



# CITY OF MERCER ISLAND

## CITY COUNCIL MEETING AGENDA

**Monday**  
**August 3, 2015**  
**7:00 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](mailto:council@mercergov.org)  
[www.mercergov.org/council](http://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, 7:00 PM

### APPEARANCES

### MINUTES

- (1) Regular Meeting Minutes of July 20, 2015

### CONSENT CALENDAR

- (2) Payables: \$893,056.41 (07/23/15)  
Payroll: \$815,297.29 (07/24/15)
- (3) AB 5095 Grant and Sponsorship Request for Art Uncorked 2015 Event  
AB 5096 Calkins Landing Shoreline Restoration & Stormwater Project Bid Award

### REGULAR BUSINESS

- (4) AB 5092 Transportation Impact Fees
- (5) AB 5094 Emergency Amendment to the City's Comprehensive Plan to Adopt Updated Policies and Incorporate By Reference the Mercer Island School District's Six-Year Capital Facilities Plan to Support Collection of Impact Fees
- (6) AB 5093 School Impact Fees Ordinance (1st Reading)

### OTHER BUSINESS

Councilmember Absences  
Planning Schedule  
Board Appointments  
Councilmember Reports

### ADJOURNMENT



## **CITY COUNCIL MINUTES REGULAR MEETING JULY 20, 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 Jane Brahm, Mike Cero, Terry Pottmeyer, Benson Wong, Deputy Mayor Dan Grausz, and Mayor Bruce Bassett were present. Councilmember Debbie Bertlin was absent.

### **SPECIAL BUSINESS**

#### **Parks & Recreation Summer Staff Introductions**

Parks & Recreation Director Bruce Fletcher introduced the Parks & Recreation Summer Staff and thanked them for doing an outstanding job.

### **APPEARANCES**

Meg Lippert, 4052 94<sup>th</sup> Ave SE, is concerned about using Mercer Island park land for MICA. She believes that park land will be destroyed, that there is a feasible way to purchase land in the Town Center, and that MICA would be an asset to the Town Center.

Tom Acker, 2427 84<sup>th</sup> Ave SE, asked that, during this election season, there be some sort of agreement on how to separate communications, propaganda versus city business. He requested that candidates have the same access to materials and information as Councilmembers do. He also asked if there are any public lands that the City Council is looking at selling or is in the process of selling.

### **MINUTES**

#### **Regular Meeting Minutes of June 15, 2015**

It was moved by Brahm; seconded by Wong to:

**Adopt the Regular Meeting Minutes of June 15, 2015 as written.**

Passed 6-0

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

ABSENT: 1 (Bertlin)

#### **Regular Meeting Minutes of July 6, 2015**

It was moved by Brahm; seconded by Wong to:

**Adopt the Regular Meeting Minutes of July 6, 2015 as written.**

Passed 6-0

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

ABSENT: 1 (Bertlin)

### **CONSENT CALENDAR**

**Payables: \$497,291.16 (07/16/15)**

**Recommendation:** Certify that the materials or services hereinbefore specified have been received and that

all warrant numbers listed are approved for payment.

**Payroll: \$743,158.02 (07/10/15)**

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

It was moved by Wong; seconded by Brahm to:

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

Passed 6-0

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

ABSENT: 1 (Bertlin)

## **REGULAR BUSINESS**

### **AB 5091 Parks Impact Fees**

DSG Director Scott Greenberg provided an overview of the three different types of impact fees; parks, transportation, and schools. He noted that both rate studies for transportation and parks fees will be presented at the October 5 Council meeting with the potential ordinances taking effect on January 15, 2016. He spoke about school impact fees, noting that the schedule is shorter and that school impact fees could potentially be effective October 16, 2015. He noted that the Planning Commission has recommended an exemption of school impact fees for affordable housing, and asked Council to think about granting this same type of exemption for parks and transportation impact fees. He then introduced Jennifer Harris and Lisa Grueter from Berk Consulting.

Jennifer Harris introduced parks impact fees by providing an overview of the inputs of growth-based fee analysis. She spoke about the 20-year growth projections, the Level of Service (LOS) objectives and methodology options, and the per capita LOS application. She discussed commercial growth-based fees, the other funding contribution discount, and the park system value needed for growth. She also spoke about the SEPA mitigation fee alternative, CIP projects and growth-based fees, and potential impact fee discounts. For context, she presented some representative impact fees from other cities.

Council asked questions regarding the discount factor percentage and what should be considered in terms of the discount rate.

Council directed staff to:

- impose GMA impact fees, as opposed to SEPA mitigation fees
- use the per-capita investment methodology to determine the fee
- include land value in the valuation formula
- use the King County Countywide Planning Policies growth scenario for the population projection
- come back to Council with a package of CIP projects aligned with the updated level of service standards and impact fees
- appropriate funding for Phase 2 to proceed with adopting parks impact fees

Council agreed to further consider whether to include employees in the formula used to calculate an impact fee and whether to assess an impact fee on commercial floor area.

It was moved by Brahm; seconded by Pottmeyer to:

**Appropriate \$16,600 from the 2014 General Fund surplus for preparation of a parks impact fee rate study.**

Passed 6-0

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

ABSENT: 1 (Bertlin)

## **OTHER BUSINESS**

### **Councilmember Absences**

Councilmember Bertlin's absence was excused.

### **Planning Schedule**

City Manager Treat noted that the August 3 Executive Session will need to be rescheduled, an Executive Session will be added to the September 21 meeting, and a Town Center interim report presentation will be added.

Mayor Basset spoke about scheduling a WRIA8 ILA and runoff presentation. Council decided to add this item to the Consent Calendar.

Deputy Mayor Grausz noted that the MICA lease discussion also needs to be scheduled.

### **Board Appointments**

There were no appointments.

### **Councilmember Reports**

Councilmember Wong noted that SCA has forwarded a letter to the King County Council urging them to put the Best Starts for Kids levy on the November ballot. He extended his appreciation to the PTA and Aljoia for hosting and sponsoring the candidate forums and asked about using the Albertsons parking lot until New Seasons Market opens.

Councilmember Cero spoke about the City's communications with the public in maintaining impartiality.

Deputy Mayor Grausz expressed his thanks for all of the Sister City events. He noted that a preliminary Town Center interim report is being circulated. He believes it is a comprehensive document which will give Islanders a good understanding of what is now being considered and is a good step towards moving the process along.

City Manager Treat noted that interviews are currently being scheduled with the new consultant. He stated that the City is still hopeful to have the interim report out to the public by July 31.

Mayor Bassett read a statement on behalf of Councilmember Bertlin. She commented on the Town Center visioning process and expressed her frustration over not receiving a draft interim report and the lack of a revised schedule. City Manager Treat responded that progress has been made and the City is moving toward an interim report. He stated that staff takes this project very seriously and that the interim report needs to be a good document. He is hopeful that the report will be ready on July 31. He also noted that the previous schedule was put on hold while the consultant reviews the process going forward.

Councilmember Pottmeyer spoke about the dedication of the new fire station. She attended the Open Space Conservancy Trust Board meeting and noted that two groups of foresters will be coming to Pioneer Park to discuss root rot and that some yield signs will be posted in the southeast quadrant of the park.

Councilmember Brahm spoke about the Sister City visit and the exchange of gifts, Summer Celebration, the art unveiling at the sculpture gallery, and Pianos in the Parks. She also spoke briefly about the Mostly Music in the Park concert series and the Shakespeare in the Park plays.

Mayor Bassett spoke about the upcoming Sound Transit board meeting, the fire station ceremony and the 911 memorial artwork, and his conversation with the CEO of New Seasons Market.

### **ADJOURNMENT**

The Regular Meeting adjourned at 9:55 pm.

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Bruce Bassett, Mayor

Attest:

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Karin Roberts, Deputy City Clerk

## 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	176478-176628	07/23/15	\$ 893,056.41
			<b>\$ 893,056.41</b>

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00176478	07/23/2015	ABC RENTAL CENTER Sister City reception table we	P87500	357791/357761/35	07/14/2015	13,309.22
00176479	07/23/2015	ACCESS BLACK BOX DATA ENTRY STORAGE	P87491	1032825	06/30/2015	278.00
00176480	07/23/2015	AIRGAS USA LLC Oxygen/Fire	P87482	9928399143	06/30/2015	84.81
00176481	07/23/2015	ALL CITY FENCE CO WELD ALL BROKEN JOINTS ON HAND	P87264	105559	06/29/2015	646.05
00176482	07/23/2015	AMBER LODGE Signs 40 X 20 Invoice @ 09-195	P87504	091966	07/17/2015	2,090.00
00176483	07/23/2015	AMERICAN EXPRESS (YFS) LB Bldg operating supplies	P87304	93311JUNE2015	06/28/2015	1,307.64
00176484	07/23/2015	AMERICAN PUBLIC WORKS ASSOC MEMBERSHIP RENEWAL FOR 9/1/201	P87246	6920	06/09/2015	1,020.00
00176485	07/23/2015	AMERIGAS-KENT PROPANE DELIVERY	P86898	69553706	05/28/2015	224.48
00176486	07/23/2015	ANDERSON, LAURA MARIE Instruction services for Power	P87499	15387/15381	07/20/2015	1,167.60
00176487	07/23/2015	APPELMAN, IRA APPEAL FEE REFUND		OH005083	07/21/2015	875.50
00176488	07/23/2015	ARC - PACIFIC NORTHWEST JUNE'S PRINTING CHARGES	P87355	OH005062	06/30/2015	523.71
00176489	07/23/2015	AT&T MOBILITY WATER IPAD SERVICE	P87400	7404045X07022015	06/24/2015	63.72
00176490	07/23/2015	AXIS SURVEY & MAPPING SUB BASIN 27A.9 SEWER DRAINAGE	P84733	8334	06/24/2015	600.00
00176491	07/23/2015	BABCOCK, THOMAS MILEAGE EXPENSE		OH005093	07/10/2015	18.92
00176492	07/23/2015	BANQUET AND EVENT RESOURCE INC Booth for MICEC at 2015 Northw	P87188	102095	06/23/2015	2,050.00
00176493	07/23/2015	BECKER, RON FRLEOFF1 Retiree Medical Expen	P87494	OH005064	07/20/2015	23,871.00
00176494	07/23/2015	BERK CONSULTING MI IMPACT FEE STUDY - MAY FEES	P87277	100320515	06/23/2015	1,862.50
00176495	07/23/2015	BLUELINE GROUP SUB BASIN 27A.9 SEWER & DRAINAGE	P85542	10314	06/30/2015	5,082.10
00176496	07/23/2015	BONNER BROTHERS CONST INC 2015 STREET RELATED WATER SYST	P86528	2	06/30/2015	91,406.15
00176497	07/23/2015	BRATWEAR Remove and sew name tags	P87239	15544	06/23/2015	56.39
00176498	07/23/2015	BUILDERS EXCHANGE OF WA Publication fees	P87232	1046601	06/10/2015	206.70
00176499	07/23/2015	BURILL, ROBBIE PERMIT REFUND		1506211	07/22/2015	93.95
00176500	07/23/2015	C-N-I LOCATES LTD 2015 WATER SYSTEM IMPROVEMENTS	P87411	18577	06/19/2015	540.00
00176501	07/23/2015	CADMAN INC SCREENED PIT RUN (23.12 TONS)	P87273	5346923	06/30/2015	578.48
00176502	07/23/2015	CAMDEN GARDENS Aljoia & Aubrey Davis Park Sha	P85083	53639	07/01/2015	410.63
00176503	07/23/2015	CAPITAL ONE PUBLIC FUNDING Fire Apparatus Lease Payment	P87026	0002039592	06/02/2015	37,721.19

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00176504	07/23/2015	CASCADE ELITE GYMNASTICS Instruction services for Gymna	P87429	15324/15325	07/14/2015	5,015.50
00176505	07/23/2015	CASCADE KENDO-KAI Instruction services for Kendo	P87463	15513/15512	07/16/2015	1,799.70
00176506	07/23/2015	CDW GOVERNMENT INC EOC - HP 1910-8G-PoE+ (180W) S	P86960	WN71312	07/07/2015	355.57
00176507	07/23/2015	CESSCO INVENTORY PURCHASES	P87229	3990/4023/4024	06/15/2015	416.43
00176508	07/23/2015	CHERYL COHEN & ASSOCIATES July - Dec 2015 Employee Assis	P87495	OH005066	07/01/2015	3,312.30
00176509	07/23/2015	CHRISTIANSEN, ANNE Instruction services for Easts	P87427	15517	07/14/2015	1,663.90
00176510	07/23/2015	CLEANERS PLUS 1 Uniform cleaning	P87508	73748	07/01/2015	405.86
00176511	07/23/2015	CLOUD EASY 4 LLC Crime Prev. booklets	P87450	1929	07/02/2015	4,826.61
00176512	07/23/2015	COASTWIDE LABORATORIES INVENTORY PURCHASES	P87220	W2784918	06/24/2015	440.27
00176513	07/23/2015	COMCAST Internet Charges/Fire	P87481	OH005069	07/04/2015	232.86
00176514	07/23/2015	COMCAST WI FI - MAINT BLDG 7/15	P87523	OH005095	07/07/2015	84.13
00176515	07/23/2015	COMPLETE OFFICE Furniture for Luther Burbank	P87278	OH005065	07/20/2015	6,148.71
00176516	07/23/2015	COMPTON LUMBER & HARDWARE INC 4 X 10 X 12' TREATED LUMBER	P87321	765729	06/30/2015	102.38
00176517	07/23/2015	CONFLUENCE ENGINEERING GRP LLC MICROBIAL OCCURENCE RESPONSE &	P84834	060615MIWQP	07/09/2015	14,656.08
00176518	07/23/2015	CORRECTIONAL INDUSTRIES ACCTG Lateral File Cabinet for Detec	P85797	WCS80543	03/24/2015	127.02
00176519	07/23/2015	COSTANERA CREATIVE Fall 2015/ Winter 2016 Rec Gui	P87190	1111	06/25/2015	380.00
00176520	07/23/2015	CRYSTAL AND SIERRA SPRINGS 2015 WATER SERVICES DELIVERY F	P85080	5279422070515	07/05/2015	274.12
00176521	07/23/2015	CULLIGAN Water Service/Fire	P87338	201507672721	06/30/2015	186.05
00176522	07/23/2015	CUMMINS NORTHWEST INC CITY HALL GENERATOR MAINT	P87443	00157193	06/03/2015	3,002.80
00176523	07/23/2015	DAILY JOURNAL OF COMMERCE SUB BASIN 6 PHASE II PROJECT	P87414	3302268	06/29/2015	592.80
00176524	07/23/2015	DATAQUEST LLC Background Check M. Helten	P87303	CMI20150630	06/30/2015	628.50
00176525	07/23/2015	DAVIDSON DISTRIBUTING Custodial Supplies, H2O2	P87087	64972	06/11/2015	36.14
00176526	07/23/2015	DEDOMINICIS, AMY E FS 92 Project Management	P76634	501433	06/30/2015	850.00
00176527	07/23/2015	DEPT OF LICENSING Witness Fees court date 06/30/	P87460	OH005072	07/15/2015	143.75
00176528	07/23/2015	DRAIN-PRO INC 2014 SEWER VIDEO INSPECTION	P82095	RETAINAGE7/7/15	07/07/2015	5,287.00
00176529	07/23/2015	DUNBAR ARMORED July 2015 Armored Car Service	P87502	3612073	07/01/2015	1,597.06

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00176530	07/23/2015	EARLY WORLD MONTESSORI Contract 20258 completed, depo	P87331	20258	07/09/2015	150.00
00176531	07/23/2015	EFFICIENCY INC FTR Renewal MA00614	P87243	614615	06/01/2015	1,249.40
00176532	07/23/2015	EISENFELD, CLAIRE Rental 20364 complete deposit	P87379	20364	07/13/2015	326.00
00176533	07/23/2015	EMERALD RECYCLING OIL AND HAZARDOUS WASTE RECYCL	P87231	I356745	06/15/2015	78.75
00176534	07/23/2015	EPSCA MONTHLY RADIO ACCESS FEES 44 R	P85018	8223	07/01/2015	3,510.95
00176535	07/23/2015	EVERGREEN FORD REPAIR PARTS	P87518	61280481/482	07/15/2015	1,788.95
00176536	07/23/2015	EVOQUA WATER TECHNOLOGIES LLC PUMP STATIONS ODOR CONTROL	P87525	902228349	06/30/2015	3,055.05
00176537	07/23/2015	FCS GROUP EMS COST OF SERVICE STUDY	P87276	239021506067	06/19/2015	4,215.00
00176538	07/23/2015	FEDEX Shipping costs-returned firear	P87418	509072620	07/10/2015	28.03
00176539	07/23/2015	FEHR & PEERS SOUND TRANSIT REVIEW SVCS	P87284	100830/100838	06/09/2015	774.80
00176540	07/23/2015	FERGUSON ENTERPRISES INC INVENTORY PURCHASES	P87219	0469382/0469385	06/22/2015	6,047.05
00176541	07/23/2015	FIRE CHIEF EQUIPMENT Recharge ABC FE (3)	P87341	0042618IN	06/23/2015	369.62
00176542	07/23/2015	FIRE PROTECTION INC FIRE ALARM MONITORING	P87433	25198	05/07/2015	500.74
00176543	07/23/2015	FISHERIES SUPPLY DOCK WHEEL	P87265	3226235	07/02/2015	153.64
00176544	07/23/2015	G&K SERVICES COVERALL/LAUNDRY CHARGES	P87386	OH005075	06/30/2015	607.04
00176545	07/23/2015	GOLDER ASSOCIATES INC FUEL CLEAN UP	P85591	419540	07/06/2015	4,142.47
00176546	07/23/2015	GOODMAN, J C LEOFF1 Retiree Medical Expense	P87497	OH005076	07/20/2015	245.06
00176547	07/23/2015	GOODSELL POWER EQUIPMENT TRIMMER LINE & HEADS	P87218	680823	06/15/2015	98.46
00176548	07/23/2015	GRAINGER INVENTORY PURCHASES	P87227	9774752068/076	06/24/2015	2,618.19
00176549	07/23/2015	GRAND & BENEDICTS INC Tshop operating supplies	P87305	0737135IN	07/06/2015	183.38
00176550	07/23/2015	GRAYBAR Lamps for Fitness Center	P87189	979477142	06/19/2015	142.09
00176551	07/23/2015	GREEN EARTHWORKS CONST INC SUB BASIN 6 PHASE II WATERCOUR	P86677	1	06/30/2015	69,267.83
00176552	07/23/2015	GREER, J SCOTT Pro tem	P87235	OH005074	07/01/2015	550.00
00176553	07/23/2015	H D FOWLER INVENTORY PURCHASES	P87221	I3958712	06/24/2015	16,625.50
00176554	07/23/2015	HEALTHFORCE PARTNERS LLC Dive Exam - Sgt. Noel	P87364	24789	06/23/2015	255.00
00176555	07/23/2015	HEDEEN & CADITZ PLLC Legal Services Fire Station In	P87356	7923	07/06/2015	25,348.00



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Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00176556	07/23/2015	HEWLETT-PACKARD COMPANY City Attorney Laptop	P87132	36456352001	06/30/2015	1,929.00
00176557	07/23/2015	HISTORICAL MILITARY SALES Uniform patches	P87244	5481	06/30/2015	1,188.08
00176558	07/23/2015	HOME DEPOT CREDIT SERVICE INVENTORY PURCHASES	P87408	0345299011559	07/14/2015	936.45
00176559	07/23/2015	HONEYWELL, MATTHEW V Public Defender Inv#865	P87461	867	07/14/2015	2,030.00
00176560	07/23/2015	HORIZON REPAIR PARTS FOR FL-0454	P87391	3M162204	06/29/2015	50.30
00176561	07/23/2015	HUGHES FIRE EQUIPMENT INC Misc. Apparatus Parts - E91	P87484	496023	07/01/2015	245.15
00176562	07/23/2015	IBS INC MISC. HARDWARE (WAREHOUSE)	P87310	5910182/5910181	06/19/2015	347.88
00176563	07/23/2015	IBSEN TOWING CO BELLEVUE Two Car at Fire Scene	P87335	B105705	05/05/2015	196.01
00176564	07/23/2015	INGALLINA'S BOX LUNCH INC Food for Firefighter Interview	P87483	01238563/1239052	07/13/2015	179.75
00176565	07/23/2015	INTERCOM LANGUAGE SERVICES INC Interpreting Services	P87238	15152	06/20/2015	720.00
00176566	07/23/2015	INTERIOR FOLIAGE CO, THE CITY HALL PLANTS	P87441	34198	07/01/2015	271.34
00176567	07/23/2015	INTERLAKE PSYCHIATRIC ASSOC Monthly consultations for clin	P85074	OH005078	07/01/2015	150.00
00176568	07/23/2015	IPSWITCH INC 1 year subscription renewal	P87230	IN553574	07/02/2015	721.00
00176569	07/23/2015	JOHN DEERE LANDSCAPES MOUND CLAY (50 LB)	P87323	72381375	06/26/2015	766.50
00176570	07/23/2015	JOHNSON, CURTIS FRLEOFF1 Retiree Medical Expen	P87498	OH005080	07/20/2015	219.89
00176571	07/23/2015	JOHNSON, JEFFREY WAYNE Instruction services for	P87492	15395	07/20/2015	3,080.00
00176572	07/23/2015	JOHNSON, SHAWN MARIE Bird Mountain & Memories of a	P87466	OH005079	07/16/2015	800.00
00176573	07/23/2015	KAYAK ACADEMY INC Instruction services for SUP a	P87259	15361	06/30/2015	4,147.50
00176574	07/23/2015	KC RECORDS RECORDING FEES	P87283	OH005081	07/06/2015	676.00
00176575	07/23/2015	KCFCA 2015 Dues	P87334	OH005082	07/09/2015	300.00
00176576	07/23/2015	KELLEY, CHRIS M MILEAGE EXPENSE		OH005094	07/16/2015	18.75
00176577	07/23/2015	KEN D BRUCE CO LLC EQUIPMENT FOR FL-0477	P87165	611	06/24/2015	670.67
00176578	07/23/2015	KING COUNTY FINANCE INDUSTRIAL WASTEWATER DISCHARG	P85017	30010483	07/01/2015	374,733.71
00176579	07/23/2015	KING COUNTY FINANCE I-NET MONTHLY SERVICES FROM	P85541	11003543	06/30/2015	1,623.00
00176580	07/23/2015	KINGSLEY, ROB PERMIT REFUND		1503076	07/22/2015	93.95
00176581	07/23/2015	KROESENS INC Uniform Emblems	P87242	58649	06/25/2015	1,114.18

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00176582	07/23/2015	KUSAK CUT GLASS WORKS 2014 Citizen of the Year Plaqu	P87285	43846	07/06/2015	122.20
00176583	07/23/2015	LANGUAGE LINE SERVICES Translation services	P87521	3628955	06/30/2015	11.67
00176584	07/23/2015	LIFE ASSIST INC Rig/Station Aid Supplies	P87420	716704	06/29/2015	2,947.78
00176585	07/23/2015	LLOYD ENTERPRISES INC PLAYFIELD SAND (31.39 TONS)	P87320	188322	06/29/2015	732.82
00176586	07/23/2015	LOUD EDGE 2015 MMIP Brochure and Poster	P87251	CMI061115A/5B	06/11/2015	3,200.00
00176587	07/23/2015	LPD ENGINEERING PLLC Engineering services for West	P87288	4481	07/29/2015	36.25
00176588	07/23/2015	MANGIO, CHERYL contract 20755 completed, depo	P87380	20755	07/13/2015	100.00
00176589	07/23/2015	MASTERMARK N. Allerdice Notary Stamp	P87453	0682095	07/10/2015	37.01
00176590	07/23/2015	MERCER ISLAND CHEVRON FUEL	P87415	OH005108	07/14/2015	90.14
00176591	07/23/2015	METROPRESORT Printing and Mailing June 2015	P85663	473839/474010/47	06/18/2015	1,967.32
00176592	07/23/2015	MEYMAND, DOLLY Instruction services for Art f	P87376	15552/15553	07/13/2015	2,100.00
00176593	07/23/2015	MI HARDWARE - BLDG MISC. HARDWARE FOR THE MONTH O	P87324	OH005101	06/30/2015	105.94
00176594	07/23/2015	MI HARDWARE - FIRE Station Supplies	P87346	OH005105	06/30/2015	202.61
00176595	07/23/2015	MI HARDWARE - MAINT MISC. HARDWARE FOR THE MONTH O	P87363	OH005096	06/30/2015	437.01
00176596	07/23/2015	MI HARDWARE - P&R Letterboxing supplies	P87327	OH005104	06/30/2015	41.27
00176597	07/23/2015	MI HARDWARE - POLICE Marine patrol equip	P87419	OH005106	06/30/2015	9.28
00176598	07/23/2015	MI HARDWARE - ROW MISC. HARDWARE FOR THE MOTH OF	P87325	OH005102	06/30/2015	142.74
00176599	07/23/2015	MI HARDWARE - UTILITY MISC. HARDWARE FOR THE MONTH O	P87326	OH005103	06/30/2015	237.54
00176600	07/23/2015	MI HARDWARE - YFS Tshop operating supplies	P87458	OH005107	06/30/2015	33.47
00176601	07/23/2015	MI SCHOOL DISTRICT #400 2015 Operational support for M	P87286	OH005097	06/20/2015	12,471.25
00176602	07/23/2015	MI UTILITY BILLS PAYMENT OF UTILITY BILLS FOR W	P87248	OH005099	07/02/2015	59,141.11
00176603	07/23/2015	MICHAEL SKAGGS ASSOCIATES CLEAN TEMP QTRS FS92	P87444	15361	06/30/2015	4,672.50
00176604	07/23/2015	MINUTEMAN PRESS - BELLEVUE Emergency Mgmt booklets	P87421	43294/43320	07/02/2015	3,457.67
00176605	07/23/2015	MM COMFORT SYSTEMS PERMIT REFUND		1506001	07/22/2015	136.95
00176606	07/23/2015	MOBERLY AND ROBERTS Contract Prosecutor Inv #538	P87520	538	07/01/2015	5,000.00
00176607	07/23/2015	MOST DEPENDABLE FOUNTAINS INC O-RING STEM ASSEMBLY (PUSH BUT	P87328	INV38114	07/01/2015	65.00

**Accounts Payable Report by Check Number**

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00176608	07/23/2015	NATIONAL CONST RENTALS INC Fence panels for Adventure	P87302	4183485	06/22/2015	1,697.03
00176609	07/23/2015	NATURAL SYSTEMS DESIGN SUB-BASIN 6 PHASE II DRAINAGE	P80435	2015155	05/07/2015	2,921.25
00176610	07/23/2015	NORTHWEST SAFETY CLEAN Bunker Gear Cleaning	P87344	1510891	05/27/2015	220.04
00176611	07/23/2015	NW ARBORICULTURE LLC Dead tree removal at ICP	P87413	6373	07/07/2015	1,899.83
00176612	07/23/2015	O'REILLY AUTOMOTIVE INC Misc. Apparatus Parts	P87486	OH005110	06/28/2015	63.32
00176613	07/23/2015	OGDEN MURPHY WALLACE PLLC Legal Services Inv #720190	P87358	OH005109	07/02/2015	915.13
00176614	07/23/2015	OVERLAKE OIL 800 GAL UNLEADED DELIVERY - FI	P87214	0172127/019/130	06/17/2015	6,264.00
00176615	07/23/2015	OWEN EQUIPMENT CO REPAIR PARTS FOR FL-0388	P87402	00076095	06/22/2015	133.70
00176616	07/23/2015	PARR, RYAN PER DIEM REIMG WSLEFIA CONF		OH005087	07/17/2015	161.00
00176617	07/23/2015	RAASCH, JANA SC PARKS BOOTH SUPPLIES		OH005091	07/09/2015	84.32
00176618	07/23/2015	RICOH USA INC Cost per Copy/Fire	P87345	5036656882	06/24/2015	158.55
00176619	07/23/2015	RICOH USA INC (FIRE) Copier Rental/Fire	P87347	95006250	07/03/2015	319.42
00176620	07/23/2015	SCHMALHOFER, GEORGE F AIR FRESHNER FOR CARS		OH005090	07/13/2015	13.50
00176621	07/23/2015	SEIFERT, MIKE PER DIEM REIMG WSLEFIA CONF		OH005088	07/17/2015	161.00
00176622	07/23/2015	SERFLING, JIMMI L ARBORIST RECERT FEE		OH005092	07/10/2015	232.19
00176623	07/23/2015	SHAWNS CATERING LLC Catering services for Sister C	P87330	00001	07/08/2015	602.25
00176624	07/23/2015	SPARROW, JEREMY SR GOLF PROGRAM DRIVER'S GOLF		OH005086	07/17/2015	17.77
00176625	07/23/2015	STEBBINS, JOANN FOOD WORKER CARD		OH005085	07/13/2015	10.00
00176626	07/23/2015	UPS SHIPPING FEE		0000T6781T285	07/11/2015	7.01
00176627	07/23/2015	URBAN FARMACY BUSINESS LICENSE REFUND		OH005084	07/22/2015	30.00
00176628	07/23/2015	XEROX CORPORATION PRINTER SUPPLIES		230018069	06/15/2015	1,451.18
					Total	893,056.41

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<b>Org Key: 001000 - General Fund-Admin Key</b>				
P87379	00176532	EISENFELD, CLAIRE	Rental 20364 complete deposit	326.00
P87331	00176530	EARLY WORLD MONTESSORI	Contract 20258 completed, depo	150.00
P87380	00176588	MANGIO, CHERYL	contract 20755 completed, depo	100.00
<b>Org Key: 402000 - Water Fund-Admin Key</b>				
P87256	00176553	H D FOWLER	INVENTORY PURCHASES	10,907.66
P87311	00176553	H D FOWLER	INVENTORY PURCHASES	3,162.87
P87255	00176553	H D FOWLER	INVENTORY PURCHASES	2,336.38
P87217	00176540	FERGUSON ENTERPRISES INC	INVENTORY PURCHASES	719.26
P87220	00176512	COASTWIDE LABORATORIES	INVENTORY PURCHASES	440.27
P87271	00176548	GRAINGER	INVENTORY PURCHASES	298.25
P87431	00176558	HOME DEPOT CREDIT SERVICE	INVENTORY PURCHASES	193.16
P87462	00176548	GRAINGER	INVENTORY PURCHASES	185.76
P87314	00176548	GRAINGER	INVENTORY PURCHASES	176.68
P87227	00176548	GRAINGER	INVENTORY PURCHASES	174.85
P87322	00176507	CESSCO	INVENTORY PURCHASES	102.49
P87315	00176548	GRAINGER	INVENTORY PURCHASES	87.49
<b>Org Key: CA1100 - Administration (CA)</b>				
P87132	00176556	HEWLETT-PACKARD COMPANY	City Attorney Laptop	1,929.00
P87361	00176613	OGDEN MURPHY WALLACE PLLC	Legal Services Inv #720190	609.02
P87358	00176613	OGDEN MURPHY WALLACE PLLC	Legal Services	306.11
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	38.51
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	38.51
<b>Org Key: CA1200 - Prosecution &amp; Criminal Mngmnt</b>				
P87520	00176606	MOBERLY AND ROBERTS	Contract Prosecutor Inv #538	5,000.00
P87359	00176559	HONEYWELL, MATTHEW V	Public Defender Inv#865	1,000.00
P87357	00176559	HONEYWELL, MATTHEW V	Public Defender Inv #866	1,000.00
P87360	00176527	DEPT OF LICENSING	Witness Fees court date 06/30/	72.45
P87460	00176527	DEPT OF LICENSING	Witness Fees Trial Date 07.14.	71.30
P87461	00176559	HONEYWELL, MATTHEW V	Public Defender Inv #867	30.00
<b>Org Key: CM11SP - Special Projects-City Mgr</b>				
P87284	00176539	FEHR & PEERS	SOUND TRANSIT REVIEW SVCS	319.80
<b>Org Key: CO6100 - City Council</b>				
P87285	00176582	KUSAK CUT GLASS WORKS	2014 Citizen of the Year Plaqu	122.20
<b>Org Key: CO6500 - Sister City Program</b>				
P87473	00176478	ABC RENTAL CENTER	Rental items for Sister City e	715.25
P87330	00176623	SHAWNS CATERING LLC	Catering services for Sister C	602.25
P87452	00176478	ABC RENTAL CENTER	Sister City reception table we	113.10
<b>Org Key: CR1100 - CORe Admin and Human Resources</b>				
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<b>Org Key: CT1100 - Municipal Court</b>				
P87238	00176565	INTERCOM LANGUAGE SERVICES INC	Interpreting Services	420.00
P87235	00176552	GREER, J SCOTT	Pro tem	350.00
P87237	00176565	INTERCOM LANGUAGE SERVICES INC	Interpreting Services	200.00

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P87236	00176552	GREER, J SCOTT	Pro tem	100.00
P87235	00176552	GREER, J SCOTT	Pro tem	100.00
P87237	00176565	INTERCOM LANGUAGE SERVICES INC	Interpreting Services	100.00
P87521	00176583	LANGUAGE LINE SERVICES	Language Line Services	1.68
<i>Org Key: DS0000 - Development Services-Revenue</i>				
	00176487	APPELMAN, IRA	APPEAL FEE REFUND	850.00
	00176499	BURILL, ROBBIE	PERMIT REFUND	93.95
	00176580	KINGSLEY, ROB	PERMIT REFUND	93.95
	00176605	MM COMFORT SYSTEMS	PERMIT REFUND	93.95
	00176605	MM COMFORT SYSTEMS	PERMIT REFUND	43.00
	00176487	APPELMAN, IRA	APPEAL FEE REFUND	25.50
<i>Org Key: DS1100 - Administration (DS)</i>				
P87283	00176574	KC RECORDS	RECORDING FEES	676.00
P87355	00176488	ARC - PACIFIC NORTHWEST	JUNE'S PRINTING CHARGES	523.71
	00176622	SERFLING, JIMMI L	TRAINING COURSE	132.19
	00176622	SERFLING, JIMMI L	ARBORIST RECERT FEE	100.00
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	38.49
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	38.49
P87453	00176589	MASTERMARK	N. Allerdice Notary Stamp	37.01
<i>Org Key: FN0000 - Finance Department-Revenue</i>				
	00176627	URBAN FARMACY	BUSINESS LICENSE REFUND	30.00
<i>Org Key: FN1100 - Administration (FN)</i>				
P87276	00176537	FCS GROUP	EMS COST OF SERVICE STUDY	4,215.00
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<i>Org Key: FN4501 - Utility Billing (Water)</i>				
P85663	00176591	METROPRESORT	Printing and Mailing June 2015	391.17
P85663	00176591	METROPRESORT	Printing and Mailing June 2015	264.59
P87071	00176540	FERGUSON ENTERPRISES INC	REPLACEMENT BATTERY FOR SENSUS	173.15
<i>Org Key: FN4502 - Utility Billing (Sewer)</i>				
P85663	00176591	METROPRESORT	Printing and Mailing June 2015	391.18
P85663	00176591	METROPRESORT	Printing and Mailing June 2015	264.60
<i>Org Key: FN4503 - Utility Billing (Storm)</i>				
P85663	00176591	METROPRESORT	Printing and Mailing June 2015	391.18
P85663	00176591	METROPRESORT	Printing and Mailing June 2015	264.60
<i>Org Key: FR1100 - Administration (FR)</i>				
P87347	00176619	RICOH USA INC (FIRE)	Copier Rental/Fire	319.42
P87334	00176575	KCFCA	2015 Dues	300.00
P87335	00176563	IBSEN TOWING CO BELLEVUE	Two Car at Fire Scene	196.01
P87338	00176521	CULLIGAN	Water Service/Fire	186.05
P87483	00176564	INGALLINA'S BOX LUNCH INC	Food for Firefighter Interview	179.75
P87345	00176618	RICOH USA INC	Cost per Copy/Fire	158.55
P87346	00176594	MI HARDWARE - FIRE	Station Supplies	155.36
P87343	00176513	COMCAST	Internet Charges/Fire	104.08
P87481	00176513	COMCAST	Internet Charges/Fire	68.65

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P87342	00176513	COMCAST	Internet Charges/Fire	60.13
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	50.44
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	50.44
<i>Org Key: FR2100 - Fire Operations</i>				
P87518	00176535	EVERGREEN FORD	Radiator Repair - Pickup	1,728.72
P85018	00176534	EPSCA	MONTHLY RADIO ACCESS FEES 44 R	1,343.32
P87350	00176581	KROESENS INC	Uniform Emblems	1,092.26
P87344	00176610	NORTHWEST SAFETY CLEAN	Bunker Gear Cleaning	220.04
P87336	00176561	HUGHES FIRE EQUIPMENT INC	Misc. Apparatus Parts - E91	153.04
P87484	00176561	HUGHES FIRE EQUIPMENT INC	Misc. Apparatus Parts	92.11
P87486	00176612	O'REILLY AUTOMOTIVE INC	Misc. Apparatus Parts	63.32
<i>Org Key: FR2400 - Fire Suppression</i>				
P87341	00176541	FIRE CHIEF EQUIPMENT	Recharge ABC FE (3)	369.62
<i>Org Key: FR2500 - Fire Emergency Medical Svcs</i>				
P87349	00176584	LIFE ASSIST INC	Rig/Station Aid Supplies	1,582.66
P87482	00176480	AIRGAS USA LLC	Oxygen/Fire	84.81
P87346	00176594	MI HARDWARE - FIRE	Ebola Supplies	47.25
<i>Org Key: GDI503 - Interest-Equip Rental</i>				
P87026	00176503	CAPITAL ONE PUBLIC FUNDING	Fire Apparatus Lease Payment	1,569.01
<i>Org Key: GDP503 - Principal - Equip Rental</i>				
P87026	00176503	CAPITAL ONE PUBLIC FUNDING	Fire Apparatus Lease Payment	36,152.18
<i>Org Key: GGM001 - General Government-Misc</i>				
P87277	00176494	BERK CONSULTING	MI IMPACT FEE STUDY - MAY FEES	1,862.50
P87301	00176482	AMBER LODGE	Signs 40 X 20 Invoice @ 09-195	1,450.00
P87243	00176531	EFFICIENCY INC	FTR Renewal MA00614	1,249.40
P87284	00176539	FEHR & PEERS	IMPACT FEE FEASIBILITY STUDY S	455.00
P87502	00176529	DUNBAR ARMORED	July 2015 Armored Car Service	446.15
<i>Org Key: GGM004 - Gen Govt-Office Support</i>				
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	89.09
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	89.09
<i>Org Key: GGM005 - Genera Govt-LI Retiree Costs</i>				
P87496	00176493	BECKER, RON	FRLEOFF1 Retiree Medical Expen	7,812.00
P87494	00176493	BECKER, RON	FRLEOFF1 Retiree Medical Expen	7,564.00
P87494	00176493	BECKER, RON	FRLEOFF1 Retiree Medical Expen	7,320.00
P87494	00176493	BECKER, RON	FRLEOFF1 Retiree Medical Expen	1,175.00
P87497	00176546	GOODMAN, J C	LEOFF1 Retiree Medical Expense	245.06
P87498	00176570	JOHNSON, CURTIS	FRLEOFF1 Retiree Medical Expen	219.89
<i>Org Key: GX9995 - Employee Benefits-General</i>				
P87495	00176508	CHERYL COHEN & ASSOCIATES	July - Dec 2015 Employee Assis	3,312.30
<i>Org Key: IGBE01 - MI Pool Operation Subsidy</i>				
P85060	00176601	MI SCHOOL DISTRICT #400	2015 Operational support for M	10,541.67
<i>Org Key: IS1100 - IGS Mapping</i>				
P87303	00176524	DATAQUEST LLC	Background Check M. Helten	21.50

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<b>Org Key: IS2100 - IGS Network Administration</b>				
P85541	00176579	KING COUNTY FINANCE	I-NET MONTHLY SERVICES FROM	1,623.00
P87230	00176568	IPSWITCH INC	1 year subscription renewal	721.00
P87491	00176479	ACCESS	BLACK BOX DATA ENTRY STORAGE	278.00
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<b>Org Key: MT2100 - Roadway Maintenance</b>				
P87322	00176507	CESSCO	GREASE FOR HEDGETRIMMERS	76.10
P87299	00176558	HOME DEPOT CREDIT SERVICE	MISC. CONCRETE TOOLS	25.14
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
P87325	00176598	MI HARDWARE - ROW	MISC. HARDWARE FOR THE MOTH OF	17.67
<b>Org Key: MT2200 - Vegetation Maintenance</b>				
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	20.88
<b>Org Key: MT2300 - Planter Bed Maintenance</b>				
P87245	00176602	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	193.92
P87325	00176598	MI HARDWARE - ROW	MISC. HARDWARE FOR THE MOTH OF	107.36
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
<b>Org Key: MT3100 - Water Distribution</b>				
P87219	00176540	FERGUSON ENTERPRISES INC	3" SENSUS OMNI H2 HYDRANT METE	2,913.53
P87219	00176540	FERGUSON ENTERPRISES INC	2" WATTS DOUBLE CHECK VALVES	1,209.34
P87219	00176540	FERGUSON ENTERPRISES INC	3" SENSUS 125-W HYDRANT METERS	1,031.77
P87384	00176558	HOME DEPOT CREDIT SERVICE	MISC. HARDWARE	31.14
P87326	00176599	MI HARDWARE - UTILITY	MISC. HARDWARE FOR THE MONTH O	24.16
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
P87431	00176558	HOME DEPOT CREDIT SERVICE	PALLET CHARGE	16.42
<b>Org Key: MT3150 - Water Quality Event</b>				
P84834	00176517	CONFLUENCE ENGINEERING GRP LLC	MICROBIAL OCCURENCE RESPONSE &	14,656.08
P87226	00176548	GRAINGER	PADLOCKS FOR WATER SAMPLING ST	230.75
<b>Org Key: MT3200 - Water Pumps</b>				
P87326	00176599	MI HARDWARE - UTILITY	MISC. HARDWARE FOR THE MONTH O	70.88
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	20.88
<b>Org Key: MT3300 - Water Associated Costs</b>				
P87400	00176489	AT&T MOBILITY	WATER IPAD SERVICE	31.86
	00176491	BABCOCK, THOMAS	MILEAGE EXPENSE	18.92
<b>Org Key: MT3400 - Sewer Collection</b>				
P82095	00176528	DRAIN-PRO INC	2014 SEWER VIDEO INSPECTION	5,287.00
P87326	00176599	MI HARDWARE - UTILITY	MISC. HARDWARE FOR THE MONTH O	52.41
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
<b>Org Key: MT3500 - Sewer Pumps</b>				
P87525	00176536	EVOQUA WATER TECHNOLOGIES LLC	PUMP STATIONS ODOR CONTROL	3,055.05
P87224	00176548	GRAINGER	MISC. CORDLESS POWER TOOLS	1,085.59
P87471	00176558	HOME DEPOT CREDIT SERVICE	MISC. TOOLS	278.91
P87222	00176553	H D FOWLER	CHECK VALVES & FITTINGS	138.59
P87326	00176599	MI HARDWARE - UTILITY	MISC. HARDWARE FOR THE MONTH O	66.71

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P87245	00176602	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	27.80
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
<i>Org Key: MT3600 - Sewer Associated Costs</i>				
P87526	00176578	KING COUNTY FINANCE	WET WELL AND SCB DEBRIS DISPOS	2,295.50
P87400	00176489	AT&T MOBILITY	SEWER IPAD SERVICE	31.86
<i>Org Key: MT3800 - Storm Drainage</i>				
P87221	00176553	H D FOWLER	4" PIPE & FITTINGS	80.00
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
<i>Org Key: MT4150 - Support Services - Clearing</i>				
P87246	00176484	AMERICAN PUBLIC WORKS ASSOC	MEMBERSHIP RENEWAL FOR 9/1/201	1,020.00
P87386	00176544	G&K SERVICES	COVERALL/LAUNDRY CHARGES	607.04
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	125.07
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	125.07
P87523	00176514	COMCAST	WI FI - MAINT BLDG 7/15	84.13
P87303	00176524	DATAQUEST LLC	Background Check B. McDaniel	36.50
P86578	00176520	CRYSTAL AND SIERRA SPRINGS	2015 WATER SERVICES DELIVERY F	35.13
P85018	00176534	EPSCA	MONTHLY RADIO ACCESS FEES 1 RA	30.53
<i>Org Key: MT4200 - Building Services</i>				
P87469	00176522	CUMMINS NORTHWEST INC	S FIRE STATION 92 GENERATOR MA	529.11
P87468	00176522	CUMMINS NORTHWEST INC	FS91 GENERATOR MAINT	519.37
P87436	00176522	CUMMINS NORTHWEST INC	CITY HALL GENERATOR MAINT	490.92
P87435	00176522	CUMMINS NORTHWEST INC	MAINT EMERGENCY PORTABLE	395.12
P87437	00176522	CUMMINS NORTHWEST INC	FIRE STATION PORTABLE GENERATO	372.05
P87439	00176603	MICHAEL SKAGGS ASSOCIATES	CLEAN TEMP QTRS FS92	300.00
P87441	00176566	INTERIOR FOLIAGE CO, THE	CITY HALL PLANTS	271.34
P87245	00176602	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	233.14
P87440	00176542	FIRE PROTECTION INC	FIRE ALARM MONITORING	84.75
P87324	00176593	MI HARDWARE - BLDG	MISC. HARDWARE FOR THE MONTH O	61.45
P87326	00176599	MI HARDWARE - UTILITY	MISC. HARDWARE FOR THE MONTH O	23.38
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	20.88
P87363	00176595	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	14.07
P87272	00176548	GRAINGER	SHARPS CONTAINER	6.01
<i>Org Key: MT4300 - Fleet Services</i>				
P87214	00176614	OVERLAKE OIL	800 GAL UNLEADED DELIVERY - FI	2,403.52
P87214	00176614	OVERLAKE OIL	800 GAL. UNLEADED DELIVERY - F	2,322.96
P87262	00176601	MI SCHOOL DISTRICT #400	MAY FUEL - SCHOOL DISTRICT SIT	1,599.58
P87214	00176614	OVERLAKE OIL	300 GAL DIESEL DELIVERY - FIR	964.39
P87214	00176614	OVERLAKE OIL	300 GAL DIESEL - MAINT.	573.13
P86898	00176485	AMERIGAS-KENT	PROPANE DELIVERY	224.48
P87402	00176615	OWEN EQUIPMENT CO	REPAIR PARTS FOR FL-0388	133.70
P87223	00176548	GRAINGER	PUSH BUTTON STATION	127.47
P87415	00176590	MERCER ISLAND CHEVRON	FUEL	90.14
P87231	00176533	EMERALD RECYCLING	OIL AND HAZARDOUS WASTE RECYCL	78.75
P87398	00176535	EVERGREEN FORD	REPAIR PARTS	60.23
P87391	00176560	HORIZON	REPAIR PARTS FOR FL-0454	50.30
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	20.88
P87227	00176548	GRAINGER	KEY RINGS	17.97



**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: MT4450 - Cust Resp - Clearing Acct</i>				
	00176576	KELLEY, CHRIS M	MILEAGE EXPENSE	18.75
<i>Org Key: MT4502 - Sewer Administration</i>				
P85017	00176578	KING COUNTY FINANCE	MONTHLY SEWER JAN-DEC 2015	370,158.21
<i>Org Key: MTBE01 - Maint of Medians &amp; Planters</i>				
P87325	00176598	MI HARDWARE - ROW	MISC. HARDWARE FOR THE MOTH OF	17.71
<i>Org Key: PO1100 - Administration (PO)</i>				
P87504	00176482	AMBER LODGE	PD Mission Statement	640.00
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	175.40
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	175.40
<i>Org Key: PO1350 - Police Emergency Management</i>				
P87450	00176511	CLOUD EASY 4 LLC	Crime Prev. booklets	4,826.61
P87421	00176604	MINUTEMAN PRESS - BELLEVUE	Emergency Mgmt booklets	3,110.00
P85018	00176534	EPSCA	MONTHLY RADIO ACCESS FEES 13 R	396.89
P87421	00176604	MINUTEMAN PRESS - BELLEVUE	DV booklets	347.67
P86960	00176506	CDW GOVERNMENT INC	EOC - HP 1910-8G-PoE+ (180W) S	355.57
<i>Org Key: PO1600 - Regional Radio Operations (CJ)</i>				
P85018	00176534	EPSCA	MONTHLY RADIO ACCESS FEES 57 R	1,740.21
<i>Org Key: PO1700 - Records and Property</i>				
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<i>Org Key: PO2100 - Patrol Division</i>				
P87244	00176557	HISTORICAL MILITARY SALES	Uniform patches	1,188.08
P87508	00176510	CLEANERS PLUS 1	Uniform cleaning	405.86
P87239	00176497	BRATWEAR	Remove and sew name tags	56.39
P87418	00176538	FEDEX	Shipping costs-returned firear	28.03
P87242	00176581	KROESENS INC	Uniform equip	21.92
	00176620	SCHMALHOFER, GEORGE F	AIR FRESHNER FOR CARS	13.50
P87507	00176583	LANGUAGE LINE SERVICES	Translation services	9.99
<i>Org Key: PO2200 - Marine Patrol</i>				
P87420	00176584	LIFE ASSIST INC	Epi-pens	1,365.12
P87364	00176554	HEALTHFORCE PARTNERS LLC	Dive Exam - Sgt. Noel	255.00
P87265	00176543	FISHERIES SUPPLY	DOCK WHEEL	153.64
P87419	00176597	MI HARDWARE - POLICE	Marine patrol equip	9.28
<i>Org Key: PO3100 - Investigation Division</i>				
P85797	00176518	CORRECTIONAL INDUSTRIES ACCTG	Lateral File Cabinet for Detec	127.02
<i>Org Key: PO4100 - Training</i>				
	00176616	PARR, RYAN	PER DIEM REIMG WSLEFIA CONF	161.00
	00176621	SEIFERT, MIKE	PER DIEM REIMG WSLEFIA CONF	161.00
<i>Org Key: PR1100 - Administration (PR)</i>				
P85072	00176520	CRYSTAL AND SIERRA SPRINGS	Monthly water service for LB B	85.23
	00176617	RAASCH, JANA	SC PARKS BOOTH SUPPLIES	84.32

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
<b>Org Key: PR1500 - Urban Forest Management</b>				
P87297	00176611	NW ARBORICULTURE LLC	Dead tree removal at ICP	1,615.13
P87413	00176611	NW ARBORICULTURE LLC	First Hill Park cabling system	284.70
<b>Org Key: PR2100 - Recreation Programs</b>				
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.95
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.95
<b>Org Key: PR2101 - Youth and Teen Camps</b>				
P87492	00176571	JOHNSON, JEFFREY WAYNE	Instruction services for	3,080.00
P87302	00176608	NATIONAL CONST RENTALS INC	Fence panels for Adventure	1,697.03
P87258	00176504	CASCADE ELITE GYMNASTICS	Instruction services for Gymna	1,610.00
P87429	00176504	CASCADE ELITE GYMNASTICS	Instruction services for Gymna	1,610.00
P87376	00176592	MEYMAND, DOLLY	Instruction services for Art f	1,260.00
P87291	00176509	CHRISTIANSEN, ANNE	Instruction services for Easts	932.40
P87258	00176504	CASCADE ELITE GYMNASTICS	Instruction services for Gymna	931.00
P87429	00176504	CASCADE ELITE GYMNASTICS	Instruction services for Gymna	864.50
P87376	00176592	MEYMAND, DOLLY	Instruction services for Art f	840.00
P87427	00176509	CHRISTIANSEN, ANNE	Instruction services for Easts	731.50
P87261	00176524	DATAQUEST LLC	Background checks for SN, TG,	132.50
<b>Org Key: PR2103 - Aquatics Programs</b>				
P87259	00176573	KAYAK ACADEMY INC	Instruction services for SUP a	4,147.50
P87261	00176524	DATAQUEST LLC	Background checks for JR, AC,	115.00
<b>Org Key: PR2104 - Special Events</b>				
P87327	00176596	MI HARDWARE - P&R	Letterboxing supplies	9.00
<b>Org Key: PR2108 - Health and Fitness</b>				
P87463	00176505	CASCADE KENDO-KAI	Instruction services for Kendo	1,303.05
P87499	00176486	ANDERSON, LAURA MARIE	Instruction services for Power	746.90
P87463	00176505	CASCADE KENDO-KAI	Instruction services for Kendo	496.65
P87499	00176486	ANDERSON, LAURA MARIE	Instruction services for Power	420.70
	00176624	SPARROW, JEREMY	SR GOLF PROGRAM DRIVER'S GOLF	17.77
<b>Org Key: PR3500 - Senior Services</b>				
	00176625	STEBBINS, JOANN	FOOD WORKER CARD	10.00
<b>Org Key: PR4100 - Community Center</b>				
P87444	00176603	MICHAEL SKAGGS ASSOCIATES	COMM CNTR JANITORIAL	2,227.50
P87445	00176603	MICHAEL SKAGGS ASSOCIATES	STRIP & WAX MERCER RM FLOOR	2,145.00
P87188	00176492	BANQUET AND EVENT RESOURCE INC	Booth for MICEC at 2015 Northw	2,050.00
P87443	00176522	CUMMINS NORTHWEST INC	GENERATOR MAINT	696.23
P87502	00176529	DUNBAR ARMORED	July 2015 Armored Car Service	453.59
P87190	00176519	COSTANERA CREATIVE	Fall 2015/ Winter 2016 Rec Gui	380.00
P87433	00176542	FIRE PROTECTION INC	WATER FLOW SWITCH REPAIR	331.24
P87189	00176550	GRAYBAR	Lamps for Fitness Center	142.09
P87440	00176542	FIRE PROTECTION INC	FIRE ALARM MONITORING	84.75
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	62.52
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	62.52
P87313	00176548	GRAINGER	DISPOSABLE LATEX GLOVES	47.50
P87324	00176593	MI HARDWARE - BLDG	MISC. HARDWARE FOR THE MONTH O	44.49

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P87087	00176525	DAVIDSON DISTRIBUTING	Custodial Supplies, H2O2	36.14
P87327	00176596	MI HARDWARE - P&R	Custodial supplies for MICEC	32.27
P87261	00176524	DATAQUEST LLC	Background check for LH	21.50
<i>Org Key: PR5400 - Gallery Program</i>				
P87466	00176572	JOHNSON, SHAWN MARIE	Bird Mountain & Memories of a	800.00
<i>Org Key: PR5600 - Cultural &amp; Performing Arts</i>				
P87251	00176586	LOUD EDGE	2015 MMIP Brochure and Poster	1,000.00
<i>Org Key: PR5900 - Summer Celebration</i>				
P87500	00176478	ABC RENTAL CENTER	Rental equipment for Summer	4,788.94
P87500	00176478	ABC RENTAL CENTER	Rental equipment for Summer	4,601.16
P87500	00176478	ABC RENTAL CENTER	Rental equipment for Summer	2,265.78
P87251	00176586	LOUD EDGE	2015 Summer Celebration Collat	2,200.00
P87500	00176478	ABC RENTAL CENTER	Rental equipment for Summer	824.99
<i>Org Key: PR6100 - Park Maintenance</i>				
P87248	00176602	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	5,652.21
P87363	00176595	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	365.24
P87332	00176558	HOME DEPOT CREDIT SERVICE	10' STEP LADDER	216.81
P87408	00176558	HOME DEPOT CREDIT SERVICE	MISC. LUMBER	174.87
P87321	00176516	COMPTON LUMBER & HARDWARE INC	4 X 10 X 12' TREATED LUMBER	102.38
P87313	00176548	GRAINGER	SHARPS CONTAINERS	86.38
P87229	00176507	CESSCO	SHARPEN MOWER BLADES	54.48
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
	00176626	UPS	SHIPPING FEE	7.01
<i>Org Key: PR6200 - Athletic Field Maintenance</i>				
P87248	00176602	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	17,616.43
P87323	00176569	JOHN DEERE LANDSCAPES	MOUND CLAY (50 LB)	766.50
P87271	00176548	GRAINGER	ZIP TIES	32.72
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
<i>Org Key: PR6500 - Luther Burbank Park Maint.</i>				
P87248	00176602	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	4,794.42
P87264	00176481	ALL CITY FENCE CO	WELD ALL BROKEN JOINTS ON HAND	646.05
P87261	00176524	DATAQUEST LLC	Background checks for AB, BP,	68.00
P87227	00176548	GRAINGER	TILLER MATTOCK PICK	60.77
P87328	00176607	MOST DEPENDABLE FOUNTAINS INC	O-RING STEM ASSEMBLY (PUSH BUT	65.00
P87363	00176595	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	34.83
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.35
<i>Org Key: PR6600 - Park Maint-School Related</i>				
P87320	00176585	LLOYD ENTERPRISES INC	PLAYFIELD SAND (31.39 TONS)	732.82
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	20.88
<i>Org Key: PR6700 - I90 Park Maintenance</i>				
P87248	00176602	MI UTILITY BILLS	PAYMENT OF UTILITY BILLS FOR W	30,623.19
P85083	00176502	CAMDEN GARDENS	Aljoya & Aubrey Davis Park Sha	410.63
P87218	00176547	GOODSELL POWER EQUIPMENT	TRIMMER LINE & HEADS	98.46

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P87310	00176562	IBS INC	MISC. HARDWARE (WAREHOUSE)	24.33
P87363	00176595	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	22.87
<i>Org Key: PR6800 - Trails Maintenance</i>				
P87229	00176507	CESSCO	REPAIR TRIMMER & CHAINSAW	183.36
<i>Org Key: WD312C - Sub Basin 6 Watercour Ph 2</i>				
P86677	00176551	GREEN EARTHWORKS CONST INC	SUB BASIN 6 PHASE II WATERCOUR	69,267.83
P80435	00176609	NATURAL SYSTEMS DESIGN	SUB-BASIN 6 PHASE II DRAINAGE	2,025.75
P80435	00176609	NATURAL SYSTEMS DESIGN	SUB-BASIN 6 PHASE II DRAINAGE	895.50
P87414	00176523	DAILY JOURNAL OF COMMERCE	SUB BASIN 6 PHASE II PROJECT	592.80
<i>Org Key: WD531C - Sub Basin 27a</i>				
P84733	00176490	AXIS SURVEY & MAPPING	SUB BASIN 27A.9 SEWER DRAINAGE	600.00
<i>Org Key: WG107R - Luther Burbank Admin Bldg Rep</i>				
P87278	00176515	COMPLETE OFFICE	Furniture for Luther Burbank	6,148.71
<i>Org Key: WG130E - Equipment Rental Vehicle Repl</i>				
P87165	00176577	KEN D BRUCE CO LLC	EQUIPMENT FOR FL-0477	670.67
<i>Org Key: WG550R - Fuel Clean Up</i>				
P85591	00176545	GOLDER ASSOCIATES INC	FUEL CLEAN UP	4,142.47
P87234	00176578	KING COUNTY FINANCE	INDUSTRIAL WASTEWATER	2,280.00
<i>Org Key: WP303R - Luther BB Shoreline Phase 2</i>				
P87465	00176498	BUILDERS EXCHANGE OF WA	Publication fees	57.95
<i>Org Key: WR101R - Residential Street Improvement</i>				
P87232	00176498	BUILDERS EXCHANGE OF WA	2015 RESIDENTIAL STREET OVERLA	148.75
<i>Org Key: WS512R - Sewer Repair at Sub-Basin 27</i>				
P85542	00176495	BLUELINE GROUP	SUB BASIN 27A.9 SEWER & DRAINAGE	5,082.10
<i>Org Key: WW117R - Street Related Water Impvts</i>				
P86528	00176496	BONNER BROTHERS CONST INC	2015 STREET RELATED WATER SYST	91,406.15
<i>Org Key: WW312R - ICW and 85th Ave Water Impv</i>				
P87411	00176500	C-N-I LOCATES LTD	2015 WATER SYSTEM IMPROVEMENTS	540.00
<i>Org Key: XG300R - Fire Station 92 Replacement</i>				
P87362	00176555	HEDEEN & CADITZ PLLC	Legal Services Fire Station In	25,228.00
P76634	00176526	DEDOMINICIS, AMY E	FS 92 Project Management	850.00
P87356	00176555	HEDEEN & CADITZ PLLC	Fire Station Inv #7923	120.00
<i>Org Key: XP520R - Recreational Trail Connections</i>				
P87273	00176501	CADMAN INC	SCREENED PIT RUN (23.12 TONS)	578.48
<i>Org Key: XP710R - Luther Burbank Minor Improvemnt</i>				
P87288	00176587	LPD ENGINEERING PLLC	Engineering services for West	36.25
<i>Org Key: YF1100 - YFS General Services</i>				
P87304	00176483	AMERICAN EXPRESS (YFS)	LB Bldg operating supplies	589.47
P87502	00176529	DUNBAR ARMORED	July 2015 Armored Car Service	219.68
P85108	00176524	DATAQUEST LLC	Background checks for YFS vols	212.00
P85072	00176520	CRYSTAL AND SIERRA SPRINGS	Monthly water service for LB B	85.23

**Accounts Payable Report by GL Key**

PO #	Check #	Vendor:	Transaction Description	Check Amount
P87303	00176524	DATAQUEST LLC	Background Check T. Bodmer	21.50
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	11.93
<i>Org Key: YF1200 - Thrift Shop</i>				
P87502	00176529	DUNBAR ARMORED	July 2015 Armored Car Service	477.64
P87304	00176483	AMERICAN EXPRESS (YFS)	Tshop volunteer supplies	248.80
P87304	00176483	AMERICAN EXPRESS (YFS)	Tshop operating supplies	240.65
P87305	00176549	GRAND & BENEDICTS INC	Tshop operating supplies	183.38
P85080	00176520	CRYSTAL AND SIERRA SPRINGS	Monthly water service at MI Th	68.53
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	62.54
	00176628	XEROX CORPORATION	PRINTER SUPPLIES	62.54
P87458	00176600	MI HARDWARE - YFS	Tshop operating supplies	33.47
<i>Org Key: YF2300 - VOICE Program</i>				
P87286	00176601	MI SCHOOL DISTRICT #400	Transportation for	330.00
P87304	00176483	AMERICAN EXPRESS (YFS)	VOICE/SVP Project supplies	228.72
<i>Org Key: YF2500 - Family Counseling</i>				
P85074	00176567	INTERLAKE PSYCHIATRIC ASSOC	Monthly consultations for clin	150.00
Total				<u>893,056.41</u>



**CITY OF MERCER ISLAND  
CERTIFICATION OF PAYROLL**

**PAYROLL PERIOD ENDING**

**7/17/2015**

**PAYROLL DATED**

**7/24/2015**

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	62848455 - 62848464		16,513.01
Direct Deposits			487,152.11
Void/Manual Adjustments			27,964.50
Tax & Benefit Obligations			283,667.67
Total Gross Payroll		7/24/15	815,297.29

**CITY OF MERCER ISLAND****PAYROLL SUMMARY****PAYROLL PERIOD ENDING****7/17/2015****PAYROLL DATED****7/24/2015**

Net Cash	503,665.12
Net Voids/Manuals	27,964.50
Federal Tax Deposit - Key Bank	92,783.38
Social Security and Medicare Taxes	49,151.09
Medicare Taxes Only (Fire Fighter Employees)	1,778.86
Public Employees Retirement System 1 (PERS 1)	1,109.26
Public Employees Retirement System 2 (PERS 2)	23,779.27
Public Employees Retirement System 3 (PERS 3)	3,978.90
Public Employees Retirement System 2 (PERSJBM)	1,192.62
Public Safety Employees Retirement System (PSERS)	284.10
Law Enforc. & Fire fighters System 2 (LEOFF 2)	24,433.25
Regence & LEOFF Trust - Medical Insurance	14,771.01
Domestic Partner/Overage Dependant - Insurance	0.00
Group Health Medical Insurance	1,211.38
Health Care - Flexible Spending Accounts	2,784.30
Dependant Care - Flexible Spending Accounts	1,895.30
United Way	131.07
ICMA Deferred Compensation	51,339.02
ROTH IRA	50.00
Child Support/Garnishment Payments	3,365.56
MI Employees' Association	140.00
Cities & Towns/AFSCME Union Dues	2,070.60
Police Union Dues	2,569.43
Fire Union Dues	1,815.03
Fire Union - Supplemental Dues	139.00
AWC - Voluntary Life Insurance	268.40
Unum - Long Term Care Insurance	1,255.00
AFLAC - Supplemental Insurance Plans	767.77
GET - Guarantee Education Tuition of WA	452.00
Coffee Fund	36.00
Transportation	116.07
Miscellaneous	0.00

<b>TOTAL GROSS PAYROLL</b>	<b>\$ 815,297.29</b>
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**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND, WA**

**AB 5095  
August 3, 2015  
Consent Calendar**

**GRANT AND SPONSORSHIP REQUEST FOR  
ART UNCORKED 2015 EVENT**

**Proposed Council Action:**

Approve grant and sponsorship for the MI Chamber of Commerce and MIVAL sponsored Art UnCorked event.

**DEPARTMENT OF**

City Manager (Kirsten Taylor)

**COUNCIL LIAISON**

Jane Brahm

**EXHIBITS**

1. Grant and Sponsorship request letter from MI Chamber of Commerce and MIVAL

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	2,500
<b>AMOUNT BUDGETED</b>	\$	0
<b>APPROPRIATION REQUIRED</b>	\$	2,500

**SUMMARY**

The City has received a request from the Mercer Island Chamber of Commerce and Mercer Island Visual Arts League (MIVAL) to provide a grant and sponsorship for the 2<sup>nd</sup> Annual Art UnCorked event scheduled for September 11, 2015 (see Exhibit 1). The inaugural Art UnCorked 2014 event was a success with over 500 people in attendance. The 2015 event will include an increase in local artists displaying and selling their art, musical entertainment, food trucks, and Washington wineries sampling their wines. This event is a model for events to be held in the Town Center that will help stimulate economic development, bolster the Town Center as a neighborhood and hub of fun activities, and foster art as a key community value.

Organizers are requesting a grant/major sponsorship in the amount of \$2,500 from the City, to cover a portion of the event costs, including tent and port-a-potty rentals, permit fees, advertising and other costs.

Additional "in-kind" activities requested of the City include:

- Use of the City's rental discount for tents
- Staff to put up no-parking signs on 78th and Sunset Highway in advance of event
- Event barriers and staff to put them up
- Electricity from City power poles
- Bicycle police to monitor during the event
- After-event sweeping, as needed



## RECOMMENDATION

*Assistant City Manager*

MOVE TO: Appropriate \$2,500 from the Beautification Fund for a local grant to cover costs associated with the promotion and support of the Mercer Island Chamber of Commerce and MIVAL sponsored 2015 Art UnCorked event as a Town Center Revitalization Program.



Date: 21 July 2015

To: Members of the Mercer Island City Council

From: Terry Moreman, Representing Board of Directors Mercer Island Chamber of Commerce  
Leslie West, Representing Board of Directors Mercer Island Visual Arts League

The Mercer Island Chamber and Mercer Island Visual Arts League are partnering again this year for "Art UnCorked", to be held in the Town Center. "ArtUncorked" is an evening of wine tasting and art, from 6 to 9 p.m. on Friday, September 11. Last year over 500 people attended and the event was successful beyond all expectations.

At the north end of 78<sup>th</sup> Avenue, abutting the Outdoor Sculpture Gallery, premiere Washington wineries will again be sampling their wines, and MIVAL and other Seattle-area fine artists will be displaying and selling their paintings, sculptures and other art. There will be musical entertainment, and food trucks. Because of our success last year, there will be an increase in the number of participating wineries, artists and food trucks. We have also modified the layout to increase access for attendees who don't want to take part in the wine tasting.

We know that ArtUnCorked will become not only an annual event but also one of many held downtown that will help stimulate economic development in our Town Center. The evening was mentioned time and again during the Town Center Visioning process and at Stakeholder meetings as the type of event that Islanders want for the Town Center.

This aligns with our shared goal of promoting the Town Center as a neighborhood and a hub of fun activities, and promotes art as a key community value.

The evening also brought significant attendance (over 20%) from surrounding communities. An informal survey showed that due to the extensive publicity through social media, print advertising, promotion by the wineries to their customers and by word of mouth, the Island was a destination for people who then ate in Island restaurants and explored the Town Center.

Events like this are very popular in the area, attracting hundreds, even thousands, of participants. Cities often sponsor such events. For example, the City of Issaquah sponsors Issaquah Wine Walks held monthly February through May; the City of Kirkland sponsors the three-day Kirkland Uncorked festival each July.

We are asking that the City of Mercer Island once again be a Presenting Sponsor of Mercer Island's ArtUncorked.

We've found that this new event fosters cooperation among organizations and a feeling of community that benefits everyone. We purchase with an eye to re-using, re-cycling and sharing of resources and equipment. We coordinate with other entities such as Parks and Recreation and the Farmers Market.

As the event grows, we anticipate more self-sufficiency, but as this is only the second year, we are not there yet. The City's sponsorship of \$2500 is an investment in economic development and promotion of Mercer Island. Please consider the details of our request on the following page. Many thanks for your consideration.

Art Uncorked sponsorship request to the City of Mercer Island:     \$2,500.00

In-Kind requests:

- Use of the City's rental discount for tents
- Event barriers and staff to put them up
- Electricity from City power poles
- Bicycle police to monitor during the event
- After-event sweeping, as needed

As a Presenting Sponsor, the City of Mercer Island will receive:

- City banner prominently displayed at the entrance
- Logo on all posters and noted as Presenting Sponsor of event
- Logo or name included in all advertising for the event
- Logo on all Art Uncorked promotional pieces including Save the Date Cards at all participating wineries
- City logo on Art Uncorked program
- Four Complimentary Tickets



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

**AB 5096  
August 3, 2015  
Consent Calendar**

**CALKINS LANDING SHORELINE  
RESTORATION & STORMWATER PROJECT  
BID AWARD**

**Proposed Council Action:**  
Award the project.

<b>DEPARTMENT OF</b>	Parks and Recreation (Jason Kintner)
<b>COUNCIL LIAISON</b>	Debbie Bertlin Jane Brahm
<b>EXHIBITS</b>	n/a
<b>APPROVED BY CITY MANAGER</b>	

<b>AMOUNT OF EXPENDITURE</b>	\$	383,500
<b>AMOUNT BUDGETED</b>	\$	307,000
<b>APPROPRIATION REQUIRED</b>	\$	76,500

**SUMMARY**

**BACKGROUND**

Calkins Landing has endured years of problematic stormwater outfall and degraded shoreline habitat. Since the early 2000's heavy stormwater flows have caused major washouts, deposited sediment into Lake Washington, scoured the beach gravels and repeatedly damaged the waterfront access trail. The stormwater outfall drains stormwater from just over 33 acres in the East Seattle neighborhood, capturing runoff from over 100 buildings and a portion of West Mercer Way. The Calkins Landing Shoreline Restoration and Stormwater Project ("the Project") will reduce sediment outwash and improve nearshore habitat by improving a problematic stormwater outfall, removing a concrete bulkhead, redefining a beach access point and revegetating the shoreline area with native species.

**BID RESULTS AND AWARD RECOMMENDATION**

Originally scheduled for design and construction during the 2013-2014 biennium, the Project was delayed due to permitting issues. Staff recently resolved these permit issues. The City received five responsive bidders with the low bid received of \$240,581.10, excluding sales tax. The bid results for the Project are shown in the table below.

<b>CALKINS LANDING SHORELINE &amp; STORMWATER CONSTRUCTION BID RESULTS (excluding Sales Tax)</b>				
Sierra Pacific Construction	Paul Brothers Inc.	Terra Dynamics Inc.	Harkness Construction, LLC.	A-1 Landscaping & Construction, Inc.
\$ 240,581.10	\$ 280,762.59	\$ 313,612.40	\$ 315,973.52	\$ 371,017.60

**The Project is expected to be fully funded through a grant award from King County Flood Control District (KCFCD).** KCFCD grant money was applied for and approved (in 2013) in the amount of \$316,710 for the design and construction project. Staff will be formally requesting the additional funding needed to cover the projected budget shortfall from KCFCD. KCFCD will formally approve requests at their November 2015 board meeting. The Project is well matched to the intentions of the KCFCD, so during initial conversations, KCFCD has indicated approval of the additional funding is very likely. Provided formal approval is granted, as expected, this would mean the Project is fully funded by the award from the KCFCD Sub-Regional Opportunity Fund (no City funding would be used). As a backup funding source, in the unlikely case it was needed, staff would use Storm Water funds from the East Seattle Storm Water Improvements Project.

Due to rising construction costs, a more competitive bidding climate, and additional design costs needed for permits, the projected budget for this Project exceeds the original capital improvement budget by \$76,500. In addition, the sign noted in the budget table is a requirement of the 2013 KCFCD grant received for this Project and was not included in the original budget. It will be an educational sign explaining various ways to address storm water run-off.

<b>CALKINS LANDING AND EAST SEATTLE STORM WATER IMPROVEMENTS</b>	<b>BUDGET</b>	<b>BID AWARD to SIERRA PACIFICA</b>
Construction	\$189,900	\$240,581
Sales Tax @ 9.5%	18,040	22,855
Total Construction Contract	\$207,940	\$263,436
Construction Contingency @ 10%	\$18,980	\$24,058
Design	50,000	60,813
Project Management	28,000	24,058
Sign (design, fabrication, installation)	0	8,500
1% for Art	2,080	2,635
<b>Total Construction Budget (2013)</b>	<b>\$307,000</b>	<b>\$383,500</b>
<b>Budget Allocation Needed</b>		<b>\$76,500</b>

<b>Funding Sources</b>		
King County Flood Control District Funds		\$316,710
Additional Funding Needed		66,790

While minimal in-water work is expected for this Project, the permitted (construction) in-water working fish window concludes September 30<sup>th</sup>, meaning all water work must be completed by the end of September due to state regulations. To allow adequate time to meet this construction window, construction must begin by mid-August. Out of water construction is expected to continue well into the fall and winter months.

Approval of this appropriation will authorize staff to commence construction of this Project. As an administrative step, staff will return with a budget amending ordinance including this appropriation request (and other approved appropriations) as part of the 2<sup>nd</sup> Quarter Financial Status report at the September 8, 2015 City Council Meeting.

## **RECOMMENDATION**

### *Parks Superintendent*

**MOVE TO:** Award the Calkins Landing Shoreline Restoration and Stormwater Project to Sierra Pacifica Construction in the amount of \$263,436, including sales tax. Set the project budget to \$383,500 and direct the City Manager to execute the construction contract.



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

**AB 5092  
August 3, 2015  
Regular Business**

**TRANSPORTATION IMPACT FEES**

**Proposed Council Action:**

Receive consultant report, provide direction to staff and authorize proposed budget request.

**DEPARTMENT OF**

Development Services Group (Scott Greenberg)

**COUNCIL LIAISON**

n/a

**EXHIBITS**

1. Agenda Bill 5049 (3/16/15)
2. Fehr & Peers Impact Fee Feasibility Evaluation
3. Fehr & Peers Phase 2 (Rate Study) Draft Proposal

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	25,380
<b>AMOUNT BUDGETED</b>	\$	96,684
<b>APPROPRIATION REQUIRED</b>	\$	0

**SUMMARY**

**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 (see Exhibit 1). The Council then directed staff to study the use of GMA impact fees for schools, parks and transportation facilities. Consideration of school impact fees was before the Planning Commission on July 15, 2015 and will come before the Council for a first reading on August 3, 2015 (see Agenda Bill 5093). The Council received a report on parks impact fees at its July 20, 2015 meeting and appropriated funding for a parks impact fee rate study. If the Council desires to adopt parks and/or transportation impact fee ordinances, it is expected that the Planning Commission will review draft ordinances in the fall, and Council approval could occur by the end of 2015.

Staff is seeking direction from Council on whether to proceed with the next phase of the transportation impact fee analysis, along with direction on the policy questions listed below and appropriation of funds for the next phase of analysis.

**Impact Fee Feasibility Study**

The consulting firm Fehr & Peers was hired to assess the use of SEPA mitigation fees and GMA impact fees to address the demand on the City's transportation facilities. Fehr & Peers prepared an impact fee feasibility evaluation (see Exhibit 2) that includes a comprehensive assessment of how GMA impact fees could be used to achieve the City's objectives. The memo includes a discussion of transportation projects

potentially eligible for partial funding with GMA impact fees, adjustments for vehicle trips related to growth outside of Mercer Island, and potential impact fees and revenues.

Staff from Fehr & Peers will be at the August 3, 2015 Council meeting to present the feasibility study and answer questions.

The feasibility study identifies a preliminary list of eligible projects that could be partially funded with an impact fee. More work is needed in the next phase to determine the proportion of project costs that would be attributable to growth. The feasibility study also identifies projects needed to attain Level of Service (LOS) C, the City's currently-adopted LOS, as well as LOS D, which is proposed in the draft Comprehensive Plan update.

The estimated cost of projects to attain LOS D is \$5,191,000. The estimated cost of additional projects to attain LOS C is \$16,396,000. An additional \$4,055,400 is estimated for the cost of planned non-motorized transportation improvements. Phase 2 of the transportation impact fee work would identify how much of these estimated costs could be funded by an impact fee.

### **Request for Council Direction**

Like the parks impact fee discussion at Council's July 20, 2015 meeting, there are several choices for Council to discuss and provide direction. Unlike the parks impact fee discussion, transportation impact fees are less complex and offer fewer choices. Answers to each of the questions below will help shape the amount of fee that is charged and the revenue received by the City.

1. Should the impact fee program include motorized projects only, or also include non-motorized (e.g., sidewalks and paved shoulders) projects?

**Staff recommendation is to include both motorized and non-motorized projects.** Non-motorized options are an important alternate mode of transportation that can help reduce motor vehicle impacts on our transportation system.

2. Should funding be appropriated for Phase 2?

**Staff recommendation is a qualified yes.** If Council desires to proceed with adopting transportation impact fees, a detailed rate study will be needed to provide the technical support for the fees. Fehr & Peers has provided a draft scope of work and budget for Phase 2 which would cost up to \$25,380 (see Exhibit 3).

The Phase 2 work can provide revenue estimates for impact fees based on both LOS C and LOS D. This information will be valuable as Council considers whether to change the transportation LOS as part of the Comprehensive Plan update. Staff recommends proceeding with the Phase 2 rate study but delaying the adoption of a transportation impact fee ordinance until the updated Comprehensive Plan has been adopted. This decision is not required to proceed with Phase 2, but staff wanted Council to be aware of the recommended timing.

The recommended funding source is the \$96,684 the Council directed staff to set aside for miscellaneous professional services on June 1, 2015 as part of the disposition of the 2014 General Fund surplus. This funding had been planned to support phase 2 of the parks and transportation impact fee analysis, assuming the Council wants to move forward with instituting impact fees. As shown in the chart below, the 2014 General Fund surplus is adequate to cover funding for rate study work for both parks impact fees (\$16,600) and transportation impact fees (\$25,380), as well as the Town Center communications consultant funded by Council on July 6, 2015. Based on a question at the July 20, 2015 City Council meeting, a possible community survey on Town Center issues has been added to the chart below.

<b>Budgeted 2014 General Fund Surplus</b>	<b>\$96,684</b>
Town Center Communications Consultant (Council approved 7/6/15)	(\$25,000)
Parks Impact Fees Rate Study (Council approved 7/20/15)	(\$16,600)
Transportation Impact Fees Rate Study (requested herein)	(\$25,380)
<b>Remaining 2014 General Fund Surplus</b>	<b>\$29,704</b>
Town Center Consultant Phase 3 (Seth Harry proposal)	(\$50,000)
Town Center Traffic Analysis (rough estimate)	(\$14,000)
Town Center Community Survey	(\$13,000)
<b>Additional Future Funding Needed</b>	<b>(\$47,296)</b>

As discussed with Council on July 6, 2015, there are additional unfunded needs related to the continuing Town Center work (continuation of Seth Harry's contract, possible survey, and \$14,000 that may be needed to perform a traffic analysis on whatever is proposed for the Town Center visioning and code update). Therefore, Council may need to fund an additional \$47,296 for Town Center work later this year. This could be funded by the Beautification Fund or 2015 General Fund surplus.

## RECOMMENDATION

*Development Services Director*

Provide direction to staff on the questions listed above.

MOVE TO: Appropriate \$25,380 from the 2014 General Fund surplus for preparation of a transportation impact fees rate study by Fehr & Peers.



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

**AB 5049  
March 16, 2015  
Regular Business**

**DISCUSSION OF GMA IMPACT FEES AND  
SEPA MITIGATION FEES**

**Proposed Council Action:**  
Provide direction to staff.

**DEPARTMENT OF** Development Services Group (Scott Greenberg)

**COUNCIL LIAISON** n/a

**EXHIBITS** 1. March 2, 2015 Letter from MISD

**APPROVED BY CITY MANAGER**

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

**SUMMARY**

At its 2015 Planning Session, the City Council requested information on the use of Growth Management Act (GMA) impact fees under RCW 82.02 and mitigation payments under the authority of the State Environmental Policy Act (SEPA), RCW 43.21C and WAC 197-11. The purpose of this agenda bill is to provide basic information about two alternatives for partially financing public facilities and to provide the City Council with an opportunity for questions and comments regarding these tools. Staff is seeking Council direction on next steps, if any related to GMA impact fees and/or SEPA mitigation payments.

The City has looked at these issues in the past. On December 5, 2011, City Council discussed GMA impact fees and SEPA mitigation fees related to funding of future public improvements for the Town Center (Agenda Bill 4687). The agenda item was informational only and no direction to staff was provided. Much of the information below was taken from the previous agenda bill.

**FINANCING OPTIONS**

GMA impact fees and SEPA mitigation payments are two options in the City's toolbox for financing public facilities. In addition, the City has historically invested REET (Real Estate Excise Taxes), General Fund revenues, Utility Fund, Grants and SEPA mitigation payments as the sources of funding capital facilities. The City recently started a Transportation Benefit District (TBD) to fund transportation improvements. Other financing tools such as GMA Impact Fees, Local Improvement Districts (LID), and Parking and Business Improvement Areas (PBIA) may also be considered.

The City has made significant capital investments in the Town Center and many of the facilities needed to support the current and planned Town Center redevelopment are already in place. These have been partially funded by SEPA mitigation fees. The street and pedestrian network, utilities and parks and open space are largely established, but with continued redevelopment new or enhanced facilities may be needed in the Town Center over the next twenty years.

## SEPA MITIGATION PAYMENTS

Originally adopted in 1971, SEPA (chapter 43.21C RCW) has been called by the State Department of Ecology perhaps "the most powerful legal tool for protecting the environment of the state" (SEPA Handbook, 1.2 History). SEPA includes "substantive authority" to condition or deny permits.

For permits in the Mercer Island Town Center, SEPA's "substantive authority" had been used to impose conditions on developments to mitigate for significant probable adverse environmental impacts, especially traffic impacts. SEPA authority has also been used to mitigate school impacts of new Town Center development. SEPA decisions are made by the DSG Director and those decisions are appealable to the Planning Commission. SEPA mitigation must also have a "rational nexus" to the development and be "proportional" to the impact.

### Benefits of SEPA Mitigation Payments:

The benefit of using SEPA's substantive authority to collect mitigation payments is that mitigation of environmental impacts can be tailored to each individual project and its specific impacts.

### Disadvantages of SEPA Mitigation Payments:

The disadvantages of using SEPA to collect mitigation payments are:

- 1) Smaller developments are exempt from SEPA mitigation fees, thus cumulative impacts from several small developments can lead to impacts that are not funded by new development and must be funded from other sources such as property taxes or bonds and levies. Most new development on Mercer Island is categorically exempt from SEPA under State law, and is not required to mitigate its impacts. Exempt development includes most short plats and new single-family homes.

In the last 5 years, the City issued 137 SEPA determinations. Of these, only 5 could potentially be subject to SEPA mitigation fees. The rest were for shoreline improvements, code amendments, public works projects, wireless communication facilities and replacement single family homes.

- 2) SEPA transportation mitigation fees are typically used to fund specific improvements identified in the six-year Transportation Improvement Program in the immediate vicinity of the proposed development. They cannot be used for transportation improvements farther away from the project site.
- 3) The current system of using SEPA to mitigate project impacts can be uncertain for the developer. A developer is required to submit a SEPA Environmental Checklist with the permit application and provide appropriate impact analysis (E.G. a traffic study), and then come to agreement with city staff regarding reasonable and appropriate mitigation. This process creates a high level of uncertainty and risk for the developer who does not know what mitigation will be required, or how much those impacts will cost, until after the project permit has been submitted. Since mitigation payments usually only fund a small portion of an improvement, additional City resources must be appropriated to cover the remaining cost of the actual system improvements.

## GMA IMPACT FEES

The State's Growth Management Act (GMA) requires a capital facilities plan as a mandatory element of our Comprehensive Plan (RCW 36.70A.070). In 1990, the legislature, as part of the GMA, authorized the use of impact fees to ensure that adequate facilities are available to serve new growth and development (RCW 82.02.050).

The funds collected cannot be used for operation, maintenance, repair, alteration, or replacement of existing capital facilities and cannot just be added to general revenue. Instead, the use of GMA impact fees are

limited and 1) shall only be imposed for system improvements that are "reasonably related" to the new development; 2) shall not exceed a "proportionate share" of the costs of system improvements that are "reasonably related" to the new development; and 3) shall be used for system improvements that will reasonably benefit the new development.

A GMA impact fee may be imposed for "public facilities" owned or operated by government entities including: 1) public streets and roads, 2) publically owned parks, open spaces and recreational facilities, 3) school facilities and 4) fire protection facilities (RCW 82.02.090). The ordinance imposing impact fees must be carefully crafted to avoid an unconstitutional taking of private property. For this reason, development of impact fee ordinances often require use of technical consultants.

A city may adopt GMA impact fees by local ordinance following a very detailed analysis of public facility needs and costs related to new growth and development. GMA impact fees collected by the city shall be held in special interest bearing accounts, with separate accounts established for each type of public facility. Annual Reports are required. GMA impact fees collected must be spent or encumbered on eligible improvements identified in the capital facilities plan within 10 years of receipt or the fee must be refunded to the applicant. GMA impact fees may be held longer for "an extraordinary and compelling reason" (RCW 82.02.070).

GMA impact fees work well for the development of raw land, or "greenfield development" when new streets, parks, schools and fire protection infrastructure are needed to support development. In simple terms, an impact fee system might be described as follows: the cost of new infrastructure needed to support new development is divided by number of new housing units (and/or commercial or industrial space) resulting in an impact fee per unit. For example, if a new road were to cost \$1,000,000 and were to exclusively serve multiple developments totaling 126 units, an impact fee of \$7,936.51 per unit would likely pass the rational nexus and proportionality tests. Establishment of an impact fee becomes more complex in cases where the new road provides some benefit to the public, in addition to the benefit to the development. So, using this same example, if 50% of the users of the new road were expected to be members of the public, who are not residents of the new development, the reasonable impact fee would be cut in half, or would be \$3,968.25.

One very important aspect of GMA impact fees is that the fee must be used to support new growth and development. Because nearly all of Mercer Island is fully developed, the use of GMA impact fees for redevelopment is constrained. To establish GMA impact fees where developed land is gradually being redeveloped, careful analysis would be required. For example, the establishment of a road impact fee would require an analysis of the incremental impact of the new development. This analysis would include consideration of the surplus capacity of existing roads and the proportional impact of the development in relationship of trips by the general public. Proposed capital improvements would need to be identified to address the needed expansion of roadway capacity. Finally, a rational nexus and proportionality test would be applied to the proposed improvements to establish an appropriate impact fee for redeveloping land.

The complexity of redevelopment impact fees typically requires extensive and detailed analysis and study to justify the fee, which may be challenged by any developer who believes the fee does not meet the standards of nexus and proportionality established by the State. In addition, once the GMA impact fee is adopted, the cost of administration including management of the fund and the actual construction of the facility can add cost to the program.

In the last 5 years, the City issued 190 building permits for new single-family homes and 138 single family demolition permits (see chart on next page). This is a net increase of 52 new homes for which GMA impact fees could have been collected. All of these houses were exempt from SEPA, so collection of SEPA mitigation fees was not possible.

	2010	2011	2012	2013	2014	TOTALS
<b>New Single-Family Permits</b>	20	25	25	59	61	190
<b>Single-Family Demolition Permits</b>	20	21	21	34	42	138
<b>Net New Single-Family Permits</b>	0	4	4	25	19	52

#### Benefits of GMA Impact Fees:

- 1) Impact fees provide a revenue stream to construct public facilities needed to support new development.
- 2) Impact fees establish certainty for developers who know the costs for public facilities development and reduce the risk of the unknown as the project is planned and developed.
- 3) Impact fees can be collected for new development that is exempt from SEPA, and therefore, not subject to SEPA mitigation payments. For example, a lot with an existing home is approved for a 4 lot short plat. The City could collect impact fees on the new development (3 homes) but could not collect a SEPA mitigation payment since the short plat is exempt from SEPA.

#### Disadvantages of Impact Fees:

- 1) The cost of developing and administering the impact fee program as well as follow-up modeling and updating. Since GMA impact fees would conceivably be collected on all new development, there would be more fees and payments to track than the less frequently used SEPA mitigation fees.
- 2) Impact fees add to the cost of development.

## **IMPACTS**

The following discusses several specific types of impacts that have been raised by Councilmembers:

#### **Transportation Impacts:**

This mitigation typically comes in the form of a proportionate share of a future transportation improvement by the City. The current approach is to address transportation impacts on a project-specific basis. A project that is subject to SEPA may require a traffic study that analyzes the impacts of the project and identifies appropriate project-specific mitigation.

An example is impacts on intersections from Town Center projects. The following chart shows contribution toward traffic signals for Town Center projects since 2005:

PROJECT	CONTRIBUTION TOWARD TRAFFIC SIGNALS (YEAR)
Starbucks	\$28,000 (2005)
The Mercer	\$18,667 (2007)
Island Square	\$3,645 (2008)
7700 Central	\$33,950 (2009)
7800 Plaza	\$9,143 (2010)
Aviara	\$35,500 (2011)

If GMA impact fees are enacted for transportation impacts, the fees must be based on system improvements that are reasonably related to the new development. A reasonable question is what planned improvements are related to growth.

The only project in the City's current Transportation Improvement Plan that could be somewhat related to growth is the SE 40<sup>th</sup> Street project. This \$759,000 project is projected for 2018, so it meets the 10-year requirement for use of impact fees. However, most of this project is needed to handle the impact of current development and traffic. So an impact fee to recover some of the SE 40<sup>th</sup> Street project costs would need to be based on less than 100% of the project cost.

If the City charged a GMA transportation impact fee, a development project would still be responsible for on-site street improvements and any nearby off-site improvements to mitigate impacts that are unrelated to the SE 40<sup>th</sup> Street project.

#### **School Impacts:**

Under the current SEPA mitigation fee system, the Mercer Island School District submits comments on SEPA checklists requesting mitigation. The table below shows the mitigation payments that were paid by each project. The gap of payments between 2004-2007 is unexplained. The Legacy payment was based on the cost of a portable and the projected number of students per unit in the project.

PROJECT NAME	SCHOOL MITIGATION	YEAR
Legacy	\$90,556.00	2014
Aviara	\$0.00	2007
7800 Plaza	\$0.00	2005
77 Central	\$0.00	2005
Aljoya	\$0.00	2004
The Mercer	\$93,696.46	2002
Island Market	\$43,244.42	2001
Avellino	\$19,608.00	2001
Newell Court	\$17,160.50	2001

The School District recently submitted a letter asking that the previous mitigation formula be updated to reflect the cost of a new classroom. See Exhibit 1. If the City continues to use the SEPA mitigation fee tool, the City will collect the updated fee for projects in the Town Center as indicated in the letter. City Council action is not required to update the mitigation formula.

#### **Parks, Open Spaces and Recreational Facility Impacts:**

The City has not been collecting SEPA mitigation fees for impacts to parks, open spaces and recreational facilities. GMA impact fees for parks, open spaces and recreational facilities would need to fund system improvements that are reasonably related to new growth.

#### **OTHER CITIES FEES**

The Municipal Research and Service Center (MRSC) has a valuable webpage related to impact fees: <http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx>. MRSC has some information on what other cities charge for impact fees. While it is tempting to conclude that Mercer Island can collect \$8,400 per PM peak hour trip like Redmond or \$3,000 like Bellevue, each City's fee must be based uniquely on its projected growth and Capital Facilities plans. Comparison to other cities is helpful

when deciding how a proposed impact fee compares to other cities in the market but should not be used to inform a decision on how much funding is potentially available.

#### **NEXT STEPS**

If the City Council would like to continue to study use of GMA impact fees, a rate study will be needed to provide legal support for any fee that is adopted. A rough estimate of a rate study for a transportation impact fee would be \$20,000 to \$50,000 depending on what is needed to support collection of the fee. Council could direct staff to return with a budget request and hire a consultant to complete the study. If Council wanted to study impact fees for parks, open spaces and recreational facilities, school facilities and/or fire protection facilities, staff could return with cost estimate(s) to study each of those items.

#### **ADDITIONAL RESOURCES**

Two good resources for information are the aforementioned MRSC website and the Thurston County website: [http://www.co.thurston.wa.us/planning/impact/impact\\_home.html](http://www.co.thurston.wa.us/planning/impact/impact_home.html). The linked documents at the bottom of the Thurston County webpage provide examples of impact fee studies.

#### **RECOMMENDATION**

*Development Services Director*

Provide direction to staff.



## MERCER ISLAND SCHOOL DISTRICT #400

4160 86th Avenue Southeast \* Mercer Island, Washington 98040-4196  
[www.mercerislandschools.org](http://www.mercerislandschools.org)

### BUSINESS SERVICES

Dean Mack, Executive Director  
[dean\\_mack@misd.wednet.edu](mailto:dean_mack@misd.wednet.edu)  
206-236-4522

Karen Hubbert, Business Specialist  
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206-236-3310

March 2, 2015

Scott Greenberg  
Director of Development Services Group  
City of Mercer Island  
9611 SE 36<sup>th</sup> Street  
Mercer Island, Washington 98040

RECEIVED

MAR 4  
CITY OF MERCER ISLAND  
DEVELOPMENT SERVICES

Dear Scott;

I am writing to you at the direction of Dr. Plano, school superintendent, regarding the assessment of impact fees for new and future development on Mercer Island. As you know, the Mercer Island School District has had an agreement with the City of Mercer Island on the amount of school mitigation fees it seeks on residential development within the Town Center since the 1990's. Mitigation fees are requested by the District as each development is submitted for design approval and permitting.

Should the City desire to move to an impact fee ordinance, the District would like to work with the City to develop one as provided for under the Growth Management Act for all new residential development within the City. In the interim the District desires to revisit the current agreement with the City on the level of mitigation fees it seeks regarding residential development in the Town Center once the current moratorium expires.

The District would like to seek mitigation fees within the Town Center as illustrated in the attachment below. The calculation of impact fees would be based on the total number of residential units within the development or based on the number of two or more bedroom units within the development. The fee would be \$2,725.38 per unit (based on the total number of units) or \$5,923.92 per unit (for two or more bedroom units).

The District is also requesting that the City work with District to update Attachment 2, which will require a small adjustment to the fee being requested.

Sincerely,

R. Dean Mack  
Chief Operating/Financial Officer  
Mercer Island School District  
206.236.4522

Attachments

AB 5049  
Exhibit 1  
Page 7

AB 5092  
Exhibit 1  
Page 11



**ATTACHMENT 1:**  
**Mercer Island School District (Elementary No. 4 Cost Detail)**

**Cost of Elementary No. 4**

<b>Hard Costs</b>	<b>Cost</b>
Contract with Bayley Construction	\$ 30,385,900.00
Sales Tax     9.50%	<u>2,886,660.50</u>
Subtotal	\$ 33,272,560.50
 <b>Other Costs</b>	
Design/Planning	\$ 3,481,597.33
Permitting/Inspection	555,880.11
Builders Risk Insurance/Constr. Management	601,680.00
Furniture	<u>950,000.00</u>
 <b>Total</b>	 <b><u>\$ 38,861,717.94</u></b>

**Cost Per Square Foot**

\$ 38,861,717.94/77,000 Sq. Ft. = \$504.70 per square foot

**Impact Fee Calculation Options (Per Unit)**

**Option 1 – Based on Total Number of Units**

\$ 504.70 X 900 sq. ft. = \$454,230.00 per classroom  
\$ 454,230.00/24 = \$18,926.25 per student  
\$ 18,926.25 X .144 = \$2,725.38 per unit (all units)

**Option 2 – Based on Total Number of Units Containing Two or More Bedrooms**

\$ 504.70 X 900 sq. ft. = \$454,230.00 per classroom  
\$ 454,230.00/24 = \$18,926.25 per student  
\$ 18,926.25 X .313 = \$5,923.92 per unit (2 or more bedrooms)

## ATTACHMENT 2:

### Mercer Island School District Historic School Enrollment for Projects in the Town Center (2012)

<u>Building</u>	<u>Students</u>	<u>1-bedroom, Studio, Live/work</u>	<u>2- bedroom</u>	<u>3- bedroom</u>	<u>Average student per &gt;1 bedroom unit</u>
The Mercer Island Square	49	76	83	0	59.0%
Avellino 7700 Building	37	149	86	0	43.0%
78 Plaza	2	0	23	0	8.7%
Newell	1	119	49	3	12.5%
Total:	92	344	291	3	

Average number of  
students per all units is  
.144

Average number of  
students per all two and  
three bedroom units is  
.313

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## MEMORANDUM

Date: July 27, 2015 (Updated)  
To: Scott Greenberg, City of Mercer Island  
From: Sarah Keenan and Kendra Breiland, Fehr & Peers  
Subject: **Impact Fee Feasibility Evaluation**

SE15-0397

Fehr & Peers has evaluated the feasibility of introducing transportation impact fees in Mercer Island. This evaluation considered the transportation projects that might be funded by impact fees and developed some rough estimates of the cost per trip that might be charged to various developments. More detailed analysis would be required to produce an impact fee rate study that meets the Growth Management Act specifications.

### WHAT ARE TRANSPORTATION IMPACT FEES?

Impact fees are one-time charges paid by new development 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 of new development. The capacity improvements can be motorized or non-motorized. The Revised Code of Washington (RCW 82.02.050) defines how transportation impact fees are assessed – specifically, they can only be used to fund facilities available to serve new growth; development may only be charged a proportionate share of the cost of these new facilities; and jurisdictions assessing impact fees must have procedures and criteria in place to ensure that specific developments do not pay arbitrary or duplicative fees for the same impact.

### ELIGIBLE PROJECTS

To identify projects that may be eligible for impact fees, Fehr & Peers reviewed the City's 2015-2021 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 conducted a preliminary review and separated the projects into four categories:

1. Non-eligible projects,
2. Motorized projects required to meet LOS D standard,
3. Motorized projects required to meet LOS C standard, and
4. Non-motorized projects.

The projects related to maintenance (such as residential and arterial street overlays) are not eligible to receive funding from the impact fee program. **Table 1** summarizes the eligible motorized projects and whether they are required to meet a standard of LOS D or LOS C. **Table 2** summarizes the non-motorized projects.



**Table 1 - Eligible Motorized Project List**

<i>Location</i>	<i>Description</i>	<i>Estimated Cost<sup>1</sup></i>	<i>To Meet LOS C?</i>	<i>To Meet LOS D?</i>
SE 24th Street/W Mercer Way	Add southbound left turn pocket (re-channelize).	\$25,000	X	X
77th Avenue SE/N Mercer Way	Add center receiving lane.	\$50,000	X	X
77th Avenue SE/N Mercer Way	Traffic signal	\$770,000	X	X
SE 27th Street/80th Avenue SE	Traffic signal.	\$858,000	X	X
SE 28th Street/80th Avenue SE	Traffic signal.	\$854,900	X	X
Island Crest Way/SE 40 <sup>th</sup> St.	Roadway widening and intersection improvements	7,500,000	X	
SE 40th Street Corridor (East of Island Crest Way)	Install dedicated left turn signal phase and turn pocket.	\$914,000	X	X
SE 40th Street/Gallagher Hill Road	Add eastbound left turn pocket	\$133,900	X	X
SE 53rd Place/Island Crest Way	Traffic signal.	\$602,700	X	X
SE 68th Street/Island Crest Way	Traffic Signal/Roundabout	\$982,500	X	X
76th Ave/North Mercer Way	New Signal	\$875,000	X	
80th Ave/North Mercer Way	New Turning Lane	\$580,000	X	
Island Crest Way/SE 28 <sup>th</sup> St.	New Turning Lane	\$525,000	X	
SE 32 <sup>nd</sup> St./78 <sup>th</sup> Ave.	New Signal	\$875,000	X	
SE 40 <sup>th</sup> St./78 <sup>th</sup> Ave.	New Signal	\$850,000	X	
<b>Total Cost</b>			<b>\$16,396,000</b>	<b>\$5,191,000</b>
1 = Some project costs will require further engineering review in a more detailed rate study.				



**Table 2- Non-Motorized Projects**

<i>Location</i>	<i>Description</i>	<i>Approximate Cost<sup>1</sup></i>
Safe Routes - Madrona Crest (86th Avenue SE) Sidewalk	Sidewalk between SE 36th to SE 39th Street.	\$340,000
East Mercer Way Roadside Shoulders (From 6600 block to south end of E Mercer Way)	Add a paved shoulder for non-motorized users.	\$1,067,400
West Mercer Way Roadside Shoulders (7400- 8000 Block)	Add a paved shoulder for non-motorized users.	\$417,500
West Mercer Way Roadside Shoulders (8000 block to E Mercer Way)	Add a paved shoulder (east side) for non- motorized users.	\$422,400
West Mercer Way Roadside Shoulders (6500 to 7400 block)	Add a paved shoulder (east side) for non- motorized users.	\$676,800
78th Avenue SE - SE 32nd Street to SE 40th Street	Improve with sidewalks, bicycle lanes/sharrows to connect with the Town Center.	\$1,131,300
<b>Total</b>		<b>\$4,055,400</b>
1 = Some project costs will require further engineering review in a more detailed rate study.		

Considering the above categories of projects, there are several ways that the transportation impact fee program could be structured. Below, we explore four potential options, summarizing the total dollar value of the projects that would be included under each option (note: this is not equal to the revenue that would be generated by impact fees, since impact fees can only pay a proportionate share of overall project costs):

1. LOS D standard, motorized projects only - \$5.2M
2. LOS D standard, motorized and non-motorized projects - \$9.2M
3. LOS C standard, motorized projects only - \$16.4M
4. LOS C standard, motorized and non-motorized projects - \$20.5M



## ADJUSTMENTS

As mentioned above, impact fees can only cover a portion of total project costs. Specifically, impact fees cannot cover cost of addressing safety, maintenance, or existing level of service deficiencies. Moreover, impact fees cannot be used to fund trips associated with growth outside the City or existing traffic volumes. Based on the PSRC regional travel model, 44% of trips on Mercer Island are related to outside growth (this would include trips that begin or end outside of Mercer Island).

## POTENTIAL IMPACT FEE RATES AND REVENUES

A range of potential impact fees per PM peak hour trip was developed based on the analysis for each of the four categories. These fee ranges would be the same for development regardless of where it occurs on Mercer Island:

1. \$850-\$1,400 = LOS D standard, motorized projects only.
2. \$1,050-\$1,800 = LOS D standard, motorized and non-motorized projects.
3. \$4,000-\$6,800 = LOS C standard, motorized projects only.
4. \$4,300-\$7,200 = LOS C standard, motorized and non-motorized projects.

For a point of reference, a single family house generates one PM peak hour vehicle trip. Therefore, the impact fee associated with a single family house would be equal to the impact fee listed above.

Using the above fee ranges and the amount of development assumed in the City's Comprehensive Plan, a new transportation impact fee could generate somewhere between \$1.2M and \$9M over the next 20 years, depending on how the program was structured.

## OBSERVATIONS

The analysis so far has produced a range of impact fees for several different alternatives. The final rate study will include more precise numbers and some more detailed calculations. There is some uncertainty involved in the project list that will be finalized for the final rate study.



## MEMORANDUM

Date: July 28, 2015  
To: Scott Greenberg, City of Mercer Island  
From: Kendra Breiland, Fehr & Peers  
Subject: **City of Mercer Island Transportation Impact Fees – Phase 2**

---

This scope of work includes the tasks necessary to develop a Transportation Impact Fee Rate Study for the City of Mercer Island under the four scenarios identified in Phase 1:

1. The City adopts a LOS D standard for transportation and funds only projects that benefit motorized transportation in its impact fee program.
2. The City adopts a LOS D standard for transportation and funds projects that benefit both motorized and non-motorized transportation in its impact fee program.
3. The City maintains its LOS C standard for transportation and funds only projects that benefit motorized transportation in its impact fee program.
4. The City maintains its LOS C standard for transportation and funds projects that benefit both motorized and non-motorized transportation in its impact fee program.

### **Task 1: Refine Projects for Inclusion in Impact Fee Program**

While Phase 1 identified the projects that would be included under each of the four scenarios, some additional engineering review is required to provide further definition to some of the projects. This task would further “flesh out” some of the projects to refine planning-level cost estimates for each of the projects to be included in the impact fee program under the four scenarios.

- *Deliverables:* Refined project list and descriptions for each of the four scenarios with planning-level costs
- *Assumptions:* The project cost estimates will be planning-level, meaning they will require additional engineering review prior to construction. This level of detail is consistent with other impact fee programs in Washington State.



## **Task 2: Update Impact Fee Cost Allocation Methodology and Calculations**

Build from the Phase 1 work to allocate project costs to impact fees and update the methodology as needed. Work includes review of the travel model assumptions for trips that are related to growth outside of Mercer Island and ensuring our land use growth assumptions match the city's expectations through year 2035. Run the growth allocation steps for each of the four scenarios. This work includes select link analysis, summarization of data, and incorporating the data into the cost allocation spreadsheet.

- *Deliverables:* Cost allocation spreadsheet and percent allocated to impact fees for each of the four scenarios
- *Assumptions:* Impact fee evaluation based on same four scenarios evaluated in Phase 1

## **Task 3: Prepare Fee Schedule**

Provide an updated impact fee schedule spreadsheet using the land use types and trip generation rates from ITE's 9th Edition *Trip Generation* and other national data. Assume one citywide impact fee rate for each of the four scenarios.

- *Deliverables:* Fee schedule table for each of the four scenarios.
- *Assumptions:* City staff and decision makers will want to weigh in on a locally-appropriate rate structure.

## **Task 4: Prepare Rate Study Update**

Document analysis results in a technical impact fee rate study. Include identification of impact fee expected revenues.

- *Deliverables:* Rate study. Attach spreadsheets and other documentation as appendices; supply all electronic files to City staff.
- *Assumptions:* Document prepared in MS Word.

## **Task 5: Meetings**

Participate in up to 2 staff meetings, 1 Planning Commission meeting and 1 City Council meeting.

- *Deliverables:* Meeting preparation, PowerPoint slides to support presentation and attendance
- *Assumptions:* N/A

# FEHR & PEERS

	PIC	PM	Senior Design Engineer/Modeller	Engineer/ Planner I-III	Engineering Technician I-III	Total
Hourly Rate	\$250.00	\$190.00	\$185.00	\$105.00	\$115.00	
Task 1: Refine Project List	2	2	40	2	0	\$8,490.00
Task 2: Update Cost Allocation Calculations	6	2	4	18	4	\$4,970.00
Task 3: Prepare Fee Schedule	2	4	0	16	4	\$3,400.00
Task 4: Prepare Rate Study Update	8	4	0	20	6	\$5,550.00
Task 5: Meetings	4	8	0	2	0	\$2,730.00
<b>Total Labor</b>	<b>\$5,500</b>	<b>\$3,800</b>	<b>\$8,140</b>	<b>\$6,090</b>	<b>\$1,610</b>	<b>\$25,140</b>
<b>Travel/Materials</b>						<b>\$240</b>
<b>Total Cost</b>						<b>\$25,380</b>



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

**AB 5094  
August 3, 2015  
Regular Business**

**EMERGENCY AMENDMENT TO THE CITY'S  
COMPREHENSIVE PLAN TO ADOPT UPDATED  
POLICIES AND INCORPORATE BY  
REFERENCE THE MERCER ISLAND SCHOOL  
DISTRICT'S SIX-YEAR CAPITAL FACILITIES  
PLAN TO SUPPORT COLLECTION OF IMPACT  
FEES**

**Proposed Council Action:**

Adopt Ordinance No. 15-16 to amend the City's Comprehensive Plan on an emergency basis to support impact fees for transportation, park and school facilities.

<b>DEPARTMENT OF</b>	Development Services Group (Scott Greenberg)
<b>COUNCIL LIAISON</b>	n/a
<b>EXHIBITS</b>	1. Proposed Comprehensive Plan AmendmentsText 2. Proposed Ordinance No. 15-16
<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 City Council has been discussing adoption of Growth Management Act (GMA) impact fees for schools, parks and transportation facilities. Impact fees must be supported by policies in the Comprehensive Plan. The current Comprehensive Plan needs to be amended to provide policy support for impact fees. Proposed amendments are included as Exhibit 1, showing the Planning Commission's recommended changes, plus text proposed by staff to support an impact fee program (the highlighted text). The same text (without highlighting) has been included in the proposed Ordinance (Exhibit 2).

Projects funded by impact fees and used to determine the amount of the impact fee must be included in an adopted Capital Facilities Plan, Transportation Improvement Plan or Capital Improvement Plan. No changes are needed to the proposed project lists in the currently adopted Capital Facilities Plan, Transportation Improvement Plan or Capital Improvement Plan. There are two options for adopting policies supporting an impact fee program, discussed below.

**Option One: Adoption of an Emergency, Out of Cycle Comprehensive Plan Amendment**

The GMA only allows amendment of a Comprehensive Plan once per calendar year. However, there are several exceptions to allow "out of cycle" amendments. One exception is adoption of an amendment as an emergency. There is no definition of emergency. In this case, staff believes that delaying the adoption of impact fees and thereby delaying collection of revenue constitutes an emergency.

If the City Council wishes to adopt school impact fees in 2015 as proposed in Agenda Bill 5093, then adoption of an amendment to the Capital Facilities Element of the City's Comprehensive Plan to support the assessment and collection of impact fees, in addition to adopting and incorporating by reference the Mercer Island School District's Six-Year Capital Facilities Plan (2015-2020) as a sub-element of the City's Capital Facilities Plan, is recommended on an emergency basis prior to adoption of a school impact fee ordinance.

Adoption of the proposed ordinance on an emergency basis, which requires an affirmative vote of a majority plus one of the whole membership of the Council (5 "yes" votes), is recommended.

### **Option Two: Inclusion in Annual Comprehensive Plan Update**

The City began its State-mandated update of the Comprehensive Plan in early 2014. The Planning Commission held eight meetings, including one public hearing, and recommended approval of an amended Comprehensive Plan in November, 2014. The updated Plan could include the required policies to support an impact fee program. However, on July 6, 2015, the City Council delayed consideration of the proposed Comprehensive Plan update to be concurrent with the Town Center Visioning and Code Update project. A schedule for completion for the Town Center work and Comprehensive Plan update will not be determined until later this summer, or after.

If the supportive policies are included in the Comprehensive Plan update, then the Council will need to act on the Plan update prior to adoption of impact fees. This would most likely delay adoption of impact fees until 2016.

## **RECOMMENDATION**

*Development Services Director*

**MOVE TO:** Adopt on an emergency basis Ordinance No. 15-16 to amend the City's Comprehensive Plan to adopt updated policies to support the assessment and collection of impact fees for transportation, parks and school facilities and to adopt and incorporate by reference the Mercer Island School District's Six-Year Capital Facilities Plan as an element of the City's Capital Facilities Plan.

## Public Schools

The Mercer Island School District owns and operates one high school, one middle school and three elementary schools. A fourth elementary school is scheduled to open in 2016. Altogether, the School District owns 108.6 acres of land, including those lands dedicated to parks, open space and recreational uses. The District serves a ~~2004~~ 2014 school population of ~~4,000~~ 4,316 students in approximately 461,000 total square feet of "educational" space. ~~In addition to educational/athletic facilities, the District also owns and leases space to private non-profit groups at the North Mercer Campus.~~

~~During the 1990s, the District completed a major capital improvement program to remodel its schools. In 1993, the voters passed a \$10.9 million bond issue to modernize Islander Middle School. The latest remodel of the Islander Middle School occurred in 2000, when the school completed an addition to the multi-purpose room and seven new classrooms. In 1994, the voters again approved a \$16.4 million bond issue to modernize the three Elementary Schools. All these schools underwent \$6 million remodels that were completed in September 1995. In 1996 voters approved a \$26.7 million bond issue to modernize the High School. The total cost of the renovation, which included some new construction, was \$37.2 million. In May 2002 February 2010, the community approved a 2-year capital fund levy, and a 12-year bond to replace the Mercer Island High School track and field. In February 2004, the community approved a four six year capital levy for nearly \$14.9 million per~~

year, targeting minor capital replacement costs and improvements at each school site. Included in the levy ~~are~~ were funds for the addition of music and orchestra rooms at Mercer Island High School, portable classrooms for elementary and middle schools, hard play area resurfacing at the elementary schools, ~~repair and~~ replacement of the turf field and repair of the track at Islander Middle School and major tennis court renovation at the high school. Mercer Island High School, painting, re-roofing, pavement overlays, security improvements, ~~etc~~ and other improvements.

~~Despite a lack of enrollment loss in 2003-2004, School District enrollment is in a population decline cycle. In the February 11, 2014 special election, Mercer Island voters overwhelmingly approved three targeted facilities projects to address overcrowding in Mercer Island schools.~~

After months of public discussions, meetings and work by the Mercer Island community, school board and district, a bond proposal was approved by the board in September 2013. It was then approved by more than 74 percent of Mercer Island voters in February 2014. The targeted facilities projects include:

- -building a fourth elementary school on the district-owned North Mercer campus;
- expanding Islander Middle School, including 14 new classrooms and lab spaces, commons and cafeteria, gymnasiums, music rooms and administrative space; and
- -building 10 additional classrooms at Mercer Island High School, including four lab spaces and six general education classrooms.

### Key:

Underlined text: Proposed additions recommended by Planning Commission on 11-19-14

~~Strikeout text:~~ Proposed deletions recommended by Planning Commission on 11-19-14

Yellow highlighted text: Proposed additions or deletions recommended by staff

Annually, the District develops projections primarily utilizing the historical enrollment trends tracked each October for the past five years. In addition to the cohort derived from that historical database, the District looks at much longer "real growth" trends as well as birth rates and female population patterns. Current enrollment projections show an anticipated increase of approximately 245 356 students over the next eight six years, in addition to an increase of approximately 250 students over the last six years.

Provision of an adequate supply of K-12 public school facilities is essential to ~~avoid overcrowding and to~~ enhance the educational opportunities for our children and to avoid overcrowding. A variety of factors can contribute to changes in K-12 enrollment, including changes in demographics, the resale of existing homes, and new development. ~~The District and the City will work together to review the District's enrollment projections and capacity needs, and will examine whether appropriate school facilities are available.~~ The District is engaged in an ongoing long-range planning process to ~~examine~~maintain updated enrollment projections, house anticipated student enrollment projections, school capacity, financing options, and school facility options, and provide adequate school facilities. Future needs, including proposed improvements and capital expenditures are determined by the District, which has prepared a separate Capital Facilities Plan.

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### III. LEVEL OF SERVICE & FORECAST OF FUTURE NEEDS

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In analyzing capital financing over twenty years, the City must make estimates in two areas: Cost of New Facilities and the Cost to Maintain Existing Facilities. To estimate the former, the City must evaluate its established levels of service (LOS) for the various types of facilities - streets, parks, recreational facilities, open space, trails, public buildings -- and project future needed investments to reach those service targets. In this case, "Level of Service" refers to the quantitative measure for a given capital facility. See Table 2 below. In establishing an LOS standard, the community can make reasonable financial choices among the various "infrastructure" facilities that serve the local population.

Fortunately, Mercer Island has already acquired and/or built most of the facilities needed to meet its LOS goals (e.g. parks acreage, recreational facilities, water and sewer system capacity, street system capacity, police, fire and administration buildings). As a result, while a few "LOS deficiencies" must be addressed over the next twenty years (open space, new trail construction, some street capacity improvements), most capital financing projections for Mercer Island involve reinvesting in and maintaining existing assets.

Listed in Table 2 below is a summary of level of service and financial assumptions (by facility type) used in making a twenty year expenditure forecast. In looking at the

assumptions and projections, the reader should bear in mind two things: 1) No detailed engineering or architectural design has been made to estimate costs. The numbers are first level estimates; and, 2) The objective of the analysis is to predict where major financing issues may arise in the future. The estimates should be used for long range financial and policy planning; not as budget targets.

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**Table 2 - Level of Service & Financial Forecasts**

Capital Facility	Level of Service Standard	Capital Needs	New Capital Cost (To address deficiency)	Annual Reinvestment Cost
<b>Streets-Arterials</b> -Residential -CBD	LOS "C" None LOS "C"	4 locations identified None None	To be determined \$0 \$0	\$800,000/yr. \$350,000/yr.
<b>Parks</b>	<u>Will be established in the Revised Park and Open Space Plan</u> <u>Expenditure per capita</u>	Athletic Fields	To be assessed	\$250,000/yr\$1.3 million. Parks & Open Space CIP
<b>Recreational Facilities</b>	See Park & Open Space Plan	None	None	None
<b>Existing and New Pedestrian and Bicycle Facilities</b>	Pedestrian and Bicycle Facilities Plan	Multiple	N/A	\$130,000
<b>Open Space</b>	<u>Will be Established in the revised Park and Open Space Plan</u> <u>Expenditure per capita</u>	Standard to be set	To be assessed	None
<b>Water Syst – Supply Storage Distribution Fire Flow</b>	6.7 mill. Gal/day 8.0 mill. Gal > 30 psi Multiple	None Energy Supply Line  None None	None \$1.2 mill. None None	\$500,00 from Utility Rates
<b>Storm &amp; Surface Water System</b>	Washington DOE Stormwater Manual	Multiple	\$350,000 from Utility Rates on average goes to one major basin improvement project annually	\$150,000 from Utility Rates
<b>Sanitary Sewer System</b>	0 - Sewer Overflows	Inflow & Infiltration Sewer Lakeline- portion of reaches 3/4	\$13 million	\$500,000
<b>Schools</b>	<u>Established in the Mercer Island School District No. 400 Six Year Capital Facilities Plan as may be amended. MISD</u>	Maintenance of existing buildings, <u>new elementary school, middle school and high school expansions</u>	<u>Major Renovations Completed \$98.8 million bond</u>	\$1.9 million/ <del>yr.</del> levy passed February 20 <u>10</u> <del>04</del>

[Note: More detailed LOS standards for capacity and operational reliability can be found in the following documents: Water Comprehensive Plan, Sewer Comprehensive Plan, Comprehensive Parks, Recreation, Open Space, and Arts, and the Transportation Element of this ~~City~~ Comprehensive Plan.

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## IV. CAPITAL FACILITIES FINANCING

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In light of the relatively large past investments in public facilities and the relatively low level of projected future growth, most future capital spending will go for repair, upgrade or replacement of existing capital assets. Generally speaking, Mercer Island will finance most of these capital reinvestment activities on a pay-as-you-go basis; or in the case of school renovations - local general obligation debt will be the primary financing technique.

The community should expect most funding for future capital improvements to come from local public sources. Investments in transportation facilities, sewage collection and conveyance, and stormwater facilities will be needed over the 20 year planning period. Funding for open space acquisition and parks improvements may also be needed to meet community expectations. Private development will finance some minor new capital improvements, such as stormwater facilities, sewage conveyance improvements, and transportation improvements where proposed development will exceed adopted levels of service. Because future growth outside the Town Center is expected to be relatively minor and Mercer Island is a mature community with well developed infrastructure, Mercer Island will not finance capital improvements through development impact fees. The City will use substantive authority under the State Environmental Policy Act (SEPA) to require mitigation for new development that is directly related and proportional to the impacts of that development. Impact fees on new development will also generate some revenue to offset the impact of such growth

on Mercer Island's public schools, parks and open space, and transportation facilities.

### Revenue Sources

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The City's capital program is funded by a variety of revenue sources ranging from largely unrestricted, discretionary sources like General Funds and REET 1 to very restricted sources like fuel taxes and grants. Listed below is a description of the major capital funding sources used by the City.

**General Fund Revenues** - Revenues from property, sales and utility taxes as well as licenses and permit fees, other user fees, and state shared revenues. Funds can be used for any municipal purpose and are generally dedicated to the operation of the City's (non-utility) departments.

**Real Estate Excise Taxes (1 & 2)** - Taxes imposed on the seller in real estate transactions. Both REET 1 & 2 taxes are levied at 1/4 of 1% of the sale price of the property. Revenues are to be dedicated only to projects identified in the City's Capital Facilities Element. Revenues must be used on the following types of projects:

- **REET 1** - planning, acquisition, construction and repair of streets, roads, sidewalks, streets and road lighting, traffic signals, bridges, water systems storm and sanitary sewer systems, parks, recreational facilities, trails and public buildings.
- **REET 2** - planning, acquisition, construction and repair of streets,

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roads, sidewalks, streets and road lighting systems, traffic signals, bridges, water systems, storm and sanitary sewer systems, parks, and

planning, construction, repair or improvement of parks.

**Fuel Taxes** - City's share of fuel taxes imposed and collected by the state. Revenues must be used for maintenance and construction of the City's arterial and residential streets.

**Voted Debt** - General Obligation bonds issued by the City and paid for by a voter-approved increase in property taxes.

#### **User Fees - Utilities**

Fee for the purchase of a City-provided service or commodity (e.g. water, storm and sanitary sewage collection/treatment). Fees usually based on quantity of service or commodity consumed. Revenues (rates) can be used for any operating or capital project related to the delivery of the utility service or commodity.

#### **Impact Fees**

The Growth Management Act (GMA) authorizes cities to impose certain types of impact fees on new development. These fees should pay for the development's proportionate share of the cost of providing the public facilities needed to serve the development. Impact fees can be collected for schools, streets, parks and open space, and fire protection.

#### **Key:**

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## V. CAPITAL FACILITIES GOALS AND POLICIES

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Together with the City's Management and Budget Policies contained in the City's Budget (and Capital Improvement Program), the following goal and policies guide the acquisition, maintenance and investment in the City's capital assets.

**GOAL 1: Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service.**

- 1.1 The Capital Improvement Plan (CIP) shall identify and plan for projects needed to maintain adopted levels of service for services provided by the City.
- 1.2 The City shall schedule capital improvements in accordance with the adopted six-year Capital Improvement Program. From time to time, emergencies or special opportunities may be considered that may require a re-scheduling of projects in the CIP.
- 1.3 The CIP shall be developed in accordance with requirements of the Growth Management Act and consistent with the Capital Facilities Element of the City's Comprehensive Plan.
- 1.4 If projected expenditures for needed capital facilities exceed projected revenues, the City shall re-evaluate the established service level standards and the Land Use Element of the Comprehensive Plan, seeking to identify adjustments in future growth patterns and/or capital investment requirements.

- 1.5 Within the context of a biennial budget, the City shall update the six-year Capital Improvement Plan (CIP)
- 1.6 The City's two-year capital budget shall be based on the six-year CIP.
- 1.7 The Capital Facilities Element shall be periodically updated to identify existing and projected level of service deficiencies and their public financing requirements, based on projected population growth. Capital expenditures for maintenance, upgrades and replacement of existing facilities should be identified in the biennial budget and six-year Capital Improvement Program.
- 1.8 The City shall coordinate development of the capital improvement budget with the General Fund budget. Future operation costs associated with new capital improvements should be included in operating budget forecasts.
- 1.9 The City shall seek to maintain its assets at a level adequate to protect capital investment and minimize future maintenance and replacement costs.
- 1.10 Highest priority for funding capital projects should be for improvements that protect the public health and safety.
- 1.11 The City will adopt a Hazard Mitigation Plan. This plan will be updated periodically and shall guide City efforts to maintain reliability of key infrastructure and address vulnerabilities and potential impacts associated with natural hazards.
- 1.12 Maintenance of and reinvestment in existing facilities should be financed

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on a "pay as you go" basis using ongoing revenues.

- 1.13 Acquisition or construction of new capital assets should be financed with new revenues (such as voter approved taxes or external grants).
- 1.14 Water, sanitary sewer and storm water capital investments should be financed through utility user fees.
- 1.15 The City shall coordinate with other entities that provide public services within the City to encourage the consistent provision of adequate public services.

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.

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.

1.18 The City adopts by reference the "standard of service" for primary and secondary education levels of service set forth in the Mercer Island School District's capital facilities plan, as adopted and periodically amended by the Mercer Island School District Board of Directors.

1.19 The School District's capital facilities plan, as amended yearly, is adopted by reference as Appendix D of this Comprehensive Plan for the purpose of providing a policy basis for collection of school impact fees.

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**CITY OF MERCER ISLAND  
ORDINANCE NO. 15-16**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON, ADOPTING AN EMERGENCY AMENDMENT TO THE CITY'S COMPREHENSIVE PLAN; AMENDING THE CAPITAL FACILITIES ELEMENT TO INCLUDE UPDATED POLICIES TO SUPPORT THE ASSESSMENT AND COLLECTION OF TRANSPORTATION, PARKS AND SCHOOL IMPACT FEES; ADOPTING AND INCORPORATING BY REFERENCE THE MERCER ISLAND SCHOOL DISTRICT'S SIX-YEAR CAPITAL FACILITIES PLAN (2015-2020); DECLARING AN EMERGENCY AND ESTABLISHING AN IMMEDIATE EFFECTIVE DATE.**

WHEREAS, RCW 36.70A.130(2)(b) authorizes cities to adopt emergency comprehensive plan amendments as long as such amendments conform with the Growth Management Act and as long as appropriate public participation opportunities are provided; and

WHEREAS, the City of Mercer Island is experiencing ongoing and imminent residential growth and development that is resulting in impacts to school, park and transportation facilities; and

WHEREAS, the Capital Facilities Element of the Mercer Island Comprehensive Plan has not been updated since 2005, does not reflect current school district enrollment growth projections or facility needs, and does not provide adequate support for the City to ensure that new residential growth and development pays a proportionate share of the cost of school, park and transportation facilities necessary to serve the new residential growth and development; and

WHEREAS, unless the Capital Facilities Element is immediately amended, the City will not have policies in place that it can use to establish school, park and transportation impact fee ordinances to ensure that new development adequately mitigates impacts to school, park and transportation facilities needed to serve new growth and development; and

WHEREAS, unless the Capital Facilities Element is immediately amended, new building permit applications could be filed and issued under existing codes and policies, without providing adequate mitigation to the impacts to school, park and transportation facilities needed to serve new growth and development; and

WHEREAS, the City's next available annual Comprehensive Plan Amendments process will not commence until early 2016, thereby delaying the establishment and collection of school, park and transportation impact fees for several months; and

WHEREAS, pursuant to appropriate published notice, the City of Mercer Island's Planning Commission held a meeting and conducted an open record public hearing on November 19, 2014 to consider proposed amendments to the City's Comprehensive Plan as required by the Growth Management Act and recommended approval of such amendments to the City Council; and

WHEREAS, on July 6, 2015, the City Council delayed consideration of the Planning Commission's recommended Comprehensive Plan amendments to late 2015 or early 2016; and

WHEREAS, the amendments proposed in this Ordinance are taken from the Planning Commission's recommended amendments, with the addition of policies and information to support potential collection of school, park and transportation impact fees; and

WHEREAS, pursuant to appropriate published notice, the City of Mercer Island's Planning Commission held a meeting and conducted an open record public hearing on July 15, 2015 to consider the proposed assessment and collection of school impact fees based on the Mercer Island School District's Six-Year Capital Facilities Plan (2015-2020), and the Planning Commission forwarded its recommendation for approval to the City Council and requested that the Council consider an exemption for affordable (low-income) housing; and

WHEREAS, the City of Mercer Island City Council has therefore determined that an emergency exists which necessitates that the Mercer Island Comprehensive Plan be amended and that this ordinance be enacted on an emergency basis in order to preserve the public health, safety and welfare, to avoid the permitting of new development contrary to the Comprehensive Plan policies provided herein, and to provide for school, park and transportation impact fee policies to ensure that new growth and development provides adequate mitigation for impacts to school, park and transportation facilities;

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

**Section 1.**     **Findings.** The recitals set forth above are hereby adopted as the Mercer Island City Council's findings in support of the declaration of emergency made in this ordinance.

**Section 2.**     **Adoption of Policy Amendments to the Capital Facilities Element of the City's 2005 Comprehensive Plan.** Policy amendments to the Capital Facilities Element of the City's 2005 Comprehensive Plan are hereby adopted as set forth in the attached Exhibit A.

**Section 3.**     **Adoption of the 2015 Mercer Island School District's Capital Facilities Plan.** The Capital Facilities Element of the City's 2005 Comprehensive Plan is hereby amended to adopt by reference the Mercer Island School District's Six-Year Capital Facilities Plan (2015-2020), attached hereto as Exhibit B (Attachment D to the City's 2005 Comprehensive Plan).

**Section 4.**     **Publication.** This Ordinance shall be published by an approved summary consisting of the title as soon as practicable.

**Section 5.**     **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 application 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 6.     Ratification.** Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

**Section 7.     Effective Date.** This Ordinance shall be in full force and effect immediately upon its adoption pursuant to RCW 35A.13.190.

ADOPTED 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

### Public Schools

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The Mercer Island School District owns and operates one high school, one middle school and three elementary schools. A fourth elementary school is scheduled to open in 2016. Altogether, the School District owns 108.6 acres of land, including those lands dedicated to parks, open space and recreational uses. The District serves a ~~2004~~ 2014 school population of ~~4,000~~ 4,316 students in approximately 461,000 total square feet of "educational" space. ~~In addition to educational/athletic facilities, the District also owns and leases space to private non-profit groups at the North Mercer Campus.~~

~~During the 1990s, the District completed a major capital improvement program to remodel its schools. In 1993, the voters passed a \$10.9 million bond issue to modernize Islander Middle School. The latest remodel of the Islander Middle School occurred in 2000, when the school completed an addition to the multi-purpose room and seven new classrooms. In 1994, the voters again approved a \$16.4 million bond issue to modernize the three Elementary Schools. All these schools underwent \$6 million remodels that were completed in September 1995. In 1996 voters approved a \$26.7 million bond issue to modernize the High School. The total cost of the renovation, which included some new construction, was \$37.2 million. In May 2002 February 2010, the community approved a 2-year capital fund levy, and a 12-year bond to replace the Mercer Island High School track and field. In February 2004, the community approved a four six year capital levy for nearly \$14.9 million per~~

year, targeting minor capital replacement costs and improvements at each school site. Included in the levy ~~are~~ were funds for the addition of music and orchestra rooms at Mercer Island High School, portable classrooms for elementary and middle schools, hard play area resurfacing at the elementary schools, ~~repair and~~ replacement of the turf field and repair of the track at Islander Middle School and major tennis court renovation at the high school. Mercer Island High School, painting, re-roofing, pavement overlays, security improvements, ~~etc~~ and other improvements.

~~Despite a lack of enrollment loss in 2003-2004, School District enrollment is in a population decline cycle. In the February 11, 2014 special election, Mercer Island voters overwhelmingly approved three targeted facilities projects to address overcrowding in Mercer Island schools.~~

After months of public discussions, meetings and work by the Mercer Island community, school board and district, a bond proposal was approved by the board in September 2013. It was then approved by more than 74 percent of Mercer Island voters in February 2014. The targeted facilities projects include:

- building a fourth elementary school on the district-owned North Mercer campus;
- expanding Islander Middle School, including 14 new classrooms and lab spaces, commons and cafeteria, gymnasiums, music rooms and administrative space; and
- building 10 additional classrooms at Mercer Island High School, including four lab spaces and six general education classrooms.

Annually, the District develops projections primarily utilizing the historical enrollment trends tracked each October for the past five years. In addition to the cohort derived from that historical database, the District looks at much longer "real growth" trends as well as birth rates and female population patterns. Current enrollment projections show an anticipated increase of approximately 245 356 students over the next eight six years, in addition to an increase of approximately 250 students over the last six years.

Provision of an adequate supply of K-12 public school facilities is essential to ~~avoid overcrowding and to~~ enhance the educational opportunities for our children and to avoid overcrowding. A variety of factors can contribute to changes in K-12 enrollment, including changes in demographics, the resale of existing homes, and new development. ~~The District and the City will work together to review the District's enrollment projections and capacity needs, and will examine whether appropriate school facilities are available.~~ The District is engaged in an ongoing long-range planning process to ~~examine~~ maintain updated enrollment projections, house anticipated student enrollment projections, school capacity, financing options, and school facility options, and provide adequate school facilities. Future needs, including proposed improvements and capital expenditures are determined by the District, which has prepared a separate Capital Facilities Plan.

### III. LEVEL OF SERVICE & FORECAST OF FUTURE NEEDS

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In analyzing capital financing over twenty years, the City must make estimates in two areas: Cost of New Facilities and the Cost to Maintain Existing Facilities. To estimate the former, the City must evaluate its established levels of service (LOS) for the various types of facilities - streets, parks, recreational facilities, open space, trails, public buildings -- and project future needed investments to reach those service targets. In this case, "Level of Service" refers to the quantitative measure for a given capital facility. [See Table 2 below.](#) In establishing an LOS standard, the community can make reasonable financial choices among the various "infrastructure" facilities that serve the local population.

Fortunately, Mercer Island has already acquired and/or built most of the facilities needed to meet its LOS goals (e.g. parks acreage, recreational facilities, water and sewer system capacity, street system capacity, police, fire and administration buildings). As a result, while a few "LOS deficiencies" must be addressed over the next twenty years (open space, new trail construction, some street capacity improvements), most capital financing projections for Mercer Island involve reinvesting in and maintaining existing assets.

Listed in Table 2 below is a summary of level of service and financial assumptions (by facility type) used in making a twenty year expenditure forecast. In looking at the assumptions and projections, the reader should bear in mind two things: 1) No

detailed engineering or architectural design has been made to estimate costs. The numbers are first level estimates; and, 2) The objective of the analysis is to predict where major financing issues may arise in the future. The estimates should be used for long range financial and policy planning; not as budget targets.

**Table 2 - Level of Service & Financial Forecasts**

Capital Facility	Level of Service Standard	Capital Needs	New Capital Cost (To address deficiency)	Annual Reinvestment Cost
<b>Streets-Arterials</b> -Residential -CBD	LOS "C" None LOS "C"	4 locations identified None None	To be determined \$0 \$0	\$800,000/yr. \$350,000/yr.
<b>Parks</b>	<del>Will be established in the Revised Park and Open Space Plan</del> <u>Expenditure per capita</u>	Athletic Fields	To be assessed	\$250,000/yr\$1.3 million. Parks & Open Space CIP
<b>Recreational Facilities</b>	See Park & Open Space Plan	None	None	None
<b>Existing and New Pedestrian and Bicycle Facilities</b>	Pedestrian and Bicycle Facilities Plan	Multiple	N/A	\$130,000
<b>Open Space</b>	<del>Will be Established in the revised Park and Open Space Plan</del> <u>Expenditure per capita</u>	Standard to be set	To be assessed	None
<b>Water Syst – Supply Storage Distribution Fire Flow</b>	6.7 mill. Gal/day 8.0 mill. Gal > 30 psi Multiple	None Energy Supply Line  None None	None \$1.2 mill. None None	\$500,00 from Utility Rates
<b>Storm &amp; Surface Water System</b>	Washington DOE Stormwater Manual	Multiple	\$350,000 from Utility Rates on average goes to one major basin improvement project annually	\$150,000 from Utility Rates
<b>Sanitary Sewer System</b>	0 - Sewer Overflows	Inflow & Infiltration Sewer Lakeline- portion of reaches 3/4	\$13 million	\$500,000
<b>Schools</b>	<u>Established in the Mercer Island School District No. 400 Six Year Capital Facilities Plan as may be amended. MISD</u>	Maintenance of existing buildings, <u>new elementary school, middle school and high school expansions</u>	<u>Major Renovations Completed \$98.8 million bond</u>	\$ <del>1.9</del> million/ <del>yr.</del> levy passed February 20 <del>10</del> <u>04</u>

[Note: More detailed LOS standards for capacity and operational reliability can be found in the following documents: Water Comprehensive Plan, Sewer Comprehensive Plan, Comprehensive Parks, Recreation, Open Space, and Arts, and the Transportation Element of this ~~City~~ Comprehensive Plan.

## IV. CAPITAL FACILITIES FINANCING

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In light of the relatively large past investments in public facilities and the relatively low level of projected future growth, most future capital spending will go for repair, upgrade or replacement of existing capital assets. Generally speaking, Mercer Island will finance most of these capital reinvestment activities on a pay-as-you-go basis; or in the case of school renovations - local general obligation debt will be the primary financing technique.

The community should expect most funding for future capital improvements to come from local public sources. Investments in transportation facilities, sewage collection and conveyance, and stormwater facilities will be needed over the 20 year planning period. Funding for open space acquisition and parks improvements may also be needed to meet community expectations. Private development will finance some minor new capital improvements, such as stormwater facilities, sewage conveyance improvements, and transportation improvements where proposed development will exceed adopted levels of service. ~~Because future growth outside the Town Center is expected to be relatively minor and Mercer Island is a mature community with well developed infrastructure, Mercer Island will not finance capital improvements through development impact fees. The City will use substantive authority under the State Environmental Policy Act (SEPA) to require mitigation for new development that is directly related and proportional to the impacts of that development. Impact fees on new development will also generate some revenue to offset the impact of such growth~~

on Mercer Island's public schools, parks and open space, and transportation facilities.

### Revenue Sources

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The City's capital program is funded by a variety of revenue sources ranging from largely unrestricted, discretionary sources like General Funds and REET 1 to very restricted sources like fuel taxes and grants. Listed below is a description of the major capital funding sources used by the City.

**General Fund Revenues** - Revenues from property, sales and utility taxes as well as licenses and permit fees, other user fees, and state shared revenues. Funds can be used for any municipal purpose and are generally dedicated to the operation of the City's (non-utility) departments.

**Real Estate Excise Taxes (1 & 2)** - Taxes imposed on the seller in real estate transactions. Both REET 1 & 2 taxes are levied at 1/4 of 1% of the sale price of the property. Revenues are to be dedicated only to projects identified in the City's Capital Facilities Element. Revenues must be used on the following types of projects:

- **REET 1** - planning, acquisition, construction and repair of streets, roads, sidewalks, streets and road lighting, traffic signals, bridges, water systems storm and sanitary sewer systems, parks, recreational facilities, trails and public buildings.
- **REET 2** - planning, acquisition, construction and repair of streets,

roads, sidewalks, streets and road lighting systems, traffic signals, bridges, water systems, storm and sanitary sewer systems, parks, and

planning, construction, repair or improvement of parks.

**Fuel Taxes** - City's share of fuel taxes imposed and collected by the state. Revenues must be used for maintenance and construction of the City's arterial and residential streets.

**Voted Debt** - General Obligation bonds issued by the City and paid for by a voter-approved increase in property taxes.

**User Fees - Utilities**

Fee for the purchase of a City-provided service or commodity (e.g. water, storm and sanitary sewage collection/treatment). Fees usually based on quantity of service or commodity consumed. Revenues (rates) can be used for any operating or capital project related to the delivery of the utility service or commodity.

**Impact Fees**

The Growth Management Act (GMA) authorizes cities to impose certain types of impact fees on new development. These fees should pay for the development's proportionate share of the cost of providing the public facilities needed to serve the development. Impact fees can be collected for schools, streets, parks and open space, and fire protection.

## V. CAPITAL FACILITIES GOALS AND POLICIES

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Together with the City's Management and Budget Policies contained in the City's Budget (and Capital Improvement Program), the following goal and policies guide the acquisition, maintenance and investment in the City's capital assets.

**GOAL 1: Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service.**

- |     |   |      |  |
|-----|---|------|--|
| 1.1 | The Capital Improvement Plan (CIP) shall identify and plan for projects needed to maintain adopted levels of service for services provided by the City.   | 1.6  | The City's two-year capital budget shall be based on the six-year CIP.   |
| 1.2 | The City shall schedule capital improvements in accordance with the adopted six-year Capital Improvement Program. From time to time, emergencies or special opportunities may be considered that may require a re-scheduling of projects in the CIP.  | 1.7  | The Capital Facilities Element shall be periodically updated to identify existing and projected level of service deficiencies and their public financing requirements, based on projected population growth. Capital expenditures for maintenance, upgrades and replacement of existing facilities should be identified in the biennial budget and six-year Capital Improvement Program. |
| 1.3 | The CIP shall be developed in accordance with requirements of the Growth Management Act and consistent with the Capital Facilities Element of the City's Comprehensive Plan.  | 1.8  | The City shall coordinate development of the capital improvement budget with the General Fund budget. Future operation costs associated with new capital improvements should be included in operating budget forecasts.  |
| 1.4 | If projected expenditures for needed capital facilities exceed projected revenues, the City shall re-evaluate the established service level standards and the Land Use Element of the Comprehensive Plan, seeking to identify adjustments in future growth patterns and/or capital investment requirements. | 1.9  | The City shall seek to maintain its assets at a level adequate to protect capital investment and minimize future maintenance and replacement costs.  |
| 1.5 | Within the context of a biennial budget, the City shall update the six-year Capital Improvement Plan (CIP)  | 1.10 | Highest priority for funding capital projects should be for improvements that protect the public health and safety.  |
|     |   | 1.11 | The City will adopt a Hazard Mitigation Plan. This plan will be updated periodically and shall guide City efforts to maintain reliability of key infrastructure and address vulnerabilities and potential impacts associated with natural hazards.   |
|     |   | 1.12 | Maintenance of and reinvestment in existing facilities should be financed on a "pay as you go" basis using ongoing revenues.   |

- 1.13 Acquisition or construction of new capital assets should be financed with new revenues (such as voter approved taxes or external grants).
- 1.14 Water, sanitary sewer and storm water capital investments should be financed through utility user fees.
- 1.15 The City shall coordinate with other entities that provide public services within the City to encourage the consistent provision of adequate public services.

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.

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.

1.18 The City adopts by reference the "standard of service" for primary and secondary education levels of service set forth in the Mercer Island School District's capital facilities plan, as adopted and periodically amended by the Mercer Island School District Board of Directors.

1.19 The School District's capital facilities plan, as amended yearly, is adopted by reference as Appendix D of this Comprehensive Plan for the purpose of providing a policy basis for collection of school impact fees.



**MERCER ISLAND SCHOOL DISTRICT NO. 400**

**SIX-YEAR CAPITAL FACILITIES PLAN  
2015 – 2020**



**Mercer Island School District No. 400 hereby provides to the City of Mercer Island this Capital Facilities Plan documenting the present and future school facility requirements of the District. The Plan contains all elements required by the State of Washington's Growth Management Act, including a six (6) year financing plan component.**

**Adopted on June 11, 2015**

**MERCER ISLAND SCHOOL DISTRICT NO. 400**

**2015-2020  
SIX-YEAR CAPITAL FACILITIES PLAN**

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For information about this plan, call the District Business Services Office  
(206)236-4522

**Mercer Island School District No. 400  
Mercer Island, Washington  
(206) 236-3330**

<b>Board of Directors</b>
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	<u>Position Number</u>	<u>Term</u>
Brian Emanuels, President	3	12/2/2011 - 12/2/2015
Ralph Jorgenson, Vice-President	5	Appointed 5/14/2015 - 12/2/2015
Adair Dingle	4	12/2/2013 - 12/2/2017
Dave Myerson	2	12/2/2013 - 12/2/2017
Pat Braman	1	12/2/2011 - 12/2/2015

<b>Central Office Administration</b>
--------------------------------------

Superintendent	Gary Plano
Executive Director of Learning & Technology Services	Jennifer Wright
Chief Financial and Operations Officer	Dean Mack

<p><b>Mercer Island School District No. 400</b> <b>Mercer Island, Washington</b></p>
--

**Administration Building**  
4160 86<sup>th</sup> Ave. SE  
Mercer Island, WA 98040  
(206)2361-3300  
Gary Plano, Superintendent

**Mercer Island High School**  
9100 SE 42nd  
Mercer Island, WA 98040  
(206) 236-3350  
Vicki Puckett, Principal

**Lakeridge Elementary**  
8215 SE 78th  
Mercer Island, WA 98040  
(206) 236-3415  
Jenny Gibbs, Principal

**Islander Middle School**  
8225 SE 72nd  
Mercer Island, WA 98040  
(206) 236-3413  
Mary Jo Budzius, Co-Principal  
Aaron Miller, Co-Principal

**West Mercer Elementary**  
4141 81<sup>st</sup> Ave  
Mercer Island, WA 98040  
(206) 236-3430  
Carol Best, Principal

**Island Park Elementary**  
5437 Island Crest Way  
Mercer Island, WA 98040  
(206) 236-3410  
David Hoffman, Principal

**Elementary No. 4**  
4030 86<sup>th</sup> Ave  
Mercer Island, WA 98040  
(206) 236-3330  
Aimee Batliner-Gillette, Principal

## **Section 1 – Executive Summary**

The Mercer Island School District is located wholly within the incorporated City of Mercer Island. This Six-Year Capital Facilities Plan (the “Plan”) has been prepared by the Mercer Island School District (the “District”) as the organization’s primary facility planning document, in compliance with the requirements of the State of Washington's Growth Management Act. This plan was prepared using data available in spring of 2015 and is consistent with prior capital facilities plans adopted by the District. However, it is not intended to be the sole plan for all of the organization's needs.

Pursuant to the requirements of the Growth Management Act and the local implementing ordinance, this plan will be updated on an annual basis with any changes in the fee schedule adjusted accordingly. See Appendix A for the current single family residence and multi-family residence calculations.

The District’s Plan establishes a "standard of service" in order to ascertain current and future capacity. This standard of service is reflective of current student/teacher ratios that the District hopes to be able to maintain during the period reflected in this Capital Facilities Plan. While the District would strive to be able to attain lower class sizes district-wide, prolonged and ongoing reductions in funding from the State have significantly impacted our ability to do so. The District has, and will continue to make budgetary decisions in order to attempt to protect class size through reduction in other programs and services, where possible. Future state and other funding shortfalls could impact future class sizes.

It should also be noted that although the State Superintendent of Public Instruction establishes square foot guidelines for capacity funding criteria, those guidelines do not account for the local program needs in the District. The District has made adjustments to the standard of service based on the District's specific needs.

In general, the District's current standard provides the following (see Section 2 for additional information):

School Level	Target Average Student/Teacher Ratio
Elementary	19.5 Students
Middle	26 Students
High	28 Students

School capacity is based on the District standard of service and use of existing inventory. Existing inventory includes both permanent and relocatable classrooms (i.e. portable classroom units). The District's current overall permanent capacity is 3,483 students (with an additional 604 student capacity available in portable classrooms). October enrollment for the 2014-15 school year was 4,316 students. Enrollment is projected to increase by 8.2%, to 4,672 by 2020. Washington State House Bill 2776, which was enacted in 2010, requires all kindergarten classes in the State to convert to full day kindergarten by 2018. The district currently provides a tuition based full-day kindergarten program to 92% of kindergarten students.

Approximately 25% of the growth on the Island is the result of the King County Growth Management Act and policy choices for high density development in the Town Center. The City of Mercer Island is anticipating significant further development within the Town Center as a result of commitments under the Growth Management Act. The other 75% of growth comes from redevelopment of property (in many cases occurring where existing lots are subdivided and several new homes are constructed) and from a higher rate of homes being sold by seniors to a younger population that is just starting or might already have young families.

This sustained growth continues to create the need for additional classroom inventory. The district passed a bond issue in February 2014 for \$98.8 million dollars. The bond issue was designed to fund three targeted facility projects to address current overcrowding in Mercer Island Schools and to provide permanent capacity for the future growth of the student population over the next ten years. These bonds will enable the district to build a fourth elementary school, expand Islander Middle School with twelve classrooms for basic education and special education programs. In addition the bonds provide for the addition of ten classrooms at Mercer Island High School, which provide adequate space for basic education and special education programs; and allow for STEM (science, technology, engineering and math), with a focused delivery of instruction.

## **Section 2 – Current District "Standard of Service"**

Mercer Island School District has established a “standard of service” in order to ascertain its overall capacity. The standard of service identifies the program year, the class size, the number of classrooms, students and programs of special need, and other factors (determined by the district), which would best serve the student population. Relocatables (i.e. portable classroom units) may be included in the capacity calculation using the same standards of service as the permanent facilities.

The standard of service outlined below reflects only those programs and educational opportunities provided to students that directly affect the capacity of the school buildings. The special programs listed below require classroom space; thus, the permanent capacity of some of the buildings housing these programs has been reduced in order to account for those needs. The standard of service has been updated to incorporate anticipated class size reduction at the K-3 level as outlined in House Bill (HB 1351), which was approved by voters in November 2014.

### **Standard of Service for Elementary Students**

- |  |             |
|--|-------------|
| • Average target class size for grades K – 3:  | 17 students |
| • Average target class size for grades 4 – 5:  | 25 students |
| • Special Education for students with disabilities may be provided in a self-contained classroom. Average target class size: | 10 students |

Identified students will also be provided other special educational opportunities in classrooms designated as follows:

- Resource rooms
- Computer rooms
- English Language Learners (ELL)
- Education for disadvantaged students (Title I)
- Gifted education (Hi-C)
- District remediation programs
- Learning assisted programs
- Severely behavior disordered
- Transition room
- Mild, moderate and severe disabilities
- Preschool programs
- Before and After School Day Care Programs

It is not possible to achieve 100% utilization of regular teaching stations because of scheduling conflicts for student programs, the need for specialized rooms for certain programs, the need for teachers to have a work space during their planning periods, and due to the fact that the same number of sections or classes is required every period. In

addition the district is in the process of building classrooms to meet the demand of development over the next five to seven years. Based on actual utilization due to these considerations, the district has determined a standard utilization rate of 95% for elementary schools.

### **Standard of Service for Secondary Students**

- Average target class size for grades 6 – 8: 26 students
- Average target class size for grades 9 – 12: 28 students
- Special Education for students with disabilities may be provided in a self-contained classroom. Average target class size: 10 students

Identified students will also be provided other special educational opportunities in classrooms designated as follows:

- English Language Learners (ELL)
- Computer rooms
- Education for disadvantaged students (Title I)
- District remediation programs
- Learning assisted programs
- Resource rooms (for special remedial assistance)
- Severely behavior disordered
- Mild, moderate and severe disabilities
- Transition room

### **Room Utilization at Secondary Schools**

It is not possible to achieve 100% utilization of regular teaching stations because of scheduling conflicts for student programs, the need for specialized rooms for certain programs, the need for teachers to have a work space during their planning periods, and due to the fact that the same number of sections or classes is required every period. One example is a period when band or orchestra is offered and over 100 students can be taken out of the mix; this can reduce the demand on the number of classrooms required. Based on actual utilization due to these considerations, the district has determined a standard utilization rate of 88% (just over 6 out of 7 periods per day) for secondary schools.



### Section 3 – Inventory and Evaluation of Current Permanent Facilities

The District's current permanent capacity is 3,483 students. The current enrollment on October 1, 2014 was 4,316 students or 833 student's more than permanent capacity. Student enrollment is expected to increase by an additional 8.2% over the next five to six years. In addition, the Washington State Legislature has action pending to reduce student/teacher ratios at grades K-3 to 17:1 in the next two school years. This Plan incorporates these reduced student/teacher ratios. The Legislature is also considering implementation of Initiative 1351, which reduces class sizes at all grade levels. In the next Plan update, the District will update any facilities changes required if the Legislature funds and implement these reduced student/teacher ratios.

Calculations of elementary, middle, and high school capacities have been made in accordance with the current standards of service. Due to changes in instructional programs, student needs (including special education) and other current uses, some changes in building level capacity have occurred at some schools. An inventory of the District's schools arranged by level, name, and current permanent capacity are summarized in the following table.

Inventory of School Facilities and Permanent Capacity*						
Facility	Grade Span	Permanent Classroom Capacity @ 100%	Special Education Capacity	Total Permanent Capacity @ 95%, 88%, 88%	Estimated Oct. 1, 2015 Enrollment	Over (Short) Permanent Capacity
<b>Elementary Schools (Permanent Capacity @ 95%)</b>						
Island Park Elementary	K - 5	332	10	325	585	(260)
Lakeridge Elementary	K - 5	370	0	352	631	(280)
West Mercer Elementary	K - 5	390	10	380	655	(275)
<b>Total Elementary Capacity</b>		<b>1,092</b>	<b>20</b>	<b>1,056</b>	<b>1,871</b>	<b>(815)</b>
<b>Middle School (Permanent Capacity @ 88%)</b>						
Islander Middle School	6 - 8	1,118	50	1,028	1,108	(80)
<b>High School (Permanent Capacity @ 88%)</b>						
Mercer Island High School	9 - 12	1,540	50	1,399	1,414	(15)
<b>Total District Capacity (EL 95% MS, HS 88%)</b>		<b>3,750</b>	<b>120</b>	<b>3,483</b>	<b>4,393</b>	<b>(910)</b>
* For Details on Use of Portables see Appendix D						

#### **Section 4 – Relocatable Classrooms**

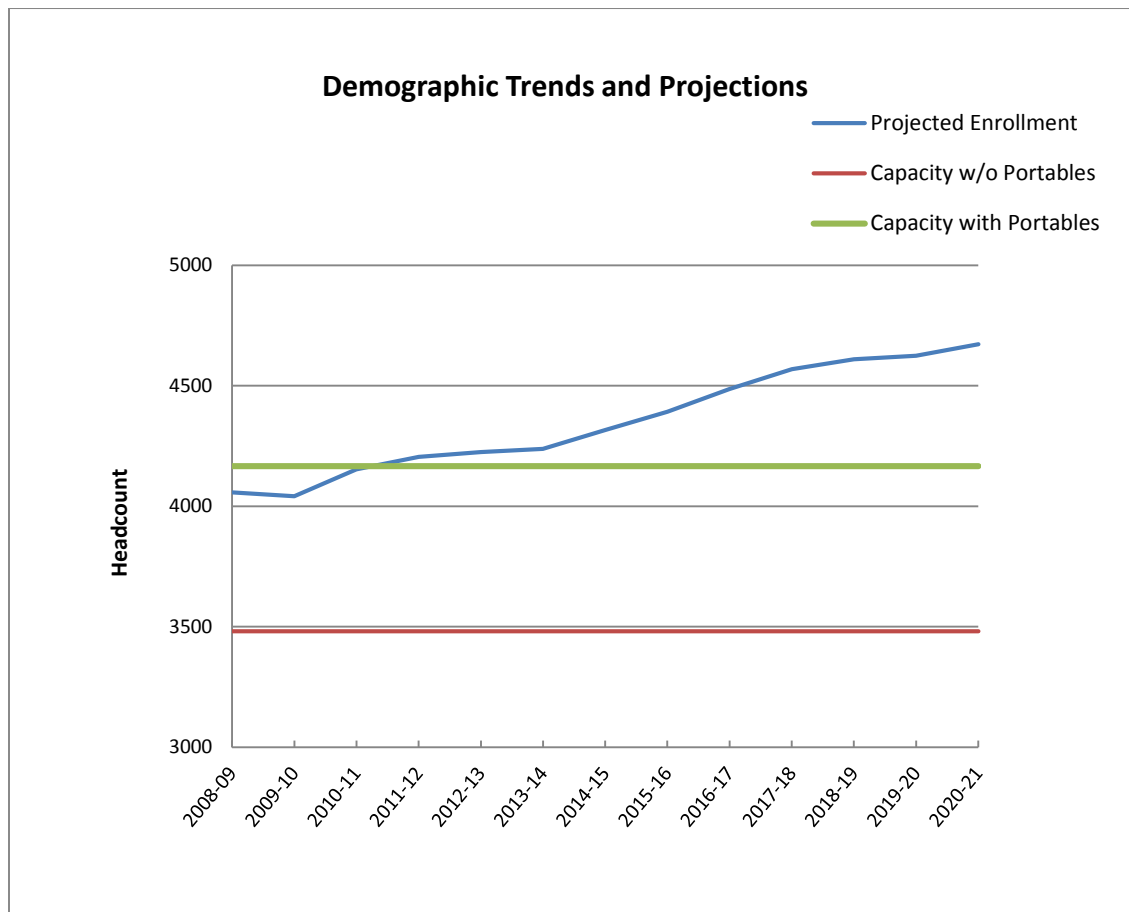
The District's inventory of classrooms includes 30 portable classrooms that provide standard capacity and special program space as outlined in Section 2. The District inventory of portables provides approximately 14.5% of capacity district-wide. Based on projected enrollment growth, proposed legislative actions, and timing of anticipated permanent facilities, the district anticipates the need to acquire additional relocatables at the elementary school level during the next six-year period.

As enrollment fluctuates, relocatables provide flexibility to accommodate immediate needs and interim housing. Because of this, new and modernized school sites are all planned to accommodate the potential of adding relocatables to address temporary fluctuations in enrollment. In addition, the use and need for relocatables will be balanced against program needs. Relocatables are not a solution for housing students on a permanent basis, and the District would like to reduce the percentage of students that are housed in relocatable classrooms.

The cost of relocatables also varies widely based on the location and intended use of the classrooms. Currently, two of the portables in our inventory are not intended for regular classroom use and have not been included in the capacity to house student enrollment.

### **Section 5 – Six Year Enrollment Projections**

The District enrollment projections are based on historic growth trends, future building plans and availability, birth rates, as well as economic and various other factors that contribute to overall population growth. Based on these projections, enrollment is anticipated to increase by approximately 356 students over the next six years. This represents an increase of 8.2% over the current population.



## Section 6 – Six-Year Plan for Housing Students

Applying the enrollment projections, current capacity, and added capacity from construction plans discussed in previous sections above, the following table summarizes permanent and portable projected capacity to serve our students during the periods of this Plan.

As demonstrated in the following table, the District has continuing permanent capacity needs at ALL levels. The district passed a bond proposition for \$98.8 million dollars in February 2014 to address student overcrowding across the district and to provide space for additional growth over the next six years. The bonds will build one additional elementary school and provide additional permanent capacity at both the middle school (ten classrooms and two special education spaces) and high school (eight classrooms and two special education spaces). Our Six-Year Finance Plan includes the addition of portable classrooms by the 2020-21 school year.

Enrollment continues to grow all grade levels. While the additional elementary school and classroom additions at the middle and high school levels, along with portable capacity, will provide needed capacity for our District, there may be additional needs within the timeframe of the Plan. State law currently will require class sizes of 17 students for grades K-3 by 2018 and the legislature could move this date forward. This represents an approximate 27% reduction in current K-3 class sizes and corresponding increase in needed classroom capacity. The District's current Plan does not include consideration for any potential additional capacity needs as a result of these changes. Future updates to the Plan will address this matter as necessary.

<b>Projected Capacity to House Students</b>							
<b>School Years</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Permanent Capacity @100%	3870	3870	4114	4844	4844	4844	4844
Added Capacity @ 100%							
Elementary School (19.5)			450				
Middle School (26)			280				
High School (28)		244					
Total Permanent Capacity @ 100%	3870	4114	4844	4844	4844	4844	4844
Total Permanent Capacity @ 95%, 88%, 88% *	3483	3698	4371	4371	4371	4371	4371
Portables @ 95%, 88%, 88% *	604	604	222	222	222	222	259
Total Capacity with Portables @ 95%, 88%, 88% *	4087	4302	4593	4593	4593	4593	4630
Projected Enrollment Headcount **	4316	4393	4487	4569	4610	4624	4672
<b>Capacity (Surplus/Deficit) @ 95%, 88%, 88% *</b>	<b>-833</b>	<b>-695</b>	<b>-116</b>	<b>-198</b>	<b>-239</b>	<b>-253</b>	<b>-301</b>
<b>Capacity with Portables (Surplus/Deficit) @95%, 88%, 88% *</b>	<b>-229</b>	<b>-91</b>	<b>106</b>	<b>24</b>	<b>-17</b>	<b>-31</b>	<b>-42</b>
* Capacity calculations are based on the 95% utilization for Elementary School and 88% utilization for Middle/High School (see Appendix D)							
** 2014-15 Actual October 1st enrollment head counts							
The number of planned portables may be reduced if permanent capacity is increased by a future bond issue. Alternatively the number of portables may increase as necessary to address capacity.							

## Section 7 – Impact Fees and the Finance Plan

The school impact fee formula ensures that new development only pays for the cost of the facilities necessitated by new development. The following impact fee calculations examine the costs of housing the students generated by each new single family or multi-family dwelling unit. These are determined using student generation factors, which indicate the number of students that each dwelling produces based on recent historical data. The student generation factor is applied to the anticipated school construction costs (construction cost only, not total project cost), which is intended to calculate the construction cost of providing capacity to serve each new dwelling unit during the six year period of this Plan. The formula does not require new development to contribute the costs of providing capacity to address needs created by existing housing units.

The construction cost, as described above, is reduced by any state match dollars anticipated to be awarded to the District and the present value of future tax payments of each anticipated new homeowner, which results in a total cost per new residence of additional capacity during the six year period of this Plan.

The finance plan below demonstrates how the Mercer Island School District plans to finance improvements for the years 2015 through 2020. The financing requirements of this plan have been secured.

For the purposes of this Plan's construction costs, the District is using the value of each projects contract as it was bid and authorized, with estimated adjustments for change orders during actual construction. The impact fee calculation uses only those costs allocable to the new capacity being added at Islander Middle School (with the finance plan showing the total project costs).

The District has also updated State Match availability estimates from OSPI. A district can be eligible for potential State matching funds for 1) New Construction, and 2) Modernization/New-in-Lieu Construction. The State Match program has authorized \$3,078,826.89 for the Islander Middle School Expansion Project, which the district is front funding.

<b>Six-Year Finance Plan</b>											
<b>BUILDING</b>	<b>N/M*</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Cost to Complete</b>	<b>SECURED LOCAL/STATE**</b>	<b>UNSECURED LOCAL***</b>
Elementary No. 4	N	\$1,350,397	\$35,000,000	\$2,511,321	\$0	\$0	\$0	\$0	\$38,861,718	\$38,861,718	\$0
Islander Middle School *****	M	\$2,138,194	\$38,000,000	\$2,778,080	\$0	\$0	\$0	\$0	\$42,916,274	\$42,916,274	\$0
Mercer Island High School	M	\$1,492,215	\$7,500,000	\$208,783	\$0	\$0	\$0	\$0	\$9,200,998	\$9,200,998	\$0
Portables****	M	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$200,000	\$200,000	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTALS</b>		<b>\$4,980,806</b>	<b>\$80,500,000</b>	<b>\$5,498,184</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$91,178,990</b>	<b>\$91,178,990</b>	<b>\$0</b>
<p>* N = New Construction M = Modernization/Rebuild</p> <p>** Mercer Island School District has front funded these projects.</p> <p>*** School impact fees may be utilized to offset front funded expenditures associated with the cost of new facilities. Impact fees are currently collected from the City of Mercer Island.</p> <p>**** The number of portables may increase as necessary to address capacity. Funds for portable purchases may come from impact fees, state matching funds, interest earnings, capital levies or future bond sale elections.</p> <p>***** The cost allowed for new capacity at Islander Middle School is \$10,288,148</p>											

<b>Estimated School Impact Fee Calculation</b>						
<b>Based on King County Code 21.A.43</b>						
<b>Single Family Residence ("SFR")</b>						
<b><u>School Site Acquisition Cost:</u></b>						
	<u>Facility</u>	<u>Cost/</u>	<u>Facility</u>	<u>Site Cost/</u>	<u>Student</u>	<u>Cost/</u>
	<u>Acreage</u>	<u>Acre</u>	<u>Size</u>	<u>Student</u>	<u>Factor</u>	<u>SFR</u>
Elementary	10	\$0	482	\$0	0.2941	\$0
Middle	20	\$0	280	\$0	0.0588	\$0
High School	40	\$0	244	\$0	0.1176	\$0
				<b>TOTAL</b>		<b>\$0</b>
<b><u>School Construction Cost:</u></b>						
	<u>Percent</u>	<u>Construction</u>	<u>Facility</u>	<u>Bldg. Cost/</u>	<u>Student</u>	<u>Cost/</u>
	<u>Permanent</u>	<u>Cost</u>	<u>Size</u>	<u>Student</u>	<u>Factor</u>	<u>SFR</u>
Elementary	100%	\$38,861,718	482	\$80,626	0.2941	\$21,342
Middle	100%	\$10,288,148	280	\$36,743	0.0588	\$1,945
High School	100%	\$9,200,998	244	\$37,709	0.1176	\$3,993
				<b>TOTAL</b>		<b>\$27,280</b>
<b><u>Temporary Facility Cost:</u></b>						
	<u>Percent</u>	<u>Construction</u>	<u>Facility</u>	<u>Bldg. Cost/</u>	<u>Student</u>	<u>Cost/</u>
	<u>Temporary</u>	<u>Cost</u>	<u>Size</u>	<u>Student</u>	<u>Factor</u>	<u>SFR</u>
Elementary	0%	\$0	22	\$0	0.2941	\$0
Middle	0%	\$0	28	\$0	0.0588	\$0
High School	0%	\$0	28	\$0	0.1176	\$0
				<b>TOTAL</b>		<b>\$0</b>
<b><u>State Assistance Credit Calculation:</u></b>						
	<u>Const Cost</u>	<u>Sq. Ft./</u>	<u>Funding</u>	<u>Credit/</u>	<u>Student</u>	<u>Cost/</u>
	<u>Allocation</u>	<u>Student</u>	<u>Assistance</u>	<u>Student</u>	<u>Factor</u>	<u>SFR</u>
Elementary	200.40	90.0	0.00%	\$0	0.2941	\$0
Middle	200.40	117.0	20.00%	\$4,689	0.0588	\$276
High School	200.40	130.0	0.00%	\$0	0.1176	\$0
				<b>TOTAL</b>		<b>\$276</b>
<b><u>Tax Payment Credit Calculation:</u></b>						
Average SFR Assessed Value			\$1,195,878			
Current Capital Levy Rate (2014)/\$1000			\$0.83			
Annual Tax Payment			\$992.58			
Years Amortized			10			
Current Bond Interest Rate			3.68%			
Present Value of Revenue Stream			\$8,180			
<b><u>Impact Fee Summary for Single Family Residence:</u></b>						
Site Acquisition Cost			\$0			
Permanent Facility Cost			\$27,280			
Temporary Facility Cost			\$0			
State Match Credit			(\$276)			
Tax Payment Credit			(\$8,180)			
Sub- Total			\$18,824			
Local Share (Adjustment)		25%	\$4,705.95			
<b>SFR Impact Fee</b>			<b>\$14,117.84</b>			

Appendix A

Estimated School Impact Fee Calculation						
Based on King County Code 21.A.43						
Multiple Family Residence ("MFR")						
<b>School Site Acquisition Cost:</b>						
	Facility Acreage	Cost/ Acre	Facility Size	Site Cost/ Student	Student Factor	Cost/ MFR
Elementary	10	\$0	482	\$0	0.0622	\$0
Middle	20	\$0	280	\$0	0.0274	\$0
High School	40	\$0	244	\$0	0.0460	\$0
				<b>TOTAL</b>		<b>\$0</b>
<b>School Construction Cost:</b>						
	Percent Permanent	Construction Cost	Facility Size	Bldg. Cost/ Student	Student Factor	Cost/ MFR
Elementary	100%	\$38,861,718	482	\$80,626	0.0622	\$4,513
Middle	100%	\$10,288,148	280	\$36,743	0.0274	\$906
High School	100%	\$9,200,998	244	\$37,709	0.0460	\$1,561
				<b>TOTAL</b>		<b>\$6,981</b>
<b>Temporary Facility Cost:</b>						
	Percent Temporary	Construction Cost	Facility Size	Bldg. Cost/ Student	Student Factor	Cost/ MFR
Elementary	0%	\$0	22	\$0	0.0622	\$0
Middle	0%	\$0	28	\$0	0.0274	\$0
High School	0%	\$0	28	\$0	0.0460	\$0
				<b>TOTAL</b>		<b>\$0</b>
<b>State Assistance Credit Calculation:</b>						
	Const Cost Allocation	Sq. Ft./ Student	Funding Assistance	Credit/ Student	Student Factor	Cost/ MFR
Elementary	200.40	90.0	0.00%	\$0	0.0622	\$0
Middle	200.40	117.0	20.00%	\$4,689	0.0274	\$128
High School	200.40	130.0	0.00%	\$0	0.0460	\$0
				<b>TOTAL</b>		<b>\$128</b>
<b>Tax Payment Credit Calculation:</b>						
Average MFR Assessed Value			\$305,844			
Current Capital Levy Rate (2014)/\$1000			\$0.83			
Annual Tax Payment			\$253.85			
Years Amortized			10			
Current Bond Interest Rate			3.68%			
Present Value of Revenue Stream			\$2,092			
<b>Impact Fee Summary for Multiple Family Residence:</b>						
Site Acquisition Cost			\$0			
Permanent Facility Cost			\$6,981			
Temporary Facility Cost			\$0			
State Match Credit			(\$128)			
Tax Payment Credit			(\$2,092)			
Sub-Total			\$4,760			
Local Share (Adjustment)		10%	\$476.01			
<b>MFR Impact Fee</b>			<b>\$4,284</b>			

Appendix A

Student Generation (Single Family Residence)										
Single Family Development	STUDENTS					AVERAGE PER UNIT				
	Units	K-5	6-8	9-12	Total	K-5	6-8	9-12	Total	
6316 77TH AVE SE	1				0					
9976 SE 38TH ST	1				0					
6917 93RD AVE SE	1	2			2					
4551 87TH AVE SE	1	2			2					
2229 77TH AVE SE	1				0					
4811 90TH AVE SE	1				0					
7646 SE 72ND PL	1				0					
7427 E MERCER WAY	1				0					
6002 E MERCER WAY	1				0					
4899 FOREST AVE SE	1	3	1		4					
4041 W MERCER WAY	1				0					
8429 SE 39TH ST	1				0					
4212 88TH AVE SE	1			2	2					
5235 88TH AVE SE	1				0					
9940 SE 38TH ST	1				0					
7825 SE 70TH ST	1	1			1					
9420 SE 47TH ST	1				0					
8612 SE 36TH ST	1	2			2					
7656 RIDGRECREST LN	1				0					
7238 92ND AVE SE	1				0					
8421 SE 46TH ST	1				0					
4525 90TH AVE SE	1				0					
7851 SE 71ST ST	1		1	2	3					
3838 E MERCER WAY	1				0					
6408 E MERCER WAY	1				0					
6822 96TH AVE SE	1				0					
6406 E MERCER WAY	1				0					
9960 SE 38TH ST	1				0					
9954 SE 38TH ST	1				0					
9948 SE 38TH ST	1				0					
8091 W MERCER WAY	1				0					
7410 SE 32ND ST	1				0					
3935 92ND PL SE	1				0					
7404 SE 32ND ST	1				0					
Totals Students	34	10	2	4	16.00	0.2941	0.0588	0.1176	0.4706	
SFR Student Generation Factors										
Elementary K - 5	0.2941									
Middle School 6 - 8	0.0588									
High School 9 - 12	0.1176									
TOTAL	0.4706									
These developments are currently under construction or have been completed within the past five years.										



Student Generation (Multi Familly Residence)											
		Units	K - 5	6 - 8	9 - 12	Total	K - 5	6 - 8	9 - 12	Total	
<u>Multi-Family Development</u>											
Avellino		23	1	1	2	4					
Aviara		166	12	5	6	23					
Island Square		235	12	4	9	25					
Newell Court		26	3	3	1	7					
The Mercer		159	17	9	11	37					
7700 Central		171	3	0	6	9					
7800 Plaza		24	2	0	2	4					
Totals		804	50	22	37	109	0.0622	0.0274	0.0460	0.1356	
<u>MFR Student Generation Factors</u>											
Elementary K-5		0.0622									
Middle School 6-8		0.0274									
High School 9-12		0.0460									
TOTAL		0.1356									
These developments are currently under construction or have been completed within the past 10 years.											

# MERCER ISLAND SCHOOL DISTRICT MAP



## Projected Capacity to House Students

		# of Standard Classrooms *		Room Capacity (Elementary 19.5 Middle School 26, High School 28) **		# of Handicapped Classrooms (High Needs)		Handicapped Room Capacity (10)		Permanent Capacity @100%		Permanent Capacity @ 95%, 88%, 88%		# of Existing Portables		Portable Capacity (19.5, 26, 28) **		Current School Capacity (With Portables)		Current School Capacity @ 95%, 88%, 88%		Projected October 2015 Headcount		Permanent Capacity (Over or Short at 95%, 88%, 88%) ***		Capacity with Portables (Over or Short @ 95%, 88%, 88%) ****	
Elem. Schools (Capacity Utilization Factor)		95%																									
Island Park	17	332	1	10	342	324	8	156	498	473	585	(261)	(112)														
Lakeridge	19	371	0	0	371	352	8	156	527	500	631	(279)	(131)														
West Mercer	20	390	2	10	400	380	7	137	537	510	655	(275)	(145)														
<b>Total Elementary</b>	<b>56</b>	<b>1092</b>	<b>3</b>	<b>20</b>	<b>1112</b>	<b>1056</b>	<b>23</b>	<b>449</b>	<b>1561</b>	<b>1482</b>	<b>1871</b>	<b>(815)</b>	<b>(389)</b>														
Middle Schools (Capacity Utilization Factor)		88%																									
Islander Middle Sch.	43	1118	5	50	1168	1028	7	202	1370	1206	1108	(80)	98														
<b>Total (Middle Sch.)</b>	<b>43</b>	<b>1118</b>	<b>5</b>	<b>50</b>	<b>1168</b>	<b>1028</b>	<b>7</b>	<b>202</b>	<b>1370</b>	<b>1206</b>	<b>1108</b>	<b>(80)</b>	<b>98</b>														
High Schools - (Capacity Utilization Factor)		88%																									
MI High School	55	1540	5	50	1590	1399	0	0	1590	1399	1414	(15)	(15)														
<b>Total (High School)</b>	<b>55</b>	<b>1540</b>	<b>5</b>	<b>50</b>	<b>1590</b>	<b>1399</b>	<b>0</b>	<b>0</b>	<b>1590</b>	<b>1399</b>	<b>1414</b>	<b>(15)</b>	<b>(15)</b>														
<b>Total (All Schools)</b>	<b>154</b>	<b>3750</b>	<b>13</b>	<b>120</b>	<b>3870</b>	<b>3483</b>	<b>30</b>	<b>650.5</b>	<b>4520.5</b>	<b>4087</b>	<b>4393</b>	<b>(910)</b>	<b>(306)</b>														

\* Excludes spaces for special program needs and services

\*\* Average of staffing ratios: Elementary 19.5, Middle School 26, High School 28

\*\*\* Permanent Capacity X Capacity Utilization Factor - (Minus) Projected October Headcount = (reflects the building's level of service design capacity)

\*\*\*\* Maximum Capacity with Portables x Capacity Utilization Factor - (Minus) Projected October Headcount Enrollment =



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

**AB 5093  
August 3, 2015  
Regular Business**

**SCHOOL IMPACT FEES ORDINANCE  
(1<sup>ST</sup> READING)**

**Proposed Council Action:**

Conduct first reading of Ordinance No. 15C-15,  
adopting Chapter 19.17 MICC School Impact Fees

**DEPARTMENT OF**

Development Services Group (Scott Greenberg)

**COUNCIL LIAISON**

n/a

**EXHIBITS**

1. Proposed Ordinance No. 15C-15
2. Proposed Interlocal Agreement - School Impact Fee Program
3. Staff Report to Planning Commission, with Exhibits 1-5
4. King County 2015 Adopted School Impact Fees (Table)

**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 schools. The proposed impact fees would be \$14,117.84 for a new single-family residence and \$4,284.00 for a new multi-family residence. The Mercer Island School District requested adoption of a school impact fee at the April 30, 2015 joint meeting of the City Council and School Board. City and District staff have been working closely together on the proposed impact fee ordinance and program.

The Planning Commission held a public hearing on a proposed school impact fee ordinance on July 15, 2015 and unanimously recommended adoption of the proposed Ordinance. The Commission also requested the City Council consider adding an exemption for affordable (low-income) housing, as allowed under State law. Proposed exemption language has been added to Section 10 of the Planning Commission-recommended Ordinance, along with a definition of an affordable housing unit in Section 3 (see Exhibit 1). Section 4 of the Ordinance requires an Interlocal Agreement between the City and the Mercer Island School District to govern the operation of the school impact fee program (see Exhibit 2).

**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. The Council then directed staff to study the use of GMA impact fees for schools, parks and transportation facilities.

The Council received a report on the potential use of parks impact fees on July 20, 2015 and directed staff to proceed with rate study for a possible parks impact fee. The Council will receive a report on the potential

use of transportation impact fees on August 3, 2015 and will be asked to provide direction to staff on whether to proceed with a rate study. Both rate studies are expected to be completed and available for Council review in October 2015.

### **School Impact Fee Methodology**

The proposed impact fees are based on methodology described in the Mercer Island School District's adopted 2015-2020 Capital Facilities Plan (see Exhibit 3, pages 48-67). District staff will be available at the Council meeting to answer questions regarding the Capital Facilities Plan and impact fee methodology. A table reflecting 2015 adopted school impact fees in King County is included as Exhibit 4.

### **Affordable ("Low-Income") Housing Exemption**

RCW 82.02.060 allows an exemption from impact fees for affordable ("low-income") housing. For purposes of impact fee exemptions, low-income housing is defined as "...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." RCW 82.02.060(8) (Emphasis added.).

Mercer Island City Code 19.10 defines an affordable housing unit differently for owners and renters, as follows:

1. Owner Affordable Housing Unit: An owner-occupied dwelling unit affordable to households with household income not exceeding 90% of the King County median income, adjusted for household size.
2. Rental Affordable Housing Unit: A renter-occupied dwelling unit affordable to households whose income does not exceed 60% of the King County median income, adjusted for household size.

The City's definition of owner affordability (90% of median income) is higher than the threshold under State law for an exemption to local impact fees (80% of median income). Therefore, to be consistent with state law, an exemption for an owner-occupied affordable housing must apply to households earning up to 80% of median income. The affordability for rental units (60% of median income) complies with State law and can remain the same.

There are two options for the affordable housing exemption, either:

1. Grant a partial exemption of not more than 80% percent of impact fees, in which case there is no explicit requirement to pay the exempted portion of the fee from public funds other than impact fee accounts; or
2. Provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts.

Staff recommendation is to use the first exemption above--80% of the impact fee. This would reduce the proposed impact fee for a new affordable single-family residence from \$14,117.84 to \$2,823.57. The impact fee for a new multi-family housing unit would be reduced from \$4,284.00 to \$856.80.

The proposed exemption language in 19.17.090 of Exhibit 1 (see pages 9-10) includes other State law requirements related to recording of a covenant restricting the use of the housing unit for anything other than affordable housing. Staff from A Regional Coalition for Housing (ARCH) will assist in preparing the required documents.

State law also requires the School District to approve an affordable housing exemption. District staff indicated their support at the Planning Commission meeting.

### **Comprehensive Plan Amendment**

The City's Comprehensive Plan must be amended to include policy language supporting the collection and use of impact fees and to adopt the District's Capital Facilities Plan by reference. Agenda Bill 5094, also on the August 3, 2015 City Council agenda, proposes these amendments.

## **RECOMMENDATION**

*Development Services Group Director*

MOVE TO: Set Ordinance No. 15C-15 for second reading at the City Council's September 8, 2015 meeting.

Alternative Motion:

MOVE TO: Set Ordinance No. 15C-15 for second reading at the City Council's September 8, 2015 meeting with the following changes:

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

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON  
ESTABLISHING A NEW CHAPTER 19.17 OF THE MERCER ISLAND  
CITY CODE ENTITLED, "SCHOOL INMPACT FEES".**

WHEREAS, the City has authority to adopt impact fees to address the impact on school 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 July 15, 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 August 3, 2015;

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

**Section 1.**     **Establish Mercer Island City Code Chapter 19.17, School Impact Fees.** There is hereby added to Title 19 of the Mercer Island City Code ("MICC"), a new chapter 19.17, entitled "School Impact Fees," as follows:

**Chapter 19.17  
SCHOOL IMPACT FEES**

**Sections:**

- 19.17.010 Purpose and Authority
- 19.17.020 Definitions
- 19.17.030 Interlocal Agreement between the City and District
- 19.17.040 Annual Council Review
- 19.17.050 Impact Fee Program Elements
- 19.17.060 Fee Calculations
- 19.17.070 Assessment and Collection of Impact Fees
- 19.17.080 Option for Deferred Payment of Impact Fees
- 19.17.090 Exemptions
- 19.17.100 Determination of the Fee, Adjustments, Exceptions and Appeals
- 19.17.110 Impact Fee Accounts and Refunds

**19.17.010 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 school facilities consistent with the capital facilities plan of the Mercer Island School District No. 400 ("the District"), as such public facilities are necessitated in whole or in part by residential development in the City;

2. Ensure adequate levels of service in school 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 school facilities reasonably related to new development, in order to ensure the availability of adequate school 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.

### **19.17.020 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 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 Director will make a determination of sales prices or rents that meet the affordability requirements of this chapter.

B. "Capital Facilities Plan" means the District's Capital Facilities Plan adopted by the school board consisting of:

1. A forecast of future needs for school facilities based on the District's enrollment projections;

2. An identification of additional demands placed on existing public facilities by new development;

3. The long-range construction and capital improvement projects of the District;

4. The schools under construction or expansion;

5. The proposed locations and capacities of expanded or new school facilities;

6. An inventory of existing school facilities, including permanent, transitional and relocatable facilities;

7. At least a six-year financing component, updated as necessary to maintain at least a six-year forecast period, for financing needed for school facilities within projected funding levels, and identifying sources of financing for such purposes, including bond issues authorized by the voters;

8. An identification of deficiencies in school facilities serving the student populations and the means by which existing deficiencies will be eliminated within a reasonable period of time; and

9. Any other long-range projects planned by the District.



- C. "City" means the City of Mercer Island.
- D. "District" means the Mercer Island School District No. 400.
- E. "Developer" means the person or entity that owns or holds purchase options or other development control over property for which development activity is proposed.
- F. "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 school facilities.
- G. "Dwelling Unit" means a Dwelling as defined in Section 19.16.010 MICC.
- H. "Elderly" means a person aged 55 or older.
- I. "Encumbered" means impact fees identified by the District as being committed as part of the funding for a school facility for which the publicly funded share has been assured or building permits sought or construction contracts let.
- J. "Impact Fee" means a payment of money imposed upon development activity as a condition of development approval to pay for school 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.
- K. "Impact Fee Schedule" means the table of impact fees to be charged per unit of development, computed by the formula contained in the District's Capital Facilities Plan, indicating the standard fee amount per Dwelling Unit that shall be paid as a condition of residential development within the City.
- L. "Interlocal Agreement" means the agreement between the District and the City, governing the operation of the school impact fee program and describing the relationship, duties and liabilities of the parties.
- M. "Relocatable Facilities" means any factory-built structure, transportable in one or more sections that is designed to be used as an education space and is needed to prevent the overbuilding of school facilities, to meet the needs of service areas within the District or to cover the gap between the time that families move into new residential developments and the date that construction is completed on permanent school facilities.

#### **19.17.030 Interlocal Agreement between the City and District**

As a condition of the City's authorization and adoption of school impact fees, the City and District shall enter into an Interlocal Agreement governing the operation of the school impact fee program, and describing the relationship and liabilities of the parties thereunder.

#### **19.17.040 Annual Council Review**

On an annual basis, the District shall submit to the City a six-year Capital Facilities Plan or an update of a previously adopted plan which meets the requirements of the Act. The materials submitted by the District shall include proposed impact fee amounts for single family dwelling units and multi-family dwelling units. The City may amend the Permit and Impact Fee Schedule to reflect changes to the Capital Facilities Plan.

#### **19.17.050 Impact Fee Program Elements.**

A. The City shall impose impact fees on every Development Activity in the City for which a 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 District will receive from the development.

C. The impact fee shall be based on the Capital Facilities Plan developed by the District and approved by the school board, and adopted by reference by the City as part of the capital facilities element of the City's comprehensive plan for the purpose of establishing the fee program.

#### **19.17.060 Fee Calculations.**

A. The fee shall be calculated based on the formula set forth in the District's Capital Facilities Plan.

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 District will receive from the development, along with system costs related to serving the new development.

C. Separate fees shall be calculated for single family and multi-family types of dwelling units, and separate student generation rates must be determined by the District for each type of dwelling unit. 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 fee shall be calculated on a District-wide basis using the appropriate factors and data to be supplied by the District. The fee calculations shall be made on a District-wide basis to assure maximum utilization of all school facilities in the District which meet District standards for instructional purposes.

E. The formula shall provide a credit for the anticipated tax contributions that would be made by the development based on historical levels of voter support for bond issues in the District.

F. The formula shall also provide for a credit for school facilities or sites actually provided by a developer which the District finds acceptable.

#### **19.17.070 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 19.17.080. 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 19.17.080.

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 fee schedule, per dwelling unit which is subject to and not otherwise exempt from this chapter 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.

G. The City shall collect the impact fee on behalf of the District and maintain separate accounts for transmittal to the District on a monthly basis.

#### **19.17.080 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 a \$50.00 administration fee.

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 school 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. The District may also institute foreclosure proceedings as set forth in RCW 82.02.050(3).

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.

#### **19.17.090 Exemptions.**

The following development activities are exempt or partially exempt from the payment of school 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 school impact fees then in effect shall be paid.

1. Shelters or dwelling units for temporary placement, which provide housing to persons on a temporary basis for not more than four weeks;

2. 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

3. Any form of housing for the elderly, including nursing homes, retirement centers, and any type of housing units for persons age 55 and over, which have recorded covenants or recorded declaration of restrictions precluding school-aged children as residents in those units.

4. 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 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 dwelling unit(s) destroyed or damaged by fire, flood, explosion, act of God or other accident or catastrophe, or remodeling of existing legally established dwelling unit(s), provided that a complete building permit for reconstruction is submitted to the city within 12 months of the date of the loss, and so long as no additional dwelling units 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 school impacts have been mitigated pursuant to a condition of plat approval to pay fees, dedicate land or construct or improve school 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 school impacts have been mitigated pursuant to a voluntary agreement entered into with the District to pay fees, dedicate land or construct or improve school facilities, unless the terms of the voluntary agreement provide otherwise; and further provided that the agreement predates the effective date of fee imposition.

G. Any building permit for a legal accessory dwelling unit approved under MICC 19.02.030.

#### **19.17.100 Determination of the Fee, Adjustments, Exceptions and Appeals**

A. The City shall determine a developer's impact fee, according to the schedule provided by the District.

B. Arrangement may be made for later payment of the impact fee with the approval of the District only if the District determines that it will be unable to use or will not need the payment until a later time, provided that sufficient security, as defined by the District, is provided to assure payment. Security shall be made to and held by the District, which will be responsible for tracking and documenting the security interest.

C. 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.

D. Whenever a developer is granted approval subject to a condition that the developer provide a school facility acceptable to the District, 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 school impact fee.

E. 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.

F. In cases where a developer requests an independent fee calculation, adjustment exception or a credit pursuant to RCW 82.02.060(3), the City shall consult with the District and the District shall advise the City prior to the City making the final impact fee determination.

G. A developer may provide studies and data to demonstrate that any particular factor used by the District may not be appropriately applied to the development proposal.

H. 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.

I. Impact fees may be paid under protest in order to obtain a permit or other approval of development activity.

#### **19.17.110 Impact Fee Accounts and Refunds**

A. Impact fee receipts shall be earmarked specifically and retained in a special interest-bearing account established by the District solely for the District's school 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 District 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. The District shall submit a copy of this report to the City.

B. Impact fees for the District's system improvements shall be expended by the District for capital improvements including but not limited to school planning, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, relocatable facilities, capital equipment pertaining to educational facilities, and any other expenses which could be capitalized, and which are consistent with the District's capital facilities plan.

C. Impact fees may be used to recoup costs for system improvements previously incurred by the District 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 District for a permissible use within ten (10) years of receipt by the District, unless there exists an extraordinary or compelling reason for fees to be held longer than ten (10) years. Such extraordinary or compelling reasons shall be identified to the City by the District in a written report. The City Council shall identify the District's extraordinary and compelling reasons for the fees to be held longer than ten (10) years in the Council's own written findings.

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 District on school 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 District 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 District 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 District in conformance with the capital facilities plan 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 school impact fee requirements, all unexpended or unencumbered funds, including interest earned, shall be refunded to the current owner of the property for which a school 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 District, but must be expended by the District, 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 District has resulted. "Impact" shall be deemed to include cases where the District has expended or encumbered the impact fees in good faith prior to the application for a refund. In the event that the District 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 District 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 District shall determine whether to grant a credit, and such determinations may be appealed by following the procedures set forth in Section 19.17.100.

J. Interest due upon the refund of impact fees required by this section shall be calculated according to the average rate received by the District 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: \_\_\_\_\_



**INTERLOCAL AGREEMENT  
FOR THE  
COLLECTION, DISTRIBUTION, AND EXPENDITURE  
OF SCHOOL IMPACT FEES**

THIS AGREEMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, 2015, by and between the City of Mercer Island (the "City") and the Mercer Island School District No. 400 (the "District").

WHEREAS, the Washington State Legislature passed the Growth Management Act, RCW 36.70A et seq. and RCW 82.02 et seq. (the "Act"), which authorizes the collection of impact fees on development activity to provide public school facilities to serve new development; and

WHEREAS, the Act requires that impact fees may be collected for public facilities which are addressed by a capital facilities element of a comprehensive plan; and

WHEREAS, the City has adopted Ordinance No. 15C-15 for the purpose of implementing the Act; and

WHEREAS, the District has prepared a capital facilities plan in compliance with the Act and the plan has been adopted by reference in the City's Comprehensive Plan; and

WHEREAS, upon the effective date of Ordinance No. 15C-15, the City will collect impact fees upon certain new residential development activity on behalf of the District; and

WHEREAS, the City and the District enter into this Agreement pursuant to and in accordance with the State Interlocal Cooperation Act, Chapter 39.34 RCW, for the purposes of administering and distributing the authorized impact fees; and

WHEREAS, the City and the District have constructively worked together to collect impact fees to improve public education in the City of Mercer Island and look forward to implementing this Agreement in order to clarify the roles and responsibilities of both parties to provide for an efficient and effective school impact fee collection process;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES HEREIN, IT IS AGREED THAT:

**I. GENERAL AGREEMENT**

The City and the District agree to comply with the terms of this Agreement which govern the collection, distribution, and expenditure of school impact fees.

## **II. RESPONSIBILITIES OF THE DISTRICT**

The District, by and through its employees, agents, and representatives, agrees to:

- A. Annually submit to the City a six-year capital facilities plan or an update of a previously adopted plan which meets the requirements of the Act and Ordinance No. 15C-15 as now adopted or hereafter amended on or before July 1 of each year.
- B. Establish a District Impact Fee Account as required by RCW 82.02.070 in which impact fee revenues and interest revenues will be recorded.
- C. Authorize the City to collect impact fees for the District and remit the impact fees to the District promptly in accordance with this Agreement.
- D. Authorize the City to collect an administrative fee from the fee-payor for each impact fee collected, provided that, in no case shall the City be permitted to deduct the administrative fee from the assessed impact fee.
- E. Expend impact fee revenues provided to the District under this Agreement, and all interest proceeds on such revenues, solely for expenditures as authorized by Ordinance No. 15C-15 as now adopted or hereafter amended related to facilities identified in the District's Capital Facilities Plan.
- F. Prepare an annual report in accordance with the requirements of RCW 82.02.070 and Ordinance No. 15C-15 as now adopted or hereafter amended showing the amount of all monies collected, earned, or received, and the system improvements that were financed in whole or in part by impact fees and the amount of funds expended. The District's annual report shall be sent to the City on or before April 1 each year for the prior year.
- G. Notify property owners of refunds under RCW 82.02.080 and refund impact fees and interest earned on impact fees disbursed to the District whenever required to do so by applicable law, including but not limited to: (1) when the proposed development activity does not proceed and no impact to the District has resulted, unless the District determines that it has expended or encumbered the fees in good faith prior to the application for a refund; (2) when the impact fees or interest earned on impact fees are not expended or encumbered within the time limits established by law; or (3) when the school impact fee program is terminated.
- H. Maintain all accounts and records necessary to ensure proper accounting for all impact fee funds and compliance with this Agreement, the Act, and Ordinance No. 15C-15 as now adopted or hereafter amended.
- I. Comply with the State Environmental Policy Act, Chapter 43.21C RCW.

### **III. RESPONSIBILITIES OF THE CITY OF MERCER ISLAND**

The City of Mercer Island, by and through its employees, agents, and representatives, agrees to:

- A. Timely review and take action on the District's updated Capital Facilities Plan and the District's revised impact fee schedule.
- B. Amend, update and maintain the City's Comprehensive Plan and development regulations and Ordinance 15C-15 at all times as necessary in order to permit the District to continue collecting school impact fees.
- C. Administer, pursuant to Ordinance No. 15C-15 as now adopted or hereafter amended, the assessment and collection of school impact fees.
- D. Deposit all impact fees collected on behalf of the District into a separate account and transmit such monies, and any interest earned thereon, to the District within thirty (30) days of actual receipt of the funds. As used in this Section, "actual receipt" means that date upon which any check or other negotiable instrument is actually paid and the funds are credited to the City's account without further recourse.
- E. Determine whether applicants are excluded from the application of the impact fee pursuant to Section 19.17.100 (Exemptions) of the Mercer Island City Code. Review all covenants and declarations of restriction for form, as these documents are required to or maintain exemptions from payment of impact fees, and provide the District with written decisions regarding the same.
- F. Review any request for an administrative adjustment of fees and, in consultation with the District, determine the adjusted fee amount, if any, and provide the District with written decisions regarding the same.
- G. Review any request for an in-kind contribution and, in consultation with the District, determine the associated credit against school impact fees otherwise due, if any, and provide the District with documentation and a written decision regarding the same.
- F. Prepare an annual report, as required by RCW 82.02.070(1), utilizing and relying upon the report prepared by the District under II(F) above. The City's report will contain information on the source and amount of all monies collected, earned, or received, and the system improvements that were financed in whole or in part by impact fees, but the City shall only be responsible for independently preparing that portion of the report which details the source and amount of monies collected by the City and the amount distributed to the District, and all other portions of the report shall simply incorporate the information provided by the District and provide

the District with a copy of the report no later than October 31 each year for the prior year.

#### **IV. GENERAL TERMS**

- A. This Agreement shall be effective when executed by both parties and shall remain in effect until terminated in writing by both parties.
- B. It is recognized that amendments to this Agreement may become necessary, and such amendments shall become effective only when the parties have executed a written addendum to this Agreement.
- C. The parties acknowledge that the City is vested with the authority to impose and collect school impact fees. The parties agree that, except as otherwise specifically provided for herein, the City shall in no event be responsible for the payment of any funds to the District, except for impact fees collected for the District. The parties also acknowledge that the City is entitled to collect an administrative fee sufficient to reimburse its costs related to the administration of the school impact fee program. This fee shall be in addition to the actual impact fee collected per dwelling unit.

#### **V. AUDIT**

- A. The District's records and documents with respect to all matters covered by this Agreement shall be subject to inspection, review, or audit by the City or appropriate state agency.
- B. The District agrees to cooperate with any monitoring or evaluation activities conducted by the City that pertain to the subject of this Agreement. The District agrees to allow the City, or appropriate state agencies and/or any of their employees, agents, or representatives to have full access to and the right to examine during normal business hours, all of the District's records with respect to all matters covered by this Agreement; provided, that access to and examination of legally privileged documents or documents that are exempt from disclosure under the Public Records Act shall be given only where the same is necessary to complete the state audit required for the City or to defend appeals or challenges to this Agreement or the School Impact Fee Ordinance. The City and/or any of its employees, agents, or representatives shall be permitted to audit, examine, and make excerpts or transcripts from such records and to make audits of all invoices, materials, payrolls, and record of matters covered by this Agreement. The District shall retain these records and make them available for review or audit by the City for a period not less than six (6) years, and for longer periods when necessary for audit purposes of legal matters. The City will give at least fifteen (15) days advance notice to the District of fiscal audits to be conducted.

- C. The results and records of said audit shall be maintained for a period not less than six (6) years, and for longer periods when necessary for audit purposes of legal matters, and disclosed in accordance with Chapter 42.17 RCW.

## **VI. HOLD HARMLESS**

- A. The District shall, at its cost and expense, protect, defend, indemnify, and hold harmless the City, its officers, employees, and agents, from any and all costs, claims, judgments, or awards of damages, arising out of or in any way resulting from the acts or omissions of the District, its officers, employees, or agents, relating in any way to the City school impact fee program. By way of example, and not of limitation, of the foregoing, the District shall protect, defend, indemnify, and hold harmless the City, its officers, employees, and agents, from any and all costs, claims, judgments, or awards of damages arising out of or in any way resulting from the District's (by its officers, employees, agents, or representatives) negligent acts or omissions; intentional acts or omissions; any liability arising from an audit of the District's impact fee account; any liability arising from a defect in the calculated school impact fee or the cost bases, formula or discount used to determine the school impact fee; or failure for any reason to comply with the terms of this Agreement, the terms of the Act, or the terms of the Mercer Island City Code as now adopted or hereafter amended, all as may be amended from time to time.
- B. The District further agrees that the District shall, at its own cost and expense, protect, defend, indemnify, and hold harmless the City, its officers, employees, and agents from any and all costs, claims, judgments, or awards of damages, arising out of or in any way resulting from the District's failure to refund impact fees, including but not limited to, a determination that impact fees from the development activity that was not completed are not refundable because the funds were expended or encumbered by the District, whether or not the District's determination was made in good faith; provided, however, that if the District offers to defend, the District shall not be liable for any of the City's attorney's fees or costs incurred after such offer to defend is made.
- C. The District's duties to the City under this section shall not be diminished or extinguished by the prior termination of this Agreement pursuant to Section VII.
- D. Except as provided in paragraphs A, B, and C above, the City shall, at its own cost and expense, protect, defend, indemnify and hold harmless the District, its officers, employees, or agents, from that portion of any and all costs, claims, judgments or awards of damages that exceed the amount of impact fees the City has collected on behalf of the District resulting from the City's (by its officers, employees, agents, or representatives) negligent acts or omissions; intentional acts or omissions; or failure for any reason to comply with the terms of this Agreement, the terms of the Act, or the terms of the Mercer Island City Code as now adopted or hereafter amended, all as may be amended from time to time, and relating to the City's implementation of the school impact fee program or performance of the duties set forth in Section III of

this Agreement; provided however, that if the City offers to defend, the City shall not be liable for any of the District's attorney's fees or litigation costs incurred after such offer to defend is made, and provided further that the District shall promptly refund any fees as required by a final court order including payment of any pre- or postjudgment interest. It is the intent of this Section VI(D) that any liability created by the City's performance of its duties identified under this Section be satisfied first out of any impact fees attributable to the activity (if such deduction is allowed by law) of which the liability arises that have been collected by the City on behalf of the District for the particular development activity at issue, and only in the event that such impact fees collected for the particular development activity are insufficient (or cannot be legally collected), shall the City be liable to satisfy the liability.

- E. The City's duties to the District under this section shall not be diminished or extinguished by the prior termination of this Agreement pursuant to Section VII.

## **VII. TERMINATION**

- A. The obligation to collect impact fees under this Agreement may be terminated without cause by the City, in whole or in part, at any time. All other obligations under this Agreement shall remain in effect until both of the following conditions have been satisfied: (1) the City or the District provides written notice that this Agreement is being terminated; and (2) neither the City nor the District retains unexpended or unencumbered impact fees or interest earned thereon. The obligations under Section VI of this Agreement shall be continuing and shall not be diminished or extinguished by the termination of this Agreement.
- B. The District shall ensure that, upon termination of this Agreement, any remaining unexpended or unencumbered funds are refunded pursuant to RCW 82.02.080.
- C. Nothing herein shall limit, waive, or extinguish any right or remedy provided by this Agreement or law that either party may have in the event that the obligations, terms, and conditions set forth in this Agreement are breached by the other party.

## **VIII. SEVERABILITY**

In the event any term or condition of this Agreement or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other terms, conditions, or applications of this Agreement which can be given effect without the invalid term, condition or application. To this end the terms and conditions of this Agreement are declared severable.

## **IX. RIGHTS TO OTHER PARTIES**

It is understood and agreed that this Agreement is solely for the benefit of the parties hereto and conveys no right to any other party.

## **X. GOVERNING LAW AND FILING**

This Agreement shall be construed and enforced in accordance with, and the validity and performance hereof shall be governed by, the laws of the State of Washington. This Agreement shall be filed with the Secretary of the District's Board of Directors and with the City Clerk for the City.

## **XI. ADMINISTRATION**

Any notices required by this Agreement shall be provided in writing to the parties identified as follows:

**A. The City's representative shall be:**

Noel Treat, City Manager

Address: Mercer Island City Hall  
9611 SE 36th Street  
Mercer Island, WA 98040

Phone: (206) 275-7660

**B. The District's representative shall be:**

Dean Mack, Chief Finance/Operations Officer

Address: Mercer Island School District No. 400  
4160 86th Ave SE  
Mercer Island, WA 98040

Phone: (206) 236-3330

## **XII. ENTIRE AGREEMENT/WAIVER OF DEFAULT**

The parties agree that this Agreement is the complete expression of the terms hereto and any oral representations or understandings not incorporated herein are excluded. Both parties recognize that time is of the essence in the performance of the provisions of this Agreement. Waiver of any default shall not be deemed to be a waiver of any subsequent default. Waiver or breach of any provision of the Agreement shall not be deemed to be waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of the Agreement unless stated to be such through written approval by the parties, which shall be attached to the original Agreement.

**SIGNATURES ON FOLLOWING PAGE**

THE CITY OF MERCER ISLAND,  
WASHINGTON

MERCER ISLAND SCHOOL DISTRICT NO.  
400

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Noel Treat  
City Manager

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Dr. Gary Plano  
Superintendent

APPROVED AS TO FORM:

APPROVED AS TO FORM:

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Kari Sand  
City Attorney

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Denise L. Stiffarm  
Legal Counsel for the District





## CITY OF MERCER ISLAND PLANNING COMMISSION STAFF REPORT

Agenda Item: 1  
July 15, 2015

File Numbers:	ZTR15-002
Description:	A zoning text amendment to adopt a new section in Mercer Island City Code (MICC) Title 19 pertaining to school 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. Development Application Received by the City of Mercer Island Development Services Group on June 25, 2015</li><li>2. Draft Ordinance Amending Mercer Island City Code Title 19</li><li>3. Public Notice of Application and Open Record Hearing issued by the City of Mercer Island on June 29, 2015</li><li>4. City Council Agenda Bill 5049</li><li>5. MISD Capital Facilities Plan 2015-2020</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 adopt impact fees for schools. The proposed impact fees would be \$14,117.84 for a new single-family residence and \$4,284.00 for a new multi-family residence.

An application for the proposed code amendment was received on June 25, 2015 and was determined to be complete on June 25, 2015 (Exhibit 1). The proposed code text amendments are incorporated into a draft ordinance, which is included as Exhibit 2. 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 July 15, 2015, the Planning Commission will 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 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 August 3, 2015, and a second reading on September 8, 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 Notice of Open Record Public Hearing (Exhibit 3), which was published in the City's weekly permit bulletin on June 29, 2015 and in the Mercer Island Reporter on July 1, 2015. The public comment period ran from June 29, 2015 through 5:00 P.M. on

June 15, 2015. As of July 9, 2015, the City had not received any written comments concerning the proposed school impact fees and related code amendments. Any comments received after July 9, 2015 will be provided to the Planning Commission at or before the July 15, 2015 meeting.

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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 school impact fees are shown in Exhibit 2.

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. Exhibit 4 is the agenda bill prepared for that meeting, which contains detailed background information related to SEPA mitigation fees and GMA impact fees. At the March 16, 2015 meeting, the Council directed staff to study the use of GMA impact fees for schools, parks and transportation facilities. Consideration of school impact fees is before the Planning Commission on July 15, 2015. The City Council will receive reports on parks and transportation impact fees at their July 20, 2015 and August 3, 2015 meetings, respectively. If the Council desires to adopt parks and/or transportation impact fee ordinances, it is expected that the Planning Commission will review draft ordinances in the fall.

The Mercer Island School District has also been analyzing the use of GMA impact fees rather than continuing to rely on SEPA mitigation fees. On June 11, 2015, the District adopted its six-year Capital Facilities Plan (Exhibit 5). Pages 10 and 11 of the Capital Facilities Plan provide the calculations used to arrive at the proposed impact fee amounts.

Authority: The City has authority to adopt impact fees to address the impact on school 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 2, Section 9 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, Section IV

"Because future growth outside the Town Center is expected to be relatively minor and Mercer Island is a mature community with well developed infrastructure, Mercer Island **will not finance capital improvements through development impact fees**. The City will use substantive authority under the State Environmental Policy Act (SEPA) to require mitigation for new development that is directly related and proportional to the impacts of that development." (Emphasis added.)

#### 2. Capital Facilities Element, Section II

"Despite a lack of enrollment loss in 2003-2004, School District enrollment is in a population decline cycle."

#### 3. Capital Facilities Element

The current Capital Facilities Element mentions school facilities, but does not adopt by reference the District's Capital Facilities Plan—which is necessary for school impact fees to be collected [RCW 82.02.060(2)].

**Staff findings:**

The current Comprehensive Plan, which is being updated, does not support the adoption of school impact fees. The current Capital Facilities element specifically mentions use of SEPA mitigation rather than GMA impact fees and specifically states the City will not use impact fees. The current Comprehensive Plan also recognizes a declining school enrollment, which does not support the collection of impact fees to mitigate student population growth. The District did experience declining enrollment from 2001-2008, dropping from 4,054 students to 3,845 students. However, for the past 7 years, enrollment has increased annually and is now at 4,316 students. Enrollment is expected to increase an additional 8.2% over the next six years (see Exhibit 5, Section 5). School impact fees cannot be collected since the District's Capital Facilities Plan is not adopted by reference.

On November 19, 2014, the Planning Commission recommended adoption of an updated Comprehensive Plan to the City Council. The recommended Plan did not change the provisions mentioned above. So, the recommended Plan also does not support adoption of school impact fees.

Since the Commission already sent a recommended Plan to the City Council for review and adoption, the Council could make changes to the Plan to incorporate policies supportive of school impact fees. These policy changes would need to be adopted prior to adoption of an impact fee ordinance.

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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 2, subject to adoption of Comprehensive Plan policies supporting the proposed amendment.

**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 2, 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 2.

*Staff Contact: Scott Greenberg, Development Services Director*

# 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
ZTR15-002	—	—
Date Received: 6/25/15		

DEVELOPMENT APPLICATION		
STREET ADDRESS/LOCATION Throughout the City of Mercer Island, WA		ZONE All residential 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

6/25/13  
DATE

PROPOSED APPLICATION(S) AND CLEAR DESCRIPTION OF PROPOSAL:

A zoning text amendment amending MICC Title 19 to add requirements for school 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):

<b>APPEALS</b> <input type="checkbox"/> Building (+cost of file preparation) \$875.50 <input type="checkbox"/> Land use (+cost of verbatim transcript) \$875.50 <input type="checkbox"/> Code Interpretation \$875.50		<b>DEVIATIONS (Continued)</b> <input type="checkbox"/> Critical Areas Setback \$2,709.87 <input type="checkbox"/> Impervious Surface (5% Lot overage) \$2,708.90 <input type="checkbox"/> Shoreline \$3,612.21 <input type="checkbox"/> Wet Season Construction Moratorium \$941.42		<b>SUBDIVISION SHORT PLAT</b> <input type="checkbox"/> Two Lots \$4,515.52 <input type="checkbox"/> Three Lots \$5,417.80 <input type="checkbox"/> Four Lots \$6,321.11 <input type="checkbox"/> Deviation of Acreage Limitations \$903.31 <input type="checkbox"/> Short Plat Amendment \$2,256.73 <input type="checkbox"/> Final Short Plat Approval \$903.31 <input type="checkbox"/> Fire Review \$123.60/Hr	
<b>CRITICAL AREAS</b> <input type="checkbox"/> Determination \$2,708.87 <input type="checkbox"/> Reasonable Use Exception \$5,418.83		<b>ENVIRONMENTAL REVIEW (SEPA)</b> <input type="checkbox"/> Checklist: Single Family Residential Use \$541.78 <input type="checkbox"/> Checklist: Non-Single Family Residential Use \$1,805.59 <input type="checkbox"/> Environmental Impact Statement \$2,708.90 (Revision = 40% of Fee)		<b>VARIANCES (Plus Hearing Examiner Fee)</b> <input type="checkbox"/> Type 1* \$3,612.21 <input type="checkbox"/> Type 2** \$2,000.26	
<b>DESIGN REVIEW</b> <input type="checkbox"/> Administrative Review (of sign & colors) \$433.63 <input type="checkbox"/> Administrative Review (of other than sign & colors) \$723.06 <input type="checkbox"/> Change to Final Design Approval \$723.06 <input type="checkbox"/> Design Commission Study Session \$723.06		<b>SHORELINE MANAGEMENT</b> <input type="checkbox"/> Exemption \$437.75 <input type="checkbox"/> Permit Revision \$723.06 <input type="checkbox"/> Semi-Private Recreation Tract (modification) \$723.06 <input type="checkbox"/> Semi-Private Recreation Tract (new) \$1,805.59 <input type="checkbox"/> Substantial Dev. Permit \$2,708.90		<b>OTHER LAND USE</b> <input type="checkbox"/> Accessory Dwelling Unit (ADU) \$180.28 <input type="checkbox"/> Code Interpretation Request (+\$146.03/hr over 6 hrs) \$876.53 <input type="checkbox"/> Comp Plan Amendment (CPA) \$4,153.99 <input type="checkbox"/> Conditional Use Permit (CUP) \$7,224.42 <input type="checkbox"/> Lot Line Revision \$2,708.90 <input type="checkbox"/> Lot Line Consolidation \$902.28 <input type="checkbox"/> Noise Variance (+\$146.03/hr over 3 hrs) \$437.75 <input type="checkbox"/> Reclassification of Property (Rezoning) \$4,515.52 <input type="checkbox"/> Right-of-Way Encroachment Agreement (Requires Separate ROW Use Permit) \$536.60 <input type="checkbox"/> Zoning Code Text Amendment \$4,153.99	
<b>DESIGN REVIEW &amp; WIRELESS COMMUNICATIONS FACILITIES</b> <input type="checkbox"/> \$0-\$5,000 \$723.06 <input type="checkbox"/> \$5,001-\$25,000 \$1,806.62 <input type="checkbox"/> \$25,001-\$50,000 \$2,708.90 <input type="checkbox"/> \$50,001-\$100,000 \$4,274.98 <input type="checkbox"/> Over \$100,001 Valuation \$7,224.42		<b>SUBDIVISION LONG PLAT</b> <input type="checkbox"/> 2-3 Lots \$9,030.01 <input type="checkbox"/> 4-5 Lots \$12,643.25 <input type="checkbox"/> 6 Lots or greater \$16,255.46 <input type="checkbox"/> Subdivision Alteration to Existing Plat \$4,515.52 <input type="checkbox"/> Final Subdivision Review \$3,612.21 <input type="checkbox"/> Fire Review \$123.60/Hr			
<b>DEVIATIONS</b> <input type="checkbox"/> Changes to Antenna requirements \$1806.62 <input type="checkbox"/> Changes to Open Space \$1,806.62 <input type="checkbox"/> Fence Height \$903.31					

\* 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	
SEPA Categorically Exempt: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Permit Fee: 0
SEPA Checklist Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Permit Fee: 0
	Total Fees: 0

EXHIBIT 1

Project No.: ZTR15-002

**THE CITY OF MERCER ISLAND, WASHINGTON**

**ORDINANCE NO. \_\_\_\_\_**

AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON RELATING TO SCHOOL IMPACT FEES; ESTABLISHING A FRAMEWORK FOR THE ADOPTION OF A SCHOOL IMPACT FEE PROGRAM BY THE CITY; REQUIRING THE EXECUTION OF AN INTERLOCAL AGREEMENT BETWEEN THE CITY AND THE MERCER ISLAND SCHOOL DISTRICT NO. 400; PROVIDING FOR THE ADOPTION OF THE DISTRICT'S CAPITAL FACILITIES PLAN AS AN ELEMENT OF THE CITY'S COMPREHENSIVE PLAN; AUTHORIZING THE IMPOSITION AND COLLECTION OF IMPACT FEES BY THE CITY ON BEHALF OF THE DISTRICT ON NEW DEVELOPMENT IMPACTING SCHOOL FACILITIES; PROVIDING AN OPTION TO DEFER PAYMENT OF IMPACT FEES; PROVIDING THE FORMULA FOR CALCULATION OF THE FEE AND FEE SCHEDULE; DESCRIBING THE PROCEDURES FOR CREDIT, APPEAL AND REFUNDS; ALL AS AUTHORIZED BY THE GROWTH MANAGEMENT ACT AND RCW 82.02.050 THROUGH 82.02.100; AMENDING TITLE 19 OF THE MERCER ISLAND MUNICIPAL CODE BY ADDING A NEW CHAPTER 19.17; AND SETTING A DATE WHEN THE SAME SHALL BE EFFECTIVE.

WHEREAS, the City has authority to adopt impact fees to address the impact on school 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 July 15, 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 \_\_\_\_\_ 20\_\_.

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

Section 1. Title. There is hereby added to Title 19 of the Mercer Island Municipal Code, a new chapter 19.17, entitled "School Impact Fees," containing the provisions set forth in Sections 1 through 12 of this ordinance.

Section 2. Authority and Purpose.

A. This ordinance 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 school facilities consistent with the capital facilities plan of the Mercer Island School District No. 400 ("the District"), as such public facilities are necessitated in whole or in part by residential development in the City;

2. Ensure adequate levels of service in school 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 school facilities reasonably related to new development, in order to ensure the availability of adequate school 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.

Section 3. Definitions. For purposes of this ordinance, the following terms have the indicated meanings:

A. "Capital Facilities Plan" means the District's facilities plan adopted by the school board consisting of:

1. A forecast of future needs for school facilities based on the District's enrollment projections;

2. An identification of additional demands placed on existing public facilities by new development;

3. The long-range construction and capital improvement projects of the District;

4. The schools under construction or expansion;

5. The proposed locations and capacities of expanded or new school facilities;

6. An inventory of existing school facilities, including permanent, transitional and relocatable facilities;

7. At least a six-year financing component, updated as necessary to maintain at least a six-year forecast period, for financing needed for school facilities within projected funding levels, and identifying sources of financing for such purposes, including bond issues authorized by the voters;

8. An identification of deficiencies in school facilities serving the student populations and the means by which existing deficiencies will be eliminated within a reasonable period of time; and
9. Any other long-range projects planned by the District.
- B. "City" means the City of Mercer Island.
- C. "District" means the Mercer Island School District No. 400.
- 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 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 school facilities.
- F. "Dwelling Unit" means a dwelling as defined in Section 19.16 of the Mercer Island Municipal Code.
- G. "Elderly" means a person aged 55 or older.
- H. "Encumbered" means impact fees identified by the District as being committed as part of the funding for a school facility for which the publicly funded share has been assured or building permits sought or construction contracts let.
- I. "Impact Fee" means a payment of money imposed upon development as a condition of development approval to pay for school 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.
- J. "Impact Fee Schedule" means the table of impact fees to be charged per unit of development, computed by the formula contained in the District's capital facilities plan, indicating the standard fee amount per dwelling unit that shall be paid as a condition of residential development within the City.
- K. "Interlocal Agreement" means the agreement between the District and the City, governing the operation of the school impact fee program and describing the relationship, duties and liabilities of the parties.
- L. "Relocatable Facilities" means any factory-built structure, transportable in one or more sections that is designed to be used as an education space and is needed to prevent the overbuilding of school facilities, to meet the needs of service areas within the District or to cover the gap between the time that families move into new residential developments and the date that construction is completed on permanent school facilities.

**Section 4. Interlocal Agreement Between the City and District.** As a condition of the City's authorization and adoption of a school impact fee ordinance, the City and District shall enter into an interlocal agreement governing the operation of the school impact fee program, and describing the relationship and liabilities of the parties thereunder.

**Section 5. Annual Council Review.** On an annual basis, the District shall submit to the City a six-year capital facilities plan or an update of a previously adopted plan which meets the requirements of the Act. The materials submitted by the District shall include proposed impact

fee amounts for single family dwelling units and multi-family dwelling units. The City may amend the schedule in Exhibit A to reflect changes to the capital facilities plan.

Section 6. Impact Fee Program Elements.

A. The City shall impose impact fees on every Development Activity in the City for which a 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 District will receive from the development.

C. The impact fee shall be based on the capital facilities plan developed by the District and approved by the school board, and adopted by reference by the City as part of the capital facilities element of the City's comprehensive plan for the purpose of establishing the fee program.

Section 7. Fee Calculations.

A. The fee shall be calculated based on the formula set forth in the District's Capital Facilities Plan.

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 District will receive from the development, along with system costs related to serving the new development.

C. Separate fees shall be calculated for single family and multi-family types of dwelling units, and separate student generation rates must be determined by the District for each type of dwelling unit. For the purpose of this ordinance, mobile homes shall be treated as single family dwellings and duplexes shall be treated as multi-family dwellings.

D. The fee shall be calculated on a District-wide basis using the appropriate factors and data to be supplied by the District. The fee calculations shall be made on a District-wide basis to assure maximum utilization of all school facilities in the District which meet District standards for instructional purposes.

E. The formula shall provide a credit for the anticipated tax contributions that would be made by the development based on historical levels of voter support for bond issues in the District.

F. The formula shall also provide for a credit for school facilities or sites actually provided by a developer which the District finds acceptable.

Section 8. Assessment and Collection of Impact Fees.

A. The City shall collect impact fees, based on the schedule set forth in Exhibit A, 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 9. 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 9.

C. For building permits for mixed use developments, impact fees shall be imposed on the residential component of the development found on the schedule set forth in Exhibit A.

D. For building permits within new subdivisions approved under Title 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 fee schedule, per dwelling unit which is subject to and not otherwise exempt from this chapter 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.

G. The City shall collect the impact fee on behalf of the District and maintain separate accounts for transmittal to the District on a monthly basis.

Section 9. 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 9, 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 a \$50.00 administration fee.

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 9.

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 9, 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 school 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. The District may also institute foreclosure proceedings as set forth in RCW 82.02.050(3).

H. An applicant is entitled to defer impact fees pursuant to this Section 9 for no more than twenty (20) single family dwelling unit building permits per year in the City. For purposes of this Section 9, an “applicant” includes an entity that controls the applicant, is controlled by the applicant, or is under common control with the applicant.

Section 10. Exemptions. The following development activities do not create any additional school impacts and are exempt from the requirements of this ordinance:

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 school impact fees then in effect shall be paid.

1. Shelters or dwelling units for temporary placement, which provide housing to persons on a temporary basis for not more than four weeks;

2. 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

3. Any form of housing for the elderly, including nursing homes, retirement centers, and any type of housing units for persons age 55 and over, which have recorded covenants or recorded declaration of restrictions precluding school-aged children as residents in those units.

B. Rebuilding of legally established dwelling unit(s) destroyed or damaged by fire, flood, explosion, act of God or other accident or catastrophe, or remodeling of existing legally established dwelling unit(s), provided that a complete building permit for reconstruction is submitted to the city within 12 months of the date of the loss, and so long as no additional dwelling units 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 school impacts have been mitigated pursuant to a condition of plat approval to pay fees, dedicate land or construct or improve school 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 school impacts have been mitigated pursuant to a voluntary agreement entered into with the District to pay fees, dedicate land or construct or improve school facilities, unless the terms of the voluntary agreement provide otherwise; and further provided that the agreement predates the effective date of fee imposition.

G. Any building permit for a legal accessory dwelling unit approved under MICC 19.02.030.

#### Section 11. Determination of the Fee, Adjustments, Exceptions and Appeals

A. The City shall determine a developer's impact fee, according to the schedule provided by the District.

B. Arrangement may be made for later payment of the impact fee with the approval of the District only if the District determines that it will be unable to use or will not need the payment until a later time, provided that sufficient security, as defined by the District, is provided to assure payment. Security shall be made to and held by the District, which will be responsible for tracking and documenting the security interest.

C. 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.

D. Whenever a developer is granted approval subject to a condition that the developer provide a school facility acceptable to the District, 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 ordinance. 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 school impact fee.

E. 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.

F. In cases where a developer requests an independent fee calculation, adjustment exception or a credit pursuant to RCW 82.02.060(3), the City shall consult with the District and the District shall advise the City prior to the City making the final impact fee determination.

G. A developer may provide studies and data to demonstrate that any particular factor used by the District may not be appropriately applied to the development proposal.

H. 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 Municipal Code. Any errors in the formula identified as a result of the appeal should be referred to the Council for possible modification.

I. Impact fees may be paid under protest in order to obtain a permit or other approval of development activity.

## Section 12. Impact Fee Accounts and Refunds

A. Impact fee receipts shall be earmarked specifically and retained in a special interest-bearing account established by the District solely for the District's school 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 District 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. The District shall submit a copy of this report to the City.

B. Impact fees for the District's system improvements shall be expended by the District for capital improvements including but not limited to school planning, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, relocatable facilities, capital equipment pertaining to educational facilities, and any other expenses which could be capitalized, and which are consistent with the District's capital facilities plan.

C. Impact fees may be used to recoup costs for system improvements previously incurred by the District 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 District for a permissible use within ten (10) years of receipt by the District, unless there exists an extraordinary or compelling reason for fees to be held longer than ten (10) years. Such extraordinary or compelling reasons shall be identified to the City by the District in a written report. The City Council shall identify the District's extraordinary and compelling reasons for the fees to be held longer than ten (10) years in the Council's own written findings.

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 District on school 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 District 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 District 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 District in conformance with the capital facilities plan 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 school impact fee requirements, all unexpended or unencumbered funds, including interest earned, shall be refunded to the current owner of the property for which a school 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 District, but must be expended by the District, 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 District has resulted. "Impact" shall be deemed to include cases where the District has expended or encumbered the impact fees in good faith prior to the application for a refund. In the event that the District 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 District 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 District shall determine whether to grant a credit, and such determinations may be appealed by following the procedures set forth in Section 11 above.

J. Interest due upon the refund of impact fees required by this section shall be calculated according to the average rate received by the District on invested funds throughout the period during which the fees were retained.

Section 13. 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 14. Ratification. Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

Section 15.    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 3rd day of August 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

Single Family Residence Impact Fee: \$14,117.84

Multi Family Residence Impact Fee: \$4,284.00

DRAFT

# 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.:** ZTR15-002

**Description of Request:** Add requirements for school 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, July 15 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, July 15, 2015 at 5:00 p.m.** or testify at the open record hearing **on Wednesday, July 15, 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, July 15, 2015. The date of the public meeting with the City Council is tentatively scheduled for August 3, 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.



<b>Other Associated Permits:</b>	There are currently no additional pending permit applications associated with the proposal.
<b>Studies and/or Environmental Documents Requested:</b>	A Capital Facilities Plan was adopted by the Mercer Island School District on June 11, 2015.

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: June 25, 2015 Determined to Be Complete: June 25, 2015 Bulletin Notice: June 29, 2015 Date Notice Published in the Newspaper: July 1, 2015 Comment Period Ends: 5:00PM on July 15, 2015
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**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND, WA****AB 5049****March 16, 2015  
Regular Business****DISCUSSION OF GMA IMPACT FEES AND  
SEPA MITIGATION FEES****Proposed Council Action:**  
Provide direction to staff.

<b>DEPARTMENT OF</b>	Development Services Group (Scott Greenberg)
<b>COUNCIL LIAISON</b>	n/a
<b>EXHIBITS</b>	1. March 2, 2015 Letter from MISD
<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**

At its 2015 Planning Session, the City Council requested information on the use of Growth Management Act (GMA) impact fees under RCW 82.02 and mitigation payments under the authority of the State Environmental Policy Act (SEPA), RCW 43.21C and WAC 197-11. The purpose of this agenda bill is to provide basic information about two alternatives for partially financing public facilities and to provide the City Council with an opportunity for questions and comments regarding these tools. Staff is seeking Council direction on next steps, if any related to GMA impact fees and/or SEPA mitigation payments.

The City has looked at these issues in the past. On December 5, 2011, City Council discussed GMA impact fees and SEPA mitigation fees related to funding of future public improvements for the Town Center (Agenda Bill 4687). The agenda item was informational only and no direction to staff was provided. Much of the information below was taken from the previous agenda bill.

**FINANCING OPTIONS**

GMA impact fees and SEPA mitigation payments are two options in the City's toolbox for financing public facilities. In addition, the City has historically invested REET (Real Estate Excise Taxes), General Fund revenues, Utility Fund, Grants and SEPA mitigation payments as the sources of funding capital facilities. The City recently started a Transportation Benefit District (TBD) to fund transportation improvements. Other financing tools such as GMA Impact Fees, Local Improvement Districts (LID), and Parking and Business Improvement Areas (PBIA) may also be considered.

The City has made significant capital investments in the Town Center and many of the facilities needed to support the current and planned Town Center redevelopment are already in place. These have been partially funded by SEPA mitigation fees. The street and pedestrian network, utilities and parks and open space are largely established, but with continued redevelopment new or enhanced facilities may be needed in the Town Center over the next twenty years.

## SEPA MITIGATION PAYMENTS

Originally adopted in 1971, SEPA (chapter 43.21C RCW) has been called by the State Department of Ecology perhaps “the most powerful legal tool for protecting the environment of the state” (SEPA Handbook, 1.2 History). SEPA includes “substantive authority” to condition or deny permits.

For permits in the Mercer Island Town Center, SEPA’s “substantive authority” had been used to impose conditions on developments to mitigate for significant probable adverse environmental impacts, especially traffic impacts. SEPA authority has also been used to mitigate school impacts of new Town Center development. SEPA decisions are made by the DSG Director and those decisions are appealable to the Planning Commission. SEPA mitigation must also have a “rational nexus” to the development and be “proportional” to the impact.

### Benefits of SEPA Mitigation Payments:

The benefit of using SEPA’s substantive authority to collect mitigation payments is that mitigation of environmental impacts can be tailored to each individual project and its specific impacts.

### Disadvantages of SEPA Mitigation Payments:

The disadvantages of using SEPA to collect mitigation payments are:

- 1) Smaller developments are exempt from SEPA mitigation fees, thus cumulative impacts from several small developments can lead to impacts that are not funded by new development and must be funded from other sources such as property taxes or bonds and levies. Most new development on Mercer Island is categorically exempt from SEPA under State law, and is not required to mitigate its impacts. Exempt development includes most short plats and new single-family homes.

In the last 5 years, the City issued 137 SEPA determinations. Of these, only 5 could potentially be subject to SEPA mitigation fees. The rest were for shoreline improvements, code amendments, public works projects, wireless communication facilities and replacement single family homes.

- 2) SEPA transportation mitigation fees are typically used to fund specific improvements identified in the six-year Transportation Improvement Program in the immediate vicinity of the proposed development. They cannot be used for transportation improvements farther away from the project site.
- 3) The current system of using SEPA to mitigate project impacts can be uncertain for the developer. A developer is required to submit a SEPA Environmental Checklist with the permit application and provide appropriate impact analysis (E.G. a traffic study), and then come to agreement with city staff regarding reasonable and appropriate mitigation. This process creates a high level of uncertainty and risk for the developer who does not know what mitigation will be required, or how much those impacts will cost, until after the project permit has been submitted. Since mitigation payments usually only fund a small portion of an improvement, additional City resources must be appropriated to cover the remaining cost of the actual system improvements.

## GMA IMPACT FEES

The State’s Growth Management Act (GMA) requires a capital facilities plan as a mandatory element of our Comprehensive Plan (RCW 36.70A.070). In 1990, the legislature, as part of the GMA, authorized the use of impact fees to ensure that adequate facilities are available to serve new growth and development (RCW 82.02.050).

The funds collected cannot be used for operation, maintenance, repair, alteration, or replacement of existing capital facilities and cannot just be added to general revenue. Instead, the use of GMA impact fees are

limited and 1) shall only be imposed for system improvements that are “reasonably related” to the new development; 2) shall not exceed a “proportionate share” of the costs of system improvements that are “reasonably related” to the new development; and 3) shall be used for system improvements that will reasonably benefit the new development.

A GMA impact fee may be imposed for “public facilities” owned or operated by government entities including: 1) public streets and roads, 2) publically owned parks, open spaces and recreational facilities, 3) school facilities and 4) fire protection facilities (RCW 82.02.090). The ordinance imposing impact fees must be carefully crafted to avoid an unconstitutional taking of private property. For this reason, development of impact fee ordinances often require use of technical consultants.

A city may adopt GMA impact fees by local ordinance following a very detailed analysis of public facility needs and costs related to new growth and development. GMA impact fees collected by the city shall be held in special interest bearing accounts, with separate accounts established for each type of public facility. Annual Reports are required. GMA impact fees collected must be spent or encumbered on eligible improvements identified in the capital facilities plan within 10 years of receipt or the fee must be refunded to the applicant. GMA impact fees may be held longer for “an extraordinary and compelling reason” (RCW 82.02.070).

GMA impact fees work well for the development of raw land, or “greenfield development” when new streets, parks, schools and fire protection infrastructure are needed to support development. In simple terms, an impact fee system might be described as follows: the cost of new infrastructure needed to support new development is divided by number of new housing units (and/or commercial or industrial space) resulting in an impact fee per unit. For example, if a new road were to cost \$1,000,000 and were to exclusively serve multiple developments totaling 126 units, an impact fee of \$7,936.51 per unit would likely pass the rational nexus and proportionality tests. Establishment of an impact fee becomes more complex in cases where the new road provides some benefit to the public, in addition to the benefit to the development. So, using this same example, if 50% of the users of the new road were expected to be members of the public, who are not residents of the new development, the reasonable impact fee would be cut in half, or would be \$3,968.25.

One very important aspect of GMA impact fees is that the fee must be used to support new growth and development. Because nearly all of Mercer Island is fully developed, the use of GMA impact fees for redevelopment is constrained. To establish GMA impact fees where developed land is gradually being redeveloped, careful analysis would be required. For example, the establishment of a road impact fee would require an analysis of the incremental impact of the new development. This analysis would include consideration of the surplus capacity of existing roads and the proportional impact of the development in relationship of trips by the general public. Proposed capital improvements would need to be identified to address the needed expansion of roadway capacity. Finally, a rational nexus and proportionality test would be applied to the proposed improvements to establish an appropriate impact fee for redeveloping land.

The complexity of redevelopment impact fees typically requires extensive and detailed analysis and study to justify the fee, which may be challenged by any developer who believes the fee does not meet the standards of nexus and proportionality established by the State. In addition, once the GMA impact fee is adopted, the cost of administration including management of the fund and the actual construction of the facility can add cost to the program.

In the last 5 years, the City issued 190 building permits for new single-family homes and 138 single family demolition permits (see chart on next page). This is a net increase of 52 new homes for which GMA impact fees could have been collected. All of these houses were exempt from SEPA, so collection of SEPA mitigation fees was not possible.

	2010	2011	2012	2013	2014	TOTALS
<b>New Single-Family Permits</b>	20	25	25	59	61	190
<b>Single-Family Demolition Permits</b>	20	21	21	34	42	138
<b>Net New Single-Family Permits</b>	0	4	4	25	19	52

#### Benefits of GMA Impact Fees:

- 1) Impact fees provide a revenue stream to construct public facilities needed to support new development.
- 2) Impact fees establish certainty for developers who know the costs for public facilities development and reduce the risk of the unknown as the project is planned and developed.
- 3) Impact fees can be collected for new development that is exempt from SEPA, and therefore, not subject to SEPA mitigation payments. For example, a lot with an existing home is approved for a 4 lot short plat. The City could collect impact fees on the new development (3 homes) but could not collect a SEPA mitigation payment since the short plat is exempt from SEPA.

#### Disadvantages of Impact Fees:

- 1) The cost of developing and administering the impact fee program as well as follow-up modeling and updating. Since GMA impact fees would conceivably be collected on all new development, there would be more fees and payments to track than the less frequently used SEPA mitigation fees.
- 2) Impact fees add to the cost of development.

## **IMPACTS**

The following discusses several specific types of impacts that have been raised by Councilmembers:

### **Transportation Impacts:**

This mitigation typically comes in the form of a proportionate share of a future transportation improvement by the City. The current approach is to address transportation impacts on a project-specific basis. A project that is subject to SEPA may require a traffic study that analyzes the impacts of the project and identifies appropriate project-specific mitigation.

An example is impacts on intersections from Town Center projects. The following chart shows contribution toward traffic signals for Town Center projects since 2005:

<b>PROJECT</b>	<b>CONTRIBUTION TOWARD TRAFFIC SIGNALS (YEAR)</b>
Starbucks	\$28,000 (2005)
The Mercer	\$18,667 (2007)
Island Square	\$3,645 (2008)
7700 Central	\$33,950 (2009)
7800 Plaza	\$9,143 (2010)
Aviara	\$35,500 (2011)

If GMA impact fees are enacted for transportation impacts, the fees must be based on system improvements that are reasonably related to the new development. A reasonable question is what planned improvements are related to growth.

The only project in the City's current Transportation Improvement Plan that could be somewhat related to growth is the SE 40<sup>th</sup> Street project. This \$759,000 project is projected for 2018, so it meets the 10-year requirement for use of impact fees. However, most of this project is needed to handle the impact of current development and traffic. So an impact fee to recover some of the SE 40<sup>th</sup> Street project costs would need to be based on less than 100% of the project cost.

If the City charged a GMA transportation impact fee, a development project would still be responsible for on-site street improvements and any nearby off-site improvements to mitigate impacts that are unrelated to the SE 40<sup>th</sup> Street project.

### **School Impacts:**

Under the current SEPA mitigation fee system, the Mercer Island School District submits comments on SEPA checklists requesting mitigation. The table below shows the mitigation payments that were paid by each project. The gap of payments between 2004-2007 is unexplained. The Legacy payment was based on the cost of a portable and the projected number of students per unit in the project.

PROJECT NAME	SCHOOL MITIGATION	YEAR
Legacy	\$90,556.00	2014
Aviara	\$0.00	2007
7800 Plaza	\$0.00	2005
77 Central	\$0.00	2005
Aljoya	\$0.00	2004
The Mercer	\$93,696.46	2002
Island Market	\$43,244.42	2001
Avellino	\$19,608.00	2001
Newell Court	\$17,160.50	2001

The School District recently submitted a letter asking that the previous mitigation formula be updated to reflect the cost of a new classroom. See Exhibit 1. If the City continues to use the SEPA mitigation fee tool, the City will collect the updated fee for projects in the Town Center as indicated in the letter. City Council action is not required to update the mitigation formula.

### **Parks, Open Spaces and Recreational Facility Impacts:**

The City has not been collecting SEPA mitigation fees for impacts to parks, open spaces and recreational facilities. GMA impact fees for parks, open spaces and recreational facilities would need to fund system improvements that are reasonably related to new growth.

### **OTHER CITIES FEES**

The Municipal Research and Service Center (MRSC) has a valuable webpage related to impact fees: <http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx>. MRSC has some information on what other cities charge for impact fees. While it is tempting to conclude that Mercer Island can collect \$8,400 per PM peak hour trip like Redmond or \$3,000 like Bellevue, each City's fee must be based uniquely on its projected growth and Capital Facilities plans. Comparison to other cities is helpful

when deciding how a proposed impact fee compares to other cities in the market but should not be used to inform a decision on how much funding is potentially available.

## **NEXT STEPS**

If the City Council would like to continue to study use of GMA impact fees, a rate study will be needed to provide legal support for any fee that is adopted. A rough estimate of a rate study for a transportation impact fee would be \$20,000 to \$50,000 depending on what is needed to support collection of the fee. Council could direct staff to return with a budget request and hire a consultant to complete the study. If Council wanted to study impact fees for parks, open spaces and recreational facilities, school facilities and/or fire protection facilities, staff could return with cost estimate(s) to study each of those items.

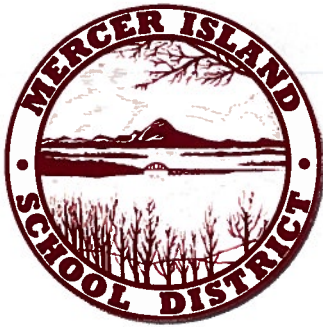
## **ADDITIONAL RESOURCES**

Two good resources for information are the aforementioned MRSC website and the Thurston County website: [http://www.co.thurston.wa.us/planning/impact/impact\\_home.html](http://www.co.thurston.wa.us/planning/impact/impact_home.html). The linked documents at the bottom of the Thurston County webpage provide examples of impact fee studies.

## **RECOMMENDATION**

*Development Services Director*

Provide direction to staff.



## MERCER ISLAND SCHOOL DISTRICT #400

4160 86th Avenue Southeast \* Mercer Island, Washington 98040-4196

[www.mercerislandschools.org](http://www.mercerislandschools.org)

### BUSINESS SERVICES

Dean Mack, Executive Director  
[dean\\_mack@misd.wednet.edu](mailto:dean_mack@misd.wednet.edu)  
206-236-4522

Karen Hubbert, Business Specialist  
[karen\\_hubbert@misd.wednet.edu](mailto:karen_hubbert@misd.wednet.edu)  
206-236-3310

March 2, 2015

Scott Greenberg  
Director of Development Services Group  
City of Mercer Island  
9611 SE 36<sup>th</sup> Street  
Mercer Island, Washington 98040

RECEIVED

MAR 03 2015

CITY OF MERCER ISLAND  
DEVELOPMENT SERVICES

Dear Scott;

I am writing to you at the direction of Dr. Plano, school superintendent, regarding the assessment of impact fees for new and future development on Mercer Island. As you know, the Mercer Island School District has had an agreement with the City of Mercer Island on the amount of school mitigation fees it seeks on residential development within the Town Center since the 1990's. Mitigation fees are requested by the District as each development is submitted for design approval and permitting.

Should the City desire to move to an impact fee ordinance, the District would like to work with the City to develop one as provided for under the Growth Management Act for all new residential development within the City. In the interim the District desires to revisit the current agreement with the City on the level of mitigation fees it seeks regarding residential development in the Town Center once the current moratorium expires.

The District would like to seek mitigation fees within the Town Center as illustrated in the attachment below. The calculation of impact fees would be based on the total number of residential units within the development or based on the number of two or more bedroom units within the development. The fee would be \$2,725.38 per unit (based on the total number of units) or \$5,923.92 per unit (for two or more bedroom units).

The District is also requesting that the City work with District to update Attachment 2, which will require a small adjustment to the fee being requested.

Sincerely,

R. Dean Mack  
Chief Operating/Financial Officer  
Mercer Island School District  
206.236.4522

Attachments

AB 5049

Exhibit 1

AB 5093 | Exhibit 1 | Page 45



**ATTACHMENT 1:**  
**Mercer Island School District (Elementary No. 4 Cost Detail)**

**Cost of Elementary No. 4**

<b>Hard Costs</b>		<b>Cost</b>
Contract with Bayley Construction		\$ 30,385,900.00
Sales Tax	9.50%	<u>2,886,660.50</u>
Subtotal		\$ 33,272,560.50
<b>Other Costs</b>		
Design/Planning		\$ 3,481,597.33
Permitting/Inspection		555,880.11
Builders Risk Insurance/Constr. Management		601,680.00
Furniture		<u>950,000.00</u>
<b>Total</b>		<b><u>\$ 38,861,717.94</u></b>

**Cost Per Square Foot**

\$ 38,861,717.94/77,000 Sq. Ft. = \$504.70 per square foot

**Impact Fee Calculation Options (Per Unit)**

**Option 1 – Based on Total Number of Units**

\$ 504.70 X 900 sq. ft. = \$454,230.00 per classroom  
\$ 454,230.00/24 = \$18,926.25 per student  
\$ 18,926.25 X .144 = \$2,725.38 per unit (all units)

**Option 2 – Based on Total Number of Units Containing Two or More Bedrooms**

\$ 504.70 X 900 sq. ft. = \$454,230.00 per classroom  
\$ 454,230.00/24 = \$18,926.25 per student  
\$ 18,926.25 X .313 = \$5,923.92 per unit (2 or more bedrooms)

## ATTACHMENT 2:

### Mercer Island School District Historic School Enrollment for Projects in the Town Center (2012)

<u>Building</u>	<u>Students</u>	<u>1-bedroom, Studio, Live/work</u>	<u>2- bedroom</u>	<u>3- bedroom</u>	<u>Average student per &gt;1 bedroom unit</u>
The Mercer Island Square	49	76	83	0	59.0%
Avellino	37	149	86	0	43.0%
7700	2	0	23	0	8.7%
Building	1	119	49	3	12.5%
78 Plaza	3	0	24	0	12.5%
Newell	0	0	26	0	0.0%
<b>Total:</b>	<b>92</b>	<b>344</b>	<b>291</b>	<b>3</b>	

Average number of students per all units is .144

Average number of students per all two and three bedroom units is .313

**MERCER ISLAND SCHOOL DISTRICT NO. 400**

**SIX-YEAR CAPITAL FACILITIES PLAN**  
**2015 – 2020**



Mercer Island School District No. 400 hereby provides to the City of Mercer Island this Capital Facilities Plan documenting the present and future school facility requirements of the District. The Plan contains all elements required by the State of Washington's Growth Management Act, including a six (6) year financing plan component.

Adopted on June 11, 2015



**MERCER ISLAND SCHOOL DISTRICT NO. 400**

**2015-2020  
SIX-YEAR CAPITAL FACILITIES PLAN**

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For information about this plan, call the District Business Services Office  
(206)236-4522

**Mercer Island School District No. 400  
Mercer Island, Washington  
(206) 236-3330**

<b>Board of Directors</b>
---------------------------

	<u>Position Number</u>	<u>Term</u>
Brian Emanuels, President	3	12/2/2011 – 12/2/2015
Ralph Jorgenson, Vice-President	5	Appointed 5/14/2015 – 12/2/2015
Adair Dingle	4	12/2/2013 – 12/2/2017
Dave Myerson	2	12/2/2013 – 12/2/2017
Pat Braman	1	12/2/2011 – 12/2/2015

<b>Central Office Administration</b>
--------------------------------------

Superintendent	Gary Plano
Executive Director of Learning & Technology Services	Jennifer Wright
Chief Financial and Operations Officer	Dean Mack

<p><b>Mercer Island School District No. 400</b> <b>Mercer Island, Washington</b></p>
--

**Administration Building**  
4160 86<sup>th</sup> Ave. SE  
Mercer Island, WA 98040  
(206) 236-3300  
Gary Plano, Superintendent

**Mercer Island High School**  
9100 SE 42nd  
Mercer Island, WA 98040  
(206) 236-3350  
Vicki Puckett, Principal

**Lakeridge Elementary**  
8215 SE 78th  
Mercer Island, WA 98040  
(206) 236-3415  
Jenny Gibbs, Principal

**Islander Middle School**  
8225 SE 72nd  
Mercer Island, WA 98040  
(206) 236-3413  
Mary Jo Budzius, Co-Principal  
Aaron Miller, Co-Principal

**West Mercer Elementary**  
4141 81<sup>st</sup> Ave  
Mercer Island, WA 98040  
(206) 236-3430  
Carol Best, Principal

**Island Park Elementary**  
5437 Island Crest Way  
Mercer Island, WA 98040  
(206) 236-3410  
David Hoffman, Principal

**Elementary No. 4**  
4030 86<sup>th</sup> Ave  
Mercer Island, WA 98040  
(206) 236-3330  
Aimee Batliner-Gillette, Principal

## **Section 1 – Executive Summary**

The Mercer Island School District is located wholly within the incorporated City of Mercer Island. This Six-Year Capital Facilities Plan (the “Plan”) has been prepared by the Mercer Island School District (the “District”) as the organization’s primary facility planning document, in compliance with the requirements of the State of Washington's Growth Management Act. This plan was prepared using data available in spring of 2015 and is consistent with prior capital facilities plans adopted by the District. However, it is not intended to be the sole plan for all of the organization's needs.

Pursuant to the requirements of the Growth Management Act and the local implementing ordinance, this plan will be updated on an annual basis with any changes in the fee schedule adjusted accordingly. See Appendix A for the current single family residence and multi-family residence calculations.

The District’s Plan establishes a "standard of service" in order to ascertain current and future capacity. This standard of service is reflective of current student/teacher ratios that the District hopes to be able to maintain during the period reflected in this Capital Facilities Plan. While the District would strive to be able to attain lower class sizes district-wide, prolonged and ongoing reductions in funding from the State have significantly impacted our ability to do so. The District has, and will continue to make budgetary decisions in order to attempt to protect class size through reduction in other programs and services, where possible. Future state and other funding shortfalls could impact future class sizes.

It should also be noted that although the State Superintendent of Public Instruction establishes square foot guidelines for capacity funding criteria, those guidelines do not account for the local program needs in the District. The District has made adjustments to the standard of service based on the District's specific needs.

In general, the District's current standard provides the following (see Section 2 for additional information):

School Level	Target Average Student/Teacher Ratio
Elementary	19.5 Students
Middle	26 Students
High	28 Students

School capacity is based on the District standard of service and use of existing inventory. Existing inventory includes both permanent and relocatable classrooms (i.e. portable classroom units). The District's current overall permanent capacity is 3,483 students (with an additional 604 student capacity available in portable classrooms). October enrollment for the 2014-15 school year was 4,316 students. Enrollment is projected to increase by 8.2%, to 4,672 by 2020. Washington State House Bill 2776, which was enacted in 2010, requires all kindergarten classes in the State to convert to full day kindergarten by 2018. The district currently provides a tuition based full-day kindergarten program to 92% of kindergarten students.



Approximately 25% of the growth on the Island is the result of the King County Growth Management Act and policy choices for high density development in the Town Center. The City of Mercer Island is anticipating significant further development within the Town Center as a result of commitments under the Growth Management Act. The other 75% of growth comes from redevelopment of property (in many cases occurring where existing lots are subdivided and several new homes are constructed) and from a higher rate of homes being sold by seniors to a younger population that is just starting or might already have young families.

This sustained growth continues to create the need for additional classroom inventory. The district passed a bond issue in February 2014 for \$98.8 million dollars. The bond issue was designed to fund three targeted facility projects to address current overcrowding in Mercer Island Schools and to provide permanent capacity for the future growth of the student population over the next ten years. These bonds will enable the district to build a fourth elementary school, expand Islander Middle School with twelve classrooms for basic education and special education programs. In addition the bonds provide for the addition of ten classrooms at Mercer Island High School, which provide adequate space for basic education and special education programs; and allow for STEM (science, technology, engineering and math), with a focused delivery of instruction.

## **Section 2 – Current District "Standard of Service"**

Mercer Island School District has established a “standard of service” in order to ascertain its overall capacity. The standard of service identifies the program year, the class size, the number of classrooms, students and programs of special need, and other factors (determined by the district), which would best serve the student population. Relocatables (i.e. portable classroom units) may be included in the capacity calculation using the same standards of service as the permanent facilities.

The standard of service outlined below reflects only those programs and educational opportunities provided to students that directly affect the capacity of the school buildings. The special programs listed below require classroom space; thus, the permanent capacity of some of the buildings housing these programs has been reduced in order to account for those needs. The standard of service has been updated to incorporate anticipated class size reduction at the K-3 level as outlined in House Bill (HB 1351), which was approved by voters in November 2014.

### **Standard of Service for Elementary Students**

- |  |             |
|--|-------------|
| • Average target class size for grades K – 3:  | 17 students |
| • Average target class size for grades 4 – 5:  | 25 students |
| • Special Education for students with disabilities may be provided in a self-contained classroom. Average target class size: | 10 students |

Identified students will also be provided other special educational opportunities in classrooms designated as follows:

- Resource rooms
- Computer rooms
- English Language Learners (ELL)
- Education for disadvantaged students (Title I)
- Gifted education (Hi-C)
- District remediation programs
- Learning assisted programs
- Severely behavior disordered
- Transition room
- Mild, moderate and severe disabilities
- Preschool programs
- Before and After School Day Care Programs

It is not possible to achieve 100% utilization of regular teaching stations because of scheduling conflicts for student programs, the need for specialized rooms for certain programs, the need for teachers to have a work space during their planning periods, and due to the fact that the same number of sections or classes is required every period. In

addition the district is in the process of building classrooms to meet the demand of development over the next five to seven years. Based on actual utilization due to these considerations, the district has determined a standard utilization rate of 95% for elementary schools.

### **Standard of Service for Secondary Students**

- Average target class size for grades 6 – 8: 26 students
- Average target class size for grades 9 – 12: 28 students
- Special Education for students with disabilities may be provided in a self-contained classroom. Average target class size: 10 students

Identified students will also be provided other special educational opportunities in classrooms designated as follows:

- English Language Learners (ELL)
- Computer rooms
- Education for disadvantaged students (Title I)
- District remediation programs
- Learning assisted programs
- Resource rooms (for special remedial assistance)
- Severely behavior disordered
- Mild, moderate and severe disabilities
- Transition room

### **Room Utilization at Secondary Schools**

It is not possible to achieve 100% utilization of regular teaching stations because of scheduling conflicts for student programs, the need for specialized rooms for certain programs, the need for teachers to have a work space during their planning periods, and due to the fact that the same number of sections or classes is required every period. One example is a period when band or orchestra is offered and over 100 students can be taken out of the mix; this can reduce the demand on the number of classrooms required. Based on actual utilization due to these considerations, the district has determined a standard utilization rate of 88% (just over 6 out of 7 periods per day) for secondary schools.

### Section 3 – Inventory and Evaluation of Current Permanent Facilities

The District's current permanent capacity is 3,483 students. The current enrollment on October 1, 2014 was 4,316 students or 833 student's more than permanent capacity. Student enrollment is expected to increase by an additional 8.2% over the next five to six years. In addition, the Washington State Legislature has action pending to reduce student/teacher ratios at grades K-3 to 17:1 in the next two school years. This Plan incorporates these reduced student/teacher ratios. The Legislature is also considering implementation of Initiative 1351, which reduces class sizes at all grade levels. In the next Plan update, the District will update any facilities changes required if the Legislature funds and implement these reduced student/teacher ratios.

Calculations of elementary, middle, and high school capacities have been made in accordance with the current standards of service. Due to changes in instructional programs, student needs (including special education) and other current uses, some changes in building level capacity have occurred at some schools. An inventory of the District's schools arranged by level, name, and current permanent capacity are summarized in the following table.

<b>Inventory of School Facilities and Permanent Capacity*</b>						
		<b>Permanent</b>	<b>Special</b>	<b>Total</b>	<b>Estimated</b>	<b>Over (Short)</b>
	<b>Grade</b>	<b>Classroom</b>	<b>Education</b>	<b>Permanent Capacity</b>	<b>Oct. 1, 2015</b>	<b>Permanent</b>
<b>Facility</b>	<b>Span</b>	<b>Capacity @ 100%</b>	<b>Capacity</b>	<b>@ 95%, 88%, 88%</b>	<b>Enrollment</b>	<b>Capacity</b>
<b>Elementary Schools (Permanent Capacity @ 95%)</b>						
Island Park Elementary	K - 5	332	10	325	585	(260)
Lakeridge Elementary	K - 5	370	0	352	631	(280)
West Mercer Elementary	K - 5	390	10	380	655	(275)
<b>Total Elementary Capacity</b>		<b>1,092</b>	<b>20</b>	<b>1,056</b>	<b>1,871</b>	<b>(815)</b>
<b>Middle School (Permanent Capacity @ 88%)</b>						
Islander Middle School	6 - 8	1,118	50	1,028	1,108	(80)
<b>High School (Permanent Capacity @ 88%)</b>						
Mercer Island High School	9 - 12	1,540	50	1,399	1,414	(15)
<b>Total District Capacity (EL 95% MS, HS 88%)</b>		<b>3,750</b>	<b>120</b>	<b>3,483</b>	<b>4,393</b>	<b>(910)</b>
* For Details on Use of Portables see Appendix D						

#### **Section 4 – Relocatable Classrooms**

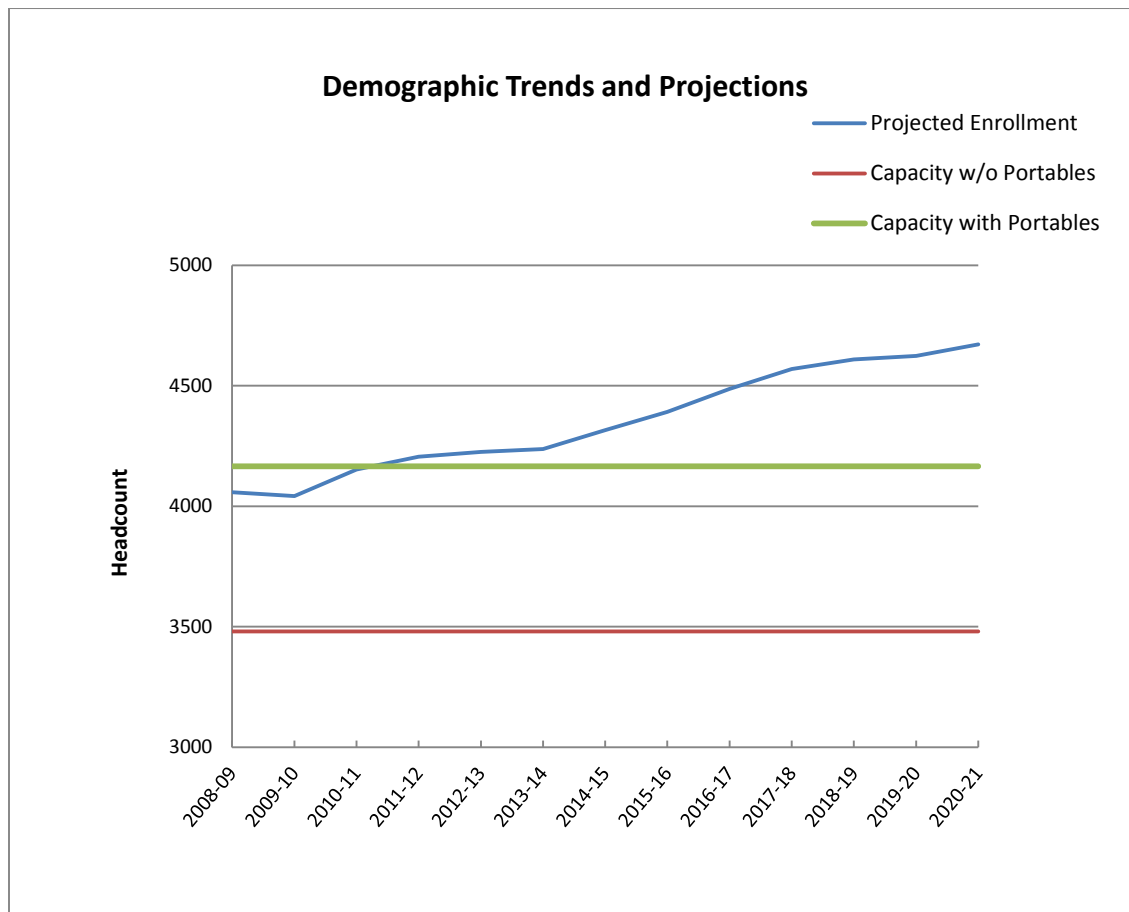
The District's inventory of classrooms includes 30 portable classrooms that provide standard capacity and special program space as outlined in Section 2. The District inventory of portables provides approximately 14.5% of capacity district-wide. Based on projected enrollment growth, proposed legislative actions, and timing of anticipated permanent facilities, the district anticipates the need to acquire additional relocatables at the elementary school level during the next six-year period.

As enrollment fluctuates, relocatables provide flexibility to accommodate immediate needs and interim housing. Because of this, new and modernized school sites are all planned to accommodate the potential of adding relocatables to address temporary fluctuations in enrollment. In addition, the use and need for relocatables will be balanced against program needs. Relocatables are not a solution for housing students on a permanent basis, and the District would like to reduce the percentage of students that are housed in relocatable classrooms.

The cost of relocatables also varies widely based on the location and intended use of the classrooms. Currently, two of the portables in our inventory are not intended for regular classroom use and have not been included in the capacity to house student enrollment.

## **Section 5 – Six Year Enrollment Projections**

The District enrollment projections are based on historic growth trends, future building plans and availability, birth rates, as well as economic and various other factors that contribute to overall population growth. Based on these projections, enrollment is anticipated to increase by approximately 356 students over the next six years. This represents an increase of 8.2% over the current population.



## Section 6 – Six-Year Plan for Housing Students

Applying the enrollment projections, current capacity, and added capacity from construction plans discussed in previous sections above, the following table summarizes permanent and portable projected capacity to serve our students during the periods of this Plan.

As demonstrated in the following table, the District has continuing permanent capacity needs at ALL levels. The district passed a bond proposition for \$98.8 million dollars in February 2014 to address student overcrowding across the district and to provide space for additional growth over the next six years. The bonds will build one additional elementary school and provide additional permanent capacity at both the middle school (ten classrooms and two special education spaces) and high school (eight classrooms and two special education spaces). Our Six-Year Finance Plan includes the addition of portable classrooms by the 2020-21 school year.

Enrollment continues to grow all grade levels. While the additional elementary school and classroom additions at the middle and high school levels, along with portable capacity, will provide needed capacity for our District, there may be additional needs within the timeframe of the Plan. State law currently will require class sizes of 17 students for grades K-3 by 2018 and the legislature could move this date forward. This represents an approximate 27% reduction in current K-3 class sizes and corresponding increase in needed classroom capacity. The District's current Plan does not include consideration for any potential additional capacity needs as a result of these changes. Future updates to the Plan will address this matter as necessary.

<b>Projected Capacity to House Students</b>							
<b>School Years</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Permanent Capacity @100%	3870	3870	4114	4844	4844	4844	4844
Added Capacity @ 100%							
Elementary School (19.5)			450				
Middle School (26)			280				
High School (28)		244					
Total Permanent Capacity @ 100%	3870	4114	4844	4844	4844	4844	4844
Total Permanent Capacity @ 95%, 88%, 88% *	3483	3698	4371	4371	4371	4371	4371
Portables @ 95%, 88%, 88% *	604	604	222	222	222	222	259
Total Capacity with Portables @ 95%, 88%, 88% *	4087	4302	4593	4593	4593	4593	4630
Projected Enrollment Headcount **	4316	4393	4487	4569	4610	4624	4672
<b>Capacity (Surplus/Deficit) @ 95%, 88%, 88% *</b>	<b>-833</b>	<b>-695</b>	<b>-116</b>	<b>-198</b>	<b>-239</b>	<b>-253</b>	<b>-301</b>
<b>Capacity with Portables (Surplus/Deficit) @95%, 88%, 88% *</b>	<b>-229</b>	<b>-91</b>	<b>106</b>	<b>24</b>	<b>-17</b>	<b>-31</b>	<b>-42</b>
* Capacity calculations are based on the 95% utilization for Elementary School and 88% utilization for Middle/High School (see Appendix D)							
** 2014-15 Actual October 1st enrollment head counts							
The number of planned portables may be reduced if permanent capacity is increased by a future bond issue. Alternatively the number of portables may increase as necessary to address capacity.							

## Section 7 – Impact Fees and the Finance Plan

The school impact fee formula ensures that new development only pays for the cost of the facilities necessitated by new development. The following impact fee calculations examine the costs of housing the students generated by each new single family or multi-family dwelling unit. These are determined using student generation factors, which indicate the number of students that each dwelling produces based on recent historical data. The student generation factor is applied to the anticipated school construction costs (construction cost only, not total project cost), which is intended to calculate the construction cost of providing capacity to serve each new dwelling unit during the six year period of this Plan. The formula does not require new development to contribute the costs of providing capacity to address needs created by existing housing units.

The construction cost, as described above, is reduced by any state match dollars anticipated to be awarded to the District and the present value of future tax payments of each anticipated new homeowner, which results in a total cost per new residence of additional capacity during the six year period of this Plan.

The finance plan below demonstrates how the Mercer Island School District plans to finance improvements for the years 2015 through 2020. The financing requirements of this plan have been secured.

For the purposes of this Plan's construction costs, the District is using the value of each projects contract as it was bid and authorized, with estimated adjustments for change orders during actual construction. The impact fee calculation uses only those costs allocable to the new capacity being added at Islander Middle School (with the finance plan showing the total project costs).

The District has also updated State Match availability estimates from OSPI. A district can be eligible for potential State matching funds for 1) New Construction, and 2) Modernization/New-in-Lieu Construction. The State Match program has authorized \$3,078,826.89 for the Islander Middle School Expansion Project, which the district is front funding.

<b>Six-Year Finance Plan</b>											
<b>BUILDING</b>	<b>N/M*</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Cost to Complete</b>	<b>SECURED LOCAL/STATE**</b>	<b>UNSECURED LOCAL***</b>
Elementary No. 4	N	\$1,350,397	\$35,000,000	\$2,511,321	\$0	\$0	\$0	\$0	\$38,861,718	\$38,861,718	\$0
Islander Middle School *****	M	\$2,138,194	\$38,000,000	\$2,778,080	\$0	\$0	\$0	\$0	\$42,916,274	\$42,916,274	\$0
Mercer Island High School	M	\$1,492,215	\$7,500,000	\$208,783	\$0	\$0	\$0	\$0	\$9,200,998	\$9,200,998	\$0
Portables****	M	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$200,000	\$200,000	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTALS</b>		<b>\$4,980,806</b>	<b>\$80,500,000</b>	<b>\$5,498,184</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$91,178,990</b>	<b>\$91,178,990</b>	<b>\$0</b>
<p>* N = New Construction M = Modernization/Rebuild</p> <p>** Mercer Island School District has front funded these projects.</p> <p>*** School impact fees may be utilized to offset front funded expenditures associated with the cost of new facilities. Impact fees are currently collected from the City of Mercer Island.</p> <p>**** The number of portables may increase as necessary to address capacity. Funds for portable purchases may come from impact fees, state matching funds, interest earnings, capital levies or future bond sale elections.</p> <p>***** The cost allowed for new capacity at Islander Middle School is \$10,288,148</p>											



<b>Estimated School Impact Fee Calculation</b>						
<b>Based on King County Code 21.A.43</b>						
<b>Single Family Residence ("SFR")</b>						
<b><u>School Site Acquisition Cost:</u></b>						
	<u>Facility</u>	<u>Cost/</u>	<u>Facility</u>	<u>Site Cost/</u>	<u>Student</u>	<u>Cost/</u>
	<u>Acreage</u>	<u>Acre</u>	<u>Size</u>	<u>Student</u>	<u>Factor</u>	<u>SFR</u>
Elementary	10	\$0	482	\$0	0.2941	\$0
Middle	20	\$0	280	\$0	0.0588	\$0
High School	40	\$0	244	\$0	0.1176	\$0
				<b>TOTAL</b>		<b>\$0</b>
<b><u>School Construction Cost:</u></b>						
	<u>Percent</u>	<u>Construction</u>	<u>Facility</u>	<u>Bldg. Cost/</u>	<u>Student</u>	<u>Cost/</u>
	<u>Permanent</u>	<u>Cost</u>	<u>Size</u>	<u>Student</u>	<u>Factor</u>	<u>SFR</u>
Elementary	100%	\$38,861,718	482	\$80,626	0.2941	\$21,342
Middle	100%	\$10,288,148	280	\$36,743	0.0588	\$1,945
High School	100%	\$9,200,998	244	\$37,709	0.1176	\$3,993
				<b>TOTAL</b>		<b>\$27,280</b>
<b><u>Temporary Facility Cost:</u></b>						
	<u>Percent</u>	<u>Construction</u>	<u>Facility</u>	<u>Bldg. Cost/</u>	<u>Student</u>	<u>Cost/</u>
	<u>Temporary</u>	<u>Cost</u>	<u>Size</u>	<u>Student</u>	<u>Factor</u>	<u>SFR</u>
Elementary	0%	\$0	22	\$0	0.2941	\$0
Middle	0%	\$0	28	\$0	0.0588	\$0
High School	0%	\$0	28	\$0	0.1176	\$0
				<b>TOTAL</b>		<b>\$0</b>
<b><u>State Assistance Credit Calculation:</u></b>						
	<u>Const Cost</u>	<u>Sq. Ft./</u>	<u>Funding</u>	<u>Credit/</u>	<u>Student</u>	<u>Cost/</u>
	<u>Allocation</u>	<u>Student</u>	<u>Assistance</u>	<u>Student</u>	<u>Factor</u>	<u>SFR</u>
Elementary	200.40	90.0	0.00%	\$0	0.2941	\$0
Middle	200.40	117.0	20.00%	\$4,689	0.0588	\$276
High School	200.40	130.0	0.00%	\$0	0.1176	\$0
				<b>TOTAL</b>		<b>\$276</b>
<b><u>Tax Payment Credit Calculation:</u></b>						
Average SFR Assessed Value			\$1,195,878			
Current Capital Levy Rate (2014)/\$1000			\$0.83			
Annual Tax Payment			\$992.58			
Years Amortized			10			
Current Bond Interest Rate			3.68%			
Present Value of Revenue Stream			\$8,180			
<b><u>Impact Fee Summary for Single Family Residence:</u></b>						
Site Acquisition Cost			\$0			
Permanent Facility Cost			\$27,280			
Temporary Facility Cost			\$0			
State Match Credit			(\$276)			
Tax Payment Credit			(\$8,180)			
Sub- Total			\$18,824			
Local Share (Adjustment)		25%	\$4,705.95			
<b>SFR Impact Fee</b>			<b>\$14,117.84</b>			

Appendix A

Estimated School Impact Fee Calculation						
Based on King County Code 21.A.43						
Multiple Family Residence ("MFR")						
<b>School Site Acquisition Cost:</b>						
	Facility Acreage	Cost/ Acre	Facility Size	Site Cost/ Student	Student Factor	Cost/ MFR
Elementary	10	\$0	482	\$0	0.0622	\$0
Middle	20	\$0	280	\$0	0.0274	\$0
High School	40	\$0	244	\$0	0.0460	\$0
				<b>TOTAL</b>		<b>\$0</b>
<b>School Construction Cost:</b>						
	Percent Permanent	Construction Cost	Facility Size	Bldg. Cost/ Student	Student Factor	Cost/ MFR
Elementary	100%	\$38,861,718	482	\$80,626	0.0622	\$4,513
Middle	100%	\$10,288,148	280	\$36,743	0.0274	\$906
High School	100%	\$9,200,998	244	\$37,709	0.0460	\$1,561
				<b>TOTAL</b>		<b>\$6,981</b>
<b>Temporary Facility Cost:</b>						
	Percent Temporary	Construction Cost	Facility Size	Bldg. Cost/ Student	Student Factor	Cost/ MFR
Elementary	0%	\$0	22	\$0	0.0622	\$0
Middle	0%	\$0	28	\$0	0.0274	\$0
High School	0%	\$0	28	\$0	0.0460	\$0
				<b>TOTAL</b>		<b>\$0</b>
<b>State Assistance Credit Calculation:</b>						
	Const Cost Allocation	Sq. Ft./ Student	Funding Assistance	Credit/ Student	Student Factor	Cost/ MFR
Elementary	200.40	90.0	0.00%	\$0	0.0622	\$0
Middle	200.40	117.0	20.00%	\$4,689	0.0274	\$128
High School	200.40	130.0	0.00%	\$0	0.0460	\$0
				<b>TOTAL</b>		<b>\$128</b>
<b>Tax Payment Credit Calculation:</b>						
Average MFR Assessed Value			\$305,844			
Current Capital Levy Rate (2014)/\$1000			\$0.83			
Annual Tax Payment			\$253.85			
Years Amortized			10			
Current Bond Interest Rate			3.68%			
Present Value of Revenue Stream			\$2,092			
<b>Impact Fee Summary for Multiple Family Residence:</b>						
Site Acquisition Cost			\$0			
Permanent Facility Cost			\$6,981			
Temporary Facility Cost			\$0			
State Match Credit			(\$128)			
Tax Payment Credit			(\$2,092)			
Sub-Total			\$4,760			
Local Share (Adjustment)		10%	\$476.01			
<b>MFR Impact Fee</b>			<b>\$4,284</b>			

Appendix A

Student Generation (Single Family Residence)										
Single Family Development	STUDENTS					AVERAGE PER UNIT				
	Units	K-5	6-8	9-12	Total	K-5	6-8	9-12	Total	
6316 77TH AVE SE	1				0					
9976 SE 38TH ST	1				0					
6917 93RD AVE SE	1	2			2					
4551 87TH AVE SE	1	2			2					
2229 77TH AVE SE	1				0					
4811 90TH AVE SE	1				0					
7646 SE 72ND PL	1				0					
7427 E MERCER WAY	1				0					
6002 E MERCER WAY	1				0					
4899 FOREST AVE SE	1	3	1		4					
4041 W MERCER WAY	1				0					
8429 SE 39TH ST	1				0					
4212 88TH AVE SE	1			2	2					
5235 88TH AVE SE	1				0					
9940 SE 38TH ST	1				0					
7825 SE 70TH ST	1	1			1					
9420 SE 47TH ST	1				0					
8612 SE 36TH ST	1	2			2					
7656 RIDGRECREST LN	1				0					
7238 92ND AVE SE	1				0					
8421 SE 46TH ST	1				0					
4525 90TH AVE SE	1				0					
7851 SE 71ST ST	1		1	2	3					
3838 E MERCER WAY	1				0					
6408 E MERCER WAY	1				0					
6822 96TH AVE SE	1				0					
6406 E MERCER WAY	1				0					
9960 SE 38TH ST	1				0					
9954 SE 38TH ST	1				0					
9948 SE 38TH ST	1				0					
8091 W MERCER WAY	1				0					
7410 SE 32ND ST	1				0					
3935 92ND PL SE	1				0					
7404 SE 32ND ST	1				0					
Totals Students	34	10	2	4	16.00	0.2941	0.0588	0.1176	0.4706	
SFR Student Generation Factors										
Elementary K - 5	0.2941									
Middle School 6 - 8	0.0588									
High School 9 - 12	0.1176									
TOTAL	0.4706									
These developments are currently under construction or have been completed within the past five years.										



# MERCER ISLAND SCHOOL DISTRICT MAP



## Projected Capacity to House Students

		# of Standard Classrooms *		Room Capacity (Elementary 19.5, Middle School 26, High School 28) **		# of Handicapped Classrooms (High Needs)		Handicapped Room Capacity (10)		Permanent Capacity @100%		Permanent Capacity @ 95%, 88%, 88%		# of Existing Portables		Portable Capacity (19.5, 26, 28) **		Current School Capacity (With Portables)		Current School Capacity @ 95%, 88%, 88%		Projected October 2015 Headcount		Permanent Capacity (Over or Short at 95%, 88%, 88%) ***		Capacity with Portables (Over or Short @ 95%, 88%, 88%) ****	
		Elem. Schools (Capacity Utilization Factor)	95%																								
Elem. Schools																											
Island Park		17	332	1	10	342	324	8	156	498	473	585	(261)	(112)													
Lakeridge		19	371	0	0	371	352	8	156	527	500	631	(279)	(131)													
West Mercer		20	390	2	10	400	380	7	137	537	510	655	(275)	(145)													
Total Elementary		56	1092	3	20	1112	1056	23	449	1561	1482	1871	(815)	(389)													
Middle Schools (Capacity Utilization Factor)																											
Islander Middle Sch.		43	1118	5	50	1168	1028	7	202	1370	1206	1108	(80)	98													
Total (Middle Sch.)		43	1118	5	50	1168	1028	7	202	1370	1206	1108	(80)	98													
High Schools - (Capacity Utilization Factor)																											
MI High School		55	1540	5	50	1590	1399	0	0	1590	1399	1414	(15)	(15)													
Total (High School)		55	1540	5	50	1590	1399	0	0	1590	1399	1414	(15)	(15)													
Total (All Schools)		154	3750	13	120	3870	3483	30	650.5	4520.5	4087	4393	(910)	(306)													

\* Excludes spaces for special program needs and services

\*\* Average of staffing ratios: Elementary 19.5, Middle School 26, High School 28

\*\*\* Permanent Capacity X Capacity Utilization Factor - (Minus) Projected October Headcount = (reflects the building's level of service design capacity)

\*\*\*\* Maximum Capacity with Portables x Capacity Utilization Factor - (Minus) Projected October Headcount Enrollment =



## School Impact Fees

**King County****Department of Permitting  
and Environmental Review**

35030 SE Douglas Street, Suite 210

Snoqualmie, WA 98065-9266

**206-296-6600** TTY Relay: 711

www.kingcounty.gov

For alternate formats, call 206-296-6600.

## 2015 Adopted School Impact Fees

School impact fees are assessed and collected on new residential dwelling units in the unincorporated portion of a school district for which an impact fee has been established by King County.

The fee is collected at the time of permit issuance or final plat approval. The amount of the fee is based on the fee schedule that is in effect at the time of permit application or final plat approval and is collected in accordance with Section 21A.43.050 of the King County Code.

Impact fees are updated annually and adopted by ordinance. The following new school impact fees go into effect on January 1, 2015:

School District	Single family fee		Multi-family fee	
		2015		2015
Auburn #408		\$4,137		\$3,518
Enumclaw #216		\$5,625		\$3,125
Federal Way #210		\$5,171		\$1,924
Fife #417 (DPER - #800)		\$2,640		\$5,664
Highline #401		\$7,395		\$3,721
Issaquah #411		\$4,560		\$1,458
Kent #415		\$5,486		\$3,378
Lake Washington #414		\$9,623		\$745
Renton #403		\$5,541		\$1,360
Riverview #407		\$4,703		\$2,678
Snoqualmie Valley #410		\$8,325		\$4,273
Tahoma #409		\$6,783		\$3,189
King County Admin* (See below)		\$13		\$13

*\*In addition to the school impact fee, a non-refundable administrative fee of \$13 will be charged per dwelling unit prior to the issuance of building permits to those projects subject to a school impact fee.*

For more information on school mitigation fees, please refer to Permitting Customer Information Bulletin #46, [School Impact Mitigation Measures](#), available in the Permitting 2<sup>nd</sup> floor lobby, online at [www.kingcounty.gov/permits](http://www.kingcounty.gov/permits), or by calling Permitting Customer Service at 206-296-6600.

**Check out the Permitting Web site at [www.kingcounty.gov/permits](http://www.kingcounty.gov/permits)**





# 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.

## AUGUST 3

Item Type	Topic/Presenter	Time
<i>Consent Business</i>	Grant and Sponsorship Request for Art Uncorked 2015 Event – K. Taylor	--
<i>Regular Business</i>	Transportation Impact Fees – S. Greenberg	60
<i>Regular Business</i>	Emergency Amendment to the City's Comprehensive Plan to Adopt Updated Policies and Incorporate By Reference the Mercer Island School District's Six-Year Capital Facilities Plan to Support Collection of Impact Fees – S. Greenberg	30
<i>Regular Business</i>	School Impact Fees Ordinance (1 <sup>st</sup> Reading) – S. Greenberg	45

## AUGUST 17

	<i>Potentially Canceled</i>	
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## SEPTEMBER 8 (TUESDAY) – 6:00 PM

Item Type	Topic/Presenter	Time
<i>Study Session</i>	R8A Update – WSDOT	60
<i>Special Business</i>	National Recovery Month Proclamation	5
<i>Special Business</i>	Recognition of the Flash Family Inspiration Award Recipient	5
<i>Regular Business</i>	2 <sup>nd</sup> Quarter 2015 Financial Status Report & 2015-2016 Budget Adjustments – C. Corder	30
<i>Regular Business</i>	School Impact Fees Ordinance(2 <sup>nd</sup> Reading & Adoption) - S. Greenberg	30
<i>Regular Business</i>	Walk-Off Parking Requirement Zoning Code Text Amendment (1 <sup>st</sup> Reading) – S. Restall & J. Hammar	45

## SEPTEMBER 21 – 6:00 PM

Item Type	Topic/Presenter	Time
6:00-7:00pm <i>MITBD Special Mtg</i>	Mercer Island Transportation Benefit District Board Special Meeting – C. Corder	60
<i>Regular Business</i>	Walk-Off Parking Requirement Zoning Code Text Amendment (2 <sup>nd</sup> Reading) – S. Restall & J. Hammar	15
<i>Regular Business</i>	City Council Rules of Procedure – Social Media Use (1 <sup>st</sup> Reading) – K. Sand	30
<i>Regular Business</i>	2014 Dashboard Report – C. Corder	45
<i>Executive Session</i>	To discuss with legal counsel representing the agency litigation or potential litigation to which the agency is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency pursuant to RCW 42.30.110(1)(i) for approximately 30 minutes	30



OCTOBER 5		
Item Type	Topic/Presenter	Time
<i>Study Session</i>	Reserves 101 – C. Corder	45
<i>Regular Business</i>	Transportation and Parks Impact Fee Rate Studies - S. Greenberg	60
<i>Regular Business</i>	City Council Rules of Procedure – Social Media Use (2 <sup>nd</sup> Reading) – K. Sand	30

OCTOBER 19 - 6:00 PM		
Item Type	Topic/Presenter	Time
<i>Study Session</i>	Communities That Care & Emergency Management Updates	60

NOVEMBER 2		
Item Type	Topic/Presenter	Time

NOVEMBER 16		
Item Type	Topic/Presenter	Time
<i>Regular Business</i>	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	45
<i>Regular Business</i>	Transportation and Parks Impact Fees (1 <sup>st</sup> Reading) - S. Greenberg	60

DECEMBER 7		
Item Type	Topic/Presenter	Time
<i>Regular Business</i>	Transportation and Parks Impact Fees (2 <sup>nd</sup> Reading & Adoption) - S. Greenberg	30

DECEMBER 21		
Item Type	Topic/Presenter	Time
	<i>Potentially Canceled</i>	

**OTHER ITEMS TO BE SCHEDULED:**

- WRIA 8 Presentation – B. Bassett
- Comcast Franchise – K. Sand
- PSE Electric 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
- Best Starts for Kids Levy – C. Goodwin
- Wireless Small Cell Site Information Session – S. Restall

- Town Center Visioning and Code Update – S. Greenberg
- Comprehensive Plan Update – S. Restall
- 6-year Sustainability Plan Placeholder – R Freeman

**COUNCILMEMBER ABSENCES:**

- Grausz: August 3
- Wong: August 17