



REVISED CITY COUNCIL MINUTES MICRO-PLANNING SESSION SEPTEMBER 30, 2016

CALL TO ORDER & ROLL CALL

Mayor Bassett opened the Mini-Planning Session at 3:30 pm in the Slater Room at the Mercer Island Community & Event Center at 8236 SE 24th Street, Mercer Island, WA.

Mayor Bruce Bassett, Deputy Mayor Debbie Bertlin, and Councilmembers Dan Grausz, Jeff Sanderson, Wendy Weiker, David Wisenteiner, and Benson Wong were present.

SPECIAL BUSINESS

Exploration of Operating & Capital Levy Lid Lift Ballot Measures in 2017

Assistant City Manager/Finance Director Chip Corder presented information to the City Council regarding the deliberations of two Council levy lid lift committees that were created at the June 2016 Mini-Planning Session to explore the possibility of going to the voters in 2017 with an operating levy lid lift and/or a capital levy lid lift request. He noted that the operating levy lid lift would be focused on the projected deficits in the General Fund and YFS Fund in 2018-2023 and that the capital levy lid lift would be primarily focused on the unfunded and partially funded projects related to parks, pedestrian/bicycle facilities, and a public building.

Director Corder presented six questions for the Council to consider regarding an operating and/or capital levy lid lift as follows:

1. Based on the 2018-2023 projected deficits in the General Fund and YFS Fund, does the Council want to initiate a public engagement process in Feb-Apr 2017 on the City's operating funding needs?
2. During the public engagement process, should the operating levy lid lift option be tied to maintaining current services in Parks & Recreation and YFS?
3. Based on the preliminary capital project list in Exhibit 1, does the Council want to initiate a separate, parallel public engagement process in Feb-Apr 2017 on the City's unfunded and partially funded capital projects?
4. Should the capital levy lid lift cost impact to a \$1.0M homeowner be limited to \$100 per year, if an operating levy lid lift and a capital levy lid lift are ultimately placed on the same ballot in 2017?
5. If the Council is inclined to go to the voters in 2017, which election timeline does it prefer? Aug 2017 (primary election) or Nov 2017 (general election)?
6. If the Council is inclined to put an operating levy lid lift on the ballot in 2017, does it prefer a 6-year or a permanent levy lid lift?

Director Corder detailed the operating funding needs for 2018-2023: General Fund deficit, YFS Fund deficit, Fire apparatus replacement, Communications Specialist (0.5 FTE), and Youth Development Coordinator (0.5 FTE). He provided the 2018-2023 forecast and detailed two levy lid lift structure options. Director Corder spoke about the public engagement process in February-April 2017.

Director Corder then reviewed the capital funding needs of the Maintenance Center renovation/expansion and a preliminary list of unfunded projects related to parks & recreation and pedestrian/bicycle facilities. Some Councilmembers expressed concern about the list not being comprehensive and not including all departments' capital projects. Director Corder explained the capital levy committee's recommendation that if the Council puts two levy lid lifts on the same ballot in 2017, the capital levy cost impact should be limited to \$100 per year on a \$1.0M home, providing annual debt service funding for \$9.0M in capital projects (9-year term). They also recommended that the Maintenance Center project should be split 50/50 between a capital levy and the City's utility rates. Director Corder noted that the project list would be reviewed and finalized by Council at the 2017 Planning Session. A stakeholder group would be appointed to review/vet the project list in Feb-Apr 2017 and make a recommendation to the Council on what to include in a capital levy lid lift.

Director Corder presented two election timeline options (August 2017 Primary Election or November 2017 General Election) and detailed the types and possible lengths of levy lid lifts.

The Council discussed whether both levies should be presented during the public engagement process or if only the idea of the operating levy or the capital levy should be discussed. They decided to present both levies to the appointed stakeholder group and have the group recommend which or both to take forward.

Following discussion, there was consensus from the Council to:

1. Initiate a public engagement process in Feb-Apr 2017 on the City's operating funding needs, based on the 2018-2023 projected deficits.
2. Tie the operating levy lid lift option to maintaining current services during the public engagement process.
3. Initiate a separate, parallel public engagement process in Feb-Apr 2017 on the City's unfunded and partially funded capital projects utilizing a community stakeholder group selected by the Council (or the Mayor with an open call for any interested citizens). The staff and Council subcommittee will reconvene to review and reprioritize the preliminary capital project list and come back to the full Council with a recommendation as to how a stakeholder group would be created, timing and any additional guiding parameters. The decision to put one or both levy lid lifts on the ballot would be made after the public engagement process.

The Council provided the following possible starting points for the stakeholders group:

4. Limit the capital levy lid lift cost impact to a \$1.0M homeowner, to \$100 per year, if an operating levy lid lift and a capital levy lid lift are ultimately placed on the same ballot in 2017 (given the \$346 average annual cost of a 6-year operating levy lid lift).
5. Go to the voters with the operating levy lid lift and/or a capital levy lid lift at the November 2017 General Election.
6. Use a 6-year operating levy lid lift if it is put on the ballot in 2017.

The Council further requested:

- Information about current levy lid lifts and bond issues and when they will retire.
- That the Finance Director surveys other departments about possible capital projects for the levy.
- That the capital levy committee reconvene and report back to Council on a proposed timeline for establishing a community stakeholder committee to review and prioritize a list of capital levy project candidates.

ADJOURNMENT

The Micro-Planning Session adjourned at 5:36 pm.

Bruce Bassett, Mayor

Attest:

Allison Spietz, City Clerk