercer Island Police	\$417,895	\$541,090	\$123,195	29.5%
Mercer Island Fire	155,750	176,256	20,506	13.2%
<b>Total</b>	<b>\$573,645</b>	<b>\$717,346</b>	<b>\$143,701</b>	<b>25.1%</b>

Mercer Island's 2016 budget allocation increase was driven by a significant increase in calls for service.

***2016 Utility Rate Resolutions***

The 2015 adopted, 2016 budgeted, and 2016 proposed bi-monthly utility rates for water, sewer, storm water, and EMS services are broken down in the table on the next page for a typical single family residential customer. The 2016 proposed rates, which are less than the 2016 budgeted rates, were recommended by the Utility Board on November 10, 2015.

Utility Rate Component	Bi-Monthly Charge			\$ Change		% Change	
	2015 Adopted	2016 Budgeted	2016 Proposed	2016 Budgeted	2016 Proposed	2016 Budgeted	2016 Proposed
Water (City)	\$89.60	\$102.46	\$99.36	\$12.86	\$9.76	14.4%	10.9%
Sewer Maintenance (City)	\$75.20	\$81.39	\$80.47	\$6.19	\$5.27	8.2%	7.0%
Sewer Treatment (King County)	\$84.06	\$84.06	\$84.06	\$0.00	\$0.00	0.0%	0.0%
Storm Water (City)	\$31.47	\$32.32	\$31.88	\$0.85	\$0.41	2.7%	1.3%
EMS (City)	\$8.53	\$8.83	\$8.53	\$0.30	\$0.00	3.5%	0.0%
<b>Total Utility Rate Increase</b>	<b>\$288.86</b>	<b>\$309.06</b>	<b>\$304.30</b>	<b>\$20.20</b>	<b>\$15.44</b>	<b>7.0%</b>	<b>5.3%</b>

Overall, the total utility rate increase in 2016 is 5.3 percent, which is significantly less than the 7.0 percent increase planned for 2016 when the 2015-2016 Budget was adopted. Staff was able to reduce the 2016 water rate increase from 14.4 percent to 10.9 percent as a result of the following: 1) record setting dry weather in May-August 2015, resulting in significantly greater than expected water consumption and water revenue; and 2) greater than expected water connection charges in 2014 and 2015 due to the high level of development activity on the Island. The \$550,000 in new revenue, which was approved by the Council on November 17, 2014 for the water contamination event action plan, is being phased in over a two year period (i.e. 2015-2016). This is why the 2016 proposed water rate increase is 10.9 percent (the 2015 adopted water rate increase was 12.8 percent). The 2016 proposed sewer rate increase of 7.0 percent is primarily driven by the addition of two sewer crew members, who were approved as part of the 2015-2016 adopted budget.

Resolution Nos. 1503-1505, which are attached as Exhibits 5-7, set the water, sewer, and storm water rates respectively beginning January 1, 2016. Because no increase is proposed for the 2016 EMS utility rates, no resolution is needed.

### **2016 Property Tax Resolution & Ordinances**

All King County cities are legally required to submit an estimate of their 2016 property tax levies to the Metropolitan King County Council by December 4, 2015. However, the King County Assessor’s Office does not provide each city with the final assessed valuation and new construction amounts for the new tax year until the second week of December typically. As a result, cities adopt property tax levies for the coming year based on preliminary assessed valuation and new construction amounts. When the finalized amounts are distributed by the Assessor’s Office in December, cities simply notify the Metropolitan King County Council of the corrected levy amount. To be explicit about this levy correcting practice, language is included in the 2016 property tax levy ordinances authorizing the Finance Director to report the corrected property tax levy amount to the Metropolitan King County Council.

For the 2016 tax year, the City’s total property tax levy consists of the following components:

- **Regular levy:** Funds general government operations, fire apparatus replacement, pre-LEOFF I firefighters’ pension benefits, and LEOFF I retiree long-term care costs.
- **1.0 percent optional increase:** Applies to the regular levy (and levy lid lifts, which are noted below) and represents the maximum increase that a Council can adopt for the coming year, excluding new construction, the re-levy of the prior year refunds, and any “banked” capacity. The 2015-2016 adopted budget assumed the Council would take the 1.0 percent optional increase for the 2016 levy year.
- **New construction:** Represents the new and improved properties that have been added to the property tax rolls.

- **Re-levy of prior year refunds:** Represents the amount that was refunded to property owners who successfully appealed their property valuations by the Assessor’s Office and that is re-levied in the following year to make the City financially whole.
- **2008 levy lid lift:** Approved by voters in November 2008 for parks maintenance and operations (this is a 15-year levy). The 2015-2016 adopted budget assumed the Council would take the 1.0 percent optional increase for the 2016 levy year.
- **2012 levy lid lift:** Approved by voters in November 2012 for the replacement of the South Fire Station and a fire rescue truck (this is a 9-year levy). The 2015-2016 adopted budget assumed the Council would not take the 1.0 percent optional increase for the 2016 levy year, because \$662,000 is adequate to cover the annual debt service on the 2013 Fire Station & Fire Rescue Truck LTGO bonds.

Per state law, the annual levy increase (what is called the “limit factor”) is limited to the lesser of the implicit price deflator (IPD) or 1.0 percent, plus an allowance for new construction. For the 2016 levy, the IPD is 0.251 percent. To increase the 2016 levy by 1.0 percent, a super majority (i.e. a 5-2 vote) of the Council must make a finding of “substantial need” via a resolution or ordinance. The justification for such a finding is threefold:

1. The adopted 2015-2016 Budget was balanced assuming the 1.0 percent optional increase is taken in 2015 and 2016;
2. 2016 budgeted expenditures are projected to grow faster than 2016 budgeted revenues in the General Fund (3.8 percent vs. 2.0 percent); and
3. The Finance Director is projecting a \$1.0 million deficit in the General Fund in 2017.

Resolution No. 1507, which is attached as Exhibit 8, makes a finding of “substantial need”.

The **2016 preliminary levy** is compared to the 2015 final levy in the table below.

Levy Element	2014 Final Levy	2015 Prelim Levy
<b>Regular Levy:</b>		
Prior Year Levy	\$10,371,101	\$10,828,705
Plus 1.0% Optional Increase	103,711	108,287
Plus Remaining Banked Capacity	144,960	-
Plus New Construction	178,786	181,842
Plus Re-levy of Prior Year Refunds	30,147	19,727
<b>Total Regular Levy</b>	<b>\$10,828,705</b>	<b>\$11,138,561</b>
<b>Levy Lid Lifts:</b>		
2008 Parks Maintenance & Operations	917,812	926,990
2012 Fire Station & Fire Rescue Truck	662,000	662,000
<b>Total Levy Lid Lifts</b>	<b>\$1,579,812</b>	<b>\$1,588,990</b>
<b>Total Levy</b>	<b>\$12,408,517</b>	<b>\$12,727,551</b>
<b>% Change Relative to Prior Year*</b>	<b>2.16%</b>	<b>0.95%</b>

\* Excludes new construction and the re-levy of prior year refunds.

Excluding new construction and the re-levy of prior year refunds, the 2016 total preliminary levy is 0.95 percent, not 1.0 percent, greater than the 2015 final levy, because the 1.0 percent optional increase is not being applied to the 2012 Fire Station & Fire Rescue Truck levy lid lift.

The 2016 preliminary levy encompasses two ordinances as required by state law: 1) Ordinance No. 15-26, which identifies the 2016 total property tax levy amount, is attached as Exhibit 9; and 2) Ordinance No. 15-27, which identifies the dollar and percent increase in the 2016 levy relative to the 2015 levy, is attached as Exhibit 10.

At the November 16, 2015 meeting, the Mayor will conduct a public hearing at the beginning of this agenda item to gather public input regarding the City's financial status and the proposed resolutions and ordinances.

## **RECOMMENDATION**

*Finance Director*

- MOVE TO:
1. Suspend the City Council Rules of Procedure 5.2, requiring a second reading for an ordinance.
  2. Adopt Ordinance No. 15-25, amending the 2015-2016 Budget.
  3. Pass Resolution No. 1506, which approves NORCOM's 2016 budget allocation to the City of Mercer Island.
  4. Pass Resolution No. 1503, which establishes classifications of water users and a schedule of charges for water usage, a schedule of rates for fire service, a schedule of special service charges, meter and service installation charges, and connection charges effective January 1, 2016 and thereafter.
  5. Pass Resolution No. 1504, which establishes rates and connection charges for sewerage disposal services provided by the City of Mercer Island effective January 1, 2016 and thereafter.
  6. Pass Resolution No. 1505, which establishes the bi-monthly service charge for storm and surface water services provided by the City of Mercer Island effective January 1, 2016 and thereafter.
  7. Pass Resolution No. 1507, which makes a finding of "substantial need" to set the 2016 levy limit at 101 percent.
  8. Adopt Ordinance No. 15-26, which appropriates funds and fixes the amount of property taxes to be levied for the year 2016.
  9. Adopt Ordinance No. 15-27, which identifies the dollar amount and percentage increases of the regular property tax levy and the levy lid lifts for the year 2016.

*City of Mercer Island*  
**FINANCIAL STATUS REPORT**  
**Third Quarter 2015**

**FOREWORD**

The Financial Status Report provides a summary budget to actual comparison of revenues and expenditures for the General Fund (four times a year) and all other funds (twice a year) through the end of the most recently completed fiscal quarter. Revenue and expenditure comparisons are also made to the same period in the prior year. In addition, a comprehensive progress update on the City's Capital Improvement Program (CIP) is included twice a year in the second and fourth quarter reports. A separate fund balance analysis for every fund is included annually in the fourth quarter report as well. Finally, if needed, budget adjustments are identified in a separate section of this report, along with a budget amending ordinance.

This report is comprised of the following five sections:

- General Fund
- Utility Funds
- All Other Funds
- Capital Improvement Program
- Budget Adjustments

It should be noted that, where significant, revenues are recognized when earned, regardless of when cash is received, and expenditures are recognized when a liability has been incurred or when resources have been transferred to another fund. Also, in the case of the General Fund, the beginning fund balance, which corresponds to the Council approved "cash carryover" of net excess resources from the prior year, is separately identified.

## GENERAL FUND

The General Fund ended the third quarter of 2015 with total revenues at 69.2 percent of budget relative to a revenue target of 67.0 percent and total expenditures at 71.7 percent of budget relative to an expenditure target of 75.0 percent. **Looking forward, total revenues are projected to be \$675,000, or 2.5 percent, more than what is budgeted at year-end primarily due to stronger than expected development activity on the Island. In addition, total expenditures, including carryovers for purchases and services not completed by year-end, are projected to be \$400,000, or 1.5 percent, under budget at year-end.** Taken together, the total surplus is projected to be \$1.075 million; however, it is estimated that \$500,000-\$600,000 of the projected surplus relates to development fees, which are restricted to funding development services.

### Revenues

Comparing total actual to total budgeted revenues (i.e. excluding Beginning Fund Balance and Transfer From Other Funds) through the third quarter of the year, **the General Fund is 69.2 percent of budget in 2015 versus 68.1 percent of budget in 2014**, which is modestly above the 67.0 percent revenue target. The reason that the revenue target is 67.0 percent instead of 75.0 percent (which corresponds to three quarters of the fiscal year) is due to an accounting change made in 2013, with monthly property tax revenue recognized when received rather than accrued back to the prior month. Because property tax is mostly distributed to cities in April/May and October/November, the revised revenue targets for the first and third quarter financial status reports are 17.0 percent and 67.0 percent respectively. The following table compares actual to budgeted revenues as of September 30, 2014 and 2015.

**GENERAL FUND: Revenues**  
**As of September 30, 2014 and 2015**

Revenue Category	Actuals			Budget		% of Budget	
	9/30/14	9/30/15	% Chg	2014	2015	2014	2015
Property Tax	6,065,240	6,338,871	4.5%	10,808,701	11,397,830	56.1%	55.6%
Utility Taxes	3,126,184	3,089,345	-1.2%	4,403,629	4,461,100	71.0%	69.3%
Sales Tax	2,361,335	3,063,228	29.7%	3,061,000	3,487,000	77.1%	87.8%
Licenses, Permits & Zoning Fees	2,213,779	2,705,619	22.2%	2,381,500	3,003,500	93.0%	90.1%
Recreation Program Fees	1,272,099	1,265,292	-0.5%	1,538,465	1,627,331	82.7%	77.8%
EMS Levy & Charges for Service	904,034	946,491	4.7%	1,233,289	1,231,735	73.3%	76.8%
Utility Overhead Charges	425,788	318,733	-25.1%	567,717	424,977	75.0%	75.0%
Intergovernmental Revenues	268,622	272,692	1.5%	612,075	566,500	43.9%	48.1%
Court Fines	286,835	340,894	18.8%	371,000	400,000	77.3%	85.2%
Misc General Government	241,766	214,304	-11.4%	244,128	230,360	99.0%	93.0%
CIP Administration	135,736	170,840	25.9%	180,981	227,787	75.0%	75.0%
Investment Interest	2,779	3,979	43.2%	2,000	3,100	139.0%	128.4%
<b>Total Revenues</b>	<b>17,304,197</b>	<b>18,730,288</b>	<b>8.2%</b>	<b>25,404,485</b>	<b>27,061,220</b>	<b>68.1%</b>	<b>69.2%</b>
Beginning Fund Balance	853,624	716,183	-16.1%	853,624	716,183	100.0%	100.0%
Transfer from Other Funds	11,000	-	-100.0%	11,000	-	100.0%	N/A
<b>Total Resources</b>	<b>18,168,821</b>	<b>19,446,471</b>	<b>7.0%</b>	<b>26,269,109</b>	<b>27,777,403</b>	<b>69.2%</b>	<b>70.0%</b>

**Comparing 2015 to 2014, total actual revenues are up \$1.43 million, or 8.2 percent, through the third quarter of the year** primarily due to the net effect of the following:

- \$701,893, or 29.7 percent, increase in sales tax;
- \$491,840, or 22.2 percent, increase in licenses, permits & zoning fees;
- \$273,631, or 4.5 percent, increase in property tax;
- \$54,059, or 18.8 percent, increase in court fines; and
- \$107,055, or 25.1 percent, decrease in utility overhead charges.

A more in-depth analysis is provided for the following revenues:

- **Property tax is 55.6 percent of budget in 2015 compared to 56.1 percent of budget in 2014.** This is normal reflecting King County’s practice of distributing property taxes to cities primarily in April/May and October/November. Relative to 2014, actual revenue is up \$273,631, or 4.5 percent, in 2015 due to the following: 1) the 1.0 percent optional increase in the 2015 levy; 2) the use of the City’s remaining “banked” capacity (1.2%); and 3) “new construction” additions to the 2015 levy.
- **Utility taxes are 69.3 percent of budget in 2015 compared to 71.0 percent of budget in 2014.** The table below compares utility tax revenues, which are broken down by type of utility, through the third quarter of the year for 2013-2015.

**2013-2015 B&O Tax Revenue**

Utility Tax	Revenue (Jan-Sep)			% Change	
	2013	2014	2015	2014	2015
Electric/Gas	1,224,846	1,225,836	1,149,364	0.1%	-6.2%
Water, Sewer & Storm Water	439,507	632,567	708,322	43.9%	12.0%
Cable TV	484,684	501,612	524,856	3.5%	4.6%
Cellular	424,224	403,186	358,048	-5.0%	-11.2%
Garbage	193,945	203,105	198,146	4.7%	-2.4%
Long Distance	80,493	85,120	81,196	5.7%	-4.6%
Telephone	82,905	74,759	69,413	-9.8%	-7.1%
<b>Total</b>	<b>2,930,604</b>	<b>3,126,184</b>	<b>3,089,345</b>	<b>6.7%</b>	<b>-1.2%</b>

Relative to 2014, actual revenues are down \$36,839, or 1.2 percent, in 2015 primarily due to a 6.2 percent decrease in electric/gas utility tax and an 11.2 percent decrease in cellular utility tax. The former decrease is rooted in a very mild winter in January and February 2015. The latter decrease, which represents an ongoing trend that began in 2009, is directly related to the following: 1) a highly competitive business environment, which has resulted in less expensive monthly phone plans; 2) the availability of prepaid phone plans, which limit phone usage; 3) the popularity of texting over talking, which has reduced the use of voice minutes; and 4) the exclusion of data plans from utility taxes. The 12.0 percent increase in water, sewer, and storm water utility taxes is directly



related to an 8.0 percent overall increase in the City's 2015 utility rates and the record breaking dry weather in the spring and summer.

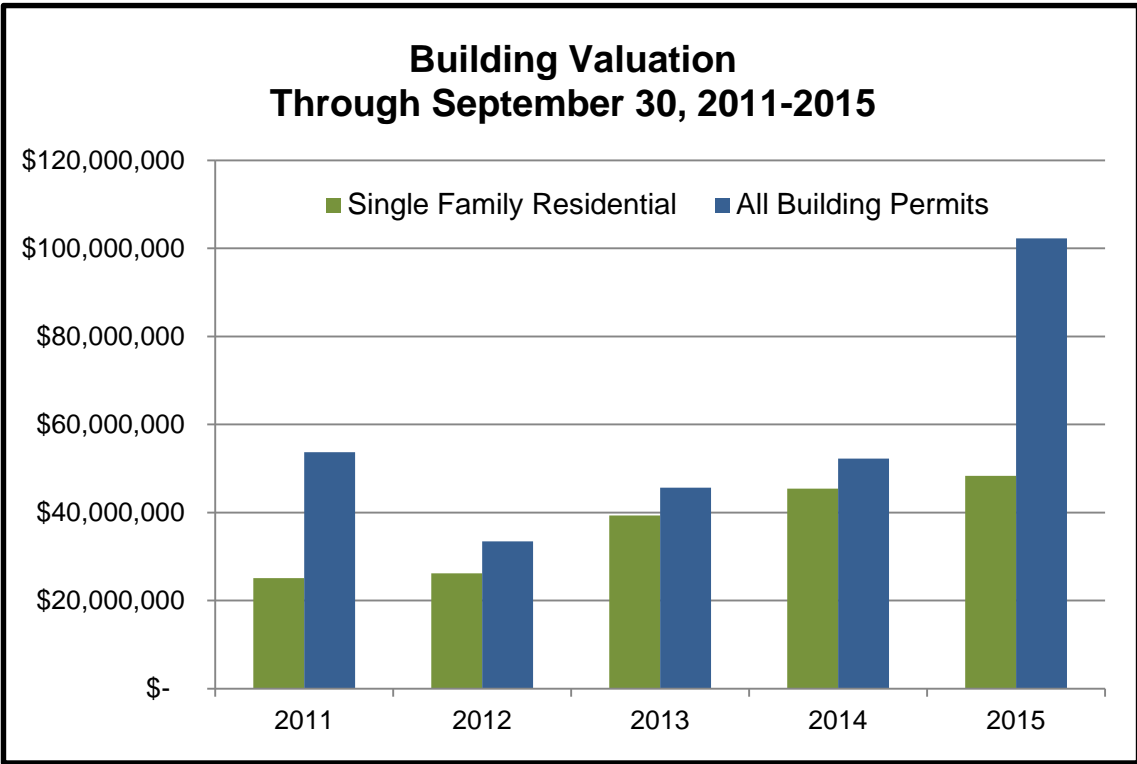
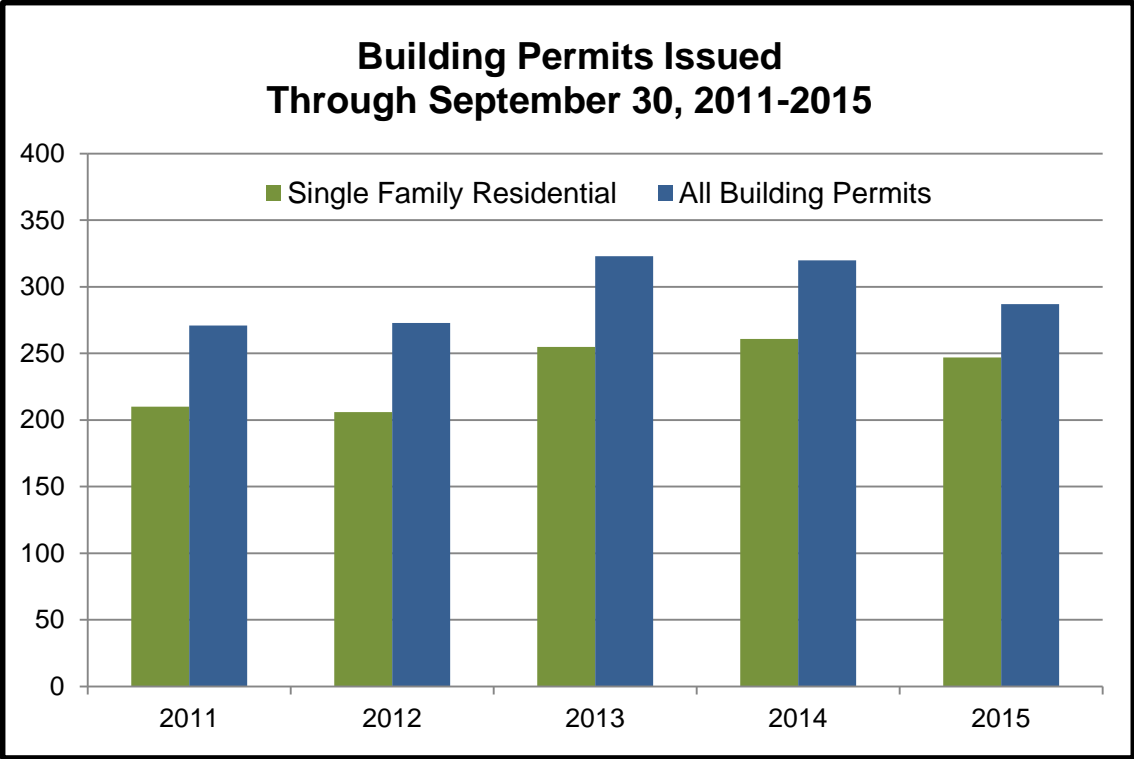
- **Sales tax is 87.8 percent of budget in 2015 compared to 77.1 percent of budget in 2014.** Relative to 2014, actual revenue is up \$701,893, or 29.7 percent, in 2015. The following table compares sales tax revenue, which is broken down by business sector, through the third quarter of the year for 2013-2015.

**2013-2015 Actual Sales Tax Revenue**

Business Sector	Revenue (Jan-Sep)			% Change		% of Total		
	2013	2014	2015	2014	2015	2013	2014	2015
Construction	868,182	912,922	1,412,148	5.2%	54.7%	39.0%	38.7%	46.1%
Retail & Wholesale Trade	641,958	686,403	760,468	6.9%	10.8%	28.9%	29.1%	24.8%
Food Services	139,834	149,856	157,805	7.2%	5.3%	6.3%	6.3%	5.2%
Admin & Support Services	115,507	132,988	138,686	15.1%	4.3%	5.2%	5.6%	4.5%
Finance, Insurance & Real Estate	62,140	65,028	88,772	4.6%	36.5%	2.8%	2.8%	2.9%
Telecommunications	110,805	112,159	86,787	1.2%	-22.6%	5.0%	4.7%	2.8%
Prof, Scientific & Tech Services	64,912	67,377	83,511	3.8%	23.9%	2.9%	2.9%	2.7%
Other	221,457	234,602	335,051	5.9%	42.8%	10.0%	9.9%	10.9%
<b>Total</b>	<b>2,224,795</b>	<b>2,361,335</b>	<b>3,063,228</b>	<b>6.1%</b>	<b>29.7%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The overall increase of 29.7 percent can be attributed primarily to the “construction,” “retail & wholesale trade,” and “other” sectors, which are up 54.7 percent, 10.8 percent, and 42.8 percent respectively. Together, these three sectors comprise 81.8 percent of the City’s total sales tax receipts. It should be noted, however, that the “other” sector includes significant, one-time receipts from a “non-classified” business of \$109,395 in 2015 and \$19,281 in 2014. Excluding these one-time receipts, the “other” sector is up only 4.8 percent in 2015.

- **Licenses, permits, and zoning fees are 90.1 percent of budget in 2015 compared to 93.0 percent of budget in 2014.** Relative to 2014, actual revenue is up \$491,840, or 22.2 percent, in 2015. This revenue category consists of all fees related to development, business licenses, and a cable franchise. Across all building permit types (i.e. single family residential, multi-family residential, commercial, mixed use, and public), the total number of building permits issued and the total building valuation are down 10.3 percent and up 95.8 percent respectively through the third quarter of 2015. The dramatic increase in total building valuation is mostly due to \$50.8 million in school district capital projects. Looking at single family residential development only, the total number of building permits issued and the total building valuation are down 5.4 percent and up 6.0 percent respectively through the third quarter of 2015. The following two graphs show the total number of permits issued and the total building valuation for single family residential versus all building permit types through the third quarter of 2011-2015.



Finally, cable franchise fees are up 4.6 percent in 2015 over the previous year (\$374,897 in 2015 vs. \$358,417 in 2014).

- **Intergovernmental revenues are only 48.1 percent of budget in 2015 compared to 43.9 percent of budget in 2014.** This is typical for this revenue category at this point in the year. The major revenue sources include the liquor excise tax and liquor profits that are shared by the state, vessel registration fees that are received from the state through King County, contract revenue for marine patrol services provided to the cities of Bellevue and Renton, and contract revenue from King County for Zone One emergency management coordination services (this is a three year contract from July 1, 2013 through June 30, 2016). The vessel registration fees and the marine patrol contract revenues, which comprise about one quarter of what is budgeted in this category, will not be received, or otherwise recognized, until December 31, 2015.
- **Court fines are 85.2 percent of budget in 2015 compared to 77.3 percent of budget in 2014.** Relative to 2014, actual revenue is up \$54,059, or 18.8 percent, in 2015. Court fines are directly tied to case filings, which are collectively up 8.5 percent in 2015. Broken down by city, Mercer Island's case filings, which account for 90 percent of the total, are up 3.5 percent, and Newcastle's case filings, which account for 10 percent of the total, are up 89.3 percent.

All other revenues are either within expected norms through the third quarter of the year or too insignificant to highlight.

## **Expenditures**

Comparing total actual to total budgeted expenditures through the third quarter of the year (excluding the Transfer of the Prior Year's Surplus), **the General Fund is 71.7 percent of budget in 2015 compared to 71.7 percent of budget in 2014.** The 3.3 percent underage relative to the 75.0 percent budget threshold is primarily due to there being 19 bi-weekly payroll periods through September 30, 2015, which represents 73.1 percent of the 26 bi-weekly payroll periods in 2015. The following two tables compare actual to budgeted expenditures, first by category and then by department, as of September 30, 2014 and 2015.

**GENERAL FUND: Expenditures by Category  
As of September 30, 2014 and 2015**

Expenditure Category	Actuals			Budget		% of Budget	
	9/30/14	9/30/15	% Chg	2014	2015	2014	2015
Salaries	10,082,690	10,660,744	5.7%	13,702,905	14,496,648	73.6%	73.5%
Benefits	3,477,714	3,618,589	4.1%	5,081,699	5,059,493	68.4%	71.5%
Contractual Services	1,176,805	1,118,653	-4.9%	2,041,740	2,068,458	57.6%	54.1%
Equipment Rental	894,830	1,035,331	15.7%	1,188,131	1,391,612	75.3%	74.4%
Intergovernmental Services	753,717	739,537	-1.9%	853,814	835,062	88.3%	88.6%
Supplies	483,450	487,056	0.7%	665,095	708,539	72.7%	68.7%
Utilities	350,884	356,142	1.5%	552,395	562,624	63.5%	63.3%
Insurance	455,332	447,782	-1.7%	519,644	446,020	87.6%	100.4%
Other Services & Charges	252,248	189,310	-25.0%	333,140	348,718	75.7%	54.3%
Phone, Postage & Advertising	57,580	65,832	14.3%	130,059	122,285	44.3%	53.8%
Jail	63,269	55,558	-12.2%	61,350	90,850	103.1%	61.2%
Interfund Transfers:							
Transfer to YFS Fund	150,000	287,500	91.7%	200,000	400,000	75.0%	71.9%
Transfer to Tech/Equip Fund	226,500	246,500	8.8%	302,000	340,370	75.0%	72.4%
Transfer to Water Fund	82,010	100,886	23.0%	94,000	100,100	87.2%	100.8%
Transfer to Non-Voted Bond Fund	11,068	10,318	-6.8%	97,137	95,637	11.4%	10.8%
Transfer to Equip Rental Fund	-	40,653	N/A	-	80,000	N/A	50.8%
<b>Total Expenditures</b>	<b>18,518,097</b>	<b>19,460,391</b>	<b>5.1%</b>	<b>25,823,109</b>	<b>27,146,416</b>	<b>71.7%</b>	<b>71.7%</b>
Transfer of Prior Year's Surplus	446,000	411,794	N/A	446,000	411,794	N/A	N/A
<b>Total Expenditures + PY Transfer</b>	<b>18,964,097</b>	<b>19,872,185</b>	<b>4.8%</b>	<b>26,269,109</b>	<b>27,558,210</b>	<b>72.2%</b>	<b>72.1%</b>

**GENERAL FUND: Expenditures by Department  
As of September 30, 2014 and 2015**

Department	Actuals			Budget		% of Budget	
	9/30/14	9/30/15	% Chg	2014	2015	2014	2015
City Attorney's Office	405,830	506,637	24.8%	501,999	635,000	80.8%	79.8%
City Council	26,710	22,869	-14.4%	46,113	46,765	57.9%	48.9%
City Manager's Office	694,563	649,228	-6.5%	1,036,670	984,862	67.0%	65.9%
Development Services	1,843,209	1,918,176	4.1%	2,670,573	2,787,490	69.0%	68.8%
Finance	555,680	570,476	2.7%	737,373	828,167	75.4%	68.9%
Fire	4,137,544	4,402,671	6.4%	5,703,765	5,904,438	72.5%	74.6%
Human Resources	407,151	403,792	-0.8%	530,785	557,507	76.7%	72.4%
Maintenance	1,047,858	1,091,792	4.2%	1,645,157	1,619,297	63.7%	67.4%
Municipal Court	269,820	275,579	2.1%	391,394	413,565	68.9%	66.6%
Parks & Recreation	3,170,589	3,311,195	4.4%	4,300,715	4,719,848	73.7%	70.2%
Police	4,274,647	4,470,092	4.6%	5,809,284	6,041,317	73.6%	74.0%
Non-Departmental	1,684,496	1,837,886	9.1%	2,449,282	2,608,160	68.8%	70.5%
<b>Total Expenditures</b>	<b>18,518,097</b>	<b>19,460,391</b>	<b>5.1%</b>	<b>25,823,109</b>	<b>27,146,416</b>	<b>71.7%</b>	<b>71.7%</b>
Transfer of Prior Year's Surplus	446,000	411,794	N/A	446,000	411,794	N/A	N/A
<b>Total Expenditures + PY Transfer</b>	<b>18,964,097</b>	<b>19,872,185</b>	<b>4.8%</b>	<b>26,269,109</b>	<b>27,558,210</b>	<b>72.2%</b>	<b>72.1%</b>

In reviewing **expenditures by category**, the following are noteworthy:

- **Salaries, which comprise about 53 percent of the 2015 General Fund budget, are 73.5 percent of budget in 2015 compared to 73.6 percent of budget in 2014.** The modest underage relative to the 75.0 percent budget threshold is primarily due to there being 19 bi-weekly payroll periods through September 30, 2015, which was noted above.
- **Benefits, which comprise about 19 percent of the 2015 General Fund budget, are 71.5 percent of budget in 2015 compared to 68.4 percent of budget in 2014.** The underage relative to the 75.0 percent budget threshold is primarily due to the same reason noted above under “salaries”. In 2014, the significant underage was due to the following: 1) medical and dental premiums through the Association of Washington Cities (AWC) did not increase in 2014 (a 10 percent medical increase and a 5 percent dental increase were budgeted in 2014); and 2) Police LEOFF I retirees, who were 65 or older, were moved to a new, more cost effective AWC plan (Medicare Advantage) in 2013.
- **Contractual services, which comprise about 8 percent of the 2015 General Fund budget, are only 54.1 percent of budget in 2015 compared to 57.6 percent of budget in 2014.** This expenditure category includes outside legal counsel, software support, development and engineering support, recreation instructors, repairs and maintenance, and other professional services. The underage relative to the 75.0 percent budget threshold is primarily due to the following: 1) unspent budget for I-90 loss of mobility consultant services; 2) unspent budget for the annual audit (by the State Auditor’s Office), which is conducted in the fourth quarter of 2015; 3) unspent budget for miscellaneous professional services, which the Council dedicated to Town Center visioning and code update work on November 2, 2015; and 4) unspent budget for the DSG cost of service study, which has been postponed to 2016.
- **Transfer of prior year’s surplus** represents that portion of the General Fund’s revenue surplus and expenditure savings from the prior year that has been approved by the Council to be distributed to other funds for various purposes in the current year. In 2014, the total available General Fund surplus was \$715,768. Of this amount, \$411,794 has been transferred out of the General Fund for the following purposes:

<b>Transfer To</b>	<b>Amount</b>	<b>Purpose</b>
Self-Insurance Fund	\$5,000	To replenish Self-Insurance Fund for vehicle accident deductible paid in 2014
Street Fund	160,000	For Transportation Planner/Engineer position (10/1/15 – 12/31/16)
Beautification Fund	51,610	For Town Center public engagement services
	25,000	For Town Center communications consultant services
YFS Fund	120,184	To address projected deficit in 2016
Capital Improvement Fund	50,000	To restore Open Space / Vegetation Management project cuts in 2015-2016
<b>Total</b>	<b>\$411,794</b>	

In reviewing **expenditures by department**, the following is noteworthy:

- **The City Attorney's Office has spent 79.8 percent of its budget through the third quarter of 2015** due to overlapping salary payments to the former and the new City Attorney and to unanticipated outside legal costs related to the development moratorium, a recreational marijuana land use issue, and a parking development agreement.

All other expenditures are either within expected norms through the third quarter of the year or too insignificant to highlight.

## REAL ESTATE EXCISE TAX

Real estate excise tax (REET) is the 0.5 percent tax paid by the seller in property transactions, and its use is restricted by state law for specific capital purposes. REET 1 (the 1<sup>st</sup> quarter of 1.0 percent of the sales price) may be used for streets, parks, facilities, or utilities. REET 2 (the 2<sup>nd</sup> quarter of 1.0 percent of the sales price) may be used for the same capital purposes as REET 1, except for facilities, which are specifically prohibited. Neither REET 1 nor REET 2 may be used for equipment or technology.

In May 2011, the Governor signed HB 1953, which temporarily allows cities to use up to 35 percent of REET revenue (not to exceed \$1.0 million for either REET 1 or 2) for operations and maintenance purposes within the same categorical restrictions noted above. This temporary expansion of how REET can be used will sunset on December 31, 2016. Because of the City's many capital needs, the passage of HB 1953 has had no impact on how REET funds are currently used. It simply gives the City more flexibility.

**Through the third quarter of the year, REET is 86.9 percent of budget in 2015 compared to 95.4 percent of budget in 2014, as shown in the table below.**

### REET Revenue: Actual vs. Budget As of September 30, 2014 and 2015

Actual			Budget		% of Budget	
9/30/14	9/30/15	% Change	2014	2015	2014	2015
\$ 2,407,422	\$ 2,611,789	8.5%	\$ 2,524,000	\$ 3,004,000	95.4%	86.9%

**Relative to 2014, actual revenue is up \$204,367, or 8.5 percent, through the third quarter of 2015.** The drivers behind REET are number of sales and average sales price, which are up 1.0 percent and 8.8 percent respectively in 2015. The average sales price is currently \$1.20 million. Home sale statistics are displayed in the table below.

### Home Sale Statistics As of September 30, 2014 and 2015

Number of Sales			Average Sales Price		
9/30/14	9/30/15	% Change	9/30/14	9/30/15	% Change
405	409	1.0%	\$ 1,098,729	\$ 1,195,742	8.8%

Please note that the average sales price encompasses all property sales—namely, land, single family residential homes, condominiums, businesses, and below market property sales from one family member to another.

In the table below, REET is broken down according to property sales (i.e. ≤\$5.0 million and >\$5.0 million) for the period 2005-2014. In addition, the average sales price and the number of sales are identified for those properties that sold for \$5.0 million or less.

**2005-2014 REET Revenue (Dollars in Thousands)**  
**Property Sales ≤\$5.0M and >\$5.0M**

<b>Property Sale Breakdown</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Avg</b>
<b>Property Sales ≤\$5.0M:</b>											
Average Sales Price	\$905	\$963	\$1,072	\$1,237	\$854	\$994	\$916	\$899	\$1,046	\$1,119	\$1,001
% Change in Avg Sales Price	13.3%	6.4%	11.4%	15.4%	-30.9%	16.3%	-7.8%	-1.9%	16.4%	7.0%	4.5%
Number of Property Sales	579	545	429	260	267	318	367	418	492	493	417
REET Revenue	\$2,590	\$2,597	\$2,277	\$1,592	\$1,129	\$1,565	\$1,665	\$1,860	\$2,549	\$2,742	\$2,057
<b>Property Sales &gt;\$5.0M:</b>											
Number of Property Sales	8	3	14	5	3	3	5	6	2	9	6
REET Revenue	\$1,119	\$179	\$653	\$755	\$129	\$642	\$162	\$300	\$57	\$527	\$452
<b>Total REET Revenue</b>	<b>\$3,709</b>	<b>\$2,776</b>	<b>\$2,930</b>	<b>\$2,347</b>	<b>\$1,258</b>	<b>\$2,207</b>	<b>\$1,827</b>	<b>\$2,160</b>	<b>\$2,606</b>	<b>\$3,269</b>	<b>\$2,509</b>

Based on actual receipts through October 2015, staff forecasts that REET will end the year at budget (see following table).

**2015 REET Revenue Forecast**

<b>Property Sale Breakdown</b>	<b>2015</b>	
	<b>Budget</b>	<b>Forecast</b>
<b>Property Sales ≤\$5.0M:</b>		
Average Sales Price	\$1,153,000	\$1,153,000
Number of Property Sales	500	500
REET Revenue	<b>\$2,854,000</b>	<b>\$2,854,000</b>
<b>Property Sales &gt;\$5.0M:</b>		
	\$150,000	\$150,000
<b>Total REET Revenue</b>	<b>\$3,004,000</b>	<b>\$3,004,000</b>



## BUDGET ADJUSTMENTS

In the interest of administrative ease, a budget amending ordinance is prepared and submitted to the Council quarterly, if needed, along with the Financial Status Report. Budget adjustments are divided into three groups: 1) those previously approved by the Council but not formally adopted via a budget amending ordinance; 2) new requests; and 3) carryover requests. New requests typically encompass financial housekeeping items, minor requests, and unanticipated expenditures that the City had to incur and was unable to absorb within the authorized budget. Carryover requests of unspent budget from the prior year to the current year are typically included in the fourth quarter financial status report for the second year of the biennium. Council approval is required when unspent budget is being moved from the prior biennium to the current biennium, not when unspent budget is being moved within the biennium and within the same fund.

**Budget adjustments previously approved but not formally adopted** via a budget amending ordinance by the Council are summarized in the table below.

Fund	Department	Description	Agenda Bill	Budget Year	Amount	Funding Source(s)
General	City Manager's Office	Consultant services for I-90 loss of mobility	AB 5102, 9/8/15	2015	\$100,000	Sales tax
Street	City Manager's Office	Per funding agreement with Metro, reduce Metro transit shuttle service project budget from \$150,000 to \$47,000 in 2015 and from \$150,000 to \$80,000 in 2016	AB 5058, 4/20/15	2015-2016	-\$173,000	N/A
	Maintenance	Move design of SE 40 <sup>th</sup> Street (East of Island Crest Way) up to 2016 per adopted 2016-2021 TIP	AB 5054, 6/15/15	2016	\$100,000	Unappropriated fund balance
Beautification	DSG	Town Center visioning and development code update workplan recommended by Planning and Design Commissions	AB 5124, 11/2/15	2015	\$95,690	\$65,986 unappropriated fund balance + \$29,704 interfund transfer from General Fund (2014 unspent surplus)

**New requests** not approved or formally adopted by the Council are summarized in the table below.

Fund	Department	Description	Budget Year	Amount	Funding Source(s)
Beautification	DSG	Additional Town Center visioning and development code update workplan items recommended by Joint Commission: Town Center vision graphics (\$9,500) and additional mailing cost (\$1,500)	2015	\$11,000	Unappropriated fund balance
1% for the Arts	Parks & Recreation	Repair to Gateway Figures sculpture damaged by car accident	2015	\$10,000	Unappropriated fund balance
Water	Maintenance	Water reservoir emergency pump replacement	2015	\$70,000	Water utility rate revenue
	Finance	Increase 2015 budgeted water purchases from Seattle Public Utilities due to higher than projected water consumption	2015	\$200,000	Water utility rate revenue

A memo from DSG Director Scott Greenberg is attached as Exhibit 2 regarding the additional \$11,000 funding request for the Town Center visioning and development code update workplan items.

A budget amending ordinance is attached as Exhibit 3. Two summary listings of the originally adopted 2015-2016 Budget (expenditures only), broken down by year, and all subsequent amendments, including Exhibit 3, are presented below.

**2015 Budget Adjustment Summary  
Expenditures by Fund**

Fund Type / Fund Name	Original 2015 Budget	2015 Budget Adjustments				Amended 2015 Budget
		4Q 2014 FSR, 4/20/2015	1Q 2015 FSR, 5/18/2015	2Q 2015 FSR, 9/8/2015	3Q 2015 FSR, 11/16/2015	
<b>General Purpose Funds:</b>						
General	26,703,657	118,708		735,845	100,000	27,658,210
Self-Insurance	10,000					10,000
Youth Services Endowment	500					500
<b>Special Revenue Funds:</b>						
Street*	2,952,367	66,905		78,567	(103,000)	2,994,839
Transportation Benefit District	204,167					204,167
Criminal Justice	652,678					652,678
Beautification	1,003,974	62,610		27,500	106,690	1,200,774
Contingency	-					-
1% for the Arts	61,000		3,300		10,000	74,300
Youth & Family Services	2,487,188					2,487,188
<b>Debt Service Funds:</b>						
Bond Redemption (Voted)	-					-
Bond Redemption (Non-Voted)	1,007,036					1,007,036
<b>Capital Projects Funds:</b>						
Capital Improvement*	3,541,776	818,300	41,355	136,500		4,537,931
Technology & Equipment*	526,000					526,000
Fire Station 92 Construction*	-	1,110,770				1,110,770
Capital Reserve*	-					-
<b>Enterprise Funds:</b>						
Water*	8,290,129	412,650			270,000	8,972,779
Sewer*	8,443,763	276,543				8,720,306
Storm Water*	2,431,044	948,761				3,379,805
<b>Internal Service Funds:</b>						
Equipment Rental*	1,901,425	112,801				2,014,226
Computer Equipment*	780,303	22,965				803,268
<b>Trust Funds:</b>						
Firemen's Pension	87,000					87,000
<b>Total</b>	<b>61,084,007</b>	<b>3,951,013</b>	<b>44,655</b>	<b>978,412</b>	<b>383,690</b>	<b>66,441,777</b>

\* Capital Improvement Program (CIP) projects are budgeted and accounted for in these funds.

**2016 Budget Adjustment Summary  
Expenditures by Fund**

Fund Type / Fund Name	Original 2016 Budget	2016 Budget Adjustments		Amended 2016 Budget
		2Q 2015 FSR, 9/8/2015	3Q 2015 FSR, 11/16/2015	
<b>General Purpose Funds:</b>				
General	27,723,094	138,370		27,861,464
Self-Insurance	10,000			10,000
Youth Services Endowment	500			500
<b>Special Revenue Funds:</b>				
Street*	3,364,106	130,000	30,000	3,524,106
Transportation Benefit District	350,000			350,000
Criminal Justice	600,296			600,296
Beautification	960,547			960,547
Contingency	-			-
1% for the Arts	10,000			10,000
Youth & Family Services	2,523,345			2,523,345
<b>Debt Service Funds:</b>				
Bond Redemption (Voted)	-			-
Bond Redemption (Non-Voted)	1,004,311			1,004,311
<b>Capital Projects Funds:</b>				
Capital Improvement*	1,928,472	25,000		1,953,472
Technology & Equipment*	494,000			494,000
Fire Station 92 Construction*	-			-
Capital Reserve*	-			-
<b>Enterprise Funds:</b>				
Water*	8,170,754			8,170,754
Sewer*	8,646,605			8,646,605
Storm Water*	2,284,719			2,284,719
<b>Internal Service Funds:</b>				
Equipment Rental*	1,443,203			1,443,203
Computer Equipment*	792,772			792,772
<b>Trust Funds:</b>				
Firemen's Pension	93,000			93,000
<b>Total</b>	<b>60,399,724</b>	<b>293,370</b>	<b>30,000</b>	<b>60,723,094</b>

\* Capital Improvement Program (CIP) projects are budgeted and accounted for in these funds.



**DEVELOPMENT SERVICES GROUP**

9611 SE 36TH ST., MERCER ISLAND, WA 98040  
(206) 275-7605

**TO:** Mayor Bassett and Councilmembers  
Noel Treat, City Manager

**FROM:** Scott Greenberg, Development Services Group Director

**DATE:** November 9, 2015

**RE: Town Center Additional Budget Request**

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On November 2, 2015, City Council approved a budget for professional services related to the Town Center Visioning and Development Code Update. The budget included up to \$6,500 for a single all-Island mailer communicating the draft vision to the community. The Joint Commission's communications subcommittee met on November 5, 2015 and has strongly recommended use of two mailings rather than a single mailing.

The first mailing would be a postcard-sized piece that would provide some history and encourage the reader to visit the City's webpage to read the Interim Report and other documents related to the Town Center. The second mailer would be the vision piece and call to action. The incremental cost of the extra mailing is \$1,500 above the \$6,500 budgeted amount.

The City Council did not approve the \$9,500 request for a "vision graphic". The Joint Commission's communications subcommittee has strongly recommended that this graphic be prepared and used in the mailing to all Island addresses. The purpose of this work is to create an aerial perspective rendering to be used in public communications, website, etc., showing potential Town Center build-out under the elements of the Interim Report and draft vision statement.

Both of these requests could be funded from the Beautification Fund. Please approve allocation of \$11,000 in additional funds from the Beautification Fund to support the development of the vision graphic and the printing and distribution of two mailers.

**CITY OF MERCER ISLAND  
ORDINANCE NO. 15-25**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,  
INCORPORATING CERTAIN BUDGET REVISIONS TO THE 2015-2016 BIENNIAL  
BUDGET, AND AMENDING ORDINANCE NOS. 14-15, 15-07, 15-10 AND 15-17.**

WHEREAS, the City Council adopted the 2015-2016 Budget by Ordinance No. 14-15 on December 1, 2014, representing the total for the biennium of estimated resources and expenditures for each of the separate funds of the City, and

WHEREAS, budget adjustments have been approved by the City Council in 2015 in an open public meeting but have not been formally adopted via ordinance, as noted in the following table, and

Fund	Department	Description	Agenda Bill	Budget Year	Amount	Funding Source(s)
General	City Manager's Office	Consultant services for I-90 loss of mobility	AB 5102, 9/8/15	2015	\$100,000	Sales tax
Street	City Manager's Office	Reduce Metro transit shuttle service project budget in 2015-2016 per funding agreement with Metro	AB 5058, 4/20/15	2015-2016	-\$173,000	N/A
	Maintenance	Move design of SE 40 <sup>th</sup> Street (East of Island Crest Way) up to 2016 per adopted 2016-2021 TIP	AB 5054, 6/15/15	2016	\$100,000	Unappropriated fund balance
Beautification	DSG	Town Center visioning and development code update workplan recommended by Planning and Design Commissions	AB 5124, 11/2/15	2015	\$95,690	\$65,986 unappropriated fund balance + \$29,704 interfund transfer from General Fund (2014 unspent surplus)

WHEREAS, budget adjustments are needed that have not been previously approved by the City Council, as noted in the following table;

Fund	Department	Description	Budget Year	Amount	Funding Source(s)
Beautification	DSG	Additional Town Center visioning and development code update workplan items recommended by Joint Commission: Town Center vision graphics (\$9,500) and additional mailing cost (\$1,500)	2015	\$11,000	Unappropriated fund balance
1% for the Arts	Parks & Recreation	Repair to Gateway Figures sculpture damaged by car accident	2015	\$10,000	Unappropriated fund balance
Water	Maintenance	Water reservoir emergency pump replacement	2015	\$70,000	Water utility rate revenue
	Finance	Increase 2015 budgeted water purchases from Seattle Public Utilities due to higher than projected water consumption	2015	\$200,000	Water utility rate revenue

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, ORDAINS AS FOLLOWS:

**Section 1. Amending the 2015-2016 Budget**

The 2015-2016 Budget for the City of Mercer Island, as adopted in Ordinance No. 14-15 and amended by Ordinance Nos. 15-07, 15-10 and 15-17, is hereby amended to incorporate increases in resources and expenditures in the following funds for the 2015-2016 biennium:

<b>Fund No.</b>	<b>Fund Name</b>	<b>Resources</b>	<b>Expenditures</b>
001	General Fund	\$100,000	\$100,000
104	Street Fund	100,000	-73,000
117	Beautification Fund	106,690	106,690
140	1% for the Arts Fund	10,000	10,000
402	Water Fund	270,000	270,000
<b>Totals</b>		<b>\$586,690</b>	<b>\$413,690</b>

**Section 2. Amending Previously Adopted Budget Ordinances**

City Ordinance Nos. 14-15, 15-07, 15-10 and 15-17, as previously adopted and as hereby amended, are hereby ratified, confirmed, and continued in full force and effect.

**Section 3. Effective Date**

This Ordinance shall take effect and be in force 5 days after passage and publication.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON THE 16<sup>TH</sup> DAY OF NOVEMBER 2015.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_

**CITY OF MERCER ISLAND  
RESOLUTION NO. 1506**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCER ISLAND  
APPROVING THE CITY OF MERCER ISLAND'S ALLOCATION FOR THE  
NORTH EAST KING COUNTY REGIONAL PUBLIC SAFETY  
COMMUNICATIONS AGENCY (NORCOM) 2016 BUDGET.**

WHEREAS, the North East King County Regional Public Safety Communications Agency (NORCOM) was formed effective November 1, 2007; and

WHEREAS, NORCOM is in the process of adopting its annual budget for 2016; and

WHEREAS, the NORCOM Interlocal Agreement, to which the City is a party, requires that the City Council approve the City's allocation for NORCOM's budget, which is estimated to be \$717,346 in 2016;

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

The City of Mercer Island's allocation (\$717,346) for the North East King County Regional Public Safety Communications Agency (NORCOM) 2016 budget is hereby approved.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS REGULAR MEETING ON THE 16<sup>TH</sup> DAY OF NOVEMBER 2015.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

\_\_\_\_\_  
Allison Spietz, City Clerk



**CITY OF MERCER ISLAND  
RESOLUTION NO. 1503**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON ESTABLISHING CLASSIFICATIONS OF WATER USERS AND A SCHEDULE OF CHARGES FOR WATER USAGE, ESTABLISHING A SCHEDULE OF RATES FOR FIRE SERVICE, ESTABLISHING A SCHEDULE OF SPECIAL SERVICE CHARGES, ESTABLISHING METER AND SERVICE INSTALLATION CHARGES, ESTABLISHING CONNECTION CHARGES EFFECTIVE JANUARY 1, 2016 AND THEREAFTER.**

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AS FOLLOWS:

**Section 1. Classifications of Water Users, Schedule of Rates and Charges for Water Use**

The following classifications of water user, schedule of rates and charges for water usage and rates for unauthorized use are hereby adopted by the City for all classes of users of City water system effective January 1, 2016, and thereafter.

- A. Classification – Rates.** The rates for metered water supplied by the City of Mercer Island for each one hundred (100) cubic feet of water consumed in two months, or fractional part thereof, there shall be charged the following rates in accordance with the "Classification of User" as set forth below:

<b>Residential Bimonthly Water Rates</b>					
<b>Class</b>	<b>Fixed Charge</b>	<b>Volume Charge</b>			
	<b>Per Meter Equivalent*</b>	<b>Block 1 (0-10 ccf)</b>	<b>Block 2 (11-20 ccf)</b>	<b>Block 3 (21-30 ccf)</b>	<b>Block 4 (31+ ccf)</b>
Single Family Residential	\$29.28	\$3.48	\$5.88	\$7.06	\$9.49
Low-Income Residential	\$29.28	\$0.87	\$1.47	\$1.77	\$2.37
Conservation Surcharge**				\$0.10	\$0.30
<b>Class</b>	<b>Fixed Charge</b>	<b>Volume Charge</b>			
	<b>Per Meter Equivalent*</b>	<b>All Use (0-99+ ccf)</b>			
Multi-Family Residential	\$29.28	\$5.15			

\* Meter Equivalents are summarized in a following table. The total meter equivalent charge is based on the meter size and is calculated by multiplying the meter equivalents by the per meter equivalent rate.

\*\* A surcharge of \$0.10 per ccf for single family residential bimonthly usage between and including 21 and 30 ccf, and \$0.30 per ccf for bimonthly usage in excess of 30 ccf will be included in the rates, as an incentive to conserve and may be used to fund conservation education. This rate will apply on consumption of water from June 1 through September 30.

<b>Non-Residential Bimonthly Water Rates</b>			
<b>Class</b>	<b>Fixed Charge</b>	<b>Volume Charge</b>	
	<b>Per Meter Equivalent*</b>	<b>Winter** (All Usage)</b>	<b>Summer** (All Usage)</b>
Commercial/Public	\$29.28	\$3.19	\$7.95
Irrigation	\$29.28	\$4.78	\$10.06

\* Meter Equivalents are summarized in a following table. The total meter equivalent charge is based on the meter size and is calculated by multiplying the meter equivalents by the per meter equivalent rate.

\*\* Seasons: Summer is June 1 through September 30; rest of year is winter.

<b>Table of Meter Equivalents and Fixed Charges</b>		
<b>Meter Size</b>	<b>Meter Equivalent</b>	<b>Fixed Charge</b>
3/4 Inch or Smaller	1.0	\$29.28
1 Inch	2.5	\$73.20
1-1/2 Inch	5.0	\$146.40
2 Inch	8.0	\$234.24
3 Inch	16.0	\$468.48
4 Inch	25.0	\$732.00
6 Inch	50.0	\$1,464.00

For purposes of this section, the various "Classification of User" shall be defined as follows:

- B. Single Family.** Single Family shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter. Provided, that where prior to December 1, 1980, more than one single family dwelling was served through a single common water meter, such service shall be allowed to continue under the "Single Family" classification until such time as the property or properties are subdivided into separate parcels, or when a higher demand for water service, as determined by the City, is required by a change in use or zoning.
- C. Home Hemodialysis Patients.** Home Hemodialysis Patients shall mean those persons who require medical life-support equipment in the home which utilizes mechanical or artificial means to sustain, restore or supplant a vital function, and which requires the use of water.
- D. Low Income User.** "Low Income User" shall be a person who shows satisfactory proof that he or she is living in a single family residence, and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.

- E. Multi-Family.** Multi-Family shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including, but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- F. Commercial.** Commercial shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- G. Public/Institutional.** Structures and facilities used by governmental entities including the state, county, City of Mercer Island and other municipal corporations of the state and public schools.
- H. Irrigation Meters.** The term "All Irrigation Meters" is hereby defined as "All meters used for the purpose of watering shrubbery, lawns, flower beds, gardens, ornamentals and the like."
- I. Rates for Unauthorized Use.** Water taken through unauthorized connections shall be charged for at double the rates set forth above, under "Classification of User", from the date of the commencement of such unauthorized use.

**Section 2. Rates for Fire Services, Services Charges, Meter Installation Charges and Connection Charges**

The following rates for fire service, various operational costs, meter installation charges, and connection charges are hereby adopted by the City.

- A. Fire Service Rates.** There is hereby established a schedule of rates for fire service which are the minimum monthly service charges for fire protection purposes exclusively for any two months, or fractional part hereof as follows:

<b>Service Connection</b>	<b>Rate</b>
2 inch	\$27.46
3 inch	\$27.46
4 inch	\$34.68
5 inch	\$34.68
8 inch	\$49.17

- B. Service Charges.** There is hereby established a schedule of service charges to recover operating costs incurred in establishing new accounts, changes in occupancy, special service requests by customers, delinquent account collections and processing of NSF checks as follows:

Service	Service Cost
New Water Set Up Fee (meter reading)	\$40
Water shut-off, requested by user, during normal working hours	\$30
Water shut-off, requested by user, after hours	\$170
Non-payment door hanger notification (each)	\$25
Non-payment Turn on/Turn off, normal working hours	\$80
Non-payment Turn on/Turn off, after hours	\$195
Locking Water Meter due to Theft	\$250
Non-sufficient funds check handling fee	\$40

**C. Meter Installation Charges.** There is hereby established a schedule of meter installation charges for connection of new meters to the City water system, and for changes to water service where the previous type of use has been changed or increased as follows: For meters of all sizes, the charge will be based on the actual cost of installation. A deposit is required, based on the estimated cost and is collected at the time of permitting the work.

**D. Connection Charges.** There is hereby established a schedule of connection charges for the installation of water service to property not previously served or for the installation of water service for an additional type of use and/or increase in meter size as follows:

Meter Size	Connection Charge
3/4 Inch or Smaller	\$ 2,282
1 Inch	5,705
1-1/2 Inch	11,410
2 Inch	18,256
3 Inch	36,512
4 Inch	57,050
6 Inch	114,100

Connection charges are studied periodically and adjusted for inflation in years between studies. The inflation factor applied is CPI-W First Half for Seattle-Tacoma-Bremerton.

For meter upsizes, the difference in the connection charge between the new meter size and the old meter size will be charged.

The provision of this section shall not be construed to apply to additional water service for fire protection purposes.

**E. Due Date.** All meter and service installation charges, and all connection charges shall be due and payable at the time the new connection or changed or additional service is requested and shall be delinquent if unpaid at the time the connection or changed or increased service is actually made. A penalty of 10% shall be added to the amount of any such charges that shall become delinquent. All charges provided for by this Resolution which shall have been delinquent for four (4) months shall be certified to the Treasurer of King County and such charges, together with any penalties added thereto, shall be a lien

against the property receiving such service subject only to the lien for general taxes.

**Section 3. Effective Date**

This resolution shall take effect and be in force on and after January 1, 2016. Nothing contained herein shall affect the amount of collection of rates, fees, and charges established prior to January 1, 2016.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON  
AT ITS REGULAR MEETING ON THE 16TH DAY OF NOVEMBER, 2015.

CITY OF MERCER ISLAND

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Bruce Bassett, Mayor

ATTEST:

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Allison Spietz, City Clerk

**CITY OF MERCER ISLAND  
RESOLUTION NO. 1504**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON  
ESTABLISHING RATES AND CONNECTION CHARGES FOR  
SEWERAGE DISPOSAL SERVICES SUPPLIED BY THE CITY OF  
MERCER ISLAND EFFECTIVE JANUARY 1, 2016 AND THEREAFTER.**

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AS FOLLOWS:

**Section 1. Sewerage Disposal Services Rates and Charges**

The rates and charges for sewerage disposal services supplied by the City of Mercer Island for two months, or a fractional part thereof, shall be as follows:

<b>Single Family Bimonthly Sewer Rates</b>				
<b>Class</b>	<b>King County</b>	<b>City Sewer Line Maintenance</b>		
	<b>Fixed Charge</b>	<b>Fixed Charge</b>		<b>Volume Charge</b>
		<b>Billing Cost</b>	<b>Base Charge (For first 600 cf of AVERAGE Winter Water Use<sup>1</sup>)</b>	<b>Per 100 cf of AVERAGE Winter Water Use<sup>1</sup> beyond first 600 cf</b>
	<b>Sewage Treatment</b>			
Single Family Residential	\$84.06	\$7.15	\$36.66	\$6.11
Low-Income Residential <sup>2</sup>	\$84.06	\$7.15	\$9.17	\$1.53

Footnotes:

1. Average winter water usage is based on the most current 4 months of winter water usage data available in the billing system. Calculation of the winter water average is based on usage as shown on the January and March bills or February and April bills depending on the billing/reading cycle. Calculation of sewer charges using the winter average is in effect for the following 12 months, until the next winter's water consumption data is available.

In the case of single family property, where there is no method of accurately calculating the average winter water usage because no water was used during the winter months, or any part thereof, or because the property is not connected to the sanitary sewer system, or for any other reason approved by the Utility Accounting Supervisor or the Finance Director, the sewer volume charge herein will be the Island wide bi-monthly average winter water use.

Newly constructed single family properties shall be charged a sewer volume charge based on the per unit Island-wide average water usage for single family properties. Newly constructed multi-family and commercial properties shall be charged a sewer volume charge based on their actual water usage.

2. "Low Income User" shall be a person who shows satisfactory proof that he or she is living in a single family residence, and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.

<b>Multi-Family and Commercial Bimonthly Sewer Rates</b>			
<b>Class</b>	<b>King County</b>	<b>City Sewer Line Maintenance</b>	
	<b>Sewage Treatment (Per 100 cf of ACTUAL Water Use<sup>3</sup>)</b>	<b>Billing Cost</b>	<b>Volume Charge Per 100 cf of ACTUAL Water Use</b>
Multi-Family Residential	\$5.60	\$7.15	\$6.11
Commercial / Public	\$5.60	\$7.15	\$6.11

Footnotes:

- The King County rate for multi-family and commercial is derived by dividing King County's monthly rate (\$42.03) by King County's residential customer equivalency usage value of 750 cubic feet.

Sewer charges may be computed and billed to the nearest \$0.05.

## **Section 2. Connection Charges**

The connection charges payable by the property owners for connection to the City of Mercer Island sanitary sewer system shall be as follows:

<b>Connection Charges</b>	
All customer Classes (Single Family, Multi-Family and Commercial)	\$2,000 per King County residential customer equivalent (RCE)

Connection charges are studied periodically and adjusted for inflation in years between studies. The inflation factor applied is CPI-W First Half for Seattle-Tacoma-Bremerton.

All connection charges shall be due and payable at the time the connection service is requested and shall be delinquent if unpaid at the time the connection service is actually made. In the event of delinquency the connection charges shall be double the amount set forth above.

## **Section 3. Effective Date**

This resolution shall take effect and be in force on and after January 1, 2016. Nothing contained herein shall affect the amount of collection of rates, fees, and charges established prior to January 1, 2016.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON,  
AT ITS REGULAR MEETING ON THE 16TH DAY OF NOVEMBER, 2015.

CITY OF MERCER ISLAND

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Bruce Bassett, Mayor

ATTEST:

---

Allison Spietz, City Clerk



**CITY OF MERCER ISLAND  
RESOLUTION NO. 1505**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON  
ESTABLISHING THE BI-MONTHLY SERVICE CHARGE FOR STORM AND  
SURFACE WATER SERVICES SUPPLIED BY THE CITY OF MERCER ISLAND  
EFFECTIVE JANUARY 1, 2016 AND THEREAFTER.**

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MERCER ISLAND,  
WASHINGTON, AS FOLLOWS:

**Section 1. Storm and Surface Water Services Rates and Charges**

The rates and charges for storm and surface water services supplied by the City of Mercer Island for two months, or a fractional part thereof, shall be as follows:

- A. Thirty-one dollars and eighty-eight cents (\$31.88) bi-monthly for each residential unit in the City.
- B. Seven dollars and ninety-seven cents (\$7.97) bi-monthly for each low income user\* in the City.
- C. Thirty-one dollars and eighty-eight cents (\$31.88) bi-monthly times the number of equivalent service units for each multi-family complex or commercial property on the Island.
- D. The number of equivalent service units for Multi-family and Commercial property is determined by dividing the total square feet of impervious surface for each account (which includes roof tops, pavement, and trafficked gravel) by the average square footage of impervious surface for single family residential accounts (3,471 square feet is the average.)

\* "Low Income User" shall be a person who shows satisfactory proof that he or she is living in a single family residence, and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.

**Section 2. Effective Date**

This resolution shall take effect and be in force on and after January 1, 2016. Nothing contained herein shall affect the amount of collection of rates, fees, and charges established prior to January 1, 2016.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS MEETING ON THE 16<sup>TH</sup> DAY OF NOVEMBER, 2015.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

\_\_\_\_\_  
Allison Spietz, City Clerk

**CITY OF MERCER ISLAND  
RESOLUTION NO. 1507**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON  
ESTABLISHING SUBSTANTIAL NEED TO SET 2016 LEVY LIMIT AT  
ONE HUNDRED AND ONE PERCENT.**

WHEREAS, the adopted 2015-2016 Budget was balanced assuming the 1.0 percent optional increase is taken in 2015 and 2016, and

WHEREAS, 2016 budgeted expenditures are projected to grow faster than 2016 budgeted revenues in the General Fund (3.8 percent vs. 2.0 percent), and

WHEREAS, absent a finding of substantial need to increase the levy by 1.0 percent, the 2016 property tax levy will be \$87,981 less than what was originally budgeted, thereby requiring a corresponding expenditure reduction or an appropriation of an equivalent amount from the one-time 2015 estimated General Fund surplus, and

WHEREAS, the Mercer Island City Council recognizes that a \$1.0 million General Fund deficit is projected in 2017.

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

**Section 1. Setting of 2016 Levy Limit**

The Mercer Island City Council finds that there is a substantial need to set the 2016 levy limit at one hundred and one percent (101%).

**Section 2. Effective Date**

This Resolution shall take effect and be in force on and after January 1, 2016.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON  
AT ITS REGULAR MEETING ON THE 16TH DAY OF NOVEMBER, 2015.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

\_\_\_\_\_  
Allison Spietz, City Clerk

**CITY OF MERCER ISLAND  
ORDINANCE NO. 15-26**

**AN ORDINANCE APPROPRIATING FUNDS AND FIXING THE AMOUNT OF  
TAXES TO BE LEVIED FOR THE YEAR 2016.**

WHEREAS, the City Council of the City of Mercer Island has conducted its mid-biennial review of the 2015-2016 Budget; and

WHEREAS, the City Council of the City of Mercer Island held a public hearing for the purpose of considering testimony regarding the 2016 property tax levy; and

WHEREAS, the City Council of the City of Mercer Island, after due consideration of the evidence and testimony at the public hearing, has determined that the City requires an increase in property tax revenue in order to discharge the expected expenses and obligations of the City of Mercer Island; and

WHEREAS, the voters of the City of Mercer Island approved a levy lid lift in 2008 for the purpose of operating and maintaining Luther Burbank Park and other City parks and open spaces; and

WHEREAS, the voters of the City of Mercer Island approved a levy lid lift in 2012 for the purpose of replacing Fire Station No. 92 and a fire rescue truck; and

WHEREAS, the City intends to collect \$926,990 of the authorized 2008 Park Maintenance and Operations levy lid lift in 2016; and

WHEREAS, the City intends to collect \$662,000 of the authorized 2012 Fire Station and Fire Rescue Truck Replacement levy lid lift in 2016.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

**Section 1. Total Property Tax.**

There is hereby appropriated and fixed to be raised by general property taxes the amount of \$12,727,551, which amount, when added to the estimated revenues will balance the revenues with the expenditures and which amount is in compliance with all applicable laws.

**Section 2. Detail of Property Tax.**

There is hereby levied upon all taxable property within the City of Mercer Island, Washington, a total tax of \$12,727,551 as follows:

<b>REGULAR LEVY:</b>	
Prior Year Levy	\$10,828,705
1.0% Optional Increase	108,287
New Construction	181,842
Refund Levy	19,727
<b>LEVY LID LIFTS:</b>	
2008 Parks Maintenance & Operations	926,990
2012 Fire Station & Fire Rescue Truck	662,000
<b>TOTAL TAXES REQUESTED FOR 2016</b>	<b><u>\$12,727,551</u></b>

The foregoing property tax levy amount shall be automatically adjusted without further action of the City Council to correspond to the final assessed valuation, new construction, and refund levy totals to be received from the King County Assessor prior to December 31, 2015.

**Section 3. City Clerk Certification.**

Pursuant to RCW 84.52.020, the Clerk is directed to certify the amount necessary to be raised by taxation as specified above to the Metropolitan King County Council. The City Finance Director is authorized and directed to transmit any adjustment made pursuant to Section 2 above to the 2016 property tax levy amount to the Metropolitan King County Council.

**Section 4. Effective Date.**

This ordinance shall take effect and be in force on and after January 1, 2016. Nothing contained herein shall affect the amount of collection of rates, fees, and charges established prior to January 1, 2016.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS REGULAR MEETING ON THE 16<sup>TH</sup> DAY OF NOVEMBER, 2015.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

Approved as to Form:

ATTEST:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_

**CITY OF MERCER ISLAND  
ORDINANCE NO. 15-27**

**AN ORDINANCE AUTHORIZING AN INCREASE IN PROPERTY TAX  
REVENUE FOR THE YEAR 2016.**

WHEREAS, the City Council of the City of Mercer Island has conducted its mid-biennial review of the 2015-2016 Budget; and

WHEREAS, the City Council of the City of Mercer Island held a public hearing for the purpose of considering testimony regarding the 2016 property tax levy; and

WHEREAS, the City Council of the City of Mercer Island, after due consideration of the evidence and testimony at the public hearing, has determined that the City requires an increase in property tax revenue in order to discharge the expected expenses and obligations of the City of Mercer Island; and

WHEREAS, the voters of the City of Mercer Island approved a levy lid lift in 2008 for the purpose of operating and maintaining Luther Burbank Park and other City parks and open spaces; and

WHEREAS, the voters of the City of Mercer Island approved a levy lid lift in 2012 for the purpose of replacing Fire Station No. 92 and a fire rescue truck; and

WHEREAS, the City intends to collect \$926,990 of the authorized 2008 Park Maintenance and Operations Levy Lid Lift in 2016; and

WHEREAS, the City intends to collect \$662,000 of the authorized 2012 Fire Station and Fire Rescue Truck Replacement levy lid lift in 2016.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

**Section 1. Total Property Tax Increase.**

There is hereby levied upon all taxable property within the City of Mercer Island, Washington, a total property tax levy of \$12,727,551. Excluding the amounts for new construction and refunds, this is \$117,465, or 0.95 percent, more than the 2015 total property tax levy. The foregoing property tax levy amount shall be automatically adjusted without further action of the City Council to correspond to the final assessed valuation, new construction, and refund levy totals to be received from the King County Assessor prior to December 31, 2015.

**Section 2. Regular Property Tax Increase.**

An optional increase in the regular property tax levy is hereby authorized for the 2016 levy in the amount of \$108,287, which is a 1.00 percent increase over the previous year. The optional 1.00 percent increase is in addition to the new construction and refund levies. The 2016 total regular levy, excluding the amounts for new construction and refunds, is authorized in the amount of \$10,936,992, which is \$108,287, or 1.00 percent, more than the 2015 total regular levy.

**Section 3. 2008 Levy Lid Lift Increase.**

The voted property tax levy, which pertains to the Levy Lid Lift passed by a vote of the Mercer Island citizens on November 4, 2008, is hereby authorized for the 2016 levy in the total amount of \$926,990. This is \$9,178, or 1.00 percent, more than the 2015 levy lid lift and is within the provisions of the ballot measure.

**Section 4. 2012 Levy Lid Lift Increase.**

The voted property tax levy, which pertains to the Levy Lid Lift passed by a vote of the Mercer Island citizens on November 6, 2012, is hereby authorized for the 2016 levy in the total amount of \$662,000. This is \$0, or 0.00 percent, more than the 2015 levy lid lift and is in compliance with the provisions of the ballot measure.

**Section 5. City Clerk Certification.**

Pursuant to RCW 84.52.020, the Clerk is directed to certify the amount necessary to be raised by taxation as specified above to the Metropolitan King County Council. The City Finance Director is authorized and directed to transmit any adjustment made pursuant to Section 1 above to the 2016 property tax levy amount to the Metropolitan King County Council.

**Section 6. Effective Date.**

This ordinance shall take effect and be in force on and after January 1, 2016. Nothing contained herein shall affect the amount of collection of rates, fees, and charges established prior to January 1, 2016.

ADOPTED BY THE CITY COUNCIL OF MERCER ISLAND, WASHINGTON AT ITS REGULAR MEETING ON THE 16<sup>TH</sup> DAY OF NOVEMBER, 2015.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

Approved as to Form:

ATTEST:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_



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

**AB 5128  
November 16, 2015  
Regular Business**

**PARKS IMPACT FEES ORDINANCE (1<sup>ST</sup>  
READING)**

**Proposed Council Action:**

Conduct first reading of Ordinance No. 15C-22,  
adopting Chapter 19.18 MICC Parks Impact Fees

**DEPARTMENT OF**

Development Services Group (Scott Greenberg)

**COUNCIL LIAISON**

n/a

**EXHIBITS**

1. Proposed Ordinance No. 15C-22
2. Staff Report to Planning Commission, with Exhibits 1-4
3. Written Public Comments

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

The City of Mercer Island is proposing an amendment to Title 19 of the Mercer Island City Code (MICC) that would adopt impact fees for publicly owned parks, open space and recreational facilities (Exhibit 1). The Planning Commission unanimously recommended adoption of the proposal with several changes, discussed below. The Planning Commission’s recommended impact fees would be \$2,054 for a new single-family residence and \$1,320 for a new multi-family residence. Non-residential land uses would not be assessed an impact fee.

**BACKGROUND**

At its January 2015 Planning Session, the City Council directed staff to provide information about the current use of mitigation fees under the State Environmental Policy Act (SEPA) and potential use of impact fees under the Growth Management Act (GMA).

Staff presented the requested information at the City Council’s March 16, 2015 meeting. At the March 16, 2015 meeting, the Council directed staff to study the use of GMA impact fees for schools, parks and transportation facilities. The City Council adopted school impact fees on September 8, 2015. The City Council also received reports on parks and transportation impact fees at the July 20, 2015, August 3, 2015 and October 5, 2015 meetings. At the October 5, 2015 meeting, the City Council directed staff and Planning Commission to process Code Text Amendments to add park and transportation impact fee programs. City Council also asked a number of questions and requested several changes to the proposal.

The attached staff report (Exhibit 2) was sent to Planning Commission in advance of their review of the park impact fee ordinance. One of the attachments to the staff report is a revised rate study that answers questions and incorporates changes requested by the City Council on October 5, 2015. The revised rate

study reduces the resident equivalent figure for employees from 57% to 40%. This change led to increases in the rates for single-family and multi-family dwelling units and a reduction in the rate for commercial uses. Also discussed is the Council question regarding the appropriate level of detail and flexibility for the park capital project list. These questions and changes are discussed at the end of the rate study (Section 4.2).

**PLANNING COMMISSION REVIEW OF THE PROPOSED ORDINANCE**

The Planning Commission held a public hearing on the staff-proposed parks impact fee ordinance attached to Exhibit 2 on November 4, 2015 and unanimously recommended adoption of the proposed Ordinance with the following changes, which have been incorporated into Exhibit 1:

1. The impact fee shall only apply to residential development.
2. The exemption shall not apply to transitional housing.
3. Staff will make the necessary technical modifications to implement changes 1 and 2.

The recommended ordinance is based on the school impact fee ordinance that went into effect on October 16, 2015. Eliminated were exemptions for senior housing, shelters or dwelling units for temporary placement, accessory dwelling units and transitional housing facilities. All of these uses could have an impact on park facilities and should pay the impact fee. If these uses are exempted, State law requires the City to pay the impact fee from non-impact fee funds.

The Planning Commission is also recommending elimination of the impact fee for non-residential land uses. Their reasoning was as follows:

1. There is a weaker nexus between employees and use of Mercer Island parks.
2. Parks primarily benefit Island residents and visitors, not employees.
3. Businesses will be subject to a transportation impact fee. Also charging a parks impact fee places an undue burden on the small businesses we are trying to attract.

If City Council chooses to amend the recommended ordinance to include an impact fee for non-residential land uses, an alternative motion is provided below. If a non-residential impact fee is added, the revised impact fees would change to \$1,751 for a new single-family residence, \$1,126 for a new multi-family residence and \$647 per 1,000 gross square feet of commercial/retail/office floor area. A comparison with the Planning Commission-recommended impact fees is provided in the charts below.

As provided in previous agenda bills, the following tables show the total impact fees that several land uses would need to pay based on the adopted school impact fee and proposed parks and transportation impact fees.

**TABLE 1: Total Impact Fees (Parks Impact Fee Only Paid by Residential)**

<i>Land Uses</i>	<i>School Impact Fee</i>	<i>Transportation Impact Fee</i>	<i>Parks Impact Fee</i>	<i>Total Impact Fees</i>
Single Family Home	\$14,118	\$3,882	\$2,054	<b>\$20,054</b>
Town Center Mixed Use Project (200 d.u., 8,000 gsf retail and 2,000 gsf restaurant)	\$856,800	\$557,900	\$264,000	<b>\$1,678,700</b>
Restaurant (4,663 square feet)	\$0	\$91,441	\$0	<b>\$91,441</b>
90 Unit Apartment Project	\$385,560	\$199,170	\$118,800	<b>\$703,530</b>



**TABLE 2: Total Impact Fees (Parks Impact Fee Paid by Residential and Commercial)**

<i>Land Uses</i>	<i>School Impact Fee</i>	<i>Transportation Impact Fee</i>	<i>Parks Impact Fee</i>	<i>Total Impact Fees</i>
Single Family Home	\$14,118	\$3,882	\$1,751	<b>\$19,751</b>
Town Center Mixed Use Project (200 d.u., 8,000 gsf retail and 2,000 gsf restaurant)	\$856,800	\$557,900	\$231,670	<b>\$1,646,370</b>
Restaurant (4,663 square feet)	\$0	\$91,441	\$3,017	<b>\$94,458</b>
90 Unit Apartment Project	\$385,560	\$199,170	\$101,340	<b>\$686,070</b>

After Planning Commission review, staff noted that the proposed ordinance did not have provisions for an inflation adjustment in the impact fee. A new section was added to Exhibit 1 (Sec. 19.18.100) which allows for inflationary increases in the impact fee based on an accepted index. Staff recommends adoption of this new section.

## **RECOMMENDATION**

*Development Services Director and Planning Commission*

MOVE TO: Set Ordinance No. 15C-22 for second reading at the City Council's December 7, 2015 meeting.

Alternative Motion 1:

MOVE TO: Set Ordinance No. 15C-22 for second reading at the City Council's December 7, 2015 and include a parks impact fee for non-residential uses.

Alternative Motion 2:

MOVE TO: Set Ordinance No. 15C-22 for second reading at the City Council's December 7, 2015 with the following changes...

**CITY OF MERCER ISLAND  
ORDINANCE NO. 15C-22**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON  
ESTABLISHING A NEW CHAPTER 19.18 OF THE MERCER ISLAND  
CITY CODE ENTITLED, “PARKS IMPACT FEES”.**

WHEREAS, the City has authority to adopt impact fees to address the impact on publicly owned parks, open space and recreational facilities caused by new development, pursuant to RCW 82.02.050 through 82.02.100; and

WHEREAS, adoption of an impact fee ordinance is categorically exempt from the State Environmental Policy Act pursuant to WAC-197-11-800(19); and

WHEREAS, the City Planning Commission held a public hearing on November 4, 2015 and recommended adoption of this Ordinance; and

WHEREAS, the City Council held a public meeting and considered this Ordinance during its regular City Council meetings of November 16 and December 7, 2015;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, ORDAINS AS FOLLOWS:

**Section 1.**     **Establish Mercer Island City Code Chapter 19.18, Parks Impact Fees.** There is hereby added to Title 19 of the Mercer Island City Code (“MICC”), a new chapter 19.18, entitled “Parks Impact Fees”, as follows:

**Chapter 19.18  
PARKS IMPACT FEES**

**Sections:**

- 19.18.010 Purpose and Authority
- 19.18.020 Definitions
- 19.18.030 Impact Fee Program Elements
- 19.18.040 Fee Calculations
- 19.18.050 Assessment and Collection of Impact Fees
- 19.18.060 Option for Deferred Payment of Impact Fees
- 19.18.070 Exemptions
- 19.18.080 Determination of the Fee, Adjustments, Exceptions and Appeals
- 19.18.090 Impact Fee Accounts and Refunds
- 19.18.100 Fee Schedule and Updates

**19.18.010 Purpose and Authority.**

A. This chapter is enacted pursuant to the City’s police powers, the Growth Management Act as codified in chapter 36.70A RCW (“the Act”) and the impact fee statutes as codified in RCW 82.02.050 through 82.02.100.

B. The purpose of this chapter is to:

1. Develop a program consistent with the City's Comprehensive Plan for joint public and private financing of publicly owned parks, open space and recreational facilities ("park facilities") consistent with the capital facilities plan of the City of Mercer Island Comprehensive Plan, as such public facilities are necessitated in whole or in part by development in the City;
2. Ensure adequate levels of service in park facilities;
3. Create a mechanism to charge and collect fees to ensure that all new development bears its proportionate share of the capital costs of park facilities reasonably related to new development, in order to ensure the availability of adequate park facilities at the time new development occurs; and
4. Ensure fair collection and administration of such impact fees.

C. The provisions of this chapter shall be liberally construed to effectively carry out its purpose in the interest of the public health, safety and welfare.

**19.18.020 Definitions.**

A. "Affordable Housing Unit" means (1) an owner-occupied housing unit affordable to households whose household income is less than 80% of the King County median income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and no more than 30% of the household income is paid for housing expenses (e.g., mortgage, property taxes, hazard and mortgage insurance and homeowners dues (if applicable), or (2) a renter-occupied housing unit affordable to households whose income is less than 60% of the King County median income, adjusted for household size, as determined by HUD, and no more than 30% of the household income is paid for housing expenses (rent and appropriate utility allowance). In the event that HUD no longer publishes median income figures for King County, the City may use another method as it may choose to determine the King County median income, adjusted for household size. The Code Official will make a determination of sales prices or rents that meet the affordability requirements of this chapter.

B. "Capital Facilities Plan" means the Capital Facilities element of the City of Mercer Island's Comprehensive Plan.

C. "City" means the City of Mercer Island.

D. "Developer" means the person or entity that owns or holds purchase options or other development control over property for which development activity is proposed.

E. "Development Activity" means having any residential construction or expansion of a residential building, structure or use, any change in use of a residential building or structure, or any change in the use of residential land that creates additional demand for park facilities.

F. "Dwelling Unit" means a Dwelling as defined in Section 19.16.010 MICC.

G. "Encumbered" means impact fees identified by the City as being committed as part of the funding for a park facility for which the publicly funded share has been assured or building permits sought or construction contracts let.

H. "Impact Fee" means a payment of money imposed upon development activity as a condition of development approval to pay for park facilities needed to serve new growth and development, that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development. "Impact Fee" does not include a reasonable permit or application fee.

I. "Impact Fee Schedule" means the table of impact fees to be charged per unit of development, computed by the formula contained in the Parks Impact Fee Rate Study, indicating the standard fee amount per unit of development that shall be paid as a condition of such development within the City.

**19.18.030 Impact Fee Program Elements.**

A. The City shall impose impact fees on every Development Activity in the City for which an Impact Fee Schedule has been established.

B. Any impact fee imposed shall be reasonably related to the impact caused by the development and shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development. The impact fee formula shall account in the fee calculation for future revenues the City will receive from the development.

C. The impact fee shall be based on the Capital Facilities element adopted by the City as part of the City's Comprehensive Plan and the City's Comprehensive Parks & Recreation Plan.

**19.18.040 Fee Calculations.**

A. The fee shall be calculated based on the methodology set forth in the Parks Impact Fee Rate Study.

B. Any impact fee imposed shall be reasonably related to the impact caused by the development and shall not exceed a proportionate share of the cost of system improvements that are reasonably related to the new development. The impact fee formula shall take into account the future revenues the City will receive from the development, along with system costs related to serving the new development.

C. For the purpose of this chapter, mobile homes shall be treated as single family dwellings and duplexes shall be treated as multi-family dwellings.

D. The methodology shall provide for a credit for park facilities or sites actually provided by a developer which the City finds acceptable.

**19.18.050 Assessment and Collection of Impact Fees.**

A. The City shall collect impact fees, based on the City's Permit and Impact Fee Schedule, from any applicant seeking a residential building permit from the City.

B. All impact fees shall be collected from the applicant prior to issuance of the building permit unless the use of an independent fee calculation has been approved or unless the applicant applies for deferred payment of impact fees pursuant to Section 19.18.060. The fee shall be calculated based on the Impact Fee Schedule in effect at the time the building permit is issued unless otherwise required pursuant to Section 19.18.060.

C. For building permits for mixed use developments, impact fees shall be imposed on the residential component of the development found on the City's Permit and Impact Fee Schedule.

D. For building permits within new subdivisions approved under Chapter 19.08 (Subdivisions), a credit shall be applied for any dwelling unit that exists on the land within the subdivision prior to the subdivision if the dwelling unit is demolished. The credit shall apply to the first complete building permit application submitted to the City subsequent to demolition of the existing dwelling unit, unless otherwise allocated by the applicant of the subdivision as part of approval of the subdivision.

E. The City shall not issue the required building permit unless and until the impact fees set forth in the Impact Fee Schedule have been paid.

F. The City may impose an application fee, as provided for in the City's adopted Permit and Impact Fee Schedule, to cover the reasonable cost of administration of the impact fee program. The fee is not refundable and is collected from the applicant of the development activity permit at the time of permit issuance.

**19.18.060 Option for Deferred Payment of Impact Fees.**

An applicant may request, at any time prior to building permit issuance, and consistent with the requirements of this section, to defer to final inspection the payment of an impact fee for a residential development unit. The following shall apply to any request to defer payment of an impact fee:

A. The applicant shall submit to the City a written request to defer the payment of an impact fee for a specifically identified building permit. The applicant's request shall identify, as applicable, the applicant's corporate identity and contractor registration number, the full names of all legal owners of the property upon which the development activity allowed by the building permit is to occur, the legal description of the property upon which the development activity allowed by the building permit is to occur, the tax parcel identification number of the property upon which the development activity allowed by the building permit is to occur, and the address of the property upon which the development activity allowed by the building permit is to occur. All applications shall be accompanied by an administrative fee as provided for in the City's adopted Permit and Impact Fee Schedule.

B. The impact fee amount due under any request to defer payment of impact fees shall be based on the schedule in effect at the time the applicant provides the City with the information required in subsection A of this section.

C. Prior to the issuance of a building permit that is the subject of a request for a deferred payment of impact fee, all applicants and/or legal owners of the property upon which the development activity allowed by the building permit is to occur must sign a deferred impact fee payment lien in a form acceptable to the City Attorney. The deferred impact fee payment lien shall be recorded against the property subject to the building permit and be granted in favor of the City in the amount of the deferred impact fee. Any such lien shall be junior and subordinate only to one mortgage for the purpose of construction upon the same real property subject to the building permit. In addition to the administrative fee required in subsection A of this section, the applicant shall pay to the City the fees necessary for recording the lien agreement with the King County Recorder.

D. The City shall not approve a final inspection until the park impact fees identified in the deferred impact fee payment lien are paid in full.

E. In no case shall payment of the impact fee be deferred for a period of more than eighteen (18) months from the date of building permit issuance.

F. Upon receipt of final payment of the deferred impact fee as identified in the deferred impact fee payment lien, the City shall execute a release of lien for the property. The property owner may, at his or her own expense, record the lien release.

G. In the event that the deferred impact fee is not paid within the time provided in this subsection, the City shall institute foreclosure proceedings under the process set forth in Chapter 61.12 RCW.

H. An applicant is entitled to defer impact fees pursuant to this section for no more than twenty (20) single family dwelling unit building permits per year in the City. For purposes of

this section, an “applicant” includes an entity that controls the applicant, is controlled by the applicant, or is under common control with the applicant.

### **19.18.070 Exemptions.**

The following development activities are exempt or partially exempt from the payment of park impact fees:

A. Reconstruction, remodeling or construction of any form of affordable (low-income) housing units, as defined in this chapter, may request an exemption of eighty percent (80%) of the required impact fee. Any claim for an exemption for affordable housing units must be made prior to payment of the impact fee, and any claim not so made shall be deemed waived. Prior to any development approval, the owner shall execute and record against the property in the King County real property title records a City-prepared covenant that shall guarantee that the affordable housing shall continue, which covenant shall run with the land, address annual reporting requirements to the City, price restrictions and household income limits and be consistent with the provisions of RCW 82.02.060(3) as now adopted or hereafter amended. In the event that the exempt housing unit is no longer used for affordable (low-income) housing as defined in this chapter, the current owner shall pay the applicable impact fees in effect at the time of conversion.

B. Rebuilding of legally established building(s) destroyed or damaged by fire, flood, explosion, act of God or other accident or catastrophe, or remodeling of existing legally established building(s), or replacing demolished legally established building(s), provided that a complete building permit for construction or reconstruction is submitted to the city within 12 months of the date of the loss or demolition, as the case may be, and so long as no additional dwelling units or impacts are created.

C. Condominium projects in which existing dwelling units are converted into condominium ownership and where no new dwelling units are created.

D. Any development activity that is exempt from the payment of an impact fee pursuant to RCW 82.02.100, due to mitigation of the same system improvement under the State Environmental Policy Act.

E. Any development activity for which park impacts have been mitigated pursuant to a condition of plat approval to pay fees, dedicate land or construct or improve park facilities, unless the condition of the plat approval provides otherwise; and further provided that the condition of the plat approval predates the effective date of fee imposition.

F. Any development activity for which park impacts have been mitigated pursuant to a voluntary agreement entered into with the City to pay fees, dedicate land or construct or improve park facilities, unless the terms of the voluntary agreement provide otherwise; and further provided that the agreement predates the effective date of fee imposition.

### **19.18.080 Determination of the Fee, Adjustments, Exceptions and Appeals.**

A. The City shall determine a developer's impact fee, according to the Impact Fee Schedule.

B. The fee amount established in the schedule shall be reduced by the amount of any payment previously made for the lot or development activity in question, either as a condition of approval or pursuant to a voluntary agreement.

C. Whenever a developer is granted approval subject to a condition that the developer provide a park facility acceptable to the City, the developer shall be entitled to a credit for the actual cost of providing the facility, against the fee that would be chargeable under the formula

provided by this chapter. The cost of construction shall be estimated at the time of approval, but must be documented, and the documentation confirmed after the construction is completed to assure that an accurate credit amount is provided. If construction costs are less than the calculated fee amount, the difference remaining shall be chargeable as a park impact fee.

D. The standard impact fees may be adjusted, if one of the following circumstances exist, provided that any discount set forth in the fee formula fails to adjust for the error in the calculation or fails to ameliorate for the unfairness of the fee:

1. The developer demonstrates that an impact fee assessment was improperly calculated;  
or

2. Unusual circumstances identified by the developer demonstrate that if the standard impact fee amount was applied to the development, it would be unfair or unjust.

E. A developer may provide studies and data to demonstrate that any particular factor used by the City may not be appropriately applied to the development proposal.

F. Any appeal of the decision of the City with regard to fee amounts shall follow the process for the appeal of the underlying development application, as set forth in the Mercer Island City Code. Any errors in the formula identified as a result of the appeal should be referred to the Council for possible modification.

G. Impact fees may be paid under protest in order to obtain a permit or other approval of development activity.

#### **19.18.090 Impact Fee Accounts and Refunds.**

A. Impact fee receipts shall be earmarked specifically and retained in a special interest-bearing account established by the City solely for the City's park impact fees. All interest shall be retained in the account and expended for the purpose or purposes for which impact fees were imposed. Annually, the City shall prepare a report on the impact fee account showing the source and amount of all moneys collected, earned or received, and capital or system improvements that were financed in whole or in part by impact fees.

B. Impact fees for park system improvements shall be expended by the City for capital improvements including but not limited to park planning, land surveys, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, capital equipment pertaining to recreational facilities, and any other expenses which could be capitalized, and which are consistent with the City's capital facilities element of its Comprehensive Plan or the City's Comprehensive Parks & Recreation Plan.

C. Impact fees may be used to recoup costs for system improvements previously incurred by the City to the extent that new growth and development will be served by the previously constructed system improvements.

D. In the event that bonds or similar debt instruments are issued for the advanced provision of capital facilities for which impact fees may be expended and where consistent with the bond covenants, impact fees may be used to pay debt service on such bonds or similar debt instruments to the extent that the facilities or improvements provided are consistent with the requirements of this section.

E. Impact fees shall be expended or encumbered by the City for a permissible use within ten (10) years of receipt by the City, unless there exists an extraordinary or compelling reason for fees to be held longer than ten (10) years.

F. The current owner of property on which an impact fee has been paid may receive a refund of such fees if the impact fees have not been expended or encumbered within ten (10) years of receipt of the funds by the City on park facilities intended to benefit the development activity for which the impact fees were paid. In determining whether impact fees have been encumbered, impact fees shall be considered encumbered on a first in, first out basis. The City shall notify potential claimants by first-class mail deposited with the United States postal service addressed to the owner of the property as shown in the County tax records.

G. An owner's request for a refund must be submitted to the City in writing within one (1) year of the date the right to claim the refund arises or the date that notice is given, whichever date is later. Any impact fees that are not expended or encumbered by the City in conformance with the capital facilities element within these time limitations, and for which no application for a refund has been made within this one (1) year period, shall be retained and expended consistent with the provisions of this section. Refunds of impact fees shall include any interest earned on the impact fees.

H. Should the City seek to terminate any or all park impact fee requirements, all unexpended or unencumbered funds, including interest earned, shall be refunded to the current owner of the property for which a park impact fee was paid. Upon the finding that any or all fee requirements are to be terminated, the City shall place notice of such termination and the availability of the refunds in a newspaper of general circulation at least two times and shall notify all potential claimants by first-class mail addressed to the owner of the property as shown in the County tax records. All funds available for refund shall be retained for a period of one (1) year. At the end of one (1) year, any remaining funds shall be retained by the City, but must be expended by the City, consistent with the provisions of this section. The notice requirement set forth above shall not apply if there are no unexpended or unencumbered balances within the account or accounts being terminated.

I. A developer may request and shall receive a refund, including interest earned on the impact fees, when:

1. The developer has not received final plat approval, the building permit, the mobile home permit, the site plan approval, nor final approval for the development activity as required by statute or City Code including the International Building Code; and

2. No impact on the City has resulted. "Impact" shall be deemed to include cases where the City has expended or encumbered the impact fees in good faith prior to the application for a refund. In the event that the City has expended or encumbered the fees in good faith, no refund shall be forthcoming. However, if within a period of three (3) years, the same or subsequent owner of the property proceeds with the same or substantially similar development activity, the owner shall be eligible for a credit. The owner must petition the City and provide receipts of impact fees paid by the owner for a development of the same or substantially similar nature on the same property or some portion thereof. The City shall determine whether to grant a credit, and such determinations may be appealed by following the procedures set forth in Section 19.18.080.

J. Interest due upon the refund of impact fees required by this section shall be calculated according to the average rate received by the City on invested funds throughout the period during which the fees were retained.

#### **19.18.100 Fee Schedule and Updates.**

A. The following impact fees are based on the City's 2015 rate study.



- 1. Single-Family Dwelling Unit: \$2,054 per dwelling unit
- 2. Multi-Family: \$1,320 per dwelling unit
- B. Park impact fee rates shall be updated annually using the following procedures:
  - 1. The Code Official shall use the Construction Cost Index for Seattle (June-June) published by the Engineering News Record to calculate annual inflation adjustments in the impact fee rates. The park impact fees shall not be adjusted for inflation should the index remain unchanged.
  - 2. The indexed impact fee rates shall be effective January 1. A copy of the indexed impact fee rates shall be provided to the City Council but the indexed rates shall become effective without further Council review.
- C. The Code Official shall review the park impact fee rates annually to determine when a new park impact fee rate study should be prepared and recommend to the City Council when a new study should be prepared.

**Section 2. Severability.** If any section, sentence, clause or phrase of this ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

**Section 3. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 4. Effective Date.** This Ordinance shall take effect and be in force 30 days after passage and publication.

PASSED by the City Council of the City of Mercer Island, Washington at its regular meeting on the \_\_\_\_ day of \_\_\_\_\_ 2015 and signed in authentication of its passage.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_



**CITY OF MERCER ISLAND  
PLANNING COMMISSION  
STAFF REPORT**

**Agenda Item: 1  
November 4, 2015**

File Numbers:	ZTR15-005
Description:	A zoning text amendment request to create Mercer Island City Code (MICC) chapter 19.18 pertaining to parks impact fees.
Applicant:	City of Mercer Island
Locations:	All lands within the City of Mercer Island
Exhibits:	<ol style="list-style-type: none"><li>1. Draft Ordinance Creating a New Chapter 19.18 in Mercer Island City Code Title 19</li><li>2. Parks Rate Study</li><li>3. Development Application Received by the City of Mercer Island Development Services Group on October 14, 2015</li><li>4. Public Notice of Application and Public Notice of Open Record Hearing Issued on by the City of Mercer Island on October 19, 2015</li></ol>

## **I. SUMMARY**

The City of Mercer Island is proposing an amendment to Title 19 of the Mercer Island City Code (MICC) that would add a new chapter, 19.18 "Parks Impact Fees" (Exhibit 1). The code text amendment proposes impact fees to address the impact on park facilities caused by new development pursuant to RCW 82.02.050 through 82.02.100. The proposed impact fees would be \$1,751 for a single-family unit; \$1,126 for a multi-family unit; and \$647 per 1,000 gross square feet of commercial/retail/office floor area. The proposed fees are based on a Rate Study, included as Exhibit 2.

An application for the proposed code amendment was received on October 14, 2015 (Exhibit 3) and was determined to be complete on October 14, 2015. The proposed code text amendments are incorporated into a draft ordinance, which is included as Exhibit 1. The application is exempt from review under the State Environmental Policy Act (SEPA), WAC 197-11-800(19).

A code amendment is designated as a legislative action, as set forth in MICC 19.15.010(E). Applicable procedural requirements for a legislative action are contained within MICC 19.15.020, including the provision that the Planning Commission conduct an open record public hearing for all legislative actions. On November 4, 2015, the Planning Commission is scheduled to hold an open record public hearing on this matter to obtain comments from the public, deliberate the proposed amendments and forward a recommendation to the City Council. The Planning Commission's resulting recommendation will be forwarded to the City Council for consideration and action. As the final decision making authority for legislative actions, the City Council will consider the matter in an open public meeting prior to taking final action. The City Council's first reading of the code amendments is tentatively scheduled for November 16, 2015. A second reading may be held on December 7, 2015, during which the Council is anticipated to take final action and render a decision on the proposed code amendments.

The City issued a Public Notice of Application and Open Record Hearing (Exhibit 4), which was published in the City's weekly permit bulletin on October 19, 2015 and in the Mercer Island Reporter on October 21, 2015. The public comment period ran from October 19, 2015 through 5:00 P.M. on November 4, 2015. As of October 29, 2015, the City had not received any written comments concerning the proposed zoning text amendment. The City scheduled an open record public hearing in front of the Planning Commission for November 4, 2015, which was noticed concurrently with the Public Notice of Application.

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## **II. STAFF FINDINGS, ANALYSIS AND CRITERIA FOR REVIEW**

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The proposed amendments to MICC Title 19 related to park impact fees are shown in Exhibit 1.

Background: At its January 2015 Planning Session, the Mercer Island City Council directed staff to provide information about the current use of mitigation fees under the State Environmental Policy Act (SEPA) and potential use of impact fees under the Growth Management Act (GMA).

Staff presented the requested information at the City Council's March 16, 2015 meeting. At the March 16, 2015 meeting, the Council directed staff to study the use of GMA impact fees for schools, parks and transportation facilities. The City Council adopted school impact fees on September 8, 2015. The City Council received reports on parks and transportation impact fees at their July 20, 2015, August 3, 2015 and October 5, 2015 meetings. On October 5, 2015, the City Council directed staff and Planning Commission to process Code Text Amendments to add parks and transportation impact fee programs. Consideration of both park and transportation impact fees is before the Planning Commission on November 4, 2015.

Authority: The City has authority to adopt impact fees to address the impact on park facilities caused by new development pursuant to RCW 82.02.050 through 82.02.100. The proposed Ordinance is heavily influenced by and complies with these RCW sections. In addition, the proposed Ordinance incorporates a new RCW requirement passed this year by the Legislature and signed by the Governor. ESB 5923 requires cities to allow for deferral of impact fees by September 1, 2016. Exhibit 1, Section 19.18.060 incorporates this requirement.

### **Criteria For Review**

There are no specific criteria listed in the Mercer Island City Code for a code amendment. However, in accordance with RCW 36.70A.040, the proposed amendments shall be consistent with the goals and policies set forth in the City's Comprehensive Plan:

1. Capital Facilities Element, Table 2:

This table acknowledges that "expenditure per capita" is the Level of Service to be used for both parks and open space.

2. Capital Facilities Element, Policy 1.16:

Develop and adopt new impact fees, or refine existing impact fees, in accordance with the Growth Management Act, as part of the financing for public facilities. Public facilities for which impact fees may be collected shall include public streets and roads; publicly owned parks, open space and recreation facilities; school facilities; and City fire protection facilities.

3. Capital Facilities Element, Policy 1.17:

In accordance with the Growth Management Act, impact fees shall only be imposed for system improvements which are reasonably related to the new development; shall not exceed a proportionate share of the costs of system improvements reasonably related to the new development; and shall be used for system improvements that will reasonably benefit the new development.

**Staff findings:**

The current Comprehensive Plan was updated in August, 2015 to support the collection of impact fees for schools, parks and open space and transportation facilities. The proposed ordinance uses per capita expenditure on parks and open space as the level of service to be funded by impact fees. The project list proposed for partial impact fee funding includes system improvements which are reasonably related to new development. The cost of the proposed improvements does not exceed a proportionate share of the costs of system improvements reasonably related to new development. Under the proposed impact fee program, impact fees collected by the City would be used for system improvements that will reasonably benefit new development.

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**III. STAFF RECOMMENDATION**

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Based on the analysis and findings included herein, staff recommends to the Planning Commission the following:

**Recommended Motion:** Move to recommend that the City Council approve the request for an amendment to Mercer Island City Code (MICC) Title 19, as detailed in Exhibit 1.

**First Alternative Motion:** Move to recommend that the City Council approve the request for an amendment to Mercer Island City Code (MICC) Title 19, as detailed in Exhibit 1, provided that the proposal shall be modified as follows: *[describe modifications]*.

**Second Alternative Motion:** Move to recommend that the City Council deny the request for an amendment to Mercer Island City Code (MICC) Title 19, as detailed in Exhibit 1.

*Staff Contact: Scott Greenberg, Development Services Director*

**CITY OF MERCER ISLAND  
ORDINANCE NO. 15C-\_\_\_\_**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON  
ESTABLISHING A NEW CHAPTER 19.18 OF THE MERCER ISLAND  
CITY CODE ENTITLED, “PARKS IMPACT FEES”.**

WHEREAS, the City has authority to adopt impact fees to address the impact on publicly owned parks, open space and recreational facilities caused by new development, pursuant to RCW 82.02.050 through 82.02.100; and

WHEREAS, adoption of an impact fee ordinance is categorically exempt from the State Environmental Policy Act pursuant to WAC-197-11-800(19); and

WHEREAS, the City Planning Commission held a public hearing on \_\_\_\_\_, 2015 and recommended adoption of this Ordinance; and

WHEREAS, the City Council held a public meeting and considered this Ordinance during its regular City Council meeting of \_\_\_\_\_, 2015;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, ORDAINS AS FOLLOWS:

**Section 1.**     **Establish Mercer Island City Code Chapter 19.18, Parks Impact Fees.** There is hereby added to Title 19 of the Mercer Island City Code (“MICC”), a new chapter 19.18, entitled “Parks Impact Fees”, as follows:

**Chapter 19.18  
PARKS IMPACT FEES**

**Sections:**

- 19.18.010 Purpose and Authority
- 19.18.020 Definitions
- 19.18.030 Impact Fee Program Elements
- 19.18.040 Fee Calculations
- 19.18.050 Assessment and Collection of Impact Fees
- 19.18.060 Option for Deferred Payment of Impact Fees
- 19.18.070 Exemptions
- 19.18.080 Determination of the Fee, Adjustments, Exceptions and Appeals
- 19.18.090 Impact Fee Accounts and Refunds

**19.18.010 Purpose and Authority.**

A. This chapter is enacted pursuant to the City’s police powers, the Growth Management Act as codified in chapter 36.70A RCW (“the Act”) and the impact fee statutes as codified in RCW 82.02.050 through 82.02.100.

B. The purpose of this chapter is to:

1. Develop a program consistent with the City’s Comprehensive Plan for joint public and private financing of publicly owned parks, open space and recreational facilities (“park facilities”) consistent with the capital facilities plan of the City of Mercer Island Comprehensive Plan, as such public facilities are necessitated in whole or in part by development in the City;

2. Ensure adequate levels of service in park facilities;

3. Create a mechanism to charge and collect fees to ensure that all new development bears its proportionate share of the capital costs of park facilities reasonably related to new development, in order to ensure the availability of adequate park facilities at the time new development occurs; and

4. Ensure fair collection and administration of such impact fees.

C. The provisions of this chapter shall be liberally construed to effectively carry out its purpose in the interest of the public health, safety and welfare.

**19.18.020 Definitions.**

A. “Affordable Housing Unit” means (1) an owner-occupied housing unit affordable to households whose household income is less than 80% of the King County median income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and no more than 30% of the household income is paid for housing expenses (e.g., mortgage, property taxes, hazard and mortgage insurance and homeowners dues (if applicable), or (2) a renter-occupied housing unit affordable to households whose income is less than 60% of the King County median income, adjusted for household size, as determined by HUD, and no more than 30% of the household income is paid for housing expenses (rent and appropriate utility allowance). In the event that HUD no longer publishes median income figures for King County, the City may use another method as it may choose to determine the King County median income, adjusted for household size. The Code Official will make a determination of sales prices or rents that meet the affordability requirements of this chapter.

B. “Capital Facilities Plan” means the Capital Facilities element of the City of Mercer Island’s Comprehensive Plan.

C. “City” means the City of Mercer Island.

D. “Developer” means the person or entity that owns or holds purchase options or other development control over property for which development activity is proposed.

E. “Development Activity” means having any construction or expansion of a building, structure or use, any change in use of a building or structure, or any change in the use of land that creates additional demand for park facilities.

F. “Dwelling Unit” means a Dwelling as defined in Section 19.16.010 MICC.

G. “Encumbered” means impact fees identified by the City as being committed as part of the funding for a park facility for which the publicly funded share has been assured or building permits sought or construction contracts let.

H. “Impact Fee” means a payment of money imposed upon development activity as a condition of development approval to pay for park facilities needed

to serve new growth and development, that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development. "Impact Fee" does not include a reasonable permit or application fee.

I. "Impact Fee Schedule" means the table of impact fees to be charged per unit of development, computed by the formula contained in the Parks Impact Fee Rate Study, indicating the standard fee amount per unit of development that shall be paid as a condition of such development within the City.

**19.18.030 Impact Fee Program Elements.**

A. The City shall impose impact fees on every Development Activity in the City for which an Impact Fee Schedule has been established.

B. Any impact fee imposed shall be reasonably related to the impact caused by the development and shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development. The impact fee formula shall account in the fee calculation for future revenues the City will receive from the development.

C. The impact fee shall be based on the Capital Facilities element adopted by the City as part of the City's Comprehensive Plan and the City's Comprehensive Parks & Recreation Plan.

**19.18.040 Fee Calculations.**

A. The fee shall be calculated based on the methodology set forth in the Parks Impact Fee Rate Study.

B. Any impact fee imposed shall be reasonably related to the impact caused by the development and shall not exceed a proportionate share of the cost of system improvements that are reasonably related to the new development. The impact fee formula shall take into account the future revenues the City will receive from the development, along with system costs related to serving the new development.

C. . For the purpose of this chapter, mobile homes shall be treated as single family dwellings and duplexes shall be treated as multi-family dwellings.

D. The methodology shall provide for a credit for park facilities or sites actually provided by a developer which the City finds acceptable.

**19.18.050 Assessment and Collection of Impact Fees.**

A. The City shall collect impact fees, based on the City's Permit and Impact Fee Schedule, from any applicant seeking a building permit from the City.

B. All impact fees shall be collected from the applicant prior to issuance of the building permit unless the use of an independent fee calculation has been approved or unless the applicant applies for deferred payment of impact fees pursuant to Section 19.18.060. The fee shall be calculated based on the Impact Fee Schedule in effect at the time the building permit is issued unless otherwise required pursuant to Section 19.18.060.

C. For building permits within new subdivisions approved under Chapter 19.08 (Subdivisions), a credit shall be applied for any dwelling unit that exists on the land within the subdivision prior to the subdivision if the dwelling unit is demolished. The credit shall apply to the first complete building permit application submitted to the City subsequent to demolition of the existing dwelling unit, unless otherwise allocated by the applicant of the subdivision as part of approval of the subdivision.

D. The City shall not issue the required building permit unless and until the impact fees set forth in the Impact Fee Schedule have been paid.

E. The City may impose an application fee, as provided for in the City's adopted Permit and Impact Fee Schedule, to cover the reasonable cost of administration of the impact fee program. The fee is not refundable and is collected from the applicant of the development activity permit at the time of permit issuance.

**19.18.060 Option for Deferred Payment of Impact Fees.**

An applicant may request, at any time prior to building permit issuance, and consistent with the requirements of this section, to defer to final inspection the payment of an impact fee for a residential development unit. The following shall apply to any request to defer payment of an impact fee:

A. The applicant shall submit to the City a written request to defer the payment of an impact fee for a specifically identified building permit. The applicant's request shall identify, as applicable, the applicant's corporate identity and contractor registration number, the full names of all legal owners of the property upon which the development activity allowed by the building permit is to occur, the legal description of the property upon which the development activity allowed by the building permit is to occur, the tax parcel identification number of the property upon which the development activity allowed by the building permit is to occur, and the address of the property upon which the development activity allowed by the building permit is to occur. All applications shall be accompanied by an administrative fee as provided for in the City's adopted Permit and Impact Fee Schedule.

B. The impact fee amount due under any request to defer payment of impact fees shall be based on the schedule in effect at the time the applicant provides the City with the information required in subsection A of this section.

C. Prior to the issuance of a building permit that is the subject of a request for a deferred payment of impact fee, all applicants and/or legal owners of the property upon which the development activity allowed by the building permit is to occur must sign a deferred impact fee payment lien in a form acceptable to the City Attorney. The deferred impact fee payment lien shall be recorded against the property subject to the building permit and be granted in favor of the City in the amount of the deferred impact fee. Any such lien shall be junior and subordinate only to one mortgage for the purpose of construction upon the same real property subject to the building permit. In addition to the administrative fee required in subsection A of this section, the applicant shall pay to the City the fees necessary for recording the lien agreement with the King County Recorder.



D. The City shall not approve a final inspection until the park impact fees identified in the deferred impact fee payment lien are paid in full.

E. In no case shall payment of the impact fee be deferred for a period of more than eighteen (18) months from the date of building permit issuance.

F. Upon receipt of final payment of the deferred impact fee as identified in the deferred impact fee payment lien, the City shall execute a release of lien for the property. The property owner may, at his or her own expense, record the lien release.

G. In the event that the deferred impact fee is not paid within the time provided in this subsection, the City shall institute foreclosure proceedings under the process set forth in Chapter 61.12 RCW.

H. An applicant is entitled to defer impact fees pursuant to this section for no more than twenty (20) single family dwelling unit building permits per year in the City. For purposes of this section, an “applicant” includes an entity that controls the applicant, is controlled by the applicant, or is under common control with the applicant.

#### **19.18.070 Exemptions.**

The following development activities are exempt or partially exempt from the payment of park impact fees:

A. Reconstruction, remodeling or construction of the following facilities, subject to the recording of a covenant or recorded declaration of restrictions precluding use of the property for other than the exempt purpose. Provided, that if the property is used for a non-exempt purpose, then the park impact fees then in effect shall be paid.

1. Construction or remodeling of transitional housing facilities or dwelling units that provide housing to persons on a temporary basis for not more than twenty-four (24) months, in connection with job training, self-sufficiency training and human services counseling, the purpose of which is to help persons make the transition from homelessness to placement in permanent housing; and

2. Any form of affordable (low-income) housing units, as defined in this chapter, may request an exemption of eighty percent (80%) of the required impact fee. Any claim for an exemption for affordable housing units must be made prior to payment of the impact fee, and any claim not so made shall be deemed waived. Prior to any development approval, the owner shall execute and record against the property in the King County real property title records a City-prepared covenant that shall guarantee that the affordable housing shall continue, which covenant shall run with the land, address annual reporting requirements to the City, price restrictions and household income limits and be consistent with the provisions of RCW 82.02.060(3) as now adopted or hereafter amended. In the event that the exempt housing unit is no longer used for affordable (low-income) housing as defined in this chapter, the current owner shall pay the applicable impact fees in effect at the time of conversion.

B. Rebuilding of legally established building(s) destroyed or damaged by fire, flood, explosion, act of God or other accident or catastrophe, or remodeling of existing legally established building(s), or replacing demolished legally

established building(s), provided that a complete building permit for construction or reconstruction is submitted to the city within 12 months of the date of the loss or demolition, as the case may be, and so long as no additional dwelling units or impacts are created.

C. Condominium projects in which existing dwelling units are converted into condominium ownership and where no new dwelling units are created.

D. Any development activity that is exempt from the payment of an impact fee pursuant to RCW 82.02.100, due to mitigation of the same system improvement under the State Environmental Policy Act.

E. Any development activity for which park impacts have been mitigated pursuant to a condition of plat approval to pay fees, dedicate land or construct or improve park facilities, unless the condition of the plat approval provides otherwise; and further provided that the condition of the plat approval predates the effective date of fee imposition.

F. Any development activity for which park impacts have been mitigated pursuant to a voluntary agreement entered into with the City to pay fees, dedicate land or construct or improve park facilities, unless the terms of the voluntary agreement provide otherwise; and further provided that the agreement predates the effective date of fee imposition.

#### **19.18.080 Determination of the Fee, Adjustments, Exceptions and Appeals.**

A. The City shall determine a developer's impact fee, according to the Impact Fee Schedule. **[NOTE: Proposed fee is \$1,751 for a single-family unit; \$1,126 for a multi-family unit; and \$647 per 1,000 gross square feet of commercial/retail/office floor area.]**

B. The fee amount established in the schedule shall be reduced by the amount of any payment previously made for the lot or development activity in question, either as a condition of approval or pursuant to a voluntary agreement.

C. Whenever a developer is granted approval subject to a condition that the developer provide a park facility acceptable to the City, the developer shall be entitled to a credit for the actual cost of providing the facility, against the fee that would be chargeable under the formula provided by this chapter. The cost of construction shall be estimated at the time of approval, but must be documented, and the documentation confirmed after the construction is completed to assure that an accurate credit amount is provided. If construction costs are less than the calculated fee amount, the difference remaining shall be chargeable as a park impact fee.

D. The standard impact fees may be adjusted, if one of the following circumstances exist, provided that any discount set forth in the fee formula fails to adjust for the error in the calculation or fails to ameliorate for the unfairness of the fee:

1. The developer demonstrates that an impact fee assessment was improperly calculated; or
2. Unusual circumstances identified by the developer demonstrate that if the standard impact fee amount was applied to the development, it would be unfair or unjust.

E. A developer may provide studies and data to demonstrate that any particular factor used by the City may not be appropriately applied to the development proposal.

F. Any appeal of the decision of the City with regard to fee amounts shall follow the process for the appeal of the underlying development application, as set forth in the Mercer Island City Code. Any errors in the formula identified as a result of the appeal should be referred to the Council for possible modification.

G. Impact fees may be paid under protest in order to obtain a permit or other approval of development activity.

**19.18.090 Impact Fee Accounts and Refunds.**

A. Impact fee receipts shall be earmarked specifically and retained in a special interest-bearing account established by the City solely for the City's park impact fees. All interest shall be retained in the account and expended for the purpose or purposes for which impact fees were imposed. Annually, the City shall prepare a report on the impact fee account showing the source and amount of all moneys collected, earned or received, and capital or system improvements that were financed in whole or in part by impact fees.

B. Impact fees for park system improvements shall be expended by the City for capital improvements including but not limited to park planning, land surveys, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, capital equipment pertaining to recreational facilities, and any other expenses which could be capitalized, and which are consistent with the City's capital facilities element of its Comprehensive Plan or the City's Comprehensive Parks & Recreation Plan.

C. Impact fees may be used to recoup costs for system improvements previously incurred by the City to the extent that new growth and development will be served by the previously constructed system improvements.

D. In the event that bonds or similar debt instruments are issued for the advanced provision of capital facilities for which impact fees may be expended and where consistent with the bond covenants, impact fees may be used to pay debt service on such bonds or similar debt instruments to the extent that the facilities or improvements provided are consistent with the requirements of this section.

E. Impact fees shall be expended or encumbered by the City for a permissible use within ten (10) years of receipt by the City, unless there exists an extraordinary or compelling reason for fees to be held longer than ten (10) years.

F. The current owner of property on which an impact fee has been paid may receive a refund of such fees if the impact fees have not been expended or encumbered within ten (10) years of receipt of the funds by the City on park facilities intended to benefit the development activity for which the impact fees were paid. In determining whether impact fees have been encumbered, impact fees shall be considered encumbered on a first in, first out basis. The City shall notify potential claimants by first-class mail deposited with the United States

postal service addressed to the owner of the property as shown in the County tax records.

G. An owner's request for a refund must be submitted to the City in writing within one (1) year of the date the right to claim the refund arises or the date that notice is given, whichever date is later. Any impact fees that are not expended or encumbered by the City in conformance with the capital facilities element within these time limitations, and for which no application for a refund has been made within this one (1) year period, shall be retained and expended consistent with the provisions of this section. Refunds of impact fees shall include any interest earned on the impact fees.

H. Should the City seek to terminate any or all park impact fee requirements, all unexpended or unencumbered funds, including interest earned, shall be refunded to the current owner of the property for which a park impact fee was paid. Upon the finding that any or all fee requirements are to be terminated, the City shall place notice of such termination and the availability of the refunds in a newspaper of general circulation at least two times and shall notify all potential claimants by first-class mail addressed to the owner of the property as shown in the County tax records. All funds available for refund shall be retained for a period of one (1) year. At the end of one (1) year, any remaining funds shall be retained by the City, but must be expended by the City, consistent with the provisions of this section. The notice requirement set forth above shall not apply if there are no unexpended or unencumbered balances within the account or accounts being terminated.

I. A developer may request and shall receive a refund, including interest earned on the impact fees, when:

1. The developer has not received final plat approval, the building permit, the mobile home permit, the site plan approval, nor final approval for the development activity as required by statute or City Code including the International Building Code; and

2. No impact on the City has resulted. "Impact" shall be deemed to include cases where the City has expended or encumbered the impact fees in good faith prior to the application for a refund. In the event that the City has expended or encumbered the fees in good faith, no refund shall be forthcoming. However, if within a period of three (3) years, the same or subsequent owner of the property proceeds with the same or substantially similar development activity, the owner shall be eligible for a credit. The owner must petition the City and provide receipts of impact fees paid by the owner for a development of the same or substantially similar nature on the same property or some portion thereof. The City shall determine whether to grant a credit, and such determinations may be appealed by following the procedures set forth in Section 19.18.080.

J. Interest due upon the refund of impact fees required by this section shall be calculated according to the average rate received by the City on invested funds throughout the period during which the fees were retained.

**Section 2.** **Severability.** If any section, sentence, clause or phrase of this ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such

invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

**Section 3. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 4. Effective Date.** This Ordinance shall take effect and be in force within 30 days after passage and publication.

PASSED by the City Council of the City of Mercer Island, Washington at its regular meeting on the \_\_\_\_ day of \_\_\_\_\_ 2015 and signed in authentication of its passage.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

Approved as to Form:

ATTEST:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_

## MEMORANDUM

Item 1, Exhibit 2

**DATE:** October 26, 2015

**TO:** Mercer Island Planning Commission

**FROM:** Lisa Grueter, AICP – Manager; Jason Hennessy, Associate

**RE:** Draft Rate Study for Parks Impacts Fees

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Mercer Island is considering the potential for Growth Management Act (GMA) impact fees to fund parks, open space, and recreational facility growth-driven needs. The attached draft rate study presents a range of fees by type of dwelling unit or commercial space responding to City Council direction on July 20, 2015.

Following a City Council meeting on October 5, 2015, this memo makes some updates to the draft rate study but conclusions are similar and a comparison of the rates proposed for the October 5, 2015 meeting are compared in the appendix.

# CITY OF MERCER ISLAND IMPACT FEE RATE STUDY

## Draft

### 1.0 INTRODUCTION

#### 1.1 Purpose

Mercer Island is considering the potential for Growth Management Act (GMA) impact fees to fund parks, open space, and recreational facility growth-driven needs. This document presents a rate study with the following major components:

1. Introduction: Purpose, background, definitions, requirements
2. Fee Calculations: Anticipated growth, approach, future needs, capital plans, rate schedule
3. Proposed Policy and Plan Amendments: Level of service policy addition

#### 1.2 Background

The City of Mercer Island has been considering the adoption of school, park, and transportation impact fees. A July 10, 2015 memo titled “Growth-Related Parks Fees Recommendations” prepared by BERK Consulting compared different parks levels of service, population growth ranges, and methods of calculating fees. The memo was presented to the City Council on July 20, 2015. The City Council provided direction on a series of policy questions shown in Exhibit 1.

**Exhibit 1. Park Impact Fee Direction**

No.	Question	City Council Direction
July 2015		
1	Should the City impose SEPA mitigation fees or GMA impact fees?	City Council directed that the Staff prepare a study and ordinance to consider adoption of GMA impact fees.
2	Which methodology should be used to determine the fee—acres-based, per-capita investment or benchmarking?	City Council directed the use of the per-capita investment methodology.
3	Should employees be included in the formula used to calculate an impact fee and should an impact fee be assessed on commercial floor area?	The City Council wished to see an option with and without employees in the formula and assess an impact fee on commercial floor area.
4	Should land value be included in the valuation formula, and if so, should adjustments be applied for land value?	The City Council wished to include land value in the formula.
5	Which growth scenario should be used for the population projection—the King County Countywide Planning Policies or PSRC’s Land Use Baseline?	City Council directed the use of the King County Countywide Planning Policies.

No.	Question	City Council Direction
6	Should staff come back to the City Council with a package of CIP [Capital Improvement Projects] projects aligned with the updated level of service standards and impact fees?	City Council directed that the Staff provide a package of CIP projects aligned with the updated level of service standards and impact fees.
7	Should funding be appropriated for Phase 2?	This rate study is the result of the City Council directing the preparation of the study.
September 2015		
8	Base fees on residential growth only or residential and employment growth?	City Council directed that rates address both residential and employment growth.
9	Include a low-income/affordable housing exemption?	City Council directed the ordinance include an affordable housing exemption.

The original direction in July 2015 was to include a residential-only and residential and employment rate option, as well as other direction. Supplemental direction at the October 5, 2015 meeting included direction to include both residential and employment based rates, and to include an affordable housing exemption.

This parks rate study memo presents a draft impact fee and rate schedule based on the City Council direction outlined above. As discussed at the City Council meeting on July 20, 2015, this finer grained review of impact fees would be in the range of the prior rough estimates presented in the July 10, 2015 memo, but would not be identical for several reasons including, but not limited to: 1) the effective period of the study and ordinance (e.g. base year or horizon year); 2) a more precise proportionate share reduction approach accounting for other available funds; 3) the need to match the fee to the City's parks capital project list focusing on growth-related projects.

### 1.3 Impact Fee Definition

#### Statutory

Impact fees are those fees charged by a local government on new development to recover a portion of the cost of capital facility improvements needed to serve new development. Specifically, the Washington State Legislature outlined the intent of local impact fees:

*RCW 82.02.050 Impact fees—Intent—Limitations.*

*(1) It is the intent of the legislature:*

- (a) To ensure that adequate facilities are available to serve new growth and development;*
- (b) To promote orderly growth and development by establishing standards by which counties, cities, and towns may require, by ordinance, that new growth and development pay a proportionate share of the cost of new facilities needed to serve new growth and development; and*
- (c) To ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicative fees for the same impact.*



- (2) *Counties, cities, and towns ... are authorized to impose impact fees on development activity as part of the financing for public facilities, provided that the financing for system improvements to serve new development must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees.*

Impact fees may be charged to help pay for public transportation and road facilities; fire protection facilities; schools; and public parks, open space, and recreation facilities. Local governments are authorized to charge such fees under RCW 82.02.050 to 82.02.090, provided that these fees are only imposed for system improvements<sup>1</sup> that are reasonably related to the new development, do not exceed a proportionate share of the costs of necessary system improvements, and are only used for system improvements that will reasonably benefit the new development (RCW 82.02.050(3)). In addition, cities “financing for system improvements to serve new development must provide for a balance between impact fees and other sources of public funds”—*i.e.*, impact fees cannot be the sole source of funding for system improvements that address growth impacts.

According to the provisions of RCW 82.02.060, impact fees must be adjusted for other revenue sources that are paid by development, if such payments are earmarked or proratable to particular system improvements. Likewise, the City must provide impact fee credit if the developer dedicates land or improvements identified in the City’s adopted Capital Facilities Plan and such construction is required as a condition of development approval. Collected impact fees may only be spent on public facilities identified in a capital facilities plan or to reimburse the government for the unused capacity of existing facilities (RCW 82.02.050(4)). In addition, impact fees may only be spent on capital costs; they may not be used to pay for operating expenses or maintenance activities.

### Potential Deficiencies

Based on the language of RCW 82.02.050(4), the capital facilities plan must identify “[d]eficiencies in public facilities serving existing development and the means by which existing deficiencies will be eliminated within a reasonable period of time,” and must distinguish such deficiencies from “[a]dditional demands placed on existing public facilities by new development.”

The extent to which existing deficiencies exist will be determined by the LOS standard that the city or county uses to define the impact created by development. In this case, the City of Mercer Island is electing to use a per capita level of service and impact fee calculation approach. Because the per capita investment method is based on current assets and the current population there are no existing deficiencies.

### Project Eligibility

Impact fee legislation requires that parks impact fees only be used for parks system improvements that benefit the new development and relate to the demand from new development. To the extent these projects extend capacity for park, facility, and/or trail use, that portion of the project that corresponds to an impact that can be tied to new development can be funded by impact fees.

*RCW 82.02.050(3) The impact fees:*

- (a) *Shall only be imposed for system improvements that are reasonably related to the new development;*

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<sup>1</sup> “‘System improvements’ mean public facilities that are included in the capital facilities plan and are designed to provide service to service areas within the community at large, in contrast to project improvements” RCW 82.02.090(9).

- (b) Shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development; and*
- (c) Shall be used for system improvements that will reasonably benefit the new development.*

Examples of the types of Mercer Island park and recreation projects that may be eligible for a portion of the project to be impact-fee funded include added lighting or artificial turf on athletic fields allowing greater hours of use, expanded trails, added waterfront access facilities, or other improvement that allows more usage. More specific projects that could support growth are found in the Appendix and is based on adopted parks and recreation plans.

## 1.4 Requirements for Impact Fee Rate Calculation

The impact fee must be assessed in line with the requirements of RCW 82.02.050 through 82.02.090. The ordinance is to include a schedule of impact fees for each type of development activity that is subject to impact fees. The schedule must be based on a formula or method. (RCW 82.02.060(1)) The fees must be adjusted for the share of future taxes or other available funding sources. The means by which the proportionate share reduction is calculated is guided by RCW 82.02.060:

*RCW 82.02.060 (1) ...In determining proportionate share, the formula or other method of calculating impact fees shall incorporate, among other things, the following:*

- (a) The cost of public facilities necessitated by new development;*
- (b) An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or proratable to the particular system improvement;*
- (c) The availability of other means of funding public facility improvements;*
- (d) The cost of existing public facilities improvements; and*
- (e) The methods by which public facilities improvements were financed.*

## 2.0 FEE CALCULATIONS

### 2.1 Anticipated Growth

#### Population

The July 10, 2015 BERK Consulting Memo “Growth-Related Parks Fees Recommendations” presented two growth levels for the period 2015-2035: the upper range represented the City’s growth capacity based on the 2014 King County Buildable Lands Report (largely representing 2012 information), and the lower range was represented by the Puget Sound Regional Council’s Land Use Baseline Forecast. This memo addresses the City’s growth targets for the period 2015-2035 with the City’s 2014 analysis of its permits and remaining capacity. The use of the 2015-2035 growth targets is in the range of the growth levels studied in the referenced July 10, 2015 memo.

The King County Countywide Planning Policies set 2006-2031 growth targets for both housing units and jobs for each city in King County. Because of GMA requirements for a 20-year planning period, the City has extended the targets to 2035, and has subtracted permits issued between 2006 and 2014 to define a 2015-2035 growth target (see Exhibit 2).

**Exhibit 2. Estimated Population Growth 2015-2035**

	<b>Units</b>
Housing Growth Target (2006-2031)	2,000
Housing Target Extension 2031-2035	320
Target 2006-2035	2,320
Permits Issued: 1/1/06 - 12/31/14	999
<b>Remaining Housing Target: 2015-2035</b>	<b>1,321</b>
<b>Buildable Land Capacity: 2014</b>	<b>1,659</b>

King County Countywide Planning Policies.

City of Mercer Island, *Growth Management Act and Comprehensive Planning Frequently Asked Questions*, April 2015.

Source: BERK Consulting, 2015.

This study relies on the net change in dwelling units of 1,321 between 2015 and 2035, and household size assumptions to develop future population growth estimates. Based on 2009-2013 American Community Survey estimates for Mercer Island, the average persons per single family dwelling unit is 2.72 and the average persons per multifamily dwelling unit is 1.75. See Exhibit 3. This is carried forward in the per capita analysis later in this rate study.

To help project the future dwelling unit mix allowing the development of a rate schedule by dwelling type, BERK Consulting also referenced the 2014 *King County Buildable Lands Report* for the estimated 2012 mix of single family and multifamily capacity. That analysis shows that as of the 2012 capacity for new growth, the share of single family dwellings would be 30.6% and the share of multifamily dwellings would be 69.4%.

**Exhibit 3. Housing Target, Unit Shares, and Population Estimates**

	<b>Housing Target and Population Estimates</b>	<b>Single-Family Share Estimate</b>	<b>Multi-Family Share Estimate</b>
2015-2035 Total Target Housing (units)	1,321	405	916
Average Persons per Dwelling Unit		2.72	1.75
<b>2015-2035 Estimated Population Growth</b>	<b>2,700</b>	<b>1,100</b>	<b>1,600</b>

*King County Buildable Lands Report*, 2014.

Persons per Dwelling Unit from U.S. Census Bureau, *2009-2013 5-Year ACS Estimates*, 2013.

Source: BERK Consulting, 2015.

**Employment**

Similar to the housing targets approach, BERK used job growth targets for the years 2006-2031 adjusted for a 2015 base year and 2035 horizon year – please see Exhibit 4.

**Exhibit 4. Estimated Job Growth 2015-2035**

	<b>Jobs</b>
Jobs Growth Target, 2006-2031	1,000
Adjusted Growth Target, 2006-2035	1,160
Minus Job Change, 2006-2014	40
Remaining Job Target: 2015-2035	1,120
Buildable Land Capacity: 2012	2,373

Source: Source: King County Countywide Planning Policies; Mercer Island Draft Comprehensive Plan May 2015; Puget Sound Regional Council, Employment Security Department, 2006-2014; BERK Consulting, 2015.

To assess an employment-based fee on commercial development, the extent to which employees have access to the parks system needed to be determined.

**Equivalent Population: Resident and Employment-Based Park Usage**

Beyond additional residents, development is expected to bring jobs. Added jobs can increase demand on parks infrastructure through use of the parks by the employees or non-resident visitors to those businesses. Multiple Washington jurisdictions have attempted to capture this increased usage resulting from growth by using the concept of equivalent population.<sup>2</sup> Equivalent population estimates are based on quantifying the amount of time that parks are available to each group. These estimates are not an estimate of usage, but of possible usage given the periods that parks are open.

BERK used a method included in Arthur Nelson's *Planner's Estimating Guide* 2004 and in the Issaquah Parks Rate Study 2014 to create a conversion factor to express employees in terms of residents. Considering the number of hours parks are available for usage (16 hours per day, 7 days per week), the potential access to parks by residents and employees can be approximated. For residents it is assumed that parks are available for access 112 hours a week, whereas the typical mix of employment found in the City of Mercer Island, parks are available for usage by employees 45 hours a week. BERK expressed the employee availability in terms of residents to find that each employee is roughly equivalent to 40% of a resident (see Exhibit 5). (Also see the Appendix for a range of assumptions including a prior BERK estimate and other cities' estimates.)

**Exhibit 5. Park Availability to Employees and Residential Conversion Factor**

Time Employee at Employment Location	
Hours per day parks open to residents (6 a.m. - 10 p.m.)	16
Days per week	7
Total hours per week parks available to residents	112
Time Employee at Employment Location	
Hours per day at employment location	9
Days per week at employment location	5
Total hours per week at employment location	45
<b>Employee to Residential Conversion Factor</b>	<b>40.2%</b>

Source: BERK Consulting, 2015.

<sup>2</sup> Examples of other jurisdictions that have used equivalent population include: the Cities of Issaquah, Redmond, and Edmonds.

BERK applied the estimate conversion factor to the estimated number of employees to find the resident equivalents expected to be added to the City of Mercer Island – see Exhibit 6.

### Exhibit 6. Employee Resident Equivalents Estimates for 2015-2035

<b>Employee to resident equivalent park usage ratio</b>	40.2%
2014 number of employees	6,850
<b>Resident equivalents for 2014 number of employees</b>	<b>2,752</b>
2015-2035 growth in number of employees	1,120
<b>2015-2035 growth in resident equivalents</b>	<b>450</b>

PSRC, *Covered Employment Estimates by Jurisdictions*, 2014.

Arthur Nelson, *Planner's Estimating Guide*, 2004.

Source: BERK Consulting, 2015.

BERK did not attempt to estimate the number of non-resident visitors to businesses, primarily because of the unique market demand of the City resulting from being an island surrounded by developed urban areas.

Exhibit 7 below combines both the resident and the employee equivalent population projections.

### Exhibit 7. Resident and Resident Equivalent Estimates 2015-2035

<b>Residential Population Only</b>	<b>Max</b>	<b>Mid-point</b>
2014 estimated residential population	23,310	23,310
2015-2035 estimated growth in residential population	2,700	1,350
<b>2035 estimated residential population</b>	<b>26,010</b>	<b>24,660</b>
Percent of 2035 Population from Growth	10.4%	5.5%

*King County Buildable Lands Mercer Island Residential Projections*, 2014.

Washington State OFM, *April Population Estimate*, 2015.

<b>Resident-Equivalent Population</b>	<b>Max</b>	<b>Mid-point</b>
2014 residential population and resident equivalent of employees	26,062	26,062
2015-2035 Residential growth and resident equivalent growth in employees	3,150	1,575
<b>2035 estimated residential population</b>	<b>29,212</b>	<b>27,637</b>
Percent of 2035 Population from Growth	10.8%	5.7%

PSRC, *Covered Employment Estimates by Jurisdictions*, 2014.

*King County Buildable Lands Mercer Island Residential Projections*, 2014.

Washington State OFM, *April Population Estimate*, 2015.

Source: BERK Consulting, 2015.

### Funding Other than Impact Fees

The City identified expected funding for parks capital facilities for 2015-2035 as part of its Comprehensive Plan. While still in draft form at the time of this memo, a summary of the parks capital facilities funding is found in Exhibit 8.

**Exhibit 8. 2015-2035 Parks and Open Space Capital Funding**

<b>Parks &amp; Open Space</b>	<b>2015-2035 Estimate</b>	
REET 1	\$	28,564,570
Levy	\$	458,000
Other	\$	14,410,753
<b>Total without Grants</b>	<b>\$</b>	<b>43,433,323</b>
Grants	\$	3,292,500
<b>Total with Grants</b>	<b>\$</b>	<b>46,725,823</b>

City of Mercer Island, *Draft Comprehensive Plan 2015-2035*, 2015.

Note: BERK assumed that all the funding shown would be available for capital projects. As the source method was unavailable at the time of this writing, BERK treated the values as 2015 dollars. If not all revenue is available for capital projects or if an inflation factor was used, that may mean the proportionate share fee adjustment applied later in the document is conservative.

Source: BERK Consulting, 2015.

BERK used these funding estimates to find the expected share of funding related to growth – please see Proportionate Share below.

## 2.2 Approach

### Level of Service: Per Capita

At the direction of the Mercer Island City Council, a Level of Service (LOS) is proposed based on an investment per capita for the total value of the City's park system, including for both land and facilities. To create a per capita LOS, BERK estimated the total parks system value and the divided by the total population to determine the average value of the system per resident.

Under this LOS standard, the park system's value is used as a target to set a minimum investment per capita that can be applied to future growth. As population grows, the City makes additional investments in the park system equal to the per capita value multiplied by the additional population in order to maintain the existing per capita value. To find the additional value needed, the basic approach is:

$$\text{Capital Value per Capita} \times \text{Population Growth} = \text{Additional Value Needed}$$

The investment necessary to meet the needs of future growth is calculated by taking the Additional Value Needed and subtracting the value of any Reserve Capacity in the system (*i.e.*, surplus value per capita), as well as any balance in the City's impact fee account. Presently the City has not oversized any facilities anticipating growth, and does not have a reserve value.

$$\text{Additional Value Needed} - \text{Reserve Capacity Value} - \text{Impact Fee Balance} = \text{Investment Needed for Growth}$$

Because the per capita investment approach focuses on maintaining the value of the park system at the resident level, it provides a clear starting point for establishing park impact fees. The amount of

investment needed to accommodate a given amount of population growth must be discounted for other funding sources and City-selected discounts, each addressed separately in 2.4 Impact Fee Rates below.

### System Valuation

The Mercer Island City Council directed the use of the system value in the per capita approach including the full value of land, improvements, and facility replacement values.

The current value of the City's park system was estimated based on the assessed land value of current park properties, including improvements, and the replacement cost of existing park facilities. Value estimates are based on a combination of King County Assessor data and Washington Cities Insurance Authority (WCIA) data.

### Current Land Value

The current land value of the City of Mercer Island's park system is shown in Exhibit 9. All City-owned property identified by the Parks and Recreation Department was included in the estimate, as were several additional properties included in the WCIA data provided.<sup>3</sup> Park or open space land or facilities that are private or owned by Mercer Island School District were not included in the calculation of park system value. Neither were street ends included in the park system value, since they are so small in area individually and since collectively they only comprise 3.34 acres of land. The values are slightly higher in the Exhibit than in the July 10, 2015 memo as the values were adjusted from 2014 to 2015 based on the Consumer Price Index.

**Exhibit 9. Assessed Land Value with Building Replacement Value –  
City of Mercer Island Parks Properties**

Park Class	Assessed Land Value (2015\$)	Building Replacement	Total Value (2015\$)
Regional	\$26,314,169	\$16,288,716	\$42,602,885
Community	\$31,888,696	\$108,866	\$31,997,562
Neighborhood	\$6,979,902	\$0	\$6,979,902
Mini	\$6,992,199	\$0	\$6,992,199
Open Space	\$192,590,004	\$0	\$192,590,004
<b>Total</b>	<b>\$ 264,764,970</b>	<b>\$ 16,397,581</b>	<b>\$ 281,162,552</b>

King County Assessor Office, 2015.

Washington Cities Insurance Authority, 2014.

Note: Regional Park Building Replacement Value includes the Mercer Island Community and Event Center representing nearly three-quarters of the value.

Source: BERK Consulting, 2015.

Based on this data, the current assessed land value of the City's park system is approximately \$264.8 million. BERK estimated that the building replacement value is \$16.4 million, together equaling \$281.2 million. It should be noted that replacement value for park land is generally slightly higher than assessed value, since park land is often assessed below market value as government-owned property. If the City needed to "replace" its current park acreage through market-rate purchases, it would probably pay more

<sup>3</sup> When a park was comprised of acreage designated in more than one park class, estimated value of buildings and facilities were proportionally allocated unless the park was designated open space and some other park class, in which case, none of the value was assigned to open space.

than the value stated in Exhibit 9. However, due to rising land costs over the past several decades, adjusting for sales value would likely overstate the amount the City has actually invested in its park land.

### Replacement Cost of Park Facilities

The value of the City's park facilities and infrastructure, such as sports fields, play equipment, and site improvements, is expressed in terms of replacement construction cost. Using a combination of WCIA building insurance information provided by the City, Mercer Island construction cost estimates for Luther Burbank Park, and various general pricing sources, BERK estimated the unit replacement cost for each of the park facilities listed in the City's Parks & Recreation Plan 2014-2019 and calculated a total facility value, as shown in Exhibit 10. The values are slightly higher in the Exhibit than in the July 10, 2015 memo as the values were adjusted from 2014 to 2015 based on the Consumer Price Index.

#### Exhibit 10. Estimated Facility Replacement Costs – City of Mercer Island Park Facilities

Facility Type	Examples	Capital Replacement Value (2015\$)
Sports Fields	Baseball/softball fields, football fields	\$2,854,720
Sports Courts	Tennis and basketball courts	\$1,993,531
Playgrounds	Playgrounds and swing sets	\$4,490,741
Docks	Docks, fishing pier, day moorage	\$5,385,387
Art	Sculptures	\$777,879
Plazas	Entry plazas, waterfront plazas	\$420,149
Trails	Paths, trails, stairs	\$4,875,852
Site Improvements	Parking, restrooms	\$9,272,180
Other	Gardens, amphitheater, batting cages, shelters, picnic areas	\$860,125
<b>Total</b>		<b>\$ 30,930,563</b>

King County Assessor Office, 2015.

Washington Cities Insurance Authority, 2014.

Source: BERK Consulting, 2015.

Based on these estimated values, current replacement cost of the City's park facilities and improvements is approximately \$30.9 million.

### Per Capita System Value

The total per capita value of the City's park system consisted of the combined values of land, buildings, and facilities divided by the City's current population and then, alternatively, divided by the City's current population plus equivalent population accounting for employees, as shown in Exhibit 11.



### Exhibit 11. Park System per Capita Value

Category	Resident-Only	Resident and Resident Equivalent
Assessed land value (Assessor tax year 2014, 2015\$)	\$ 264,764,970	\$ 264,764,970
Building replacement value	\$ 16,397,581	\$ 16,397,581
Facility replacement value	\$ 30,930,563	\$ 30,930,563
<b>Current Estimated Total Replacement Value (2015\$)</b>	<b>\$ 312,093,114</b>	<b>\$ 312,093,114</b>
<b>2014 Estimated Population</b>	<b>23,310</b>	<b>26,062</b>
<i>Residents</i>	<i>23,310</i>	<i>23,310</i>
<i>Resident Equivalents (Employees)</i>	<i>-</i>	<i>2,752</i>
<b>Parks System Value Per Capita (2015\$)</b>	<b>\$ 13,389</b>	<b>\$ 11,975</b>

King County Assessor Office, 2015.

Washington Cities Insurance Authority, 2014.

Source: BERK Consulting, 2015.

The combined land, building, and facility replacement value equals the total estimated value of the City's park system. As described in the earlier description of the Per Capita Investment approach, these per capita values do not represent final impact fee rates. The evaluation of additional factors, as described in the Proposed Impact Fee section below, in combination with the identified projects, are required to find the final estimates.

### 2.3 Future Need

Combining the 2016-2035 population estimates with the system value estimates using the additional value needed formula introduced in 2.2 Approach:

$$\text{Capital Value per Capita} \times \text{Population Growth} = \text{Additional Value Needed}$$

BERK calculated the estimated additional value needed to keep the per capita value constant (see Exhibit 12).

**Exhibit 12. 2016-2035 Parks System Additional Value Needed (2015\$)**

<b>Residential Population</b>	
2014 estimated population	23,310
2035 estimated population	26,010
<b>2015-2035 growth in population</b>	<b>2,700</b>
<b>Employment</b>	
2014 estimated employees	6,850
2035 estimated employees	7,970
2015-2035 growth in employees	1,120
Employee park usage ratio	53.6%
Resident park usage ratio	93.8%
Employee resident equivalency	40.2%
<b>2015-2035 employees as equivalent population</b>	<b>450</b>
<b>Resident and Resident Equivalent Usage</b>	<b>3,150</b>
	<b>Resident and Resident</b>
	<b>Resident Usage    Equivalent Usage</b>
Per capita parks value (2015\$)	\$    13,389    \$    11,975
2015-2035 growth in population	2,700                      3,150
<b>2015-2035 Estimated Additional Value Needed (2015\$)</b>	<b>\$    36,147,631    \$    37,719,071</b>

*King County Buildable Lands Mercer Island Residential Projections , 2014.*

*Washington State OFM, April Population Estimate , 2015.*

*PSRC, Covered Employment Estimates by Jurisdictions , 2014.*

*Arthur Nelson, Planner's Estimating Guide , 2004.*

Source: BERK Consulting, 2015.

The resident-only approach results in a lower estimated additional value needed because while the resident only per capita value is higher than the resident plus resident equivalent, the growth in population is less than the resident plus “resident equivalent” (employees).

These estimates act as the upper bound of the value that would need to be added to keep the per capita system value equal through time. Additionally, if land values increase faster than inflation, much of the estimated additional value needed could be met through land value. This estimation is based on information current at the time of this study, but BERK recommends that the City of Mercer Island update the system value and additional value needed on a regular basis.

### Capital Plans

BERK reviewed planned capital projects to find what City of Mercer Island Parks and Recreation has projected they will do over the next 20 years, and working with City staff, assigned percentages for growth. Attachment 4.1 lists the plans identified by City of Mercer Island Parks and Recreation staff related to growth. Included are 43 projects, 41 of which were found the City of Mercer Island Parks and Recreation Plan 2014-2019 and two of which came from the 6-Year Capital Improvement Plan. The estimated cost of each project was adjusted to 2015 values.

### Proportion Related to Growth

City of Mercer Island Parks and Recreation staff assisted BERK in estimating the proportion of each project related to growth (please see Attachment 4.1 for more information).

## 2.4 Impact Fee Rates

### Service Area Considerations Note

This memorandum assumes that for a city the size of Mercer Island, all residents have access to all facilities. For the purpose of selecting capital improvements to be funded by employment-based fees, however, it would be appropriate to explore the extent to which the park facilities nearest to the Town Center area could serve as a de facto service area. If it were determined that the focus should be on Town Center employees and Town Center area parks, then projects selected for commercial impact fee funding should be located within a reasonable distance of the Town Center, in the northern portion of the Island.

### Unadjusted Rate Schedules

#### Option 1: Population Only

For the resident population approach, BERK suggests two fees, one for single-family residences and one for multi-family residences. Based on 2013 American Community Survey estimates, single-family dwellings have an average of 2.72 people living in them compared to an average of 1.75 in multi-family dwellings. Exhibit 13 contains the suggested per dwelling unit fee before adjusting for future revenue.

**Exhibit 13. Unadjusted Fee Schedule for Resident Population Only**

	Single-Family	Multi-Family	Total
Maximum fee from per capita LOS			\$ 13,389
Growth in population	1,100	1,600	2,700
Identified need for capital projects (2015\$)			\$ 2,309,549
Per capita need from growth (2015\$)			\$ 855
Average persons per dwelling unit	2.72	1.75	
<b>Unadjusted per Dwelling Unit Fee (2015\$)</b>	<b>\$ 2,324</b>	<b>\$ 1,494</b>	

Source: BERK Consulting, 2015.

#### Option 2: Population and Employment

Included in *The King County Buildable Lands 2014* are estimates for the City's average square footage per employee.<sup>4</sup> BERK converted this number, 400 square feet per employee, to the average number of employees per 1,000 square feet for ease of use (2.5 employees per 1,000 square feet). Finally, the employee to resident conversion factor was applied to find 1.43 resident equivalents per 1,000 square feet of commercial space. These calculations can be found in Exhibit 14.

<sup>4</sup> Commercial and mixed-use; according to *The King County Buildable Lands Report 2014*, the City of Mercer Island does not have any land zoned for industrial use.

**Exhibit 14. Resident Equivalents per Square Foot of Commercial Space**

Number of square feet per employee	400
Average employees per 1,000 square feet	2.50
Percent of time employee can access parks compared to resident	40.2%
Average resident-equivalents per 1,000 square feet	1.00

PSRC, *Covered Employment Estimates by Jurisdictions*, 2014.

*King County Buildable Lands Mercer Island Residential Projections*, 2014.

Based on *King County Buildable Lands 2014* report and adjustments using commercial land permitting data provided by the City of Mercer Island.

Source: BERK Consulting, 2015.

With the average number of resident-equivalents per 1,000 square feet, the unadjusted fees were recalculated to include a commercial fee. Splitting the same need between a greater number of resident equivalents results in a lower per dwelling fee, as can be seen in Exhibit 15.

**Exhibit 15. Unadjusted Fee Schedule for Resident and Resident Equivalent Population**

	Single-Family	Multi-Family	Commercial	Total
Maximum fee from per capita LOS				\$ 11,975
Growth in population (usage equivalents)	1,100	1,600	450	3,150
Identified need for capital projects				\$ 2,309,549
Per capita need from growth (resident equivalents)				\$ 733
<i>Resident</i>				
Average persons per dwelling unit	2.72	1.75		
<b>Resident Unadjusted per Dwelling Unit Fee</b>	<b>\$ 1,992</b>	<b>\$ 1,281</b>		
<i>Commercial</i>				
Resident equivalent per 1,000 sq. ft. of commercial			1.00	
<b>Commercial Unadjusted per 1,000 sq. ft. Fee</b>			<b>\$ 737</b>	

Source: BERK Consulting, 2015.

**Proportionate Share**

As required by the Impact Fee legislation, BERK estimated the amount of revenue expected from growth. Residents and employees pay taxes and fees that can be used to pay for a portion of the necessary increases in capacity.

**Proportion of Expected Future Revenue Resulting from Growth**

The expected future funding shown in Exhibit 8 will be paid by both the current residents and the future population. Thus, BERK calculated the proportion of the expected revenue that can be attributed to the existing population and proportion expected from growth. The amount from growth is then:

$$\text{Expected Future Revenue} \times \text{Share of Revenue from Growth} = \text{Expected Revenue from Growth}$$

The expected future revenue was produced by the City of Mercer Island as part of its *2015-2035 Comprehensive Plan*, as required by GMA. The initial results are found in Exhibit 8 on page 9.

Using the previously calculated expected changes in population, BERK found the estimated proportion of population resulting from growth to be 10.4%, as can be seen in Exhibit 16. However, not all the future growth will arrive at the beginning of the planning period, and therefore the revenue contribution would incrementally increase. Therefore, a revenue projection assuming the mid-point of the population and its associated share of the total population is more likely, and would equal 5.5%. This 5.5% figure is applied in the remainder of this rate study.

#### Exhibit 16. 2015-2035 Estimated Growth in Resident Population

	Max	Mid-point
2014 estimated residential population	23,310	23,310
2015-2035 estimated growth in residential population	2,700	1,350
<b>2035 estimated residential population</b>	<b>26,010</b>	<b>24,660</b>
Percent of 2035 Population from Growth	10.4%	5.5%

*King County Buildable Lands Mercer Island Residential Projections*, 2014.

Washington State OFM, *April Population Estimate*, 2015.

Source: BERK Consulting, 2015.

Additionally, BERK was tasked to find the proportion including both future residents and resident equivalents, which slightly increased the expected proportion of population from growth from 10.4% to 10.9% (please see Exhibit 17). Similarly the full amount of resident equivalent growth would not contribute revenue from the beginning of the planning period; and a mid-point projection is shown at 5.7%. This percentage is applied in relevant following tables as well.

#### Exhibit 17. 2015-2035 Estimated Growth in Resident and Resident-Equivalent Population

	Max	Mid-point
2014 residential population and resident equivalent of employees	26,062	26,062
2015-2035 Residential growth and resident equivalent growth in employees	3,150	1,575
<b>2035 estimated residential population</b>	<b>29,212</b>	<b>27,637</b>
Percent of 2035 Population from Growth	10.8%	5.7%

PSRC, *Covered Employment Estimates by Jurisdictions*, 2014.

*King County Buildable Lands Mercer Island Residential Projections*, 2014.

Washington State OFM, *April Population Estimate*, 2015.

Source: BERK Consulting, 2015.

Applying these proportions to the expected parks capital facilities revenue, BERK determined that future residents would be increase revenue by approximately \$2.6 million and residents and resident equivalents by approximately \$2.7 million, as shown in Exhibit 18.

**Exhibit 18. Resident and Resident Equivalent Proportionate Share of Expected Parks Revenue**

Parks & Open Space	2015-2035 Estimate	Resident & Resident	
		Resident Only Proportion of 5.5%	Equivalent Proportion of 5.7%
REET 1	\$ 28,564,570	\$ 1,563,666	\$ 1,627,769
Levy	\$ 458,000	\$ 25,072	\$ 26,099
Other	\$ 14,410,753	\$ 788,865	\$ 821,205
<b>Total without Grants</b>	<b>\$ 43,433,323</b>	<b>\$ 2,377,603</b>	<b>\$ 2,475,074</b>
Grants	\$ 3,292,500	\$ 180,236	\$ 187,625
<b>Total with Grants</b>	<b>\$ 46,725,823</b>	<b>\$ 2,557,839</b>	<b>\$ 2,662,699</b>

City of Mercer Island, *Draft Comprehensive Plan 2015-2035*, 2015.

See notes on revenue assumptions on Exhibit 8. Source: BERK Consulting, 2015.

Exhibit 18 contains estimates of the total expected revenue from the added equivalent population to parks capital facilities; however, only a portion of this revenue is used for capital projects related to growth. City staff provided information on the share of specific projects related to growth (please see Appendix 4.2), which BERK found to be 10.5% of capital project costs. Applying these rates to the expected revenue from Exhibit 18, the resident only approach results in an estimated proportionate share of approximately \$99 per person, and the resident and resident equivalent proportionate share of approximately \$89 (see Exhibit 19).

**Exhibit 19. Expected Growth Revenue for Capital Projects per Capita**

	Resident & Resident	
	Resident Only Proportion of 5.5%	Equivalent Proportion of 5.7%
Expected revenue from growth (with grants)	\$ 2,557,839	\$ 2,662,699
Proportion to capital projects related to growth	10.5%	10.5%
Expected revenue for growth-related capital projects	\$ 268,444	\$ 279,449
Change in population	2,700	3,150
Per capita revenue contribution	\$ 947	\$ 845
<b>Per Capita Proportion of Revenue for Capital Projects</b>	<b>\$ 99</b>	<b>\$ 89</b>

City of Mercer Island, *Draft Comprehensive Plan 2015-2035*, 2015.

City of Mercer Island, *Parks & Recreation Plan 2014-2019*, 2014.

See notes on revenue assumptions on Exhibit 8. Source: BERK Consulting, 2015.

**Any Other Adjustments: Affordable Housing**

Under Washington State statute, jurisdictions can provide exemptions for affordable housing in one of three ways:

1. A partial exemption (80% or less of the fee)
2. A partial exemption (81-99%)
3. A full waiver (100%)

A partial exemption allows the jurisdiction to waive up to 80% of the fee for affordable housing. If the any greater portion than 80% or the full amount is waived, and the jurisdiction is required by RCW 82.02.060(3) to pay the “exempted portion of the fee from public funds other than impact fee accounts.”

Following the method used for school impact fees adopted by the City of Mercer Island in August 2015, BERK suggests an 80% partial exemption for affordable housing, using the definition of affordable housing as it appears in RCW 82.02.060(8) (as “low-income housing”):

*For purposes of this section, "low-income housing" means housing with a monthly housing expense, that is no greater than thirty percent of eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development.*

The fees listed in Adjusted Rate Schedules below include residential impact fees adjusted for affordable housing.

## Adjusted Rate Schedules

### Option 1: Population Only

Applying the results from Proportionate Share above, BERK created an adjusted fee schedule incorporating expected revenue. For the resident population approach, BERK suggests two fees, one for single-family residences and one for multi-family residents. As discussed in the unadjusted rate schedules above, single-family dwellings have an average of 2.72 people living in them compared to an average of 1.75 in multi-family dwellings. Rates are as shown in Exhibit 20.

**Exhibit 20. Adjusted Fee Schedule for Resident Population Only**

	Single-Family	Multi-Family	Total
Growth in population	827	1,873	2,700
Identified need for capital projects			\$ 2,309,549
Per capita need from growth			\$ 855
Average persons per dwelling unit	2.72	1.75	
Unadjusted per dwelling unit fee	\$ 2,324	\$ 1,494	
Expected revenue for growth per capita			\$ 99
Expected revenue per dwelling unit	\$ 270	\$ 174	
<b>Adjusted per Dwelling Unit Fee</b>	<b>\$ 2,054</b>	<b>\$ 1,320</b>	
<b>Affordable Housing per Dwelling Fee</b>	<b>\$ 411</b>	<b>\$ 264</b>	

See notes on revenue assumptions on Exhibit 8. Source: BERK Consulting, 2015.

### Option 2: Population and Employment

The results from Exhibit 15 on page 15 were recalculated to reflect the expected contribution made by residents and resident equivalents. Like the results in Exhibit 15, the adjusted version for the resident and resident equivalent fees includes a per dwelling fee for residents and a per 1,000 square feet for commercial development. The results can be found in Exhibit 21.

**Exhibit 21. Adjusted Fee Schedule for Resident and Resident Equivalent Population**

	Single-Family	Multi-Family	Commercial	Total
Growth in population (usage equivalents)	1,100	1,600	450	3,150
Identified need for capital projects				\$ 2,309,549
Per capita need from growth				\$ 733
Expected revenue for growth per capita				\$ 89
<i>Residential</i>				
Average persons per dwelling unit	2.72	1.75		
Unadjusted per dwelling unit fee	\$ 1,992	\$ 1,281		
Expected revenue per dwelling unit	\$ 241	\$ 155		
<b>Adjusted per Dwelling Unit Fee</b>	<b>\$ 1,751</b>	<b>\$ 1,126</b>		
<b>Affordable Housing per Dwelling Fee</b>	<b>\$ 350</b>	<b>\$ 225</b>		
<i>Commercial</i>				
Resident equivalent per 1,000 sq. ft. of commercial			1.00	
Unadjusted commercial fee (per 1,000 sq. ft.)			\$ 737	
Expected revenue per 1,000 sq. ft. of commercial			\$ 89	
<b>Adjusted Commercial per 1,000 sq. ft. Fee</b>			<b>\$ 647</b>	

See notes on revenue assumptions on Exhibit 8. Source: BERK Consulting, 2015.

### 3.0 POLICY AND PLAN AMENDMENTS

Mercer Island's current capital improvement LOS approach for parks is explored in the Parks and Recreation Plan 2014-2019 (Parks Plan). Mercer Island also has park and open space maintenance LOS standards that it has adopted. The 2015-2020 Capital Improvement Program (CIP) projects suggest the City is concerned with maintaining LOS standards related to growth in the following areas: park furnishing and equipment additions; trail additions and improvements, including additional lighting; restroom improvements; field improvements, including synthetic turf installation; and picnic area upgrades—all of which can address new demand.

In Ordinance 15-16, the City amended the Parks LOS (Table 2 of Exhibit A) to be based on expenditure per capita. This is consistent with the City's intended impact fee approach in the pending park impact fee ordinance.

As part of its Comprehensive Plan Update in 2016, the City may consider adding the following policy to the Comprehensive Plan, as well as add it to the Parks, Recreation, and Open Space Plan to provide some context for the per capita LOS:

- Achieve at least the level of per capita park system investment as the current population enjoys as growth occurs over the planning period.



## 4.0 ATTACHMENTS

### 4.1 List of System Improvements (Facility Plan)

See the table listing proposed capital and the percentage the facility is related to growth. These estimates are incorporated into the rate schedules in Section 2.4 of this document. Some projects would occur in the first 10 years of the planning period (2015-2025) and others in the second 10 years of the planning period (2025-2035).

4.1 List of System Improvements (Facility Plan)

Park	Description	Related to Growth	Cost (2013\$K)	Inflated to 2015\$	Percent Related to Growth	Expected Cost from Growth, 2015\$K
Aubrey Davis Park	Trail Resurfacing/Widening in high use areas	Yes	\$ 294,000	\$ 307,167	30.0%	\$ 92,150
Aubrey Davis Park	Park & Ride-Light Rail- Sculpture Park connectivity improvements	Yes	\$ 150,000	\$ 156,718	30.0%	\$ 47,015
Aubrey Davis Park	Restroom Opportunities at Area C	Yes	\$ 106,000	\$ 110,747	15.0%	\$ 16,612
Aubrey Davis Park	Tennis Courts and Basketball Court Lifecycle estimated costs	Yes	\$ 264,000	\$ 275,823	10.0%	\$ 27,582
Aubrey Davis Park	Area B developed into multipurpose field	Yes	\$ 380,000	\$ 397,018	30.0%	\$ 119,105
Aubrey Davis Park	Baseball backstop improvements (height for foul balls)	No	\$ 150,000	\$ 156,718		
Aubrey Davis Park	Gateway entrance sign	No	\$ 91,000	\$ 95,075		
Aubrey Davis Park	Boat Launch Improvements – two launch lane docks	Yes	\$ 95,000	\$ 99,255	20.0%	\$ 19,851
Aubrey Davis Park	Bicycle Kiosks	No	\$ 75,000	\$ 78,359		
Aubrey Davis Park	Overlook Park Development	Yes	\$ 20,000	\$ 20,896	40.0%	\$ 8,358
Aubrey Davis Park	OLA Opportunity by the stacks	No	\$ 20,000	\$ 20,896		
Clarke Beach Park	Bulkhead/Shoreline & Dock Improvements	No	\$ 460,000	\$ 480,601		
Clarke Beach Park	Restroom Upgrade & Remodel	No	\$ 106,000	\$ 110,747		
Groveland Beach Park	Bulkhead/Dock Shoreline Improvements	No	\$ 1,038,000	\$ 1,084,487		
Groveland Beach Park	Restroom Upgrade & Remodel	Yes	\$ 106,000	\$ 110,747	15.0%	\$ 16,612
Groveland Beach Park	Volleyball court upgrade	No	\$ 29,000	\$ 30,299		
Homestead Park	Pedestrian improvements for walkways	Yes	\$ 40,000	\$ 41,791	15.0%	\$ 6,269
Homestead Park	Tennis Court Life Span/Resurfacing costs and upgrades	Yes	\$ 184,000	\$ 192,240	10.0%	\$ 19,224
Homestead Park	Backstop Improvements	No	\$ 70,000	\$ 73,135		
Island Crest Park	Light Upgrade Costs	Yes	\$ 504,000	\$ 526,572	15.0%	\$ 78,986
Island Crest Park	South Infield to Synthetic	Yes	\$ 350,000	\$ 365,675	15.0%	\$ 54,851
Island Crest Park	Replace Suspension Bridge	No	\$ 89,000	\$ 92,986		
Island Crest Park	Adventure Playground Storage Facility and Fence	Yes	\$ 62,000	\$ 64,777	15.0%	\$ 9,716
Island Crest Park	Outfield to Synthetic	Yes	\$ 998,000	\$ 1,042,695	15.0%	\$ 156,404
Island Crest Park	Batting Cage Improvements/Expansion to Indoor Pitching Area	Yes	\$ 240,000	\$ 250,748	15.0%	\$ 37,612
Island Crest Park	Tennis Courts lifecycle and replacement costs	No	\$ 32,000	\$ 33,433		
Luther Burbank Park	Master Plan Items – updated costs on more relevant items	No	\$ 660,000	\$ 689,558		
Luther Burbank Park	I-90 Lid Connector Trail	Yes	\$ 117,000	\$ 122,240	30.0%	\$ 36,672
Luther Burbank Park	Calkins Point shoreline stabilization and boardwalk extension	Yes	\$ 315,000	\$ 329,107	10.0%	\$ 32,911
Luther Burbank Park	Upper Luther Ravine Trail Phase 2	Yes	\$ 70,000	\$ 73,135	10.0%	\$ 7,313
Luther Burbank Park	Boat House Improvements (Safety, Restroom Upgrades, Boating & Concession Opps)	Yes	\$ 193,000	\$ 201,643	30.0%	\$ 60,493
Luther Burbank Park	Hand Carry Boat Launch and boardwalk	Yes	\$ 224,000	\$ 234,032	15.0%	\$ 35,105
Luther Burbank Park	South Shoreline implementation	Yes	\$ 388,000	\$ 405,376	10.0%	\$ 40,538
Luther Burbank Park	Meadow access road improvements	No	\$ 65,000	\$ 67,911		
Luther Burbank Park	Dock Upgrades and lifecycle	No	\$ 670,000	\$ 700,006		
Luther Burbank Park	Amphitheatre Redesign	Yes	\$ 586,000	\$ 612,244	15.0%	\$ 91,837
Luther Burbank Park	Swim Beach Improvements	Yes	\$ 296,000	\$ 309,256	30.0%	\$ 92,777
Luther Burbank Park	Picnic Shelter at Area B	Yes	\$ 193,000	\$ 201,643	15.0%	\$ 30,247
Luther Burbank Park	Covered materials storage to comply with Stormwater Management/NPDES	No	\$ 73,000	\$ 76,269		
MICEC	Technology Equipment and Replacement Fund	No	\$ 636,000	\$ 664,483		
MICEC	Replace Registration Software (CLASS)	No	\$ 175,000	\$ 182,837		
MICEC	On-going Building R&M/Replacement	No	\$ 788,000	\$ 823,290		
MICEC	Replace/Upgrade vegetation plan of exterior; Exterior Repairs	No	\$ 76,000	\$ 79,404		
MICEC	MICEC Exterior Surfacing Areas	No	\$ 80,000	\$ 83,583		
MICEC	Facility Reinvestment/Minor Facelift	No	\$ 500,000	\$ 522,392		
MICEC	Art Gallery	No	\$ 36,000	\$ 37,612		
MICEC	Emergency Preparedness technology	No	\$ 95,000	\$ 99,255		
MICEC	MICEC Enhancements	No	\$ 150,000	\$ 156,718		
MICEC	Encroachment	No	\$ 20,000	\$ 20,896		
MICEC	Increase Sustainability of MICEC	No	\$ 150,000	\$ 156,718		
MICEC	MICEC Exterior Grounds	Yes	\$ 75,000	\$ 78,359	15.0%	\$ 11,754
Mercerdale Park	Amphitheatre	Yes	\$ 104,000	\$ 108,658	30.0%	\$ 32,597
Mercerdale Park	Trail enhancements	Yes	\$ 71,000	\$ 74,180	30.0%	\$ 22,254
Mercerdale Park	Playground Lifecycle	Yes	\$ 129,000	\$ 134,777	30.0%	\$ 40,433
Mercerdale Park	Skate Park Upgrades	Yes	\$ 119,000	\$ 124,329	30.0%	\$ 37,299
Mercerdale Park	Restroom Improvements	Yes	\$ 56,000	\$ 58,508	30.0%	\$ 17,552
Mercerdale Park	Thrift Shop restroom	No	\$ 75,000	\$ 78,359		
Roanoke Park	Playground Equipment	No	\$ 86,000	\$ 89,851		
South Mercer Playfields	All Weather Turf Replacement Costs	Yes	\$ 700,000	\$ 731,349	10.0%	\$ 73,135
South Mercer Playfields	Backstop Improvements at SMP Infields	No	\$ 84,000	\$ 87,762		
South Mercer Playfields	Playground Lifecycle and estimated replacement costs	Yes	\$ 108,000	\$ 112,837	10.0%	\$ 11,284
South Mercer Playfields	Lights at SMP (Infield/Outfield Combo) for longer bookings	Yes	\$ 325,000	\$ 339,555	20.0%	\$ 67,911
South Mercer Playfields	Scoreboards to Fields 2 & 3	No	\$ 31,000	\$ 32,388		
South Mercer Playfields	Convert Natural Grass to Synthetic (Potential Field 5)	Yes	\$ 1,809,000	\$ 1,890,016	20.0%	\$ 378,003
Trails	Island Glen Bridge	No	\$ 70,000	\$ 73,135		
Trails	Hollerbach Open Space - survey and trail access	Yes	\$ 20,000	\$ 20,896	20.0%	\$ 4,179
Trails	SE 47th Open Space Trail	Yes	\$ 40,000	\$ 41,791	10.0%	\$ 4,179
Trails	Pioneer Park and Engstrom Open Space Trail renovation	Yes	\$ 36,000	\$ 37,612	10.0%	\$ 3,761
Trails	Repair or replace aging wood structures on ROW trails	Yes	\$ 72,000	\$ 75,225	10.0%	\$ 7,522
Trails	Pioneer Bike Path Lighting	Yes	\$ 100,000	\$ 104,478	10.0%	\$ 10,448
Wildwood Park	Fence off-leash area	No	\$ 15,000	\$ 15,672		
System	Healthy Living Equipment	Yes	\$ 40,000	\$ 41,791	30.0%	\$ 12,537
System	Street End Improvements	Yes	\$ 457,000	\$ 477,467	25.0%	\$ 119,367
System	MICEC and LBP complex Parking Study and first phase improvements	Yes	\$ 30,000	\$ 31,344	25.0%	\$ 7,836
System	Open Space Vegetation Plan Implementation	Yes	\$ 2,960,000	\$ 3,092,563	10.0%	\$ 309,256
System	Repair, replace, upgrade signs, furnishings, buildings	No	\$ 747,000	\$ 780,454		
System	Update Parks and Rec Plan	No	\$ 150,000	\$ 156,718		
System	address property encroachments	No	\$ 35,000	\$ 36,567		
System	Wireless parks	No	\$ 10,000	\$ 10,448		
<b>Total</b>			<b>\$21,063,000</b>	<b>\$22,006,301</b>		<b>\$2,309,549</b>
<b>Total related to growth (2015\$)</b>						<b>\$2,309,549</b>
<b>Proportion of total related to growth (2015\$)</b>						<b>10.49%</b>

## 4.2 Responses to Council Questions

### Resident Equivalent Methodology

#### Issue: Level of Park Usage by Residents and Employees

City Council members raised concerns about whether the availability of park hours and the assumption of employee use (originally estimated at 57% of a resident's access to parks) were reasonable.

#### Response

The methodology used is based on potential access to parks over a weekly period. This method is based on Arthur Nelson's *Planner's Estimating Guide* 2004 and the Issaquah Parks Rate Study 2014.

We assumed the number of hours parks are available for usage (twelve hours per day, seven days per week). Then we differentiated the possible access of a resident at 94% and employees at 54%.<sup>5</sup> We then expressed each employee in terms of residents ( $54\%/94\% = 57\%$ ). These estimates are not of usage, but of possible usage given the periods that parks are open.

The underlying concept is that parks are a public good whose value is independent of usage. Property owners will receive benefit as amenities such as parks are capitalized into land values. Additionally, parks and open spaces provide a break in cityscapes that research has suggested has benefit to all viewers, including employees.<sup>6</sup>

Additionally, there would be a wide range of "schedules" of any particular household – a typical family with children might use the parks three-four hours per day; kids involved in sports, retirees, stay-at-home parents or nannies may use it more, including on the weekends. Employees may use facilities before or after work or during lunchtime, plus customers may link their shopping and recreation.

If one were to assume a typical household with children would use the parks and recreation facilities three-four hours a day and an employee at about two hours a day, then the relationship of around 50% for an employee still holds. Actual usage numbers, however, are not available.

A number of cities in the region have used a similar "park hours of availability" approach to their impact fees, including but not limited to Issaquah, Mountlake Terrace, and Portland. The Issaquah and Mountlake Terrace approaches were described in the July 10, 2015 BERK memo to the City Council.

We have represented a selection of the examples in Exhibit 22 below and the resulting fees if applied to the preliminary rate study estimates.

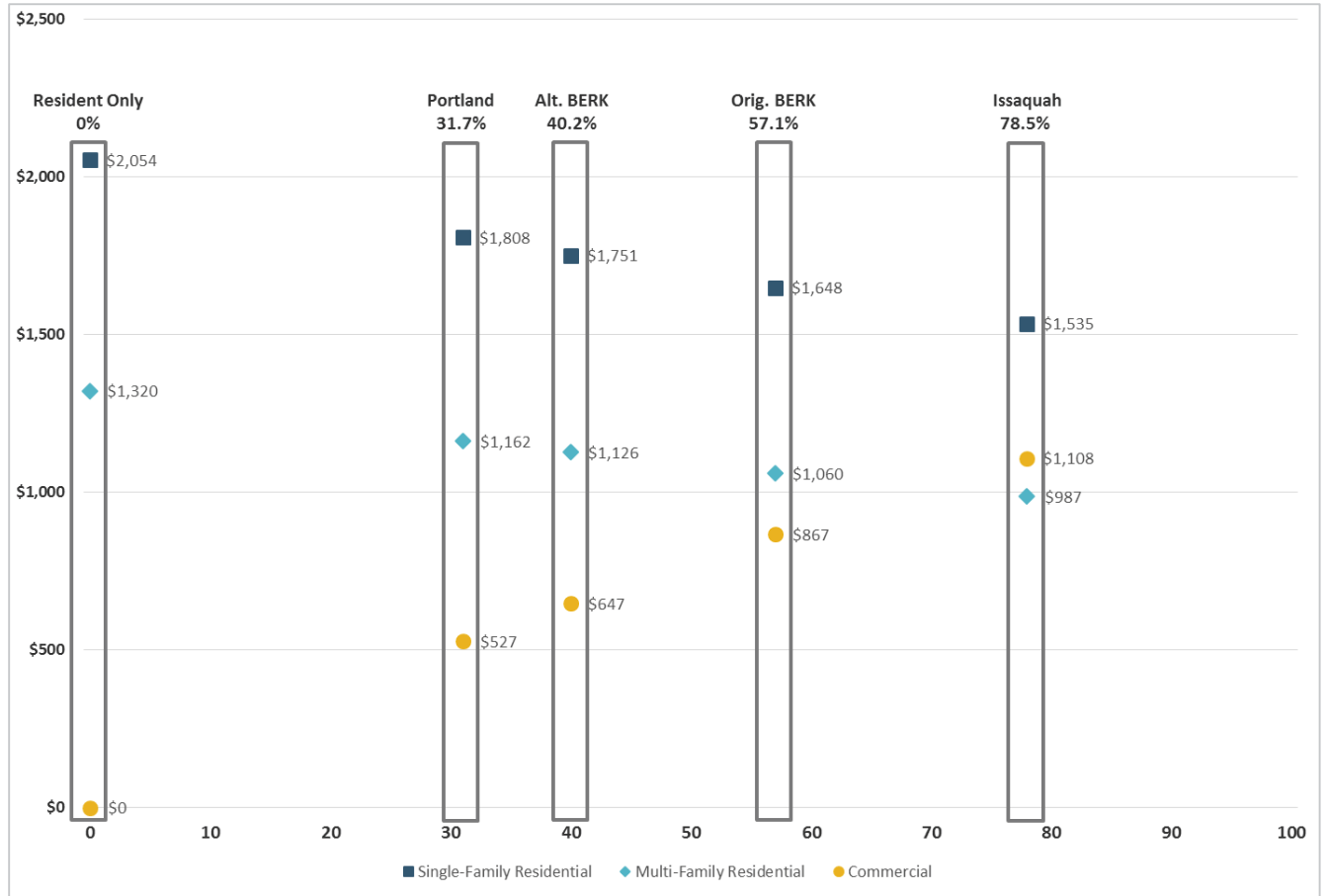
In response to the City Council's concerns, we have adjusted the equivalency factor so that the available hours are based on the posted hours of operation for the parks at 16 hours per day, seven days a week. Dividing the employee hours of access (45) by the total hours of resident access (112) equals about 40%. This would be a more moderate assumption than the 57%, and within the range of the Portland, Original BERK, and Issaquah approaches.

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<sup>5</sup> We are assuming that employees have access 9 hours a day, 5 days a week or 45 hours, and residents have access about 11 hours a day, 7 days a week.

<sup>6</sup> For example, P. Leather, M. Pygras, D. Beale, and C. Lawrence "Windows in the Workplace" *Environment and Behavior*, 30, 1998, p 739-763.

**Exhibit 22. Comparison of Resident Equivalency Factors**



Source: BERK Consulting 2015

Compared to the alternative approach of 40% resident employee equivalency is applied at 40% in Exhibit 21 on page 19, the version as presented in BERK's September 28, 2015 draft memo reproduced in Exhibit 23.

**Exhibit 23. Original 57% Resident Equivalent Adjusted Rate Table**

	Single-Family	Multi-Family	Commercial	Total
Growth in population (usage equivalents)	1,100	1,600	640	3,340
Identified need for capital projects				\$ 2,309,549
Per capita need from growth				\$ 692
Expected revenue for growth per capita				\$ 85
<i>Residential</i>				
Average persons per dwelling unit	2.72	1.75		
Unadjusted per dwelling unit fee	\$ 1,879	\$ 1,208		
Expected revenue per dwelling unit	\$ 231	\$ 148		
<b>Adjusted per Dwelling Unit Fee</b>	<b>\$ 1,648</b>	<b>\$ 1,060</b>		
<b>Affordable Housing per Dwelling Fee</b>	<b>\$ 330</b>	<b>\$ 212</b>		
<i>Commercial</i>				
Resident equivalent per 1,000 sq. ft. of commercial			1.43	
Unadjusted commercial fee (per 1,000 sq. ft.)			\$ 988	
Expected revenue per 1,000 sq. ft. of commercial			\$ 121	
<b>Adjusted Commercial per 1,000 sq. ft. Fee</b>			<b>\$ 867</b>	

Source: BERK Consulting 2015

As can be seen in Exhibit 24 below, the result is a slightly higher residential fee and a slightly lower commercial fee because the total population supporting the identified need is smaller while the need is held constant.

**Exhibit 24. Fee Schedule Comparison**

	Original 57%	Updated 40%
<i>Single-Family</i>		
Residential per Dwelling Unit Fee	\$1,648	\$1,751
Affordable Housing per Dwelling Unit Fee	\$330	\$350
<i>Multi-Family</i>		
Residential per Dwelling Unit Fee	\$1,060	\$1,126
Affordable Housing per Dwelling Unit Fee	\$212	\$225
<i>Commercial</i>		
Commercial per 1,000 sq. ft. Fee	\$867	\$647

Source: BERK Consulting, 2015.

**Park Capital Facility Lists**

**Issue: Level of Detail and Flexibility of Park Capital Projects Necessary for Growth**

The BERK Park Impact Fee Rate Study Attachment 4.1 lists the plans identified by City of Mercer Island Parks and Recreation staff related to growth. Included are 43 projects, 41 of which were found the City of Mercer Island Parks and Recreation Plan 2014-2019 and two of which came from the 6-Year Capital Improvement Plan.

The City Council asked how long and detailed the list should be. There was a concern that the impact fees will be collected incrementally over time; there may be limited time to complete the list in the designated planning period (6-years, 10 years, or 20 years). The other concern was whether the list needed to be prioritized.

In mid-October 2015, City staff met with the Parks and Recreation Subcommittee, which generally indicated that the proposed park project list is important to keep as proposed (not just high priority projects).

## Response

Regarding the statutory requirements for capital lists, here are some guidelines:

- **Impact Fee Legislation – RCW 82.02.050(4) – the facilities have to be listed in an adopted capital facility plan pursuant to the Growth Management Act:** Impact fees may be collected and spent only for the public facilities defined in RCW 82.02.090 which are addressed by a capital facilities plan element of a comprehensive land use plan adopted pursuant to the provisions of RCW 36.70A.070.
- **Impact Fee Legislation – RCW 82.02.070(2) – Spending on System Improvements in conformance with Capital Facilities Plan:** Impact fees for system improvements shall be expended only in conformance with the capital facilities plan element of the comprehensive plan.
- **Impact Fee Legislation – RCW 82.02.050(3) – projects have to be related to and proportionate to the impacts of growth:** The impact fees:\_(a) Shall only be imposed for system improvements that are reasonably related to the new development;\_(b) Shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development; and\_(c) Shall be used for system improvements that will reasonably benefit the new development.
- **Growth Management Act Capital Facility Plan Element – RCW 36.70A.070(3) – Show Proposed Locations and Capacities:** (3) A capital facilities plan element consisting of: ... (c) the proposed locations and capacities of expanded or new capital facilities...

Jurisdictions typically have a detailed list of projects that are the basis for the fee. Some have broader categories of facilities they intend to fund (e.g. build XX number of playgrounds at XX type of park; or XX miles of trails in a particular area of the community).

The project list acts as the bridge between level of service and the proportionate share of need related to growth. As we have used it, it is the rational basis for the fee calculation and the listed intent of fee use. As required by RCW 82.02.060(1), local ordinances must include an impact fee schedule. BERK would recommend updating the impact fee schedule to coincide with major changes to the adopted parks capital facilities plan; it should be noted that statute does not explicitly prohibit using collected fees for projects that were not included in the original fee calculations as long as those projects are related to growth and have been published in an adopted capital facility plan pursuant to the Growth Management Act.

If the need related to growth remains the same or increases in comparison to the last fee calculation, the City can continue to use the previous fee schedule. If the need is greater, the City may want to recalculate the impact fees because it will be collecting less than the need related to growth. If, however, the identified need is less than the previous fee calculation, the City must recalculate the fee schedule or risk over collection. If the City over-collects impact fees compared to need, the City is required to notify fee payors that they are eligible to request a refund.

**CITY OF MERCER ISLAND**  
**DEVELOPMENT SERVICES GROUP**  
 9611 SE 36TH STREET | MERCER ISLAND, WA 98040  
 PHONE: 206.275.7605 | [www.mercergov.org](http://www.mercergov.org)



CITY USE ONLY		
PERMIT #	RECEIPT #	FEE
ZTR15-005		
Date Received: 10/15/15		

DEVELOPMENT APPLICATION		Received By: SG
STREET ADDRESS/LOCATION Throughout the City of Mercer Island, WA		ZONE All zones
COUNTY ASSESSOR PARCEL #'S N/A		PARCEL SIZE (SQ. FT.) N/A
PROPERTY OWNER N/A	ADDRESS N/A	CELL/OFFICE: 206-275-7706 E-MAIL: N/A
PROJECT CONTACT NAME City of Mercer Island	ADDRESS 9611 SE 36th St., Mercer Island, WA 98040	CELL/OFFICE: 206-275-7706 E-MAIL: N/A
TENANT NAME N/A	ADDRESS N/A	CELL PHONE: 206-275-7706 E-MAIL: N/A

**DECLARATION:** I HEREBY STATE THAT I AM THE OWNER OF THE SUBJECT PROPERTY OR I HAVE BEEN AUTHORIZED BY THE OWNER(S) OF THE SUBJECT PROPERTY TO REPRESENT THIS APPLICATION, AND THAT THE INFORMATION FURNISHED BY ME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

  
 SIGNATURE  
**PROPOSED APPLICATION(S) AND CLEAR DESCRIPTION OF PROPOSAL:**

Oct. 15, 2015  
 DATE

A zoning text amendment amending MICC Title 19 to add requirements for parks impact fees that will be applicable throughout Mercer Island.

(Please use additional paper if needed) ATTACH RESPONSE TO DECISION CRITERIA IF APPLICABLE

**CHECK TYPE OF USE PERMIT(S) REQUESTED** (3% Technology Fee is included in fees below):

- |   |  |  |
|---|--|--|
| <p><b>APPEALS</b></p> <p><input type="checkbox"/> Building (+cost of file preparation) \$875.50</p> <p><input type="checkbox"/> Land use (+cost of verbatim transcript) \$875.50</p> <p><input type="checkbox"/> Code Interpretation \$875.50</p> <p><b>CRITICAL AREAS</b></p> <p><input type="checkbox"/> Determination \$2,708.87</p> <p><input type="checkbox"/> Reasonable Use Exception \$5,418.83</p> <p><b>DESIGN REVIEW</b></p> <p><input type="checkbox"/> Administrative Review (of sign &amp; colors) \$433.63</p> <p><input type="checkbox"/> Administrative Review (of other than sign &amp; colors) \$723.06</p> <p><input type="checkbox"/> Change to Final Design Approval \$723.06</p> <p><input type="checkbox"/> Design Commission Study Session \$723.06</p> <p><b>DESIGN REVIEW &amp; WIRELESS COMMUNICATIONS FACILITIES</b></p> <p><input type="checkbox"/> \$0-5,000 \$723.06</p> <p><input type="checkbox"/> \$5,001-25,000 \$1,806.62</p> <p><input type="checkbox"/> \$25,001-50,000 \$2,708.90</p> <p><input type="checkbox"/> \$50,001-\$100,000 \$4,274.98</p> <p><input type="checkbox"/> Over \$100,001 Valuation \$7,224.42</p> <p><b>DEVIATIONS</b></p> <p><input type="checkbox"/> Changes to Antenna requirements \$1806.62</p> <p><input type="checkbox"/> Changes to Open Space \$1,806.62</p> <p><input type="checkbox"/> Fence Height \$903.31</p> | <p><b>DEVIATIONS (Continued)</b></p> <p><input type="checkbox"/> Critical Areas Setback \$2,709.87</p> <p><input type="checkbox"/> Impervious Surface (5% Lot coverage) \$2,708.90</p> <p><input type="checkbox"/> Shoreline \$3,612.21</p> <p><input type="checkbox"/> Wet Season Construction Moratorium \$941.42</p> <p><b>ENVIRONMENTAL REVIEW (SEPA)</b></p> <p><input type="checkbox"/> Checklist: Single Family Residential Use \$541.78</p> <p><input type="checkbox"/> Checklist: Non-Single Family Residential Use \$1,805.59</p> <p><input type="checkbox"/> Environmental Impact Statement (Revision = 40% of Fee) \$2,708.90</p> <p><b>SHORELINE MANAGEMENT</b></p> <p><input type="checkbox"/> Exemption \$437.75</p> <p><input type="checkbox"/> Permit Revision \$723.06</p> <p><input type="checkbox"/> Semi-Private Recreation Tract (modification) \$723.06</p> <p><input type="checkbox"/> Semi-Private Recreation Tract (new) \$1,805.59</p> <p><input type="checkbox"/> Substantial Dev. Permit \$2,708.90</p> <p><b>SUBDIVISION LONG PLAT</b></p> <p><input type="checkbox"/> 2-3 Lots \$9,030.01</p> <p><input type="checkbox"/> 4-5 Lots \$12,643.25</p> <p><input type="checkbox"/> 6 Lots or greater \$16,255.46</p> <p><input type="checkbox"/> Subdivision Alteration to Existing Plat \$4,515.52</p> <p><input type="checkbox"/> Final Subdivision Review \$3,612.21</p> <p><input type="checkbox"/> Fire Review \$123.60/Hr</p> | <p><b>SUBDIVISION SHORT PLAT</b></p> <p><input type="checkbox"/> Two Lots \$4,515.52</p> <p><input type="checkbox"/> Three Lots \$5,417.80</p> <p><input type="checkbox"/> Four Lots \$6,321.11</p> <p><input type="checkbox"/> Deviation of Acreage Limitations \$903.31</p> <p><input type="checkbox"/> Short Plat Amendment \$2,256.73</p> <p><input type="checkbox"/> Final Short Plat Approval \$903.31</p> <p><input type="checkbox"/> Fire Review \$123.60/Hr</p> <p><b>VARIANCES (Plus Hearing Examiner Fee)</b></p> <p><input type="checkbox"/> Type 1* \$3,612.21</p> <p><input type="checkbox"/> Type 2** \$2,000.26</p> <p><b>OTHER LAND USE</b></p> <p><input type="checkbox"/> Accessory Dwelling Unit (ADU) \$180.28</p> <p><input type="checkbox"/> Code Interpretation Request (+\$146.03/hr over 6 hrs) \$876.53</p> <p><input type="checkbox"/> Comp Plan Amendment (CPA) \$4,153.99</p> <p><input type="checkbox"/> Conditional Use Permit (CUP) \$7,224.42</p> <p><input type="checkbox"/> Lot Line Revision \$2,708.90</p> <p><input type="checkbox"/> Lot Line Consolidation \$902.28</p> <p><input type="checkbox"/> Noise Variance (+\$146.03/hr over 3 hrs) \$437.75</p> <p><input type="checkbox"/> Reclassification of Property (Rezoning) \$4,515.52</p> <p><input type="checkbox"/> Right-of-Way Encroachment Agreement (Requires Separate ROW Use Permit) \$536.60</p> <p><input checked="" type="checkbox"/> Zoning Code Text Amendment \$4,153.99</p> |
|---|--|--|

\* Includes all variances of any type or purpose in all zones other than single family residential zone: B,C-O,PB2,MF-2,MF2L,MF-2L, MF-3,TC,P)  
 \*\* Includes all variances of any type or purpose in single family residential zone: R-8.4, R-9.6, R-12, R-15)

CITY USE ONLY		Permit Fee:	
SEPA Categorically Exempt:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Permit Fee:	
SEPA Checklist Required:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Total Fees:	

# PUBLIC NOTICE OF APPLICATION AND NOTICE OF OPEN RECORD PUBLIC HEARING



**NOTICE IS HEREBY GIVEN** that an application for a Zoning Code Text Amendment and Comprehensive Plan Amendment has been filed with the City of Mercer Island for the property described below:

**File Nos.:** ZTR15-005 and CPA15-001

**Description of Request:** Add requirements to Mercer Island City Code Title 19 and the City's Comprehensive Plan for parks impact fees

**Applicant :** City of Mercer Island

**Location of Property:** The proposed amendment would apply throughout Mercer Island

**SEPA Compliance:** The proposal is categorically exempt from the State Environmental Policy Act (SEPA) per MICC 19.07.120(D), 19.07.120(J)(2), and WAC 197-11-800(19)(b).

**Written Comments:** Written comments on this proposal may be submitted to the City of Mercer Island **on or before Wednesday, November 4 at 5:00 p.m.** either in person or mailed to the City of Mercer Island, 9611 SE 36th Street, Mercer Island, WA 98040-3732. Anyone may comment on the application, receive notice, and request a copy of the decision once made. Only those persons who submit written comments **on or before Wednesday, November 4, 2015 at 5:00 p.m.** or testify at the open record hearing **on Wednesday, November 4, 2015 at 7:00 p.m.** will be parties of record; and only parties of record will receive a notice of the decision and have the right to appeal.

**Public Hearing and Public Meeting:** Pursuant to MICC 19.15.010(E), and MICC 19.15.020(F)(1), the applicant is required to participate in both an open record public hearing in front of the Planning Commission and a subsequent public meeting with the City Council. The open record public hearing with the Planning Commission is scheduled for **Wednesday, November 4, 2015**. The date of the public meeting with the City Council is tentatively scheduled for **November 16, 2015**. Both the open record public hearing and the public meeting are held on their above specified dates in the Mercer Island City Council Chambers, starting at 7:00 PM, and located at 9611 SE 36th Street, Mercer Island, Washington.

**Applicable Development Regulations:** Pursuant to MICC 19.15.010(E), an application for a Zoning Code Text Amendment and for a Comprehensive Plan Amendment is required to be processed as a Legislative Action. Processing requirements for Legislative Actions are further detailed in MICC 19.15.020. Development regulations applicable to a Comprehensive Plan Amendment are found in MICC 19.15.020(G)(1). There are



no other applicable development regulations related to a Zoning Code Text Amendment.

**Other Associated Permits:**

There are currently no additional pending permit applications associated with the proposal.

**Studies and/or Environmental Documents Requested:**

A parks impact fee rate study has been completed.

The application on file on this matter is available for review at the City of Mercer Island, Development Services Group, 9611 SE 36<sup>th</sup> Street, Mercer Island, Washington. Written comments and/or requests for additional information should be referred to:

Scott Greenberg, Director  
Development Services Group  
City of Mercer Island  
9611 SE 36th Street  
Mercer Island, WA 98040  
(206) 275-7706  
scott.greenberg@mercergov.org

Date of Application: October 14, 2015  
Determined to Be Complete: October 14, 2015  
Bulletin Notice: October 19, 2015  
Date Notice Published in the Newspaper: October 21, 2015  
Comment Period Ends: 5:00PM on November 4, 2015  
Date of Open Record Hearing: November 4, 2015 at 7:00 PM

## Scott Greenberg

---

**From:** Sarah Fletcher <fletchsa1@gmail.com>  
**Sent:** Wednesday, October 28, 2015 6:57 PM  
**To:** Scott Greenberg  
**Subject:** Against GMA Impact Fees Going Towards Park Improvements

Hello, You have the City Council discussing GMA impact fees going towards parks and that developers should pay for improvements. I am sorry, but getting rid of grass sports' fields for artificial, crumbed rubber turf and using toxic Roundup to remove weeds are certainly not deemed "improvements".

If you want to have the impact fees go towards removing the toxic soil and stopping the soil erosion, and replacing the artificial turf with natural grass, then that would be acceptable.

### USE OF ROUNDUP (GLYPHOSATE) IN LUTHER BURBANK PARK AND IN TOWN CENTER

Are you aware that as of September 2015, Roundup has just been classified by the Californian EPA as a possible carcinogenic.

"The same law, otherwise known as the Safe Drinking Water and Toxic Enforcement Act of 1986, also requires that certain substances identified by the International Agency for Research on Cancer (IARC)—the World Health Organization's cancer arm—be listed as known to cause cancer.

The state agency's Sept. 4 announcement follows a [classification](#) of glyphosate by the IARC as "[probably carcinogenic to humans](#)" in March.

"Case-control studies of occupational exposure in the USA, Canada, and Sweden reported increased risks for non-Hodgkin lymphoma that persisted after adjustment for other pesticides," the IARC said about the herbicide. There is also "convincing evidence" that it can cause cancer in laboratory animals.

It appears that California is the first state in the country to make this assessment about the [controversial chemical](#), according to Dr. Nathan Donley, a scientist at the [Center for Biological Diversity](#)."

### CRUMBED RUBBER ARTIFICIAL TURFS

With regard to the crumbed rubber fields, there have been a number of soccer players who have got cancer and they are linking it to the crumbed rubber fields. The artificial turf should be removed effective immediately. Where there is a possibility, it is better to err on the side of caution rather than take a chance. I don't know who should pay for this, but if it comes from the City's coffers or from GMA impacts, then the developers could pay for this removal and replacement of natural grass.

Parks should be part of the Town Center Development in that where the developer wants to develop, a portion of the property should go towards providing a park and amenities. If the money should go towards parks, then the money should be used to remove the toxic soil and repair the erosion problem along the lakeside of Luther Burbank Park.

Thank you for your consideration.

Sarah Fletcher

## Scott Greenberg

---

**From:** L A McNeal <lam@heattransfer.org>  
**Sent:** Thursday, October 29, 2015 10:35 AM  
**To:** Scott Greenberg  
**Subject:** Impact Fees

While I agree with the impact fee for the schools, I do not believe that the impact fees for parks and transportation are justified in the current proposal.

L A McNeal



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

**AB 5129  
November 16, 2015  
Regular Business**

**TRANSPORTATION IMPACT FEES ORDINANCE  
(1<sup>ST</sup> READING)**

**Proposed Council Action:**

Conduct first reading of Ordinance No. 15C-23, adopting Chapter 19.19 MICC Transportation Impact Fees

**DEPARTMENT OF**

Development Services Group (Scott Greenberg)

**COUNCIL LIAISON**

n/a

**EXHIBITS**

1. Proposed Ordinance No. 15C-23
2. Staff Report to Planning Commission, with Exhibits 1-4
3. Written Public Comments
4. Revised Rate Study

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

The City of Mercer Island is proposing an amendment to Title 19 of the Mercer Island City Code (MICC) that would adopt impact fees for transportation facilities (public streets and roads) (Exhibit 1). The Planning Commission unanimously recommended adoption of the proposal. The recommended impact fees would be \$3,882 for a new single-family residence, \$2,213 for a new multi-family residence and a variable rate for non-residential land uses based on projected PM peak hour vehicle trips for a specific use.

**BACKGROUND**

At its January 2015 Planning Session, the City Council directed staff to provide information about the current use of mitigation fees under the State Environmental Policy Act (SEPA) and potential use of impact fees under the Growth Management Act (GMA).

Staff presented the requested information at the City Council’s March 16, 2015 meeting. At the March 16, 2015 meeting, the Council directed staff to study the use of GMA impact fees for schools, parks and transportation facilities. The City Council adopted school impact fees on September 8, 2015. The City Council also received reports on parks and transportation impact fees at the July 20, 2015, August 3, 2015 and October 5, 2015 meetings. At the October 5, 2015 meeting, the City Council directed staff and Planning Commission to process Code Text Amendments to add park and transportation impact fee programs. The attached staff report (Exhibit 2) was sent to Planning Commission in advance of their review of the park impact fee ordinance.

## PLANNING COMMISSION REVIEW OF THE PROPOSED ORDINANCE

The Planning Commission held a public hearing on a proposed transportation impact fee ordinance on November 4, 2015 and unanimously recommended adoption of the proposed Ordinance. The Transportation Impact Fee Rate Study reviewed by the Planning Commission (in Exhibit 2) used slightly different growth numbers than the Parks Impact Fee Rate Study. The Commission asked that the same numbers be used in each study. The Transportation Impact Fee Rate Study was changed to match the Parks Impact Fee Rate Study, which accurately reflects the growth targets in the recommended Comprehensive Plan. Therefore, the proposed transportation impact fees have risen slightly to reflect the change in projected growth. The revised Rate Study is included as Exhibit 4.

The recommended ordinance is based on the school impact fee ordinance that went into effect on October 16, 2015. Eliminated were exemptions for senior housing, shelters or dwelling units for temporary placement, accessory dwelling units and transitional housing facilities. All of these uses could have an impact on transportation facilities and should pay the impact fee. If these uses are exempted, State law requires the City to pay the impact fee from non-impact fee funds.

As provided in previous agenda bills, the following charts show the total impact fees that several land uses would need to pay based on the adopted school impact fee and proposed parks and transportation impact fees.

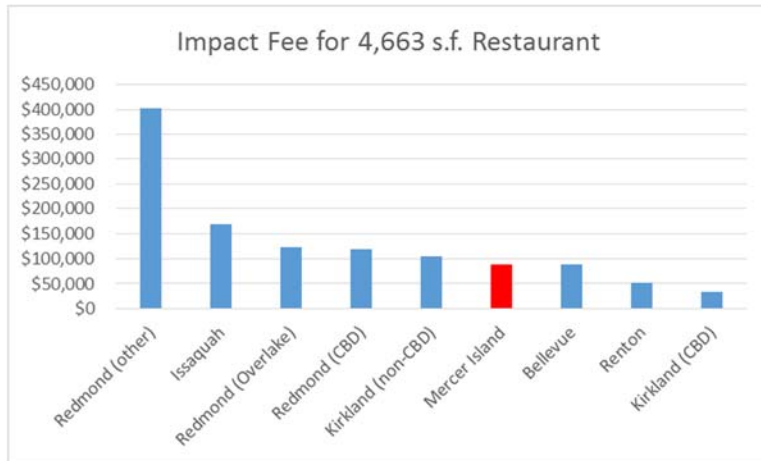
**TABLE 1: Total Impact Fees (Parks Impact Fee Only Paid by Residential)**

<i>Land Uses</i>	<i>School Impact Fee</i>	<i>Transportation Impact Fee</i>	<i>Parks Impact Fee</i>	<i>Total Impact Fees</i>
Single Family Home	\$14,118	\$3,882	\$2,054	<b>\$20,054</b>
Town Center Mixed Use Project (200 d.u., 8,000 gsf retail and 2,000 gsf restaurant)	\$856,800	\$557,900	\$264,000	<b>\$1,678,700</b>
Restaurant (4,663 square feet)	\$0	\$91,441	\$0	<b>\$91,441</b>
90 Unit Apartment Project	\$385,560	\$199,170	\$118,800	<b>\$703,530</b>

**TABLE 2: Total Impact Fees (Parks Impact Fee Paid by Residential and Commercial)**

<i>Land Uses</i>	<i>School Impact Fee</i>	<i>Transportation Impact Fee</i>	<i>Parks Impact Fee</i>	<i>Total Impact Fees</i>
Single Family Home	\$14,118	\$3,882	\$1,751	<b>\$19,751</b>
Town Center Mixed Use Project (200 d.u., 8,000 gsf retail and 2,000 gsf restaurant)	\$856,800	\$557,900	\$231,670	<b>\$1,646,370</b>
Restaurant (4,663 square feet)	\$0	\$91,441	\$3,017	<b>\$94,458</b>
90 Unit Apartment Project	\$385,560	\$199,170	\$101,340	<b>\$686,070</b>

Some concern has been expressed regarding the proposed transportation impact fee amount for a restaurant. Restaurants are high trip generators, which translate into a higher fee. The restaurant used in Tables 1 and 2 is the same size as The Islander. Staff compared what the same size restaurant would need to pay in transportation impact fees in several other cities. This information is in the chart below.



After Planning Commission review, staff noted that the proposed ordinance did not have provisions for an inflation adjustment in the impact fee. A new section was added to Exhibit 1 (Sec. 19.19.100) which allows for inflationary increases in the impact fee based on an accepted index. Staff recommends adoption of this new section.

## RECOMMENDATION

*Development Services Director and Planning Commission*

MOVE TO: Set Ordinance No. 15C-23 for second reading at the City Council's December 7, 2015 meeting.

Alternative Motion:

MOVE TO: Set Ordinance No. 15C-23 for second reading at the City Council's December 7, 2015 meeting with the following changes...

**CITY OF MERCER ISLAND  
ORDINANCE NO. 15C-23**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON  
ESTABLISHING A NEW CHAPTER 19.19 OF THE MERCER ISLAND  
CITY CODE ENTITLED, “TRANSPORTATION IMPACT FEES”.**

WHEREAS, the City has authority to adopt impact fees to address the impact on public streets and roads caused by new development, pursuant to RCW 82.02.050 through 82.02.100; and

WHEREAS, adoption of an impact fee ordinance is categorically exempt from the State Environmental Policy Act pursuant to WAC-197-11-800(19); and

WHEREAS, the City Planning Commission held a public hearing on November 4, 2015 and recommended adoption of this Ordinance; and

WHEREAS, the City Council held a public meeting and considered this Ordinance during its regular City Council meetings of November 16 and December 7, 2015;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, ORDAINS AS FOLLOWS:

**Section 1. Establish Mercer Island City Code Chapter 19.19, Transportation Impact Fees.** There is hereby added to Title 19 of the Mercer Island City Code (“MICC”), a new chapter 19.19, entitled “Transportation Impact Fees”, as follows:

**Chapter 19.19  
TRANSPORTATION IMPACT FEES**

**Sections:**

- 19.19.010 Purpose and Authority
- 19.19.020 Definitions
- 19.19.030 Impact Fee Program Elements
- 19.19.040 Fee Calculations
- 19.19.050 Assessment and Collection of Impact Fees
- 19.19.060 Option for Deferred Payment of Impact Fees
- 19.19.070 Exemptions
- 19.19.080 Determination of the Fee, Adjustments, Exceptions and Appeals
- 19.19.090 Impact Fee Accounts and Refunds
- 19.19.100 Fee Schedule and Updates

**19.19.010 Purpose and Authority.**

A. This chapter is enacted pursuant to the City’s police powers, the Growth Management Act as codified in chapter 36.70A RCW (“the Act”) and the impact fee statutes as codified in RCW 82.02.050 through 82.02.100.

B. The purpose of this chapter is to:

1. Develop a program consistent with the City's Comprehensive Plan for joint public and private financing of public streets and roads ("transportation facilities") consistent with the capital facilities plan of the City of Mercer Island Comprehensive Plan, as such transportation facilities are necessitated in whole or in part by development in the City;

2. Ensure adequate levels of service in transportation facilities;

3. Create a mechanism to charge and collect fees to ensure that all new development bears its proportionate share of the capital costs of transportation facilities reasonably related to new development, in order to ensure the availability of adequate transportation facilities at the time new development occurs; and

4. Ensure fair collection and administration of such impact fees.

C. The provisions of this chapter shall be liberally construed to effectively carry out its purpose in the interest of the public health, safety and welfare.

### **19.19.020 Definitions.**

A. "Affordable Housing Unit" means (1) an owner-occupied housing unit affordable to households whose household income is less than 80% of the King County median income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and no more than 30% of the household income is paid for housing expenses (e.g., mortgage, property taxes, hazard and mortgage insurance and homeowners dues (if applicable), or (2) a renter-occupied housing unit affordable to households whose income is less than 60% of the King County median income, adjusted for household size, as determined by HUD, and no more than 30% of the household income is paid for housing expenses (rent and appropriate utility allowance). In the event that HUD no longer publishes median income figures for King County, the City may use another method as it may choose to determine the King County median income, adjusted for household size. The Code Official will make a determination of sales prices or rents that meet the affordability requirements of this chapter.

B. "Capital Facilities Plan" means the Capital Facilities element of the City of Mercer Island's Comprehensive Plan.

C. "City" means the City of Mercer Island.

D. "Developer" means the person or entity that owns or holds purchase options or other development control over property for which Development Activity is proposed.

E. "Development Activity" means having any construction or expansion of a building, structure or use, any change in use of a building or structure, or any change in the use of land that creates additional demand for transportation facilities.

F. "Dwelling Unit" means a Dwelling as defined in Section 19.16.010.

G. "Encumbered" means impact fees identified by the City as being committed as part of the funding for a transportation facility for which the publicly funded share has been assured or building permits sought or construction contracts let.

H. "Impact Fee" means a payment of money imposed upon Development Activity as a condition of development approval to pay for transportation facilities needed to serve new growth and development, that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development. "Impact Fee" does not include a reasonable permit or application fee.



I. "Impact Fee Schedule" means the table of impact fees to be charged per unit of development, computed by the formula contained in the Transportation Impact Fee Rate Study, indicating the standard fee amount per unit of development that shall be paid as a condition of such development within the City.

**19.19.030 Impact Fee Program Elements.**

A. The City shall impose impact fees on every Development Activity in the City for which an Impact Fee Schedule has been established.

B. Any impact fee imposed shall be reasonably related to the impact caused by the development and shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development. The impact fee formula shall account in the fee calculation for future revenues the City will receive from the development.

C. The impact fee shall be based on the Capital Facilities element adopted by the City as part of the City's Comprehensive Plan and on the City's Six-Year Transportation Improvement Program.

**19.19.040 Fee Calculations.**

A. The fee shall be calculated based on the methodology set forth in the Transportation Impact Fee Rate Study.

B. Any impact fee imposed shall be reasonably related to the impact caused by the development and shall not exceed a proportionate share of the cost of system improvements that are reasonably related to the new development. The impact fee formula shall take into account the future revenues the City will receive from the development, along with system costs related to serving the new development.

C. For the purpose of this chapter, mobile homes shall be treated as single family dwellings and duplexes shall be treated as multi-family dwellings.

D. The methodology shall provide for a credit for transportation facilities or sites actually provided by a developer which the City finds acceptable.

**19.19.050 Assessment and Collection of Impact Fees.**

A. The City shall collect impact fees, based on the City's Permit and Impact Fee Schedule, from any applicant seeking a building permit from the City.

B. All impact fees shall be collected from the applicant prior to issuance of the building permit unless the use of an independent fee calculation has been approved or unless the applicant applies for deferred payment of impact fees pursuant to Section 19.19.060. The fee shall be calculated based on the Impact Fee Schedule in effect at the time the building permit is issued unless otherwise required pursuant to Section 19.19.060.

C. For building permits within new subdivisions approved under Chapter 19.08 (Subdivisions), a credit shall be applied for any dwelling unit that exists on the land within the subdivision prior to the subdivision if the dwelling unit is demolished. The credit shall apply to the first complete building permit application submitted to the City subsequent to demolition of the existing dwelling unit, unless otherwise allocated by the applicant of the subdivision as part of approval of the subdivision.

D. The City shall not issue the required building permit unless and until the impact fees set forth in the Impact Fee Schedule have been paid.

E. The City may impose an application fee, as provided for in the City's adopted Permit and Impact Fee Schedule, to cover the reasonable cost of administration of the impact fee program. The fee is not refundable and is collected from the applicant of the development activity permit at the time of permit issuance.

**19.19.060 Option for Deferred Payment of Impact Fees.**

An applicant may request, at any time prior to building permit issuance, and consistent with the requirements of this section, to defer to final inspection the payment of an impact fee for a residential development unit. The following shall apply to any request to defer payment of an impact fee:

A. The applicant shall submit to the City a written request to defer the payment of an impact fee for a specifically identified building permit. The applicant's request shall identify, as applicable, the applicant's corporate identity and contractor registration number, the full names of all legal owners of the property upon which the development activity allowed by the building permit is to occur, the legal description of the property upon which the development activity allowed by the building permit is to occur, the tax parcel identification number of the property upon which the development activity allowed by the building permit is to occur, and the address of the property upon which the development activity allowed by the building permit is to occur. All applications shall be accompanied by an administrative fee as provided for in the City's adopted Permit and Impact Fee Schedule.

B. The impact fee amount due under any request to defer payment of impact fees shall be based on the schedule in effect at the time the applicant provides the City with the information required in subsection A of this section.

C. Prior to the issuance of a building permit that is the subject of a request for a deferred payment of impact fee, all applicants and/or legal owners of the property upon which the development activity allowed by the building permit is to occur must sign a deferred impact fee payment lien in a form acceptable to the City Attorney. The deferred impact fee payment lien shall be recorded against the property subject to the building permit and be granted in favor of the City in the amount of the deferred impact fee. Any such lien shall be junior and subordinate only to one mortgage for the purpose of construction upon the same real property subject to the building permit. In addition to the administrative fee required in subsection A of this section, the applicant shall pay to the City the fees necessary for recording the lien agreement with the King County Recorder.

D. The City shall not approve a final inspection until the transportation impact fees identified in the deferred impact fee payment lien are paid in full.

E. In no case shall payment of the impact fee be deferred for a period of more than eighteen (18) months from the date of building permit issuance.

F. Upon receipt of final payment of the deferred impact fee as identified in the deferred impact fee payment lien, the City shall execute a release of lien for the property. The property owner may, at his or her own expense, record the lien release.

G. In the event that the deferred impact fee is not paid within the time provided in this subsection, the City shall institute foreclosure proceedings under the process set forth in chapter 61.12 RCW.

H. An applicant is entitled to defer impact fees pursuant to this section for no more than twenty (20) single family dwelling unit building permits per year in the City. For purposes of

this section, an “applicant” includes an entity that controls the applicant, is controlled by the applicant, or is under common control with the applicant.

**19.19.070 Exemptions.**

The following development activity is exempt or partially exempt from the payment of transportation impact fees:

A. Reconstruction, remodeling or construction of any form of affordable (low-income) housing units, as defined in this chapter, may request an exemption of eighty percent (80%) of the required impact fee. Any claim for an exemption for affordable housing units must be made prior to payment of the impact fee, and any claim not so made shall be deemed waived. Prior to any development approval, the owner shall execute and record against the property in the King County real property title records a City-prepared covenant that shall guarantee that the affordable housing shall continue, which covenant shall run with the land, address annual reporting requirements to the City, price restrictions and household income limits and be consistent with the provisions of RCW 82.02.060(3) as now adopted or hereafter amended. In the event that the exempt housing unit is no longer used for affordable (low-income) housing as defined in this chapter, the current owner shall pay the applicable impact fees in effect at the time of conversion.

B. Rebuilding of legally established building(s) destroyed or damaged by fire, flood, explosion, act of God or other accident or catastrophe, or remodeling of existing legally established building(s), or replacing demolished legally established building(s), provided that a complete building permit for construction or reconstruction is submitted to the city within 12 months of the date of the loss or demolition, as the case may be, and so long as no additional dwelling units or impacts are created.

C. Condominium projects in which existing dwelling units are converted into condominium ownership and where no new dwelling units are created.

D. Any development activity that is exempt from the payment of an impact fee pursuant to RCW 82.02.100, due to mitigation of the same system improvement under the State Environmental Policy Act.

E. Any development activity for which transportation impacts have been mitigated pursuant to a condition of plat approval to pay fees, dedicate land or construct or improve transportation facilities, unless the condition of the plat approval provides otherwise; and further provided that the condition of the plat approval predates the effective date of fee imposition.

F. Any development activity for which transportation impacts have been mitigated pursuant to a voluntary agreement entered into with the City to pay fees, dedicate land or construct or improve transportation facilities, unless the terms of the voluntary agreement provide otherwise; and further provided that the agreement predates the effective date of fee imposition.

**19.19.080 Determination of the Fee, Adjustments, Exceptions and Appeals.**

A. The City shall determine a developer’s impact fee, according to the Impact Fee Schedule.

B. The fee amount established in the schedule shall be reduced by the amount of any payment previously made for the lot or development activity in question, either as a condition of approval or pursuant to a voluntary agreement.

C. Whenever a developer is granted approval subject to a condition that the developer provide a transportation facility acceptable to the City, the developer shall be entitled to a credit for the actual cost of providing the facility, against the fee that would be chargeable under the

formula provided by this chapter. The cost of construction shall be estimated at the time of approval, but must be documented, and the documentation confirmed after the construction is completed to assure that an accurate credit amount is provided. If construction costs are less than the calculated fee amount, the difference remaining shall be chargeable as a transportation impact fee.

D. The standard impact fees may be adjusted, if one of the following circumstances exist, provided that any discount set forth in the fee formula fails to adjust for the error in the calculation or fails to ameliorate for the unfairness of the fee:

1. The developer demonstrates that an impact fee assessment was improperly calculated;  
or

2. Unusual circumstances identified by the developer demonstrate that if the standard impact fee amount was applied to the development, it would be unfair or unjust.

E. A developer may provide studies and data to demonstrate that any particular factor used by the City may not be appropriately applied to the development proposal.

F. Any appeal of the decision of the City with regard to fee amounts shall follow the process for the appeal of the underlying development application, as set forth in the Mercer Island City Code. Any errors in the formula identified as a result of the appeal should be referred to the Council for possible modification.

G. Impact fees may be paid under protest in order to obtain a permit or other approval of development activity.

#### **19.19.090 Impact Fee Accounts and Refunds.**

A. Impact fee receipts shall be earmarked specifically and retained in a special interest-bearing account established by the City solely for the City's transportation impact fees. All interest shall be retained in the account and expended for the purpose or purposes for which impact fees were imposed. Annually, the City shall prepare a report on the impact fee account showing the source and amount of all moneys collected, earned or received, and capital or system improvements that were financed in whole or in part by impact fees.

B. Impact fees for transportation system improvements shall be expended by the City for capital improvements including but not limited to transportation planning, land surveys, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, and any other expenses which could be capitalized, and which are consistent with the City's capital facilities element of its Comprehensive Plan or the City's Six-Year Transportation Improvement Program.

C. Impact fees may be used to recoup costs for system improvements previously incurred by the City to the extent that new growth and development will be served by the previously constructed system improvements.

D. In the event that bonds or similar debt instruments are issued for the advanced provision of capital facilities for which impact fees may be expended and where consistent with the bond covenants, impact fees may be used to pay debt service on such bonds or similar debt instruments to the extent that the facilities or improvements provided are consistent with the requirements of this section.

E. Impact fees shall be expended or encumbered by the City for a permissible use within ten (10) years of receipt by the City, unless there exists an extraordinary or compelling reason for fees to be held longer than ten (10) years.

F. The current owner of property on which an impact fee has been paid may receive a refund of such fees if the impact fees have not been expended or encumbered within ten (10) years of receipt of the funds by the City on transportation facilities intended to benefit the development activity for which the impact fees were paid. In determining whether impact fees have been encumbered, impact fees shall be considered encumbered on a first in, first out basis. The City shall notify potential claimants by first-class mail deposited with the United States postal service addressed to the owner of the property as shown in the County tax records.

G. An owner's request for a refund must be submitted to the City in writing within one (1) year of the date the right to claim the refund arises or the date that notice is given, whichever date is later. Any impact fees that are not expended or encumbered by the City in conformance with the capital facilities element within these time limitations, and for which no application for a refund has been made within this one (1) year period, shall be retained and expended consistent with the provisions of this section. Refunds of impact fees shall include any interest earned on the impact fees.

H. Should the City seek to terminate any or all transportation impact fee requirements, all unexpended or unencumbered funds, including interest earned, shall be refunded to the current owner of the property for which a transportation impact fee was paid. Upon the finding that any or all fee requirements are to be terminated, the City shall place notice of such termination and the availability of the refunds in a newspaper of general circulation at least two times and shall notify all potential claimants by first-class mail addressed to the owner of the property as shown in the County tax records. All funds available for refund shall be retained for a period of one (1) year. At the end of one (1) year, any remaining funds shall be retained by the City, but must be expended by the City, consistent with the provisions of this section. The notice requirement set forth above shall not apply if there are no unexpended or unencumbered balances within the account or accounts being terminated.

I. A developer may request and shall receive a refund, including interest earned on the impact fees, when:

1. The developer has not received final plat approval, the building permit, the mobile home permit, the site plan approval, nor final approval for the development activity as required by statute or City Code including the International Building Code; and

2. No impact on the City has resulted. "Impact" shall be deemed to include cases where the City has expended or encumbered the impact fees in good faith prior to the application for a refund. In the event that the City has expended or encumbered the fees in good faith, no refund shall be forthcoming. However, if within a period of three (3) years, the same or subsequent owner of the property proceeds with the same or substantially similar development activity, the owner shall be eligible for a credit. The owner must petition the City and provide receipts of impact fees paid by the owner for a development of the same or substantially similar nature on the same property or some portion thereof. The City shall determine whether to grant a credit, and such determinations may be appealed by following the procedures set forth in Section 19.19.080.

J. Interest due upon the refund of impact fees required by this section shall be calculated according to the average rate received by the City on invested funds throughout the period during which the fees were retained.

#### **19.19.100 Fee Schedule, Review of Schedule and Updates.**

A. The impact fees on Exhibit A are based on the City's 2015 rate study.

B. Transportation impact fee rates shall be updated annually using the following procedures:

1. The Code Official shall use the Construction Cost Index for Seattle (June-June) published by the Engineering News Record to calculate annual inflation adjustments in the impact fee rates. The transportation impact fees shall not be adjusted for inflation should the index remain unchanged.

2. The indexed impact fee rates shall be effective January 1. A copy of the indexed impact fee rates shall be provided to the City Council but the indexed rates shall become effective without further Council review.

C. The Code Official shall review the transportation impact fee rates annually to determine when a new transportation impact fee rate study should be prepared and recommend to the City Council when a new study should be prepared.

**Section 2. Severability.** If any section, sentence, clause or phrase of this ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

**Section 3. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 4. Effective Date.** This Ordinance shall take effect and be in force 30 days after passage and publication.

PASSED by the City Council of the City of Mercer Island, Washington at its regular meeting on the \_\_\_\_ day of \_\_\_\_\_ 2015 and signed in authentication of its passage.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_

**Exhibit A**

Mercer Island Proposed Traffic Impact Fee Rate Schedule  
Based on a PM peak hour cost per trip of \$3,882

<i>Land Uses</i>	<i>Unit of Measure (1)</i>	<i>Basic Rate PM Peak Trips/Unit (2)</i>	<i>New Trips % (3)</i>	<i>New Trip Rate (4)</i>	<i>Fee Per Unit of Measure (5)</i>
Single Family (1 or 2 dwellings)	dwelling	1.00	100%	1.00	\$3,882
Multi Family (3 or more dwellings)	dwelling	0.57	100%	0.57	\$2,213
Senior Housing	dwelling	0.27	100%	0.27	\$1,048
Lodging	room	0.60	100%	0.60	\$2,329
Commercial Services	SF GFA	3.98	100%	3.98	\$15.45
School	student	0.13	100%	0.13	\$505
Institutional	SF GFA	0.74	100%	0.74	\$2.87
Light Industry/ Industrial Park	SF GFA	0.91	100%	0.91	\$3.53
Warehousing/Storage	SF GFA	0.45	100%	0.45	\$1.75
Restaurant	SF GFA	9.02	56%	5.05	\$19.61
General Retail	SF GFA	3.71	66%	2.45	\$9.51
Supermarket	SF GFA	9.48	64%	6.07	\$23.56
Gas Station	pump	13.51	44%	5.94	\$23.08
Administrative Office	SF GFA	1.49	100%	1.49	\$5.78
Medical Office/Dental Clinic	SF GFA	3.57	100%	3.57	\$13.86

**Notes:**

<sup>1</sup>"SF GFA" = Square Foot Gross Floor Area

<sup>2</sup> Institute of Transportation Engineers (ITE) Trip Generation (9th Edition): 4-6 PM Peak Hour Trip Ends

<sup>3</sup> Excludes pass-by trips: see "Trip Generation Handbook: An ITE Proposed Recommended Practice" (2014)

<sup>4</sup>For uses with unit of measure in "SF GFA" the trip rate is given as trips per 1000 sq ft

<sup>5</sup>For uses with unit of measure in "SF GFA" the impact fee is dollars per square foot



## CITY OF MERCER ISLAND PLANNING COMMISSION STAFF REPORT

Agenda Item: 2  
November 4, 2015

File Numbers:	ZTR15-004
Description:	A zoning text amendment request to create Mercer Island City Code (MICC) chapter 19.19 pertaining to transportation impact fees.
Applicant:	City of Mercer Island
Locations:	All lands within the City of Mercer Island
Exhibits:	<ol style="list-style-type: none"><li>1. Draft Ordinance Creating a New Chapter 19.19 in Mercer Island City Code Title 19</li><li>2. Transportation Impact Fee Rate Study</li><li>3. Development Application Received by the City of Mercer Island Development Services Group on October 14, 2015</li><li>4. Public Notice of Application and Public Notice of Open Record Hearing Issued on by the City of Mercer Island on October 19, 2015</li></ol>

### I. SUMMARY

The City of Mercer Island is proposing an amendment to Title 19 of the Mercer Island City Code (MICC) that would add a new chapter, 19.19 "Transportation Impact Fees" (Exhibit 1). The code text amendment proposes impact fees to address the impact on motorized and non-motorized transportation facilities caused by new development pursuant to RCW 82.02.050 through 82.02.100. The proposed impact fee would be \$3,788 per PM peak hour trip. The proposed fee is based on a Rate Study, included as Exhibit 2.

An application for the proposed code amendment was received on October 14, 2015 (Exhibit 3) and was determined to be complete on October 14, 2015. The proposed code text amendments are incorporated into a draft ordinance, which is included as Exhibit 1. The application is exempt from review under the State Environmental Policy Act (SEPA), WAC 197-11-800(19).

A code amendment is designated as a legislative action, as set forth in MICC 19.15.010(E). Applicable procedural requirements for a legislative action are contained within MICC 19.15.020, including the provision that the Planning Commission conduct an open record public hearing for all legislative actions. On November 4, 2015, the Planning Commission is scheduled to hold an open record public hearing on this matter to obtain comments from the public, deliberate the proposed amendments and forward a recommendation to the City Council. The Planning Commission's resulting recommendation will be forwarded to the City Council for consideration and action. As the final decision making authority for legislative actions, the City Council will consider the matter in an open public meeting prior to taking final action. The City Council's first reading of the code amendments is tentatively scheduled for November 16, 2015. A second reading may be held on December 7, 2015, during which the Council is anticipated to take final action and render a decision on the proposed code amendments.



The City issued a Public Notice of Application and Open Record Hearing (Exhibit 4), which was published in the City's weekly permit bulletin on October 19, 2015 and in the Mercer Island Reporter on October 21, 2015. The public comment period ran from October 19, 2015 through 5:00 P.M. on November 4, 2015. As of October 29, 2015, the City had not received any written comments concerning the proposed zoning text amendment. The City scheduled an open record public hearing in front of the Planning Commission for November 4, 2015, which was noticed concurrently with the Public Notice of Application.

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## **II. STAFF FINDINGS, ANALYSIS AND CRITERIA FOR REVIEW**

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The proposed amendments to MICC Title 19 related to transportation impact fees are shown in Exhibit 1.

Background: At its January 2015 Planning Session, the Mercer Island City Council directed staff to provide information about the current use of mitigation fees under the State Environmental Policy Act (SEPA) and potential use of impact fees under the Growth Management Act (GMA).

Staff presented the requested information at the City Council's March 16, 2015 meeting. At the March 16, 2015 meeting, the Council directed staff to study the use of GMA impact fees for schools, parks and transportation facilities. The City Council adopted school impact fees on September 8, 2015. The City Council received reports on parks and transportation impact fees at their July 20, 2015, August 3, 2015 and October 5, 2015 meetings. On October 5, 2015, the City Council directed staff and Planning Commission to process Code Text Amendments to add parks and transportation impact fee programs. Consideration of both park and transportation impact fees is before the Planning Commission on November 4, 2015.

Authority: The City has authority to adopt impact fees to address the impact on transportation facilities caused by new development pursuant to RCW 82.02.050 through 82.02.100. The proposed Ordinance is heavily influenced by and complies with these RCW sections. In addition, the proposed Ordinance incorporates a new RCW requirement passed this year by the Legislature and signed by the Governor. ESB 5923 requires cities to allow for deferral of impact fees by September 1, 2016. Exhibit 1, Section 19.18.060 incorporates this requirement.

### **Criteria For Review**

There are no specific criteria listed in the Mercer Island City Code for a code amendment. However, in accordance with RCW 36.70A.040, the proposed amendments shall be consistent with the goals and policies set forth in the City's Comprehensive Plan:

1. Transportation Element, Policy 10.1:

The City of Mercer Island establishes Level of Service (LOS) "C" defined as stable traffic flow with acceptable delays at intersections as its transportation level of service standard required under GMA.

2. Transportation Element, Policy 10.2:

Use the level of service standard to evaluate the performance of the transportation system to guide future system improvements and funding.

3. Capital Facilities Element, Table 2:

This table acknowledges that the Level of Service for arterial streets and streets in the "CBD" (Town Center) is LOS C.

4. Capital Facilities Element, Policy 1.16:

Develop and adopt new impact fees, or refine existing impact fees, in accordance with the Growth Management Act, as part of the financing for public facilities. Public facilities for which impact fees may be collected shall include public streets and roads; publicly owned parks, open space and recreation facilities; school facilities; and City fire protection facilities.

5. Capital Facilities Element, Policy 1.17:

In accordance with the Growth Management Act, impact fees shall only be imposed for system improvements which are reasonably related to the new development; shall not exceed a proportionate share of the costs of system improvements reasonably related to the new development; and shall be used for system improvements that will reasonably benefit the new development.

**Staff findings:**

The current Comprehensive Plan was updated in August, 2015 to support the collection of impact fees for schools, parks and open space and transportation facilities. The proposed impact fee is based on LOS C, as currently directed in the Comprehensive Plan. In November, 2014, the Planning Commission recommended changing the LOS from C to D as part of the 2015 Comprehensive Plan amendment package that is currently on hold. If and when this LOS change is adopted, the rate study supporting the impact fee can be amended to reflect the new LOS.

The project list proposed for partial impact fee funding includes system improvements which are reasonably related to new development. The cost of the proposed improvements does not exceed a proportionate share of the costs of system improvements reasonably related to new development. Under the proposed impact fee program, impact fees collected by the City would be used for system improvements that will reasonably benefit new development.

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### III. STAFF RECOMMENDATION

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Based on the analysis and findings included herein, staff recommends to the Planning Commission the following:

**Recommended Motion:** Move to recommend that the City Council approve the request for an amendment to Mercer Island City Code (MICC) Title 19, as detailed in Exhibit 1.

**First Alternative Motion:** Move to recommend that the City Council approve the request for an amendment to Mercer Island City Code (MICC) Title 19, as detailed in Exhibit 1, provided that the proposal shall be modified as follows: *[describe modifications]*.

**Second Alternative Motion:** Move to recommend that the City Council deny the request for an amendment to Mercer Island City Code (MICC) Title 19, as detailed in Exhibit 1.

*Staff Contact: Scott Greenberg, Development Services Director*

**CITY OF MERCER ISLAND  
ORDINANCE NO. 15C-\_\_\_\_**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON  
ESTABLISHING A NEW CHAPTER 19.19 OF THE MERCER ISLAND  
CITY CODE ENTITLED, “TRANSPORTATION IMPACT FEES”.**

WHEREAS, the City has authority to adopt impact fees to address the impact on public streets and roads caused by new development, pursuant to RCW 82.02.050 through 82.02.100; and

WHEREAS, adoption of an impact fee ordinance is categorically exempt from the State Environmental Policy Act pursuant to WAC-197-11-800(19); and

WHEREAS, the City Planning Commission held a public hearing on \_\_\_\_\_, 2015 and recommended adoption of this Ordinance; and

WHEREAS, the City Council held a public meeting and considered this Ordinance during its regular City Council meeting of \_\_\_\_\_, 2015;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, ORDAINS AS FOLLOWS:

**Section 1. Establish Mercer Island City Code Chapter 19.19, Transportation Impact Fees.** There is hereby added to Title 19 of the Mercer Island City Code (“MICC”), a new chapter 19.19, entitled “Transportation Impact Fees”, as follows:

**Chapter 19.19  
TRANSPORTATION IMPACT FEES**

**Sections:**

- 19.19.010 Purpose and Authority
- 19.19.020 Definitions
- 19.19.030 Impact Fee Program Elements
- 19.19.040 Fee Calculations
- 19.19.050 Assessment and Collection of Impact Fees
- 19.19.060 Option for Deferred Payment of Impact Fees
- 19.19.070 Exemptions
- 19.19.080 Determination of the Fee, Adjustments, Exceptions and Appeals
- 19.19.090 Impact Fee Accounts and Refunds

**19.19.010 Purpose and Authority.**

A. This chapter is enacted pursuant to the City’s police powers, the Growth Management Act as codified in chapter 36.70A RCW (“the Act”) and the impact fee statutes as codified in RCW 82.02.050 through 82.02.100.

B. The purpose of this chapter is to:

1. Develop a program consistent with the City’s Comprehensive Plan for joint public and private financing of public streets and roads (“transportation facilities”) consistent with the capital facilities plan of the City of Mercer Island Comprehensive Plan, as such transportation facilities are necessitated in whole or in part by development in the City;

2. Ensure adequate levels of service in transportation facilities;

3. Create a mechanism to charge and collect fees to ensure that all new development bears its proportionate share of the capital costs of transportation facilities reasonably related to new development, in order to ensure the availability of adequate transportation facilities at the time new development occurs; and

4. Ensure fair collection and administration of such impact fees.

C. The provisions of this chapter shall be liberally construed to effectively carry out its purpose in the interest of the public health, safety and welfare.

**19.19.020 Definitions.**

A. “Affordable Housing Unit” means (1) an owner-occupied housing unit affordable to households whose household income is less than 80% of the King County median income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and no more than 30% of the household income is paid for housing expenses (e.g., mortgage, property taxes, hazard and mortgage insurance and homeowners dues (if applicable), or (2) a renter-occupied housing unit affordable to households whose income is less than 60% of the King County median income, adjusted for household size, as determined by HUD, and no more than 30% of the household income is paid for housing expenses (rent and appropriate utility allowance). In the event that HUD no longer publishes median income figures for King County, the City may use another method as it may choose to determine the King County median income, adjusted for household size. The Code Official will make a determination of sales prices or rents that meet the affordability requirements of this chapter.

B. “Capital Facilities Plan” means the Capital Facilities element of the City of Mercer Island’s Comprehensive Plan.

C. “City” means the City of Mercer Island.

D. “Developer” means the person or entity that owns or holds purchase options or other development control over property for which Development Activity is proposed.

E. “Development Activity” means having any construction or expansion of a building, structure or use, any change in use of a building or structure, or any change in the use of land that creates additional demand for transportation facilities.

F. “Dwelling Unit” means a Dwelling as defined in Section 19.16.010.

G. “Encumbered” means impact fees identified by the City as being committed as part of the funding for a transportation facility for which the publicly funded share has been assured or building permits sought or construction contracts let.

H. "Impact Fee" means a payment of money imposed upon Development Activity as a condition of development approval to pay for transportation facilities needed to serve new growth and development, that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development. "Impact Fee" does not include a reasonable permit or application fee.

I. "Impact Fee Schedule" means the table of impact fees to be charged per unit of development, computed by the formula contained in the Transportation Impact Fee Rate Study, indicating the standard fee amount per unit of development that shall be paid as a condition of such development within the City.

**19.19.030 Impact Fee Program Elements.**

A. The City shall impose impact fees on every Development Activity in the City for which an Impact Fee Schedule has been established.

B. Any impact fee imposed shall be reasonably related to the impact caused by the development and shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development. The impact fee formula shall account in the fee calculation for future revenues the City will receive from the development.

C. The impact fee shall be based on the Capital Facilities element adopted by the City as part of the City's Comprehensive Plan and on the City's Six-Year Transportation Improvement Program.

**19.19.040 Fee Calculations.**

A. The fee shall be calculated based on the methodology set forth in the Transportation Impact Fee Rate Study.

B. Any impact fee imposed shall be reasonably related to the impact caused by the development and shall not exceed a proportionate share of the cost of system improvements that are reasonably related to the new development. The impact fee formula shall take into account the future revenues the City will receive from the development, along with system costs related to serving the new development.

C. For the purpose of this chapter, mobile homes shall be treated as single family dwellings and duplexes shall be treated as multi-family dwellings.

D. The methodology shall provide for a credit for transportation facilities or sites actually provided by a developer which the City finds acceptable.

**19.19.050 Assessment and Collection of Impact Fees.**

A. The City shall collect impact fees, based on the City's Permit and Impact Fee Schedule, from any applicant seeking a building permit from the City.

B. All impact fees shall be collected from the applicant prior to issuance of the building permit unless the use of an independent fee calculation has been approved or unless the applicant applies for deferred payment of impact fees pursuant to Section 19.19.060. The fee shall be calculated based on the Impact

Fee Schedule in effect at the time the building permit is issued unless otherwise required pursuant to Section 19.19.060.

C. For building permits within new subdivisions approved under Chapter 19.08 (Subdivisions), a credit shall be applied for any dwelling unit that exists on the land within the subdivision prior to the subdivision if the dwelling unit is demolished. The credit shall apply to the first complete building permit application submitted to the City subsequent to demolition of the existing dwelling unit, unless otherwise allocated by the applicant of the subdivision as part of approval of the subdivision.

D. The City shall not issue the required building permit unless and until the impact fees set forth in the Impact Fee Schedule have been paid.

E. The City may impose an application fee, as provided for in the City's adopted Permit and Impact Fee Schedule, to cover the reasonable cost of administration of the impact fee program. The fee is not refundable and is collected from the applicant of the development activity permit at the time of permit issuance.

**19.19.060 Option for Deferred Payment of Impact Fees.**

An applicant may request, at any time prior to building permit issuance, and consistent with the requirements of this section, to defer to final inspection the payment of an impact fee for a residential development unit. The following shall apply to any request to defer payment of an impact fee:

A. The applicant shall submit to the City a written request to defer the payment of an impact fee for a specifically identified building permit. The applicant's request shall identify, as applicable, the applicant's corporate identity and contractor registration number, the full names of all legal owners of the property upon which the development activity allowed by the building permit is to occur, the legal description of the property upon which the development activity allowed by the building permit is to occur, the tax parcel identification number of the property upon which the development activity allowed by the building permit is to occur, and the address of the property upon which the development activity allowed by the building permit is to occur. All applications shall be accompanied by an administrative fee as provided for in the City's adopted Permit and Impact Fee Schedule.

B. The impact fee amount due under any request to defer payment of impact fees shall be based on the schedule in effect at the time the applicant provides the City with the information required in subsection A of this section.

C. Prior to the issuance of a building permit that is the subject of a request for a deferred payment of impact fee, all applicants and/or legal owners of the property upon which the development activity allowed by the building permit is to occur must sign a deferred impact fee payment lien in a form acceptable to the City Attorney. The deferred impact fee payment lien shall be recorded against the property subject to the building permit and be granted in favor of the City in the amount of the deferred impact fee. Any such lien shall be junior and subordinate only to one mortgage for the purpose of construction upon the same real property subject to the building permit. In addition to the administrative fee required in

subsection A of this section, the applicant shall pay to the City the fees necessary for recording the lien agreement with the King County Recorder.

D. The City shall not approve a final inspection until the transportation impact fees identified in the deferred impact fee payment lien are paid in full.

E. In no case shall payment of the impact fee be deferred for a period of more than eighteen (18) months from the date of building permit issuance.

F. Upon receipt of final payment of the deferred impact fee as identified in the deferred impact fee payment lien, the City shall execute a release of lien for the property. The property owner may, at his or her own expense, record the lien release.

G. In the event that the deferred impact fee is not paid within the time provided in this subsection, the City shall institute foreclosure proceedings under the process set forth in chapter 61.12 RCW.

H. An applicant is entitled to defer impact fees pursuant to this section for no more than twenty (20) single family dwelling unit building permits per year in the City. For purposes of this section, an “applicant” includes an entity that controls the applicant, is controlled by the applicant, or is under common control with the applicant.

#### **19.19.070 Exemptions.**

The following development activity is exempt or partially exempt from the payment of transportation impact fees:

A. Reconstruction, remodeling or construction of any form of affordable (low-income) housing units, as defined in this chapter, may request an exemption of eighty percent (80%) of the required impact fee. Any claim for an exemption for affordable housing units must be made prior to payment of the impact fee, and any claim not so made shall be deemed waived. Prior to any development approval, the owner shall execute and record against the property in the King County real property title records a City-prepared covenant that shall guarantee that the affordable housing shall continue, which covenant shall run with the land, address annual reporting requirements to the City, price restrictions and household income limits and be consistent with the provisions of RCW 82.02.060(3) as now adopted or hereafter amended. In the event that the exempt housing unit is no longer used for affordable (low-income) housing as defined in this chapter, the current owner shall pay the applicable impact fees in effect at the time of conversion.

B. Rebuilding of legally established building(s) destroyed or damaged by fire, flood, explosion, act of God or other accident or catastrophe, or remodeling of existing legally established building(s), or replacing demolished legally established building(s), provided that a complete building permit for construction or reconstruction is submitted to the city within 12 months of the date of the loss or demolition, as the case may be, and so long as no additional dwelling units or impacts are created.

C. Condominium projects in which existing dwelling units are converted into condominium ownership and where no new dwelling units are created.

D. Any development activity that is exempt from the payment of an impact fee pursuant to RCW 82.02.100, due to mitigation of the same system improvement under the State Environmental Policy Act.

E. Any development activity for which transportation impacts have been mitigated pursuant to a condition of plat approval to pay fees, dedicate land or construct or improve transportation facilities, unless the condition of the plat approval provides otherwise; and further provided that the condition of the plat approval predates the effective date of fee imposition.

F. Any development activity for which transportation impacts have been mitigated pursuant to a voluntary agreement entered into with the City to pay fees, dedicate land or construct or improve transportation facilities, unless the terms of the voluntary agreement provide otherwise; and further provided that the agreement predates the effective date of fee imposition.

**19.19.080 Determination of the Fee, Adjustments, Exceptions and Appeals.**

A. The City shall determine a developer's impact fee, according to the Impact Fee Schedule.

B. The fee amount established in the schedule shall be reduced by the amount of any payment previously made for the lot or development activity in question, either as a condition of approval or pursuant to a voluntary agreement.

C. Whenever a developer is granted approval subject to a condition that the developer provide a transportation facility acceptable to the City, the developer shall be entitled to a credit for the actual cost of providing the facility, against the fee that would be chargeable under the formula provided by this chapter. The cost of construction shall be estimated at the time of approval, but must be documented, and the documentation confirmed after the construction is completed to assure that an accurate credit amount is provided. If construction costs are less than the calculated fee amount, the difference remaining shall be chargeable as a transportation impact fee.

D. The standard impact fees may be adjusted, if one of the following circumstances exist, provided that any discount set forth in the fee formula fails to adjust for the error in the calculation or fails to ameliorate for the unfairness of the fee:

1. The developer demonstrates that an impact fee assessment was improperly calculated; or
2. Unusual circumstances identified by the developer demonstrate that if the standard impact fee amount was applied to the development, it would be unfair or unjust.

E. A developer may provide studies and data to demonstrate that any particular factor used by the City may not be appropriately applied to the development proposal.

F. Any appeal of the decision of the City with regard to fee amounts shall follow the process for the appeal of the underlying development application, as set forth in the Mercer Island City Code. Any errors in the formula identified as a result of the appeal should be referred to the Council for possible modification.



G. Impact fees may be paid under protest in order to obtain a permit or other approval of development activity.

**19.19.090 Impact Fee Accounts and Refunds.**

A. Impact fee receipts shall be earmarked specifically and retained in a special interest-bearing account established by the City solely for the City's transportation impact fees. All interest shall be retained in the account and expended for the purpose or purposes for which impact fees were imposed. Annually, the City shall prepare a report on the impact fee account showing the source and amount of all moneys collected, earned or received, and capital or system improvements that were financed in whole or in part by impact fees.

B. Impact fees for transportation system improvements shall be expended by the City for capital improvements including but not limited to transportation planning, land surveys, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, and any other expenses which could be capitalized, and which are consistent with the City's capital facilities element of its Comprehensive Plan or the City's Six-Year Transportation Improvement Program.

C. Impact fees may be used to recoup costs for system improvements previously incurred by the City to the extent that new growth and development will be served by the previously constructed system improvements.

D. In the event that bonds or similar debt instruments are issued for the advanced provision of capital facilities for which impact fees may be expended and where consistent with the bond covenants, impact fees may be used to pay debt service on such bonds or similar debt instruments to the extent that the facilities or improvements provided are consistent with the requirements of this section.

E. Impact fees shall be expended or encumbered by the City for a permissible use within ten (10) years of receipt by the City, unless there exists an extraordinary or compelling reason for fees to be held longer than ten (10) years.

F. The current owner of property on which an impact fee has been paid may receive a refund of such fees if the impact fees have not been expended or encumbered within ten (10) years of receipt of the funds by the City on transportation facilities intended to benefit the development activity for which the impact fees were paid. In determining whether impact fees have been encumbered, impact fees shall be considered encumbered on a first in, first out basis. The City shall notify potential claimants by first-class mail deposited with the United States postal service addressed to the owner of the property as shown in the County tax records.

G. An owner's request for a refund must be submitted to the City in writing within one (1) year of the date the right to claim the refund arises or the date that notice is given, whichever date is later. Any impact fees that are not expended or encumbered by the City in conformance with the capital facilities element within these time limitations, and for which no application for a refund has been made within this one (1) year period, shall be retained and expended consistent with the

provisions of this section. Refunds of impact fees shall include any interest earned on the impact fees.

H. Should the City seek to terminate any or all transportation impact fee requirements, all unexpended or unencumbered funds, including interest earned, shall be refunded to the current owner of the property for which a transportation impact fee was paid. Upon the finding that any or all fee requirements are to be terminated, the City shall place notice of such termination and the availability of the refunds in a newspaper of general circulation at least two times and shall notify all potential claimants by first-class mail addressed to the owner of the property as shown in the County tax records. All funds available for refund shall be retained for a period of one (1) year. At the end of one (1) year, any remaining funds shall be retained by the City, but must be expended by the City, consistent with the provisions of this section. The notice requirement set forth above shall not apply if there are no unexpended or unencumbered balances within the account or accounts being terminated.

I. A developer may request and shall receive a refund, including interest earned on the impact fees, when:

1. The developer has not received final plat approval, the building permit, the mobile home permit, the site plan approval, nor final approval for the development activity as required by statute or City Code including the International Building Code; and

2. No impact on the City has resulted. "Impact" shall be deemed to include cases where the City has expended or encumbered the impact fees in good faith prior to the application for a refund. In the event that the City has expended or encumbered the fees in good faith, no refund shall be forthcoming. However, if within a period of three (3) years, the same or subsequent owner of the property proceeds with the same or substantially similar development activity, the owner shall be eligible for a credit. The owner must petition the City and provide receipts of impact fees paid by the owner for a development of the same or substantially similar nature on the same property or some portion thereof. The City shall determine whether to grant a credit, and such determinations may be appealed by following the procedures set forth in Section 19.19.080.

J. Interest due upon the refund of impact fees required by this section shall be calculated according to the average rate received by the City on invested funds throughout the period during which the fees were retained.

**Section 2.** **Severability.** If any section, sentence, clause or phrase of this ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

**Section 3.** **Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 4.** **Effective Date.** This Ordinance shall take effect and be in force within 30 days after passage and publication.

PASSED by the City Council of the City of Mercer Island, Washington at its regular meeting on the \_\_\_\_ day of \_\_\_\_\_ 2015 and signed in authentication of its passage.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_

**Mercer Island Proposed Traffic Impact Fee Rate Schedule**  
**Based on a PM peak hour cost per trip of \$3,788**

<i>Land Uses</i>	<i>Unit of Measure (1)</i>	<i>Basic Rate PM Peak Trips/Unit (2)</i>	<i>New Trips % (3)</i>	<i>New Trip Rate (4)</i>	<i>Fee Per Unit of Measure (5)</i>
Single Family (1 or 2 dwellings)	dwelling	1.00	100%	1.00	\$3,788
Multi Family (3 or more dwellings)	dwelling	0.57	100%	0.57	\$2,159
Senior Housing	dwelling	0.27	100%	0.27	\$1,023
Commercial Services	SF GFA	3.98	100%	3.98	\$15.08
School	student	0.13	100%	0.13	\$492
Institutional	SF GFA	0.74	100%	0.74	\$2.80
Light Industry/ Industrial Park	SF GFA	0.91	100%	0.91	\$3.45
Warehousing/Storage	SF GFA	0.45	100%	0.45	\$1.70
Restaurant	SF GFA	9.02	56%	5.05	\$19.13
General Retail	SF GFA	3.71	66%	2.45	\$9.27
Supermarket	SF GFA	9.48	64%	6.07	\$22.98
Administrative Office	SF GFA	1.49	100%	1.49	\$5.64
Medical Office/Dental Clinic	SF GFA	3.57	100%	3.57	\$13.52

**Notes:**

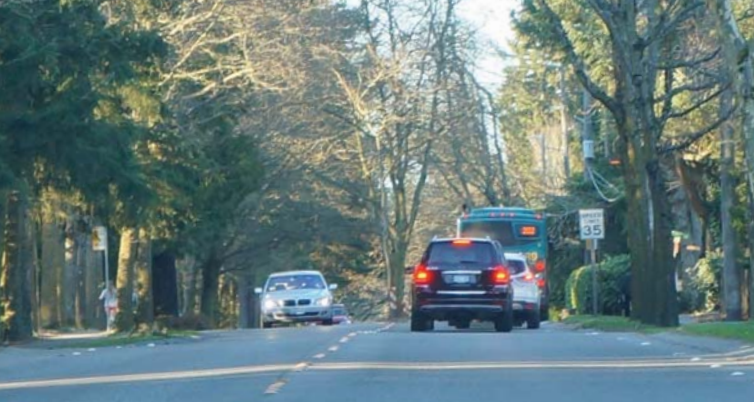
<sup>1</sup>"SF GFA" = Square Foot Gross Floor Area

<sup>2</sup> Institute of Transportation Engineers (ITE) Trip Generation (9th Edition): 4-6 PM Peak Hour Trip Ends

<sup>3</sup> Excludes pass-by trips: see "Trip Generation Handbook: An ITE Proposed Recommended Practice" (2014)

<sup>4</sup>For uses with unit of measure in "SF GFA" the trip rate is given as trips per 1000 sq ft

<sup>5</sup>For uses with unit of measure in "SF GFA" the impact fee is dollars per square foot



Prepared by  
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 Seattle, WA 98154  
 206.576.4220



# City of Mercer Island Transportation Impact Fee Rate Study Update

DRAFT - November 2015  
 SE15-0397



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Appendix A: Project Cost Allocation Results

Appendix B: Land Use Definitions



## CHAPTER 1: INTRODUCTION

Impact fees are a broad category of charges on new development assessed to pay for capital improvements (e.g., parks, schools, roads, etc.) necessitated by new development. Transportation impact fees are collected to fund improvements that add capacity to the transportation system to accommodate the travel demand added by new development. The Revised Code of Washington (RCW 82.02.050) defines the legislation as intended to ensure that adequate facilities are available to serve new growth; to establish standards by which new growth and development pay a proportionate share of the cost of new facilities needed to serve new growth and development; and to ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicative fees for the same impact.

### LEGAL BASIS

The primary enabling mechanism for imposing impact fees in Washington is the Growth Management Act (GMA). Prior to the passage of the GMA, local agencies primarily relied on the State Environmental Policy Act (SEPA) process to require developers to fund mitigation projects necessitated by new development.

The GMA, passed in 1990, modified the portion of RCW 82.05.050 regarding impact fees and specifically authorized the use of impact fees. The GMA allows impact fees for system improvements that reasonably relate to the impacts of new development, and specifies that fees are not to exceed a proportionate share of the costs of improvements.

For a city to impose GMA impact fees, the following specific provisions are required:

- The city must have an ordinance authorizing impact fees;
- Fees may apply only to improvements identified in a Capital Facilities Plan;
- The agency must establish one or more service areas for fees;
- A formula or other method for calculating impact fees must be established;
- The fees cannot be used to finance the portion of improvements needed to pay for existing capacity deficiencies. (Note: the fees can be used to recoup the cost of improvements already made to address the needs of future development);
- The fees may not be arbitrary or duplicative;





- The fees must be earmarked specifically and be retained in special interest-bearing accounts;
- Fees may be paid under protest; and,
- Fees not expended within six years must be refunded with interest.

An accounting system is important to ensure that the impact fees collected are assigned to the appropriate improvement projects and the developer is not charged twice for the same improvement.

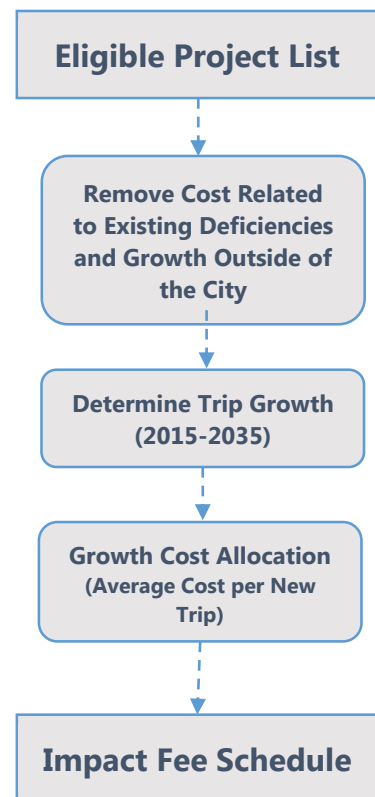
## IMPACT FEE STRUCTURE

The key steps involved in the impact fee process are shown in **Figure 1**. Steps include developing a list of roadway system improvements and costs, determining eligible project costs, and dividing the cost by growth in trips. The remaining costs can be charged as impact fees, which are displayed in the form of a fee schedule. Each step is described in more detail in subsequent sections of this report.

## DATA ROUNDING

The data in this study were prepared using computer spreadsheet software. In some tables in this study, there will be very small variations from the results that would be obtained using a calculator to compute the same data. The reason for these insignificant differences is that the spreadsheet software calculated the results to more places after the decimal than is reported in the tables in the report.

**Figure 1. Impact Fee Structure**





## CHAPTER 2: IMPACT FEE PROJECT LIST

Washington State law (RCW 82.02.050) specifies that Transportation Impact Fees are to be spent on “system improvements.” System improvements can include physical or operational changes to existing roadways, as well as new roadway connections that are built in one location to benefit projected needs at another location. These are generally projects that add capacity (new streets, additional lanes, widening, signalization, et al), but can also include bicycle, pedestrian, and transit-supportive projects that provide capacity for future growth and are within the right of way of ‘streets and roads’ as defined by the GMA.

To identify projects that may be eligible for impact fees, Fehr & Peers reviewed the City’s 2016-2021 Transportation Improvement Program (TIP), the May 2015 draft of the Comprehensive Plan Transportation Element, and associated documentation related to the City’s transportation level of service (LOS) analysis. Not all of the projects identified in these documents would be eligible for impact fee funding, so Fehr & Peers separated the projects into three possible categories:

1. Non-Impact Fee funding eligible projects,
2. Motorized projects required to meet the City’s LOS C standard, and
3. Non-motorized projects.

**Table 1** summarizes the eligible motorized projects. **Table 2** summarizes the eligible non-motorized projects. Projects related to maintenance (such as street overlays) are not eligible to receive funding from the impact fee program. **Figure 2** displays the location of the project on a citywide map.



**Table 1. Eligible Motorized Projects**

<i>Location</i>	<i>Description</i>	<i>Approximate Cost</i>
SE 24th Street/W Mercer Way	Add southbound left turn pocket (re-channelize).	\$25,000
77th Avenue SE/N Mercer Way	Add center receiving lane.	\$50,000
77th Avenue SE/N Mercer Way	Install traffic signal	\$770,000
SE 27th Street/80th Avenue SE	Install traffic signal.	\$858,000
SE 28th Street/80th Avenue SE	Install traffic signal.	\$854,900
SE 40th Street Corridor (East of Island Crest Way)	Install dedicated left turn signal phase and turn pocket.	\$914,000
SE 53rd Place/Island Crest Way	Install traffic signal.	\$602,700
SE 68th Street/Island Crest Way	Install traffic Signal/Roundabout	\$982,500
SE 40th Street/Gallagher Hill Road	Add Traffic Signal	\$826,100
Island Crest Way/SE 40 <sup>th</sup> St.	Roadway widening and intersection improvements, including right-of-way taking	\$3,762,500
SE 30 <sup>th</sup> St/78 <sup>th</sup> Ave SE	Add westbound left turn lane	\$25,900
SE 36 <sup>th</sup> St/ N Mercer Way	Install traffic signal	\$627,600
<b>Total Cost</b>		<b>\$10,299,200</b>



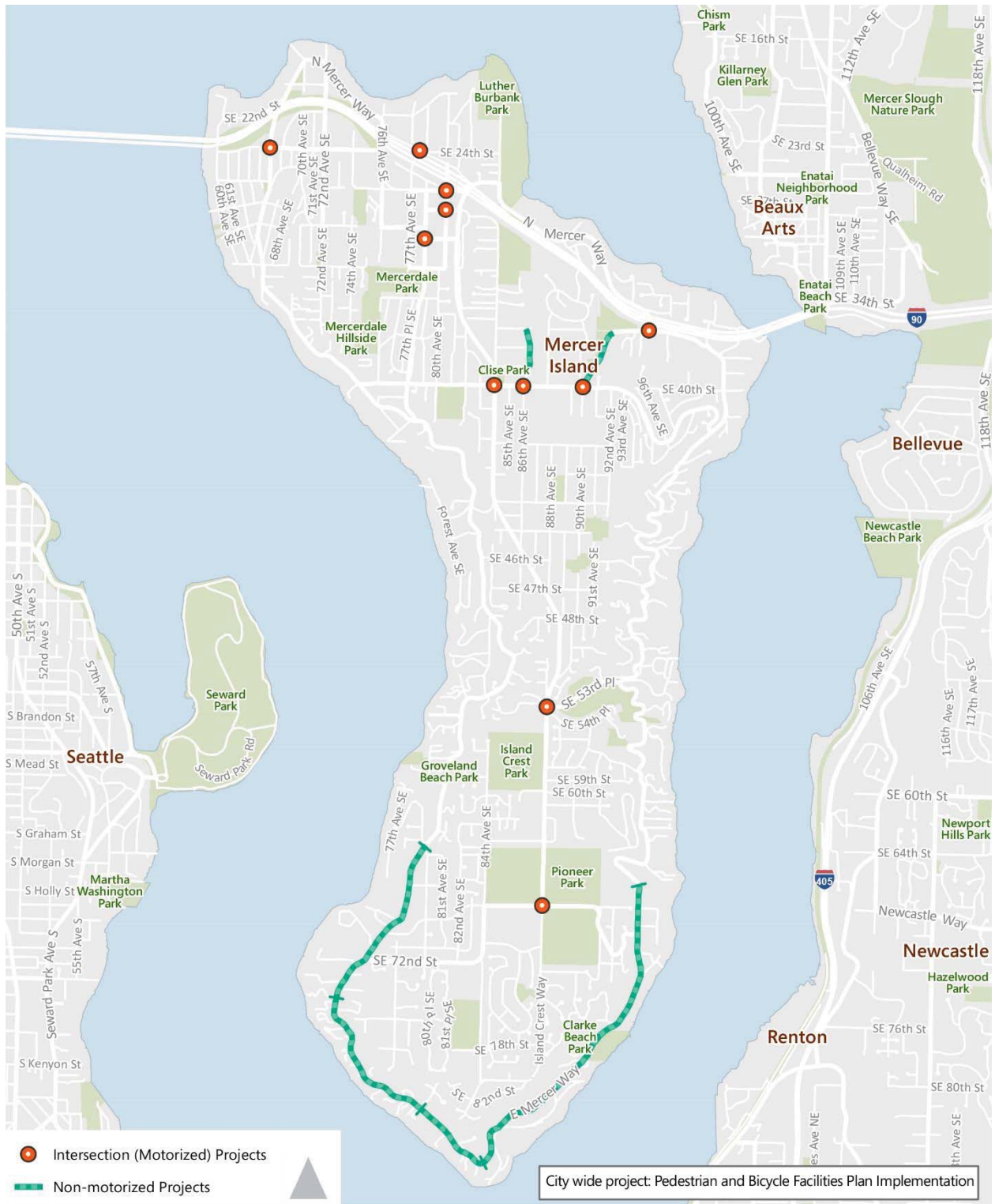
**Table 2. Eligible Non-Motorized Projects**

<i>Location</i>	<i>Description</i>	<i>Approximate Cost</i>
Safe Routes - Madrona Crest (86th Avenue SE)	Sidewalk between SE 36th to SE 39th Street.	\$340,000
East Mercer Way (From 6600 block to south end of E Mercer Way)	Add a paved shoulder for non-motorized users.	\$1,067,400
West Mercer Way (7400- 8000 Block)	Add a paved shoulder for non-motorized users.	\$417,500
West Mercer Way (8000 block to E Mercer Way)	Add a paved shoulder (east side) for non- motorized users.	\$500,000
West Mercer Way (6500 to 7400 block)	Add a paved shoulder (east side) for non- motorized users.	\$700,000
Various Locations	Pedestrian and Bicycle Facilities Plan Implementation	\$900,000
Gallagher Hill Road	Add sidewalks and curb	\$422,500
<b>Total</b>		<b>\$4,347,400</b>



Mercer Island Impact Fees - November 2015

Figure 2. Transportation Impact Fee Project Map

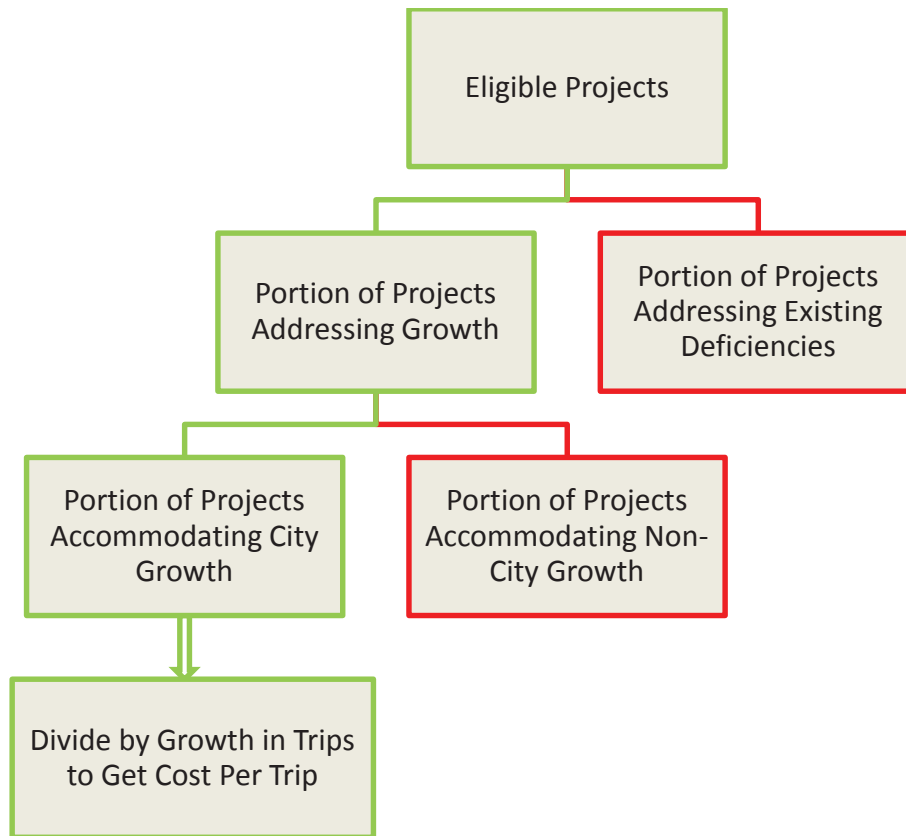




### CHAPTER 3: COST ADJUSTMENTS

Of the eligible project list, only a portion of those costs may be funded through impact fees. The portion of project costs addressing existing deficiencies is not eligible for impact fee funding. The GMA states that impact fees can only fund the portion of projects that provide capacity required to serve new trip ends. Moreover, impact fees are limited to the portion of projects accommodating growth within the City – impact fees cannot pay for growth that occurs outside the City. This section describes adjustments made to identify the portion of project costs eligible for impact fee funding. **Figure 3** diagrams the process. The last step, divide by growth in trips, is explained further in Chapter 4.

**Figure 3. Impact Fee Cost Adjustment Concept**





## TRANSPORTATION DEFICIENCIES

RCW 82.02.050(4) (a) requires that the capital facilities element of a jurisdiction's comprehensive plan identify "deficiencies in public facilities serving existing development." Future development cannot be held responsible for the portion of added roadway capacity needed to serve existing development.

The existing deficiency calculation for motorized projects was based on the City's current LOS C standard. Any intersection operating below LOS C has an existing deficiency. The non-motorized existing deficiency is based on the need for the project. An assumption was made that both existing and future travelers create the need for these projects proportional to their magnitude of trips. Non-motorized projects have an existing deficiency based on the proportion of the 2015-2035 growth compared to the total trips generated within the City in 2035. The travel model showed that growth represents 11 percent of the total trips in 2035. Therefore, 89 percent of the need for non-motorized projects is due to existing trips, representing an existing deficiency. The deficiency for each project is shown in **Appendix A**.

## PERCENT OF GROWTH WITHIN MERCER ISLAND

Once existing deficiencies are removed, the remaining costs are attributable to growth. Although there are few pass-through trips on the island's roadways, not all of the growth comes from Mercer Island development - there is a portion of growth that comes from surrounding jurisdictions. All of the trips that start and end on the island and half of the trips that either start or end outside of the island are related to growth within the City. The travel model was used to determine that approximately 57 percent of trips within the City are attributable to City growth. For non-motorized facilities, it is assumed that approximately 90 percent of non-motorized trips are attributable to City growth.

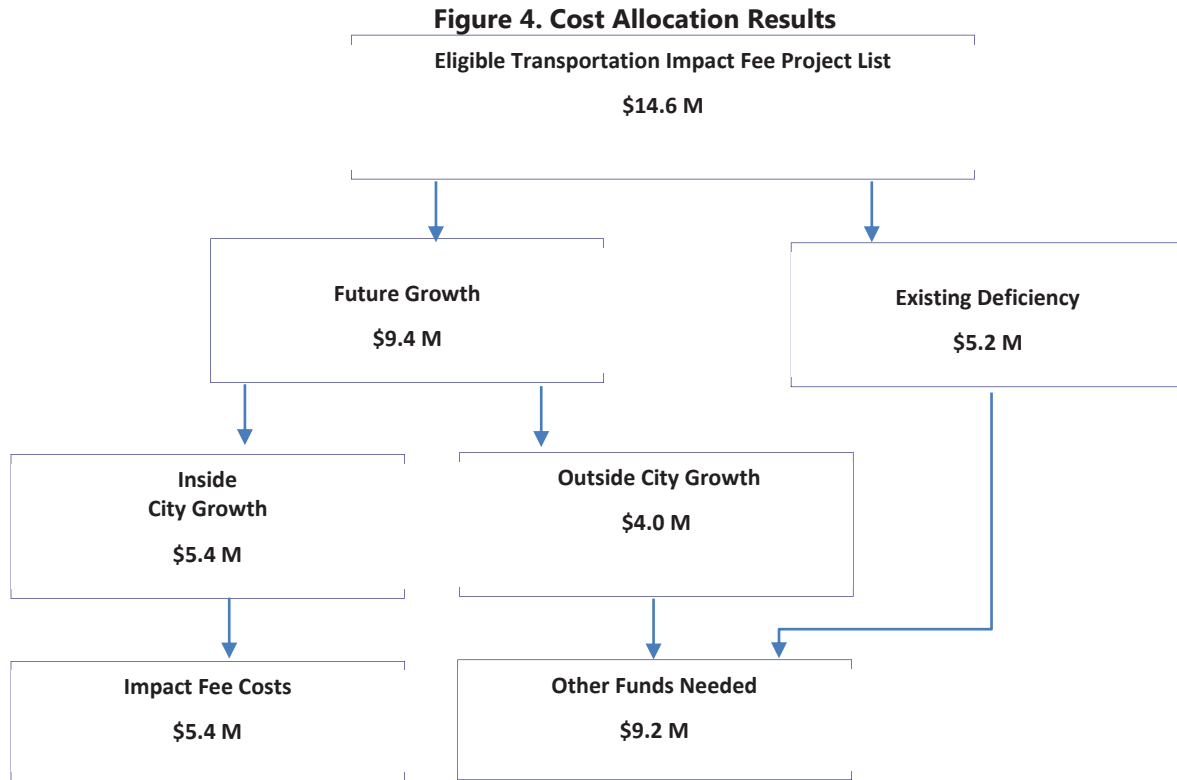
## COST ALLOCATION RESULTS

**Figure 4** summarizes the cost allocation results. For discussion purposes, the dollar amounts shown in this figure and the following text descriptions are approximate values expressed in million dollars. The actual amounts used in the calculations are accurate to a single dollar.

The total cost of the capacity projects on the capacity project list is \$14.6 million, as previously shown in **Tables 1** and **2**. This was divided into growth costs and existing deficiencies. The growth costs were further



divided into 'city growth' and 'outside city growth' components using the City's travel model data. The details of this calculation are shown in **Appendix A**.







## CHAPTER 4: TRAVEL GROWTH

The portion of project costs over the next twenty years that is eligible for impact fee funding has been identified. The impact fees are paid by development based on their impacts on the roadway on a cost per new vehicle trip basis. This section describes the calculation for new vehicle trips in the city.

Fehr & Peers developed a method for forecasting growth in PM peak hour vehicle trips ends<sup>1</sup> within the City of Mercer Island over the next 20 years based on growth in employment and households. The 2015 and 2035 employment by sector and single family and multi-family households were estimated using a variety of sources. Table 3 displays the existing and future year land use used to forecast growth in trip ends.

**Table 3. Existing and Future Year Land Use**

	2015	2035	Growth
<b>Single Family</b>	6,873	7,158	285
<b>Multi-Family</b>	2,236	3,358	1,122
<b>Employment</b>	6,922	8,219	1,297

From there, the land use can be used to estimate total trip ends with the following steps:

1. Converting employees into square footage using standard estimates of square feet per employee
2. Calculating PM peak hour vehicle trip ends using generalized ITE trip generation rates (ITE, *Trip Generation, 9<sup>th</sup> Edition*, 2012) for each land use categories

The total PM Peak hour trip ends in 2015 and 2035 within the City were estimated to be:

- 2015 trip ends: 11,135
- 2035 trip ends: 12,568
- 2015-2035 growth in trip ends: 1,433

<sup>1</sup> A trip travels between an origin and a destination. Each trip has two trip ends, one each at the origin and destination. Trip ends represent the persons coming to and from a given land use.



## RESULTS

The final step in the cost allocation process dealt with calculating the "cost per new trip end" within Mercer Island, derived by dividing the final impact fee cost by the total number of new PM peak hour trip ends based in Mercer Island.

The analysis produced the following results.

Impact fee costs	\$5,427,324
New PM peak hour trip ends	÷ 1,433
Cost per new trip end	<hr/> = \$3,788



## CHAPTER 5 - IMPACT FEE SCHEDULE

The impact fee schedule was developed by adjusting the "cost per new trip end" information to reflect differences in trip-making characteristics for a variety of land use types within the study area. The fee schedule is a table where fees are represented as dollars per unit for each land use category. **Table 4** shows the various components of the fee schedule (trip generation rates and new trip percentages).

### TRIP GENERATION COMPONENTS

Trip generation rates for each land use type are derived from the Institute of Transportation Engineers (ITE) *Trip Generation* (9<sup>th</sup> Edition). The rates are expressed as vehicle trips entering and leaving a property during the PM peak hour.

#### PASS-BY TRIP ADJUSTMENT

The trip generation rates represent total traffic entering and leaving a property at the driveway points. For certain land uses (e.g., general retail), a substantial amount of this traffic is already passing by the property and merely turns into and out of the driveway. These pass-by trips do not significantly impact the surrounding street system and therefore are subtracted out prior to calculating the impact fee. The resulting trips are considered "new" to the street system and are therefore subject to the impact fee calculation. The "new" trip percentages are derived partially from ITE data and from available surveys conducted around the country.<sup>2</sup>

### SCHEDULE OF RATES

The impact fee schedule of rates is shown in **Table 4**, as well as the various components of the fee schedule. In the fee schedule, fees are shown as dollars per unit of development for various land use categories, as defined in **Appendix B**. The impact fee program is flexible in that if a use does not fit into one of the categories, an impact fee can be calculated based on the development's projected trip generation.

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<sup>2</sup> Trip Generation Sources: ITE *Trip Generation* (9<sup>th</sup> Edition); ITE *Trip Generation Handbook: An ITE Proposed Recommended Practice*,(2014);



**Table 4. Mercer Island Proposed Traffic Impact Fee Rate Schedule**

**Based on a PM peak hour cost per trip of \$3,788**

<i>Land Uses</i>	<i>Unit of Measure (1)</i>	<i>Basic Rate PM Peak Trips/Unit (2)</i>	<i>New Trips % (3)</i>	<i>New Trip Rate (4)</i>	<i>Fee Per Unit of Measure (5)</i>
Single Family (1 or 2 dwellings)	dwelling	1.00	100%	1.00	\$3,788
Multi Family (3 or more dwellings)	dwelling	0.57	100%	0.57	\$2,159
Senior Housing	dwelling	0.27	100%	0.27	\$1,023
Commercial Services	SF GFA	3.98	100%	3.98	\$15.08
School	student	0.13	100%	0.13	\$492
Institutional	SF GFA	0.74	100%	0.74	\$2.80
Light Industry/ Industrial Park	SF GFA	0.91	100%	0.91	\$3.45
Warehousing/Storage	SF GFA	0.45	100%	0.45	\$1.70
Restaurant	SF GFA	9.02	56%	5.05	\$19.13
General Retail	SF GFA	3.71	66%	2.45	\$9.27
Supermarket	SF GFA	9.48	64%	6.07	\$22.98
Administrative Office	SF GFA	1.49	100%	1.49	\$5.64
Medical Office/Dental Clinic	SF GFA	3.57	100%	3.57	\$13.52

**Notes:**

<sup>1</sup>"SF GFA" = Square Foot Gross Floor

Area

<sup>2</sup> Institute of Transportation Engineers (ITE) Trip Generation (9th Edition): 4-6 PM Peak Hour Trip Ends

<sup>3</sup> Excludes pass-by trips: see "Trip Generation Handbook: An ITE Proposed Recommended Practice" (2014)

<sup>4</sup>For uses with unit of measure in "SF GFA" the trip rate is given as trips per 1000 sq ft

<sup>5</sup>For uses with unit of measure in "SF GFA" the impact fee is dollars per square foot

**APPENDIX A: PROJECT COST ALLOCATION RESULTS**

Appendix A

<i>Location</i>	<i>Description</i>	<i>Cost to City</i>	<i>Eligibility (1-Deficiency)<sup>1</sup></i>	<i>% Mercer Island<sup>2</sup></i>	<i>Final Impact Fee Cost</i>
SE 24th Street/W Mercer Way	Add southbound left turn pocket (re-channelize).	\$25,000	100%	56%	\$14,000
77th Avenue SE/N Mercer Way	Add center receiving lane.	\$50,000	49%	56%	\$13,808
77th Avenue SE/N Mercer Way	Traffic signal	\$770,000	49%	56%	\$212,647
SE 27th Street/80th Avenue SE	Traffic signal.	\$858,000	100%	56%	\$480,480
SE 28th Street/80th Avenue SE	Traffic signal.	\$854,900	100%	56%	\$478,744
SE 40th Street Corridor (East of Island Crest Way)	Install dedicated left turn signal phase and turn pocket.	\$914,000	100%	56%	\$511,840
SE 40th Street/Gallagher Hill Road	Add Signal	\$826,100	27%	56%	\$122,882
SE 53rd Place/Island Crest Way	Traffic signal.	\$602,700	41%	56%	\$139,371
SE 68th Street/Island Crest Way	Traffic Signal/Roundabout*	\$982,500	100%	56%	\$550,200
Safe Routes - Madrona Crest (86th Avenue SE) Sidewalk Phase 2	Sidewalk between SE 36th to SE 39th Street.	\$340,000	11%	90%	\$33,660
East Mercer Way Roadside Shoulders (From 6600 block to south end of E Mercer Way)	Add a shoulder for non-motorized users.	\$1,067,400	11%	90%	\$105,673
West Mercer Way Roadside Shoulders (7400- 8000 Block)	Add a shoulder for non-motorized users.	\$417,500	11%	90%	\$41,333
West Mercer Way Roadside Shoulders (8000 block to E Mercer Way)	Add a paved shoulder (east side) for non- motorized users.	\$500,000	11%	90%	\$49,500
West Mercer Way Roadside Shoulders (6500 to 7400 block)	Add a paved shoulder (east side) for non- motorized users.	\$700,000	11%	90%	\$69,300
Various Location	PBF Plan Implementation	\$900,000	11%	90%	\$89,100

Appendix A

Location	Description	Cost to City	Eligibility (1-Deficiency) <sup>1</sup>	% Mercer Island <sup>2</sup>	Final Impact Fee Cost
Gallagher Hill Road Sidewalk	Add sidewalk and curb	\$422,500	11%	90%	\$41,828
SE 36th St/ N Mercer Way	Traffic Signal	\$627,600	100%	56%	\$351,456
ICW/SE 40 <sup>th</sup>	Widen to Add 2nd southbound left-turn lane and separate northbound right-turn lane. Widen SE 40th St between ICW and 86th Ave SE to add 2nd EB lane	\$3,762,500	100%	56%	\$2,107,000
<b>Total</b>		<b>\$14,646,600</b>			<b>5,427,324</b>

<sup>1</sup>Eligibility is the percent of the cost that is not related to an existing deficiency (100%-Deficiency calculation). See the "Transportation Deficiency" section in Chapter 3.

<sup>2</sup>% Mercer Island is the percent of trips that are within Mercer Island including half of all trips that start or end in the Island. The calculation is based on location for all motorized projects, and a model estimated 90% for all non-motorized projects. See "Percent of Growth within Mercer Island" section in Chapter 3.

## **APPENDIX B: LAND USE DEFINITIONS**



The following land use definitions are derived from the ITE *Trip Generation* (9th Edition). They have been modified as appropriate for the City of Mercer Island.

## RESIDENTIAL

**Single Family:** One or more detached housing units located on an individual lot. Also includes accessory dwelling units and duplexes. (ITE # 210)

**Multi Family:** A building or buildings designed to house three or more families living independently of each other. Includes apartments, condos and attached townhouses. (ITE # 220, 221, 230, 233)

**Senior Housing:** Residential units similar to apartments or condominiums restricted to senior citizens. (ITE # 251, 255)

## COMMERCIAL-SERVICES

All of the uses below are represented by a single impact fee category "Commercial Services." The rate of 3.98 trips per ksf is based on the average of rates for Auto Care Center, Movie Theater, and Health Club GFA, which represent a broad variety of uses.

**Automobile Care Center:** An automobile care center houses numerous businesses that provide automobile-related services, such as repair and servicing, stereo installation and seat cover upholstery. (ITE # 942)

**Movie Theater:** Consists of audience seating, one or more screens and auditoriums, and a lobby and refreshment stand. Typically includes matinee showings. (ITE # 444, 445)

**Health/Fitness Club:** Health/fitness clubs are privately owned facilities that primarily focus on individual fitness or training. They generally offer exercise or dance classes, weightlifting, fitness and gymnastics equipment, spas, massage services, locker rooms and small restaurants or juice/snack bars. These may also include ancillary facilities, such as swimming pools, whirlpools, saunas and tennis. (ITE # 492, 493)

## COMMERCIAL-INSTITUTIONAL

The land use for "School" comprises of the "High School" ITE trip generation, due it to being most like other types of schools in the Mercer Island.

**High School:** High Schools serve students who have completed middle school. (ITE # 530)

All of the uses below are represented by a single impact fee category "Institutional." The rate of .74 trips per ksf is based on the average of rates for Church, Hospital, and Nursing Home, which represent a broad variety of uses.

**Church:** A building providing public worship facilities. Generally houses as assembly hall or sanctuary, meeting rooms, classrooms, and occasionally dining facilities. (ITE # 560)

**Hospital:** A building or buildings designed for the medical, surgical diagnosis, treatment and housing of persons under the care of doctors and nurses. Rest homes, nursing homes, convalescent homes and clinics are not included. (ITE #610)

**Assisted Living, Nursing Home, and Group Home:** A facility whose primary function is to provide chronic or convalescent care for persons who by reason of illness or infirmity are unable to care for themselves. Applies to rest homes, chronic care, and convalescent centers. Group Home may be one or more multi-unit buildings designed for those people who are unable to live independently due to physical or mental handicap. Facilities may contain dining rooms, medical facilities, and recreational facilities. (ITE # 620, 254)

## INDUSTRIAL

**Light Industrial/Industrial Park:** Industrial parks are a mix of manufacturing, service, and warehouse facilities with a wide variation in the proportion of each type of use from one location to another. Industrial parks include research centers facilities or groups of facilities that are devoted nearly exclusively to research and development activities. Light industrial facilities include printing plants, material testing laboratories, bio-technology, medical instrumentation or supplies, communications and information technology, and computer hardware and software. (ITE #s 110, 130)

**Warehousing/Storage:** Facilities that are primarily devoted to the storage of materials, including vehicles. They may also include office and maintenance areas. (ITE # 150)

## RESTAURANT

**Restaurant:** An eating establishment, which sells prepared food or beverages and generally offers accommodations for consuming the food or beverage on the premises. Usually serves breakfast, lunch, and/or dinner; generally does not have a drive-up window. Includes all forms of sit-down restaurants. (ITE #931)

## COMMERCIAL-RETAIL

**General Retail:** A retail establishment that provides a variety of goods. Applies to shopping centers that are planned, developed, owned or managed as a unit. Could include peripheral buildings located on the perimeter of a shopping center adjacent to the streets and major access points. (ITE # 820)

**Supermarket:** Retail store which sells a complete assortment of food, food preparation and wrapping materials, and household cleaning and servicing items. (ITE # 850)

## COMMERCIAL-OFFICE

**Administrative Office:** An administrative office building houses one or more tenants and is the location where affairs of a business, commercial or industrial organization, professional person or firm are conducted. The building or buildings may be limited to one tenant, either the owner or lessee, or contain a mixture of tenants including professional services, insurance companies, investment brokers, and company headquarters. Services such as a bank or savings and loan, a restaurant or cafeteria, miscellaneous retail facilities, and fitness facilities for building tenants may also be included. (ITE # 710)

**Medical Office/Dental Clinic:** A facility which provides diagnoses and outpatient care on a routine basis but which is unable to provide prolonged in-house medical/surgical care. A medical office is generally operated by either a single private physician/dentist or a group of doctors and/or dentist. (ITE # 720)

**CITY OF MERCER ISLAND**  
**DEVELOPMENT SERVICES GROUP**  
 9611 SE 36TH STREET | MERCER ISLAND, WA 98040  
 PHONE: 206.275.7605 | www.mercergov.org



CITY USE ONLY		
PERMIT #	RECEIPT #	FEE
27215-004	—	—
Date Received: 10/15/15		

DEVELOPMENT APPLICATION		Received By: <i>SG</i>
STREET ADDRESS/LOCATION Throughout the City of Mercer Island, WA		ZONE All zones
COUNTY ASSESSOR PARCEL #'S N/A		PARCEL SIZE (SQ. FT.) N/A
PROPERTY OWNER N/A	ADDRESS N/A	CELL/OFFICE: 206-275-7706 E-MAIL: N/A
PROJECT CONTACT NAME City of Mercer Island	ADDRESS 9611 SE 36th St., Mercer Island, WA 98040	CELL/OFFICE: 206-275-7706 E-MAIL: N/A
TENANT NAME N/A	ADDRESS N/A	CELL PHONE: 206-275-7706 E-MAIL: N/A

**DECLARATION:** I HEREBY STATE THAT I AM THE OWNER OF THE SUBJECT PROPERTY OR I HAVE BEEN AUTHORIZED BY THE OWNER(S) OF THE SUBJECT PROPERTY TO REPRESENT THIS APPLICATION, AND THAT THE INFORMATION FURNISHED BY ME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

*[Signature]*  
 SIGNATURE

Oct. 15, 2015  
 DATE

**PROPOSED APPLICATION(S) AND CLEAR DESCRIPTION OF PROPOSAL:**

A zoning text amendment amending MICC Title 19 to add requirements for transportation impact fees that will be applicable throughout Mercer Island.

(Please use additional paper if needed) ATTACH RESPONSE TO DECISION CRITERIA IF APPLICABLE

**CHECK TYPE OF USE PERMIT(S) REQUESTED (3% Technology Fee is included in fees below):**

<p><b>APPEALS</b></p> <p><input type="checkbox"/> Building (+cost of file preparation) \$875.50</p> <p><input type="checkbox"/> Land use (+cost of verbatim transcript) \$875.50</p> <p><input type="checkbox"/> Code Interpretation \$875.50</p> <p><b>CRITICAL AREAS</b></p> <p><input type="checkbox"/> Determination \$2,708.87</p> <p><input type="checkbox"/> Reasonable Use Exception \$5,418.83</p> <p><b>DESIGN REVIEW</b></p> <p><input type="checkbox"/> Administrative Review (of sign &amp; colors) \$433.63</p> <p><input type="checkbox"/> Administrative Review (of other than sign &amp; colors) \$723.06</p> <p><input type="checkbox"/> Change to Final Design Approval \$723.06</p> <p><input type="checkbox"/> Design Commission Study Session \$723.06</p> <p><b>DESIGN REVIEW &amp; WIRELESS COMMUNICATIONS FACILITIES</b></p> <p><input type="checkbox"/> \$0-\$5,000 \$723.06</p> <p><input type="checkbox"/> \$5,001-25,000 \$1,806.62</p> <p><input type="checkbox"/> \$25,001-50,000 \$2,708.90</p> <p><input type="checkbox"/> \$50,001-\$100,000 \$4,274.98</p> <p><input type="checkbox"/> Over \$100,001 Valuation \$7,224.42</p> <p><b>DEVIATIONS</b></p> <p><input type="checkbox"/> Changes to Antenna requirements \$1806.62</p> <p><input type="checkbox"/> Changes to Open Space \$1,806.62</p> <p><input type="checkbox"/> Fence Height \$903.31</p>	<p><b>DEVIATIONS (Continued)</b></p> <p><input type="checkbox"/> Critical Areas Setback \$2,709.87</p> <p><input type="checkbox"/> Impervious Surface (5% Lot coverage) \$2,708.90</p> <p><input type="checkbox"/> Shoreline \$3,612.21</p> <p><input type="checkbox"/> Wet Season Construction Moratorium \$941.42</p> <p><b>ENVIRONMENTAL REVIEW (SEPA)</b></p> <p><input type="checkbox"/> Checklist: Single Family Residential Use \$541.78</p> <p><input type="checkbox"/> Checklist: Non-Single Family Residential Use \$1,805.59</p> <p><input type="checkbox"/> Environmental Impact Statement \$2,708.90 (Revision = 40% of Fee)</p> <p><b>SHORELINE MANAGEMENT</b></p> <p><input type="checkbox"/> Exemption \$437.75</p> <p><input type="checkbox"/> Permit Revision \$723.06</p> <p><input type="checkbox"/> Semi-Private Recreation Tract (modification) \$723.06</p> <p><input type="checkbox"/> Semi-Private Recreation Tract (new) \$1,805.59</p> <p><input type="checkbox"/> Substantial Dev. Permit \$2,708.90</p> <p><b>SUBDIVISION LONG PLAT</b></p> <p><input type="checkbox"/> 2-3 Lots \$9,030.01</p> <p><input type="checkbox"/> 4-5 Lots \$12,643.25</p> <p><input type="checkbox"/> 6 Lots or greater \$16,255.46</p> <p><input type="checkbox"/> Subdivision Alteration to Existing Plat \$4,515.52</p> <p><input type="checkbox"/> Final Subdivision Review \$3,612.21</p> <p><input type="checkbox"/> Fire Review \$123.60/Hr</p>	<p><b>SUBDIVISION SHORT PLAT</b></p> <p><input type="checkbox"/> Two Lots \$4,515.52</p> <p><input type="checkbox"/> Three Lots \$5,417.80</p> <p><input type="checkbox"/> Four Lots \$6,321.11</p> <p><input type="checkbox"/> Deviation of Acreage Limitations \$903.31</p> <p><input type="checkbox"/> Short Plat Amendment \$2,256.73</p> <p><input type="checkbox"/> Final Short Plat Approval \$903.31</p> <p><input type="checkbox"/> Fire Review \$123.60/Hr</p> <p><b>VARIANCES (Plus Hearing Examiner Fee)</b></p> <p><input type="checkbox"/> Type 1* \$3,612.21</p> <p><input type="checkbox"/> Type 2** \$2,000.26</p> <p><b>OTHER LAND USE</b></p> <p><input type="checkbox"/> Accessory Dwelling Unit (ADU) \$180.28</p> <p><input type="checkbox"/> Code Interpretation Request (+\$146.03/hr over 6 hrs) \$876.53</p> <p><input type="checkbox"/> Comp Plan Amendment (CPA) \$4,153.99</p> <p><input type="checkbox"/> Conditional Use Permit (CUP) \$7,224.42</p> <p><input type="checkbox"/> Lot Line Revision \$2,708.90</p> <p><input type="checkbox"/> Lot Line Consolidation \$902.28</p> <p><input type="checkbox"/> Noise Variance (+\$146.03/hr over 3 hrs) \$437.75</p> <p><input type="checkbox"/> Reclassification of Property (Rezoning) \$4,515.52</p> <p><input type="checkbox"/> Right-of-Way Encroachment Agreement (Requires Separate ROW Use Permit) \$536.60</p> <p><input checked="" type="checkbox"/> Zoning Code Text Amendment \$4,153.99</p>
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\* Includes all variances of any type or purpose in all zones other than single family residential zone: B, C-O, PBZ, MF-2, MF2L, MF-2L, MF-3, TC, P  
 \*\* Includes all variances of any type or purpose in single family residential zone: R-8.4, R-9.6, R-12, R-15

CITY USE ONLY	
SEPA Categorically Exempt: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Permit Fee:
SEPA Checklist Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Permit Fee:
	Total Fees:

# PUBLIC NOTICE OF APPLICATION AND NOTICE OF OPEN RECORD PUBLIC HEARING



**NOTICE IS HEREBY GIVEN** that an application for a Zoning Code Text Amendment has been filed with the City of Mercer Island for the property described below:

- File No.:** ZTR15-004
- Description of Request:** Add requirements to Mercer Island City Code Title 19 for transportation impact fees
- Applicant :** City of Mercer Island
- Location of Property:** The proposed amendment would apply throughout Mercer Island
- SEPA Compliance:** The proposal is categorically exempt from the State Environmental Policy Act (SEPA) per MICC 19.07.120(D), 19.07.120(J)(2), and WAC 197-11-800(19)(b).
- Written Comments:** Written comments on this proposal may be submitted to the City of Mercer Island **on or before Wednesday, November 4 at 5:00 p.m.** either in person or mailed to the City of Mercer Island, 9611 SE 36th Street, Mercer Island, WA 98040-3732. Anyone may comment on the application, receive notice, and request a copy of the decision once made. Only those persons who submit written comments **on or before Wednesday, November 4, 2015 at 5:00 p.m.** or testify at the open record hearing **on Wednesday, November 4, 2015 at 7:00 p.m.** will be parties of record; and only parties of record will receive a notice of the decision and have the right to appeal.
- Public Hearing and Public Meeting:** Pursuant to MICC 19.15.010(E), and MICC 19.15.020(F)(1), the applicant is required to participate in both an open record public hearing in front of the Planning Commission and a subsequent public meeting with the City Council. The open record public hearing with the Planning Commission is scheduled for **Wednesday, November 4, 2015**. The date of the public meeting with the City Council is tentatively scheduled for **November 16, 2015**. Both the open record public hearing and the public meeting are held on their above specified dates in the Mercer Island City Council Chambers, starting at 7:00 PM, and located at 9611 SE 36th Street, Mercer Island, Washington.
- Applicable Development Regulations:** Pursuant to MICC 19.15.010(E), an application for a Zoning Code Text Amendment is required to be processed as a Legislative Action. Processing requirements for Legislative Actions are further detailed in MICC 19.15.020. There are no other applicable development regulations related to a Zoning Code Text Amendment.

**Other Associated Permits:**

There are currently no additional pending permit applications associated with the proposal.

**Studies and/or Environmental Documents Requested:**

A transportation impact fee rate study has been completed.

The application on file on this matter is available for review at the City of Mercer Island, Development Services Group, 9611 SE 36<sup>th</sup> Street, Mercer Island, Washington. Written comments and/or requests for additional information should be referred to:

Scott Greenberg, Director  
Development Services Group  
City of Mercer Island  
9611 SE 36th Street  
Mercer Island, WA 98040  
(206) 275-7706  
scott.greenberg@mercergov.org

Date of Application: October 14, 2015  
Determined to Be Complete: October 14, 2015  
Bulletin Notice: October 19, 2015  
Date Notice Published in the Newspaper: October 21, 2015  
Comment Period Ends: 5:00PM on November 4, 2015  
Date of Open Record Hearing: November 4, 2015 at 7:00 PM

## Scott Greenberg

---

**From:** Sarah Fletcher <fletchsa1@gmail.com>  
**Sent:** Sunday, November 1, 2015 12:03 PM  
**To:** Scott Greenberg; Dan Grausz  
**Subject:** Proposed Transportation Impact Fee

Hello Scott,

I just read on the Mercergov.org website the proposed transportation impact fee.

"The proposed **transportation impact fee** would be: \$3,788 for each evening peak-hour trip generated by the home or business. For example, a new single-family home would be assessed a fee of \$3,788. A new 20-unit multi-family development would pay \$43,180, and a new 5,000 square foot restaurant would pay \$95,650. "

I would like my comments added.

I think you have it all wrong. It does not seem fair or feasible that a new 20-unit multi-family development would pay \$43,180 and a new 5,000 square foot restaurant would pay \$95,650. It is these very multi-family developments that have caused the degradation in our Town Center with all the additional cars, traffic problems and air pollution. It is like you are encouraging multi-family developments like the current ones and nobody likes them and they are out of proportion for the area.

The fee should be much more than \$43,180 for a new 20-unit multi-family development. It should be a minimum of \$75,760 based on the calculation of a single family unit @ \$3,788 x 20 units = \$75,760. There should not be any concessions either in allowing another storey to be built in exchange for paying an impact fee. The restaurants should not have to pay double the price of a multi-family development in that we desperately need restaurants and other retail outlets to create a vibrant Town Center more than we need multi-family developments which only bring more cars, traffic and air pollution to our Town Center.

The City needs to do their own environmental study before the developer should be allowed to even apply for a permit and the public health, safety, and general welfare, for open spaces, drainage ways, streets or roads, alleys, other public ways, transit stops, potable water supplies, sanitary wastes, parks and recreation, as it may very well be that the Town Center cannot afford anymore multi-family storey-buildings which will not contribute to the wellbeing of Mercer Islanders.

With regard to what a developer would have to include in their project in the form of public amenities in order to qualify for any height greater than two stories. No concessions should be allowed such as the following listed below:

- \*\* additional public parking spaces
- \*\* significant financial contributions for large public plazas or Town Center park improvements
- \*\* meaningful affordable housing
- \*\* green building standards

- \*\* affordable retail rental rates
- \*\* building setbacks from sidewalks
- \*\* pedestrian friendly street level facades
- \*\* public access to internal courtyards
- \*\* all parking to be underground
- \*\* additional site design and landscaping requirements

These should be mandatory and there is no mention of keeping the open spaces which is part of the City's vision.

"Parking: the Interim Report adds on-street parking. At the same time, the Plan would maintain the City's policy on requiring walk-off parking for new development and, as mentioned above, would include extra public parking spaces and/or underground parking only as one of the possible incentives a developer could provide in exchange for being allowed to build a 3<sup>rd</sup>, 4<sup>th</sup> or 5<sup>th</sup> story."

Like I said before, absolutely no "extra public parking spaces", etc should be allowed in exchange for being allowed to build a 3rd, 4th or 5th storey. For instance, had Hines got the go ahead to build over 600 parking spaces in the Town Center, that would have been way too many by about 400 parking spaces too many per development. If you allow all the properties that could be developed in that corridor and allowed 600 per development, you could very well be looking at thousands of extra parking spots in town which the area cannot handle.

I agree with the two Islanders' proposals to the Joint Commission involving lower heights in conjunction with a municipal parking structure and connected underground parking between 77<sup>th</sup> and 78<sup>th</sup> Avenues from 27<sup>th</sup> St. to 32<sup>nd</sup> St.

I would also like to clarify that a mezzanine level, if the developer puts a mezzanine level in between floors, is that classified as a level or not? If it is in the development, that should be classified as a level.

Thank you for your hard work with the Town Center Development. I thank you for your consideration.

Sarah Fletcher



## Scott Greenberg

---

**From:** Wes Giesbrecht <atlin@qwestoffice.net>  
**Sent:** Friday, October 30, 2015 9:23 AM  
**To:** Alison VanGorp  
**Cc:** Scott Greenberg  
**Subject:** RE: City Considering Impact Fees

Apologies but I have to point out the obvious. If we really want to attract more quality restaurants and businesses to the downtown in order to create a more vibrant town center charging \$95,650 for a 5,000 sf restaurant will be a deal breaker. A fee of that size will stop all new commercial development in the town center. My perspective is we should be making it easier for businesses to start up in the town center not making it impossible. Just my thoughts. Wes

---

**From:** Alison VanGorp [mailto:alison.vangorp@mercergov.org]  
**Sent:** Thursday, October 29, 2015 2:50 PM  
**To:** Alison VanGorp  
**Cc:** Scott Greenberg  
**Subject:** City Considering Impact Fees

Dear Applicant –

I'm writing to inform you that the City of Mercer Island is considering ordinances that, if adopted in the coming weeks, will implement new park and transportation impact fees throughout Mercer Island.

Over the last several months, the Mercer Island City Council has been discussing impact fees as a means to defray the costs of growth on Mercer Island's parks, open spaces, local transportation facilities and public schools. Impact fees are assessed only on new development that generates an increase in the number of housing units or commercial space. Replacement of an existing home with a new home would not be subject to payment of impact fees, nor would remodeling or expansion of an existing home. A change of business use may need to pay the transportation impact fee if the change would generate more traffic. Impact fee revenue must be spent within 10 years on projects triggered by growth in the community, such as: new classrooms, additional traffic signals, or park improvements. Most other suburban King County cities use impact fees to fund needed infrastructure upgrades; the burden for new services is thus borne by the new development rather than by all current taxpayers.

In early September, after a collaborative effort with the Mercer Island School Board, the City Council adopted the Island's first impact fees--for public schools. These fees went into effect October 16, 2015. Permit applicants for new single-family or multi-family homes will now pay \$14,118 for a new single-family home and \$4,284 for a new multi-family unit. Though collected by the City, these funds go directly to the School District for its use.

The City Council has now asked the City's Planning Commission to consider ordinances that would adopt park and transportation impact fees. The ordinances would assess a park impact fee of \$1,751 for a new single-family home; \$1,126 for a new multi-family unit; and \$647 per 1,000 gross square feet of commercial/retail/office floor area. The proposed transportation impact fee would be \$3,788 for each evening peak-hour trip generated by the home or business. For example, a new single-family home would be assessed a fee of \$3,788. A new 20-unit multi-family development would pay \$43,180, and a new 5,000 square foot restaurant would pay \$95,650.

The Planning Commission will hold a public hearing on the proposed ordinances at 7:00 pm, Wednesday, November 4 at City Hall; the public is invited and encouraged to provide oral comments. The proposed ordinances and meeting agenda can be found here: <https://www.mercergov.org/Agendas.asp?AMID=2410>. Following the Planning Commission's

recommendation, the City Council will consider the ordinances, and there will be additional opportunity for public comment. Written comments can be submitted to Scott Greenberg, Development Services Group Director via email ([Scott.greenberg@mercergov.org](mailto:Scott.greenberg@mercergov.org)), mailed or dropped off in-person at City Hall.

To learn more about impact fees, visit this research site: <http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx>.

Thank you,

Alison Van Gorp

**Alison Van Gorp**  
**Ombudsman | Administrative Services Manager**  
Development Services Group  
City of Mercer Island | [www.mercergov.org](http://www.mercergov.org)  
9611 SE 36th Street  
Mercer Island, WA 98040  
direct: 206.275.7733  
[alison.vangorp@mercergov.org](mailto:alison.vangorp@mercergov.org)

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## Scott Greenberg

---

**From:** L A McNeal <lam@heattransfer.org>  
**Sent:** Thursday, October 29, 2015 10:35 AM  
**To:** Scott Greenberg  
**Subject:** Impact Fees

While I agree with the impact fee for the schools, I do not believe that the impact fees for parks and transportation are justified in the current proposal.

L A McNeal



Prepared by  
**FEHR & PEERS**  
1001 - 4<sup>th</sup> Avenue  
Suite 4120  
Seattle, WA 98154  
206.576.4220



# City of Mercer Island Transportation Impact Fee Rate Study Update

DRAFT - November 2015  
SE15-0397



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## CHAPTER 1: INTRODUCTION

Impact fees are a broad category of charges on new development assessed to pay for capital improvements (e.g., parks, schools, roads, etc.) necessitated by new development. Transportation impact fees are collected to fund improvements that add capacity to the transportation system to accommodate the travel demand added by new development. The Revised Code of Washington (RCW 82.02.050) defines the legislation as intended to ensure that adequate facilities are available to serve new growth; to establish standards by which new growth and development pay a proportionate share of the cost of new facilities needed to serve new growth and development; and to ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicative fees for the same impact.

### LEGAL BASIS

The primary enabling mechanism for imposing impact fees in Washington is the Growth Management Act (GMA). Prior to the passage of the GMA, local agencies primarily relied on the State Environmental Policy Act (SEPA) process to require developers to fund mitigation projects necessitated by new development.

The GMA, passed in 1990, modified the portion of RCW 82.05.050 regarding impact fees and specifically authorized the use of impact fees. The GMA allows impact fees for system improvements that reasonably relate to the impacts of new development, and specifies that fees are not to exceed a proportionate share of the costs of improvements.

For a city to impose GMA impact fees, the following specific provisions are required:

- The city must have an ordinance authorizing impact fees;
- Fees may apply only to improvements identified in a Capital Facilities Plan;
- The agency must establish one or more service areas for fees;
- A formula or other method for calculating impact fees must be established;
- The fees cannot be used to finance the portion of improvements needed to pay for existing capacity deficiencies. (Note: the fees can be used to recoup the cost of improvements already made to address the needs of future development);
- The fees may not be arbitrary or duplicative;



- The fees must be earmarked specifically and be retained in special interest-bearing accounts;
- Fees may be paid under protest; and,
- Fees not expended within six years must be refunded with interest.

An accounting system is important to ensure that the impact fees collected are assigned to the appropriate improvement projects and the developer is not charged twice for the same improvement.

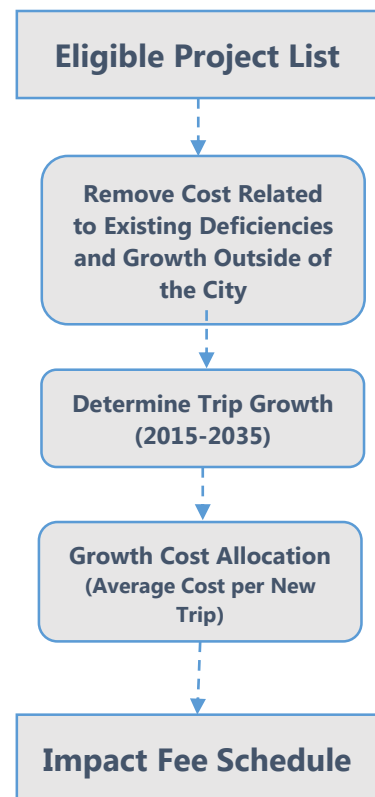
## IMPACT FEE STRUCTURE

The key steps involved in the impact fee process are shown in **Figure 1**. Steps include developing a list of roadway system improvements and costs, determining eligible project costs, and dividing the cost by growth in trips. The remaining costs can be charged as impact fees, which are displayed in the form of a fee schedule. Each step is described in more detail in subsequent sections of this report.

## DATA ROUNDING

The data in this study were prepared using computer spreadsheet software. In some tables in this study, there will be very small variations from the results that would be obtained using a calculator to compute the same data. The reason for these insignificant differences is that the spreadsheet software calculated the results to more places after the decimal than is reported in the tables in the report.

**Figure 1. Impact Fee Structure**







## CHAPTER 2: IMPACT FEE PROJECT LIST

Washington State law (RCW 82.02.050) specifies that Transportation Impact Fees are to be spent on “system improvements.” System improvements can include physical or operational changes to existing roadways, as well as new roadway connections that are built in one location to benefit projected needs at another location. These are generally projects that add capacity (new streets, additional lanes, widening, signalization, et al), but can also include bicycle, pedestrian, and transit-supportive projects that provide capacity for future growth and are within the right of way of ‘streets and roads’ as defined by the GMA.

To identify projects that may be eligible for impact fees, Fehr & Peers reviewed the City’s 2016-2021 Transportation Improvement Program (TIP), the May 2015 draft of the Comprehensive Plan Transportation Element, and associated documentation related to the City’s transportation level of service (LOS) analysis. Not all of the projects identified in these documents would be eligible for impact fee funding, so Fehr & Peers separated the projects into three possible categories:

1. Non-Impact Fee funding eligible projects,
2. Motorized projects required to meet the City’s LOS C standard, and
3. Non-motorized projects.

**Table 1** summarizes the eligible motorized projects. **Table 2** summarizes the eligible non-motorized projects. Projects related to maintenance (such as street overlays) are not eligible to receive funding from the impact fee program. **Figure 2** displays the location of the project on a citywide map.



**Table 1. Eligible Motorized Projects**

<i>Location</i>	<i>Description</i>	<i>Approximate Cost</i>
SE 24th Street/W Mercer Way	Add southbound left turn pocket (re-channelize).	\$25,000
77th Avenue SE/N Mercer Way	Add center receiving lane.	\$50,000
77th Avenue SE/N Mercer Way	Install traffic signal	\$770,000
SE 27th Street/80th Avenue SE	Install traffic signal.	\$858,000
SE 28th Street/80th Avenue SE	Install traffic signal.	\$854,900
SE 40th Street Corridor (East of Island Crest Way)	Install dedicated left turn signal phase and turn pocket.	\$914,000
SE 53rd Place/Island Crest Way	Install traffic signal.	\$602,700
SE 68th Street/Island Crest Way	Install traffic signal/roundabout	\$982,500
SE 40th Street/Gallagher Hill Road	Add traffic signal	\$826,100
Island Crest Way/SE 40 <sup>th</sup> St.	Roadway widening and intersection improvements, including right-of-way taking	\$3,762,500
SE 30 <sup>th</sup> St/78 <sup>th</sup> Ave SE	Add westbound left turn lane	\$25,900
SE 36 <sup>th</sup> St/ N Mercer Way	Install traffic signal	\$627,600
<b>Total Cost</b>		<b>\$10,299,200</b>



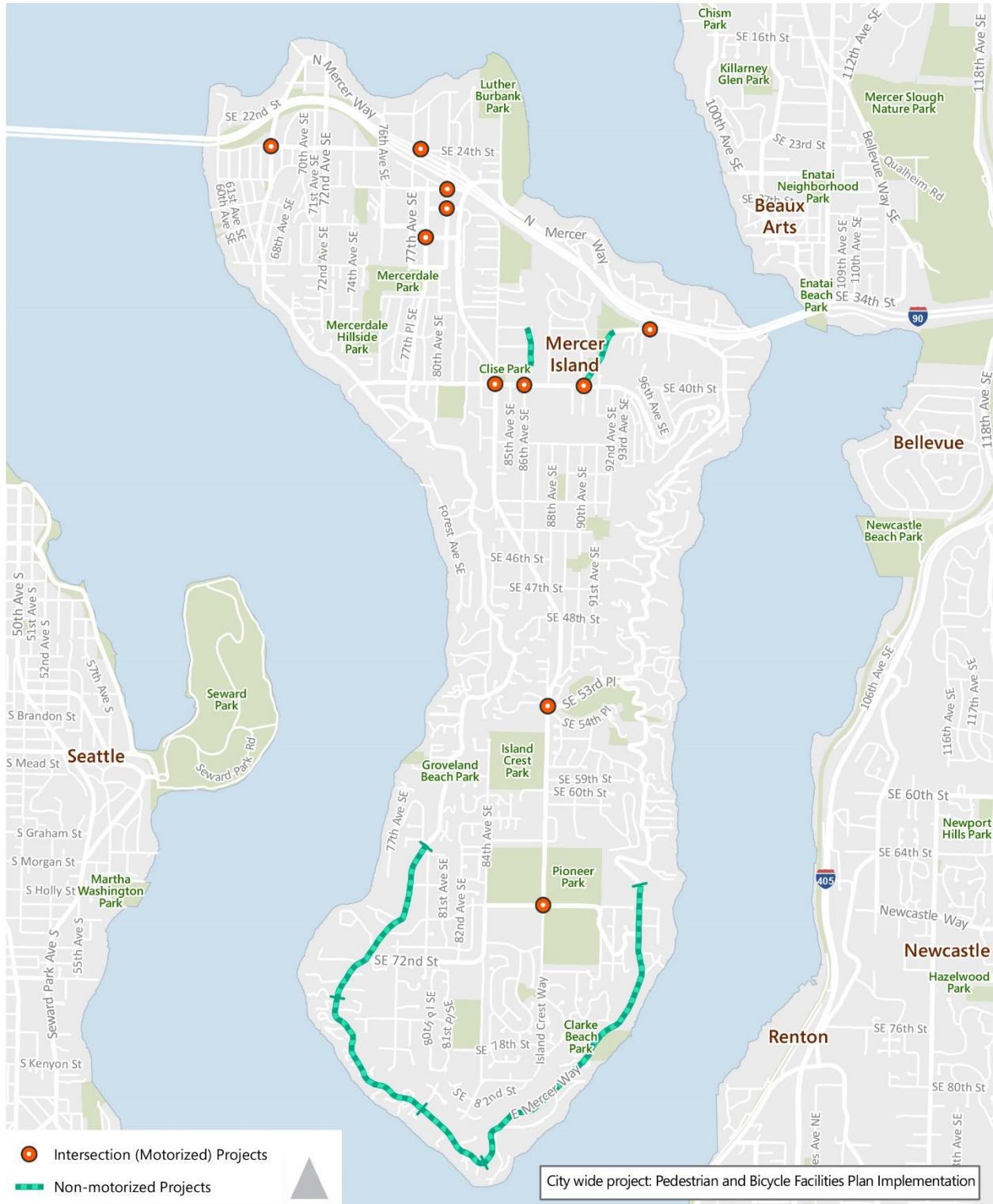
**Table 2. Eligible Non-Motorized Projects**

<i>Location</i>	<i>Description</i>	<i>Approximate Cost</i>
Safe Routes - Madrona Crest (86th Avenue SE)	Sidewalk between SE 36th to SE 39th Street.	\$340,000
East Mercer Way (From 6600 block to south end of E Mercer Way)	Add a paved shoulder for non-motorized users.	\$1,067,400
West Mercer Way (7400- 8000 Block)	Add a paved shoulder for non-motorized users.	\$417,500
West Mercer Way (8000 block to E Mercer Way)	Add a paved shoulder (east side) for non- motorized users.	\$500,000
West Mercer Way (6500 to 7400 block)	Add a paved shoulder (east side) for non- motorized users.	\$700,000
Various Locations	Pedestrian and Bicycle Facilities Plan Implementation	\$900,000
Gallagher Hill Road	Add sidewalks and curb	\$422,500
<b>Total</b>		<b>\$4,347,400</b>



Mercer Island Impact Fees - November 2015

Figure 2. Transportation Impact Fee Project Map

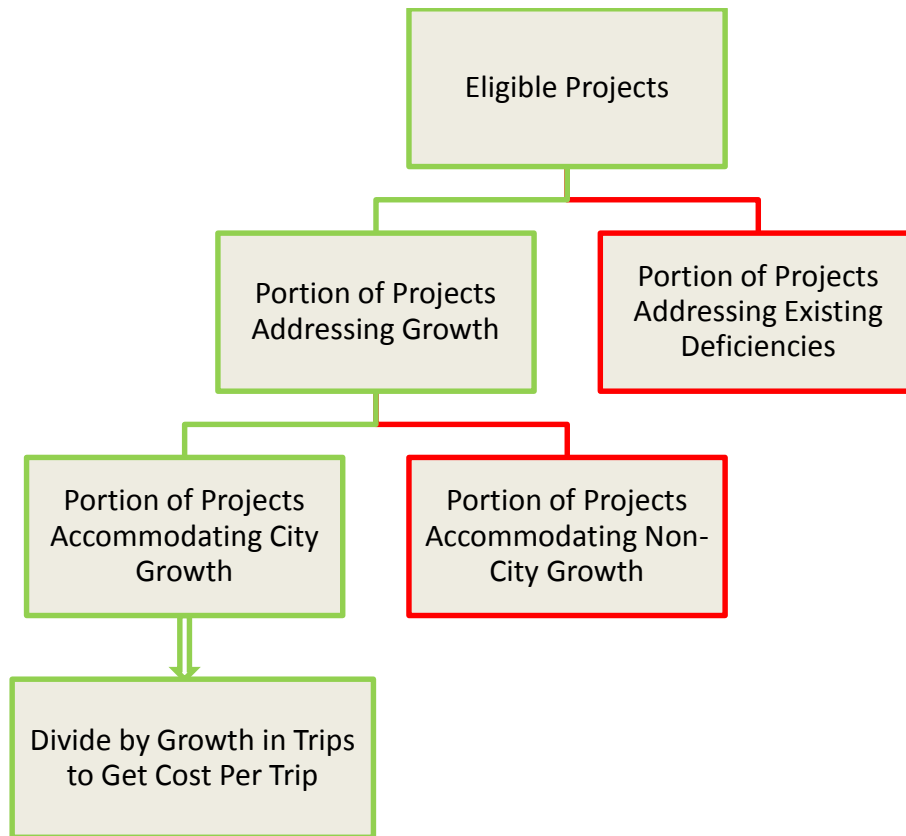




### CHAPTER 3: COST ADJUSTMENTS

Of the eligible project list, only a portion of those costs may be funded through impact fees. The portion of project costs addressing existing deficiencies is not eligible for impact fee funding. The GMA states that impact fees can only fund the portion of projects that provide capacity required to serve new trip ends. Moreover, impact fees are limited to the portion of projects accommodating growth within the City – impact fees cannot pay for growth that occurs outside the City. This section describes adjustments made to identify the portion of project costs eligible for impact fee funding. **Figure 3** diagrams the process. The last step, divide by growth in trips, is explained further in Chapter 4.

**Figure 3. Impact Fee Cost Adjustment Concept**





## TRANSPORTATION DEFICIENCIES

RCW 82.02.050(4) (a) requires that the capital facilities element of a jurisdiction's comprehensive plan identify "deficiencies in public facilities serving existing development." Future development cannot be held responsible for the portion of added roadway capacity needed to serve existing development.

The existing deficiency calculation for motorized projects was based on the City's current LOS C standard. Any intersection operating below LOS C has an existing deficiency. The non-motorized existing deficiency is based on the need for the project. An assumption was made that both existing and future travelers create the need for these projects proportional to their magnitude of trips. Non-motorized projects have an existing deficiency based on the proportion of the 2015-2035 growth compared to the total trips generated within the City in 2035. The travel model showed that growth represents 11 percent of the total trips in 2035. Therefore, 89 percent of the need for non-motorized projects is due to existing trips, representing an existing deficiency. The deficiency for each project is shown in **Appendix A**.

## PERCENT OF GROWTH WITHIN MERCER ISLAND

Once existing deficiencies are removed, the remaining costs are attributable to growth. Although there are few pass-through trips on the island's roadways, not all of the growth comes from Mercer Island development - there is a portion of growth that comes from surrounding jurisdictions. All of the trips that start and end on the island and half of the trips that either start or end outside of the island are related to growth within the City. The travel model was used to determine that approximately 57 percent of trips within the City are attributable to City growth. For non-motorized facilities, it is assumed that approximately 90 percent of non-motorized trips are attributable to City growth.

## COST ALLOCATION RESULTS

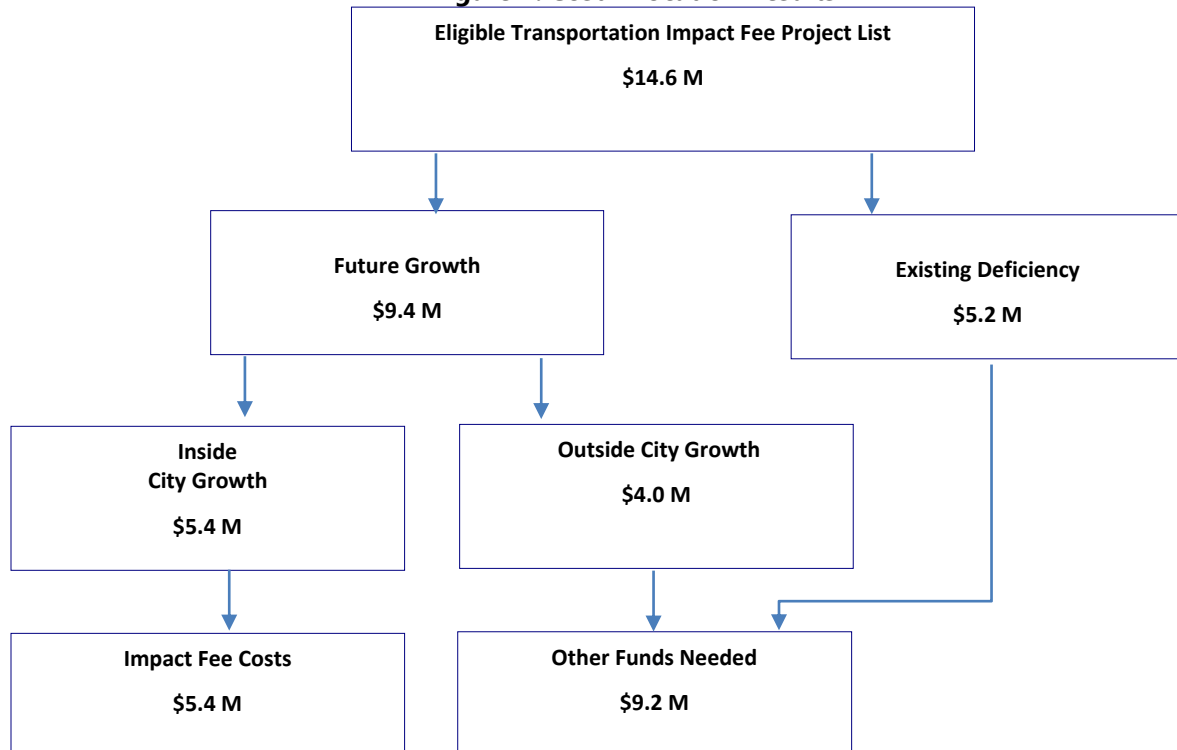
**Figure 4** summarizes the cost allocation results. For discussion purposes, the dollar amounts shown in this figure and the following text descriptions are approximate values expressed in million dollars. The actual amounts used in the calculations are accurate to a single dollar.

The total cost of the capacity projects on the capacity project list is \$14.6 million, as previously shown in **Tables 1** and **2**. This was divided into growth costs and existing deficiencies. The growth costs were further



divided into 'city growth' and 'outside city growth' components using the City's travel model data. The details of this calculation are shown in **Appendix A**.

**Figure 4. Cost Allocation Results**





## CHAPTER 4: TRAVEL GROWTH

The portion of project costs over the next twenty years that is eligible for impact fee funding has been identified. The impact fees are paid by development based on their impacts on the roadway on a cost per new vehicle trip basis. This section describes the calculation for new vehicle trips in the city.

Fehr & Peers developed a method for forecasting growth in PM peak hour vehicle trips ends<sup>1</sup> within the City of Mercer Island over the next 20 years based on growth in employment and households. **Table 3** displays the growth in employment and households between 2015 and 2035 as presented in City plans.

**Table 3. Existing and Future Year Land Use**

	Growth 2015-2035
Single Family	405
Multi-Family	916
Employment	1,120

The land use is then used to estimate total trip ends with the following steps:

1. Converting employees into square footage using standard estimates of square feet per employee
2. Calculating PM peak hour vehicle trip ends using generalized ITE trip generation rates (ITE, *Trip Generation, 9<sup>th</sup> Edition, 2012*) for each land use categories

The total growth in PM Peak hour trip ends between 2015 and 2035 within the City was estimated to be 1,398.

---

<sup>1</sup> A trip travels between an origin and a destination. Each trip has two trip ends, one each at the origin and destination. Trip ends represent the persons coming to and from a given land use.





## RESULTS

The final step in the cost allocation process dealt with calculating the "cost per new trip end" within Mercer Island, derived by dividing the final impact fee cost by the total number of new PM peak hour trip ends based in Mercer Island.

The analysis produced the following results.

Impact fee costs	\$5,427,324
New PM peak hour trip ends	÷ 1,398
<hr/>	
Cost per new trip end	= \$3,882



## CHAPTER 5 - IMPACT FEE SCHEDULE

The impact fee schedule was developed by adjusting the "cost per new trip end" information to reflect differences in trip-making characteristics for a variety of land use types within the study area. The fee schedule is a table where fees are represented as dollars per unit for each land use category. **Table 4** shows the various components of the fee schedule (trip generation rates and new trip percentages).

### TRIP GENERATION COMPONENTS

Trip generation rates for each land use type are derived from the Institute of Transportation Engineers (ITE) *Trip Generation* (9<sup>th</sup> Edition). The rates are expressed as vehicle trips entering and leaving a property during the PM peak hour.

#### PASS-BY TRIP ADJUSTMENT

The trip generation rates represent total traffic entering and leaving a property at the driveway points. For certain land uses (e.g., general retail), a substantial amount of this traffic is already passing by the property and merely turns into and out of the driveway. These pass-by trips do not significantly impact the surrounding street system and therefore are subtracted out prior to calculating the impact fee. The resulting trips are considered "new" to the street system and are therefore subject to the impact fee calculation. The "new" trip percentages are derived partially from ITE data and from available surveys conducted around the country.<sup>2</sup>

### SCHEDULE OF RATES

The impact fee schedule of rates is shown in **Table 4**, as well as the various components of the fee schedule. In the fee schedule, fees are shown as dollars per unit of development for various land use categories, as defined in **Appendix B**. The impact fee program is flexible in that if a use does not fit into one of the categories, an impact fee can be calculated based on the development's projected trip generation.

---

<sup>2</sup> Trip Generation Sources: ITE *Trip Generation* (9<sup>th</sup> Edition); ITE *Trip Generation Handbook: An ITE Proposed Recommended Practice*,(2014);



**Table 4. Mercer Island Proposed Traffic Impact Fee Rate Schedule**

**Based on a PM peak hour cost per trip of \$3,882**

<i>Land Uses</i>	<i>Unit of Measure (1)</i>	<i>Basic Rate PM Peak Trips/Unit (2)</i>	<i>New Trips % (3)</i>	<i>New Trip Rate (4)</i>	<i>Fee Per Unit of Measure (5)</i>
Single Family (1 or 2 dwellings)	dwelling	1.00	100%	1.00	\$3,882
Multi Family (3 or more dwellings)	dwelling	0.57	100%	0.57	\$2,213
Senior Housing	dwelling	0.27	100%	0.27	\$1,048
Lodging	room	0.60	100%	0.60	\$2,329
Commercial Services	SF GFA	3.98	100%	3.98	\$15.45
School	student	0.13	100%	0.13	\$505
Institutional	SF GFA	0.74	100%	0.74	\$2.87
Light Industry/ Industrial Park	SF GFA	0.91	100%	0.91	\$3.53
Warehousing/Storage	SF GFA	0.45	100%	0.45	\$1.75
Restaurant	SF GFA	9.02	56%	5.05	\$19.61
General Retail	SF GFA	3.71	66%	2.45	\$9.51
Supermarket	SF GFA	9.48	64%	6.07	\$23.56
Gas Station	pump	13.51	44%	5.94	\$23.08
Administrative Office	SF GFA	1.49	100%	1.49	\$5.78
Medical Office/Dental Clinic	SF GFA	3.57	100%	3.57	\$13.86

**Notes:**

<sup>1</sup>"SF GFA" = Square Foot Gross Floor Area

<sup>2</sup> Institute of Transportation Engineers (ITE) Trip Generation (9th Edition): 4-6 PM Peak Hour Trip Ends

<sup>3</sup> Excludes pass-by trips: see "Trip Generation Handbook: An ITE Proposed Recommended Practice" (2014)

<sup>4</sup>For uses with unit of measure in "SF GFA" the trip rate is given as trips per 1000 sq ft

<sup>5</sup>For uses with unit of measure in "SF GFA" the impact fee is dollars per square foot

**APPENDIX A: PROJECT COST ALLOCATION RESULTS**

Appendix A

<i>Location</i>	<i>Description</i>	<i>Cost to City</i>	<i>Eligibility (1-Deficiency)<sup>1</sup></i>	<i>% Mercer Island<sup>2</sup></i>	<i>Final Impact Fee Cost</i>
SE 24th Street/W Mercer Way	Add southbound left turn pocket (re-channelize).	\$25,000	100%	56%	\$14,000
77th Avenue SE/N Mercer Way	Add center receiving lane.	\$50,000	49%	56%	\$13,808
77th Avenue SE/N Mercer Way	Traffic signal	\$770,000	49%	56%	\$212,647
SE 27th Street/80th Avenue SE	Traffic signal.	\$858,000	100%	56%	\$480,480
SE 28th Street/80th Avenue SE	Traffic signal.	\$854,900	100%	56%	\$478,744
SE 40th Street Corridor (East of Island Crest Way)	Install dedicated left turn signal phase and turn pocket.	\$914,000	100%	56%	\$511,840
SE 40th Street/Gallagher Hill Road	Add Signal	\$826,100	27%	56%	\$122,882
SE 53rd Place/Island Crest Way	Traffic signal.	\$602,700	41%	56%	\$139,371
SE 68th Street/Island Crest Way	Traffic Signal/Roundabout	\$982,500	100%	56%	\$550,200
Safe Routes - Madrona Crest (86th Avenue SE) Sidewalk Phase 2	Sidewalk between SE 36th to SE 39th Street.	\$340,000	11%	90%	\$33,660
East Mercer Way Roadside Shoulders (From 6600 block to south end of E Mercer Way)	Add a shoulder for non-motorized users.	\$1,067,400	11%	90%	\$105,673
West Mercer Way Roadside Shoulders (7400- 8000 Block)	Add a shoulder for non-motorized users.	\$417,500	11%	90%	\$41,333
West Mercer Way Roadside Shoulders (8000 block to E Mercer Way)	Add a paved shoulder (east side) for non- motorized users.	\$500,000	11%	90%	\$49,500
West Mercer Way Roadside Shoulders (6500 to 7400 block)	Add a paved shoulder (east side) for non- motorized users.	\$700,000	11%	90%	\$69,300
Various Location	PBF Plan Implementation	\$900,000	11%	90%	\$89,100

<i>Location</i>	<i>Description</i>	<i>Cost to City</i>	<i>Eligibility (1-Deficiency)<sup>1</sup></i>	<i>% Mercer Island<sup>2</sup></i>	<i>Final Impact Fee Cost</i>
Gallagher Hill Road Sidewalk	Add sidewalk and curb	\$422,500	11%	90%	\$41,828
SE 36th St/ N Mercer Way	Traffic Signal	\$627,600	100%	56%	\$351,456
ICW/SE 40 <sup>th</sup>	Widen to Add 2nd southbound left-turn lane and separate northbound right-turn lane. Widen SE 40th St between ICW and 86th Ave SE to add 2nd EB lane	\$3,762,500	100%	56%	\$2,107,000
<b>Total</b>		<b>\$14,646,600</b>			<b>\$5,427,324</b>

<sup>1</sup>Eligibility is the percent of the cost that is not related to an existing deficiency (100%-Deficiency calculation). See the "Transportation Deficiency" section in Chapter 3.

<sup>2</sup>% Mercer Island is the percent of trips that are within Mercer Island including half of all trips that start or end in the Island. The calculation is based on location for all motorized projects, and a model estimated 90% for all non-motorized projects. See "Percent of Growth within Mercer Island" section in Chapter 3.

**APPENDIX B: LAND USE DEFINITIONS**

The following land use definitions are derived from the ITE *Trip Generation* (9th Edition). They have been modified as appropriate for the City of Mercer Island. Other uses not listed here should be analyzed with an independent rate study.

**Single Family:** One or more detached housing units located on an individual lot. Also includes accessory dwelling units and duplexes. (ITE # 210)

**Multi Family:** A building or buildings designed to house three or more families living independently of each other. Includes apartments, condos and attached townhouses. (ITE # 220, 221, 230, 233)

**Senior Housing:** Residential units similar to apartments or condominiums restricted to senior citizens. (ITE # 251, 255)

**Lodging:** The following land use categories fall under the impact fee category "lodging". The rate is based on the "Hotel" ITE trip generation, due it to being most like other types of lodging in the Mercer Island.

- Hotel (ITE # 310, 311, 312, 330)
- Motel (ITE # 653)

**Commercial Services:** The following land use categories fall under the impact fee category "Commercial Services" The rate of 3.98 trips per ksf is based on the average of rates for Auto Care Center, Movie Theater, and Health Club GFA, which represent a broad variety of uses.

- Walk-in Bank (ITE # 911)
- Drive-in Bank (ITE # 912)
- Hair Salon (ITE # 918)
- Copy, Print and Express Ship Store (ITE # 920)
- Drinking Place (ITE # 925)
- Coffee/Donut Shop (ITE # 936, 937, 938)
- Bread/Donut/Bagel Shop (ITE # 939, 940)
- Automobile Care Center (ITE # 942)
- Automobile Parts and Service Center (ITE # 943)
- Automated Car Wash (ITE # 948)
- Health/Fitness Club (ITE # 492, 493)

**Gas Station:** The following land use categories fall under the impact fee category "gas station". The rate is based on the "Gasoline/Service Station with Convenience Mart" ITE trip generation, due it to being most like other types of gas stations in the Mercer Island.



## Appendix B

- Gasoline/Service Station (ITE # 944)
- Gasoline/Service Station with Convenience Mart (TIE # 945)
- Gasoline/Service Station with Convenience Mart and Car Wash (ITE # 946)
- Convenience Market with Gasoline Pumps (ITE # 853)

**School:** The following land use categories fall under the impact fee category "school". The rate is based on the "High School" ITE trip generation, due it to being most like other types of schools in the Mercer Island.

- Elementary School (ITE # 520)
- Middle School/Junior High School (ITE # 522)
- High School (ITE # 530)
- Private School (ITE # 534, 536)

**Institutional:** The following land use categories all fall under the impact fee category "Institutional". The rate of 0.74 trips per ksf is based on the average of rates for Church, and Hospital.

- Church (ITE # 560)
- Day Care Center (ITE # 565)
- Museum (ITE # 580)
- Library (ITE # 590)
- Hospital (ITE #610)
- Animal Hospital/Veterinary Clinic (ITE # 640)

**Light Industrial/Industrial Park:** Industrial parks are a mix of manufacturing, service, and warehouse facilities with a wide variation in the proportion of each type of use from one location to another. Industrial parks include research centers facilities or groups of facilities that are devoted nearly exclusively to research and development activities. Light industrial facilities include printing plants, material testing laboratories, bio-technology, medical instrumentation or supplies, communications and information technology, and computer hardware and software. (ITE #s 110, 130)

**Warehousing/Storage:** Facilities that are primarily devoted to the storage of materials, including vehicles. They may also include office and maintenance areas. (ITE # 150)

**Restaurant:** The following land use categories fall under the impact fee category "restaurant". The rate is based on the "Quality Restaurant" ITE trip generation, due it to being similar to other restaurants in terms of new trips, and most similar to the types of restaurants in Mercer Island.

- Quality Restaurant (ITE # 931)
- High-Turnover (Sit-Down) Restaurant (ITE # 932)

## Appendix B

- Fast-Food Restaurant (ITE # 933, 934, 935)

**General Retail:** The following land use categories fall under the impact fee category “General Retail”. The rate is based on the “Shopping Center” ITE trip generation, due it to being most like other types of retail shops in the Mercer Island.

- Tractor Supply Store (ITE # 810)
- Construction Equipment Rental Store (ITE # 811)
- Building Materials and Lumber Store (ITE # 812)
- Free-Standing Discount Superstore (ITE # 813)
- Variety Store (ITE # 814)
- Free-Standing Discount Store (ITE # 820)
- Hardware/Paint Store (ITE # 816)
- Nursery (ITE # 817, 818)
- Shopping Center (ITE # 820)
- Factory Outlet Center (ITE # 823)
- Specialty Retail Center (ITE # 826)
- Automobile Sales (ITE # 841)
- Tire Store (ITE # 848, 849)
- Convenience Market (ITE # 851, 852)
- Discount Club (ITE # 857)
- Wholesale Market (ITE # 860)
- Sporting Goods Superstore (ITE # 861)
- Home Improvement Superstore (ITE # 862)
- Electronics Superstore (ITE # 863)
- Toy/Children’s Superstore (ITE # 864)
- Baby Superstore (ITE # 865)
- Pet Supply Superstore (ITE # 866)
- Office Supply Superstore (ITE # 867)
- Book Store (ITE # 868)
- Discount Home Furnishing Store (ITE # 869)
- Bed and Linen Superstore (ITE # 872)
- Department Store (ITE # 875)
- Apparel Store (ITE # 876)
- Arts and Crafts Store (ITE # 879)
- Pharmacy/Drugstore (ITE # 880, 881)
- Furniture Store (ITE # 890)

- DVD/Video Rental Store (ITE # 896)
- Medical Equipment Store (ITE # 897)

**Supermarket:** Retail store which sells a complete assortment of food, food preparation and wrapping materials, and household cleaning and servicing items. (ITE # 850, 854)

**Administrative Office:** An administrative office building houses one or more tenants and is the location where affairs of a business, commercial or industrial organization, professional person or firm are conducted. The building or buildings may be limited to one tenant, either the owner or lessee, or contain a mixture of tenants including professional services, insurance companies, investment brokers, and company headquarters. Services such as a bank or savings and loan, a restaurant or cafeteria, miscellaneous retail facilities, and fitness facilities for building tenants may also be included. (ITE # 710)

**Medical Office/Dental Clinic:** A facility which provides diagnoses and outpatient care on a routine basis but which is unable to provide prolonged in-house medical/surgical care. A medical office is generally operated by either a single private physician/dentist or a group of doctors and/or dentist. (ITE # 720)



# CITY COUNCIL PLANNING SCHEDULE

All meetings are held in the City Hall Council Chambers unless otherwise noted.  
 Special Meetings and Study Sessions begin at 6:00 pm. Regular Meetings begin at 7:00 pm.

<b>NOVEMBER 16 – 6:00 PM</b>		
<b>Item Type</b>	<b>Topic/Presenter</b>	<b>Time</b>
<i>Study Session</i>	King County North Mercer Interceptor Sewer Upgrade Project – A. Tonella-Howe	60
<i>Special Business</i>	Recognition of Councilmember Terry Pottmeyer’s Service to the Citizens of Mercer Island	10
<i>Consent Calendar</i>	WRIA 8 Interlocal Agreement– J. Kintner	--
<i>Consent Calendar</i>	Resolution Setting Public Hearing Date for the Assumption of the Mercer Island Transportation Benefit District – C. Schuck	--
<i>Regular Business</i>	Discuss the Draft Ground Lease Between the City and the Mercer Island Center for the Arts (“MICA”) for a Portion of Mercerdale Park – K. Sand	45
<i>Public Hearing</i>	Continuation of Public Hearing on Moratorium Regarding Town Center Building Permits (2 <sup>nd</sup> Reading) – K. Sand	30
<i>Regular Business</i>	I-90 Loss of Mobility Negotiations Status Report – N. Treat	30
<i>Public Hearing</i>	2015-2016 Mid-Biennial Budget Review (3 <sup>rd</sup> Quarter 2015 Financial Status Report, 2015-2016 budget adjustments, 2016 utility rates, and 2016 property tax levy) – C. Corder	60
<i>Regular Business</i>	Transportation Impact Fees Ordinance (1 <sup>st</sup> Reading) – S. Greenberg	30
<i>Regular Business</i>	Parks Impact Fees Ordinance (1 <sup>st</sup> Reading) – S. Greenberg	30

<b>DECEMBER 7</b>		
<b>Item Type</b>	<b>Topic/Presenter</b>	<b>Time</b>
<i>Special Business</i>	Swearing-In of Jeff Sanderson as Councilmember	10
<i>Special Business</i>	Recognition of Councilmember Mike Cero’s Service to the Citizens of Mercer Island	10
<i>Special Business</i>	Recognition of Councilmember Jane Brahm’s Service to the Citizens of Mercer Island	10
<i>Consent Calendar</i>	Interlocal Agreement with Bellevue relating to Marine Patrol & Other Services – E. Holmes	--
<i>Regular Business</i>	Transportation Impact Fees Ordinance (2 <sup>nd</sup> Reading & Adoption) – S. Greenberg	30
<i>Regular Business</i>	Parks Impact Fees Ordinance (2 <sup>nd</sup> Reading & Adoption) – S. Greenberg	30
<i>Regular Business</i>	ARCH Housing Trust Fund and Legislative Priorities – S. Greenberg	30
<i>Regular Business</i>	2016 Legislative Priorities – K. Taylor	30
<i>Regular Business</i>	Coval Final Long Plat Approval – K. Sand & S. Restall	60
<i>Regular Business</i>	Ordinance Assuming the Mercer Island Transportation Benefit District – C. Schuck	15

<b>DECEMBER 21</b>		
<b>Item Type</b>	<b>Topic/Presenter</b>	<b>Time</b>
	<i>Potentially Canceled</i>	

# 2016

<b>JANUARY 4</b>		
<b>Item Type</b>	<b>Topic/Presenter</b>	<b>Time</b>
<i>Special Business</i>	Councilmember Oaths of Office and Mayor and Deputy Mayor Elections – A. Spietz	30
<i>Consent Calendar</i>	Approval of 10.19.2015 MITBD Minutes – C. Schuck	--
<i>Regular Business</i>	Water Event Update – J. Kintner	60
<i>Regular Business</i>	2016 Biennial Citizen Survey – C. Corder	45
<i>Regular Business</i>	2016 Legislative Priorities – K. Taylor	15

<b>JANUARY 19 (TUESDAY)</b>		
<b>Item Type</b>	<b>Topic/Presenter</b>	<b>Time</b>

<b>FEBRUARY 1</b>		
<b>Item Type</b>	<b>Topic/Presenter</b>	<b>Time</b>

<b>FEBRUARY 16 (TUESDAY)</b>		
<b>Item Type</b>	<b>Topic/Presenter</b>	<b>Time</b>

**OTHER ITEMS TO BE SCHEDULED:**

- CenturyLink Cable Franchise – K. Sand
- Clarke Beach Conversion Property – P. West/ J. Kintner
- Pioneer Park Off Leash Dog Policy – J. Kintner
- Interlocal Agreement for City of Kirkland Jail – L. Burns
- Town Center Visioning and Code Update – S. Greenberg
- Comprehensive Plan Update – S. Restall
- 6-year Sustainability Plan – R. Freeman
- Community Solar Project Update and Lease Agreement – R. Freeman

**COUNCILMEMBER ABSENCES:**

- None