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Memorandum

TO: Mercer Island City Council

FR: Steve Forman, Retreat Facilitator

RE: Retreat Follow-up and Summary

For the sixth time in six years, thanks again for a rewarding weekend working on Island issues! It is a privilege to be part of your work. We had a great time.

This memo summarizes our retreat discussions and agreements. Remember that this retreat was distinct in that we did not begin with fully defined agenda. Instead, we created the agenda as part of the process, beginning with a list of issues identified by Council and Staff.

I. The Council looks back on last year's retreat outcomes and reviews progress in 1998. (Saturday morning)

Transit Station. Mayor Edberg described Mercer Island's various views, including 1) Mercer Island must retain access to both high-occupancy and single-occupancy lanes, 2) operational policy must be resolved before development of the Park and Ride and Transit Station, and 3) the Transit Station design must be functional for users and should not be designed primarily for purposes of transitioning to a light rail system.

The City's position with respect to operational policy is that 1) policy should observe a no-change condition, 2) center lanes should not be converted to permanent two-way use, and 3) solutions should take maximum advantage of the inherent capacity of existing infrastructure.

Council members concluded that while progress on regional transit is not as rapid as wished, Mercer Island's representatives on the Steering Committee are effectively moving the process along and effectively making the City's positions heard.

Community Center. A bond issue to fund a new Community Center at Mercer View was defeated at the polls. Council members concluded that the Community Center does not now have a sufficiently strong constituency for a facility of the scale imagined this last year.

The project should be reconsidered in the future from the standpoints of process, timing, and public communication.

Relations between the City and School District. While much work needs to be done, there has been greater communication at the administrative level, with representatives of administration, School Board, and City Council meeting roughly once a month.

A subcommittee of administrative staff from the District and City has convened and is negotiating around the desire for an equitable balance of services provided by both parties concerning the Island's public facilities. Staff are hopeful that regular administrative meetings will carry over to the new School District administration.

Fire Station. The new fire station will open this spring. The process was a success.

II The Council reviews the six-year financial forecast. (Saturday morning)

Finance Director Sylvis presented the six-year financial forecast. Her presentation began with general assumptions about increases in revenues and expenses, and then moved towards describing different projections based on possible increases or reductions in property tax levels.

She noted that property tax and sales tax revenue - along with and salary and benefit expenses - are the most significant budget items, and that changes in these line items are key indicators of projected surpluses or deficits.

Assuming a 3% increase in property tax revenues, with no increase in staff and careful management of contracted services, Sylvis projected balanced budgets for the next several years with a slight deficit in 2004. Assuming lower increases in property tax revenues, the forecast is for a deficit by 2002.

The Council discussed existing policy governing financial forecasts, recognizing that projections are based on a conservative model and that the City has benefited from a robust economy in recent years.

Request: Council members asked that at some point in the near future, Joanne run projections that assume more aggressive sales tax growth rates and provide for a budgeted capital reserve fund.

Sylvis presented data on the effect of changes in property tax on Mercer Island homeowners and on the City. She pointed out that the City of Mercer Island levies just 18.3% of the total tax bill; the major percentage of the property tax funds local and state schools and other County and State services. Reductions in the City of Mercer Island property tax levy over time will have little impact on individual homeowners, but will have a disproportionate effect on the City's ability to fund essential services from its General Fund.

Records show that 79.8% of Mercer Island properties are valued between \$100,000 and \$500,000, with approximately 55% valued at \$200,000 to \$400,000. To win approval for needed future public facilities and programs, the City must successfully present such initiatives to this group of homeowners.

Request: Council members asked staff to prepare an analysis that distinguishes residential, non-residential, and tax-exempt properties to determine which highly valued properties may be owned by non-voters.

Interlude: The Council establishes a master near-term agenda.

The Council reviewed a list of issues and identified which should be discussed during the retreat and which deferred. The master list is attached as Exhibit 1.

The following items describe Council discussion and deliberation on those items emerging as most important for retreat attention.

III The Council discusses the essential Mercer Island character and how to preserve it. (Saturday morning)

The Issue: The Council Vision Statement calls for preservation of Mercer Island as a semi-rural environment, the “most livable residential community.” What does this look like and what standards should guide day-to-day decisions?

Council members stated places and conditions that typify Mercer Island:

- SE 68th Street from Island Crest Way to 84th : a clean street without gravel shoulders or ruts, a path on one side, the backdrop of a public park, services including the fire station
- An extension of Island Crest Way: a mixture of natural and mature trees, especially conifers, landscaped but not manicured, height and shadow, a canopy of trees
- Residential neighborhoods in which cars are not parked on the street
- East and West Mercer Way, ravines, sylvan character, etc.
- A clear, crisp, October day when the leaves are gone; an environment that feels different from a more urban neighborhood
- South of Island Park: the lake and the green canopy over Island Crest Way

Council members and Staff discussed their views on how to preserve the quality that attracts people to Mercer Island. At the most basic level, views varied about the degree to which change is needed, suggesting different baseline approaches:

1. Begin with the assumption that “It’s just fine as it is,” and impose no uniform standard for roadsides. Only respond to specific initiatives to solve specific issues.
2. Use a community process to negotiate standards in specific instances
3. Establish fixed standards as benchmarks to identify problems or areas needing change

IV The Council discusses how to address issues of parking supply and demand. (Saturday morning)

The Issue: Citizens have complained that Islanders cannot find a place to park in their own city because off-Islanders park all day. The amount of overflow from the Park and Ride lot is becoming critical.

Staff summarized the data on parking availability and patterns:

- The issue manifests itself primarily in two private lots in the Central Business District (CBD), not just at the Park and Ride lot.
- Most Park and Ride overflow is at the north end of the Island, with some in the CBD. Expansion of the Park and Ride facility will not completely solve the problem.
- Users of the Park and Ride lot are 60% Island residents and 40% off-Islanders. Park and Ride overflow parked in the CBD is split evenly between Islanders and off-Islanders.
- There is parking available at Luther Burbank.

Council members reviewed possible short-term and long-term solutions, noting that:

- Over the long term, City Council has three options: to do nothing, to create additional parking stalls owned by the City, or to wait and see what develops.
- All transit-related parking should be confined to the Park and Ride facility; there should be no impact on the CBD and surrounding neighborhoods. Moreover, new development should create its own parking.
- [None of the staff attending the retreat understood this bullet. Did we miss something, Steve?]

Council and Staff discussed options for resolving the parking issue by managing supply or by managing demand.

Manage Supply		Manage Demand	
For Mercer Island Residents Downtown	Park and Ride	For Mercer Island Residents Downtown	Park and Ride
Change the parking standard in the code	Increase enforcement on illegal on-street parking	Relocate employees through incentive programs	Decrease available service to Mercer Island
Set time limits on existing capacity	Create small lots around the Island and service to and from them (e.g., Luther Burbank Park)	Enhance pedestrian circulation systems	Disperse Park and Ride capacity
Create a downtown parking authority			
Parking lot redesign incentive program (e.g., restriping)			
Municipal parking facility			

Agreement #1: The Council will assign a higher priority to deliberation on the parking issue. Staff will place the issue on the Council agenda for a study session before July 1999.

V The Council discusses principles and values to govern preservation of trees and the environment (Saturday afternoon)

The Issue: There are no rules governing the use of private property by property owners and potential impacts on neighboring properties. So, for example, the desire of one

property owner to create a view may conflict with another's desire to preserve a view. A more serious concern is raised by the major impact on the environment of new homes or improvements made by homeowners in order to sell. There are instances of skirting the code as well as outright violations.

The City has added a half-time Natural Resources Officer to conduct code review and enforcement with respect to such considerations as tree preservation, clearing and steep slopes. However, the volume of plans to review hinders staff ability to undertake a thorough policy review .

Capital Projects Manager White has proposed a supplemental "Natural Resource Element" to the City Comprehensive Plan addressing the issue of tree preservation and management. Her proposal begins with a community process to determine the value of trees to Island residents.

Council members agreed that a community process is the only viable way to address the issue. If the community confirms the Island's canopy and sylvan environment as a value, trees can be protected under the same controls that govern setbacks, height restrictions, and the like.

Agreement #2: Council started a discussion around principles and values to guide the community process. These are as follows:

- Protect against downstream impacts
- Recognize you only get one chance to preserve
- From Council Vision Statement:
Island residents see themselves as "stewards" of the island environment. In considering community decisions, protection and enhancement of trees, open spaces, clean water and air, neighborhood quiet and environmentally sensitive lands will be given high priority.
- From Council Vision Statement:
(trees and green spaces) preservation continues to be a primary activity for attaining the community's quality-of-life vision. The search for effective new tools and standards to protect and enhance the environment will be an ongoing focus of City leaders.
- Protect property rights
- Individual actions do affect the whole

Agreement #3: Based on the framework of principles and values, staff will bring a proposal on tree preservation to the Council.

VI The Council discusses ways to enhance its communication with the public.
(Saturday afternoon)

The Issue. There will always be need to work on communicating effectively with Mercer Island citizens. The Council affirmed the importance of communication and emphasized the following:

- Clear communication is critical before views on any given issue become polarized. This is particularly true of community concerns over property taxes, which is automatically a volatile issue, and especially so at the present time.
- Communication may be one-way, to inform citizens, or it may be a dialogue. At times, people simply want to know their concerns have been heard.
- Communication to citizens might be framed using the language of “informing” rather than “educating.”
- Council members should communicate clearly about Council decisions.
- Citizens need to know that City Council hears and understands what they are trying to say.

One idea that has received recent attention is a Community Summit involving the City and the School District to discuss a range of issues about major Island capital projects. Both entities have an interest in informing constituents; a joint summit would also send the message that the City and School District are working together.

Another idea - via Mayor Edberg - would be an annual tax report to the community. This would be a regular communication piece to create a framework of information to help citizens who have questions about their tax bills, and to build consensus about community vision and values.

Agreement #4: Staff and Council will create a proposal for a City/Schools Community Summit and include it as a well-developed agenda Item for the next City/School meeting.

VII The Council discusses near- and long-term solutions for a Community Center. (Saturday afternoon)

The Issue: The existing Community Center facility requires significant system (HVAC, mechanical and electrical), upgrades to extend its useful life for three to five years. Doing so is estimated to cost approximately \$50,000 per year. To extend the life of the facility beyond five years would be far more costly.

Council members agreed that preserving the existing facility beyond five years is not feasible, and that the City must begin immediately to plan, design, and fundraise so that a new facility is ready for use in five years.

This emerging direction is in the context of the School District's plan to conduct a facilities levy for the Fall 2000 ballot. If the City begins planning now and involves the District in the action plan, feasibility may well be enhanced for the community's support for a portion of the enhanced Community Center.

(In light of the clear message from voters that the costs to taxpayers should be contained, the City will explore the possibility of funding design and construction by a combination of levy funds, non-voted matching funds, and private fundraising.)

Agreement #5:

- a. Council will proceed to identify feasible milestones by the end of 1999.
- b. The City will engage a campaign consultant to study the feasibility of conducting a capital fundraising campaign for at least part of the new Community Center.

VIII The Council discusses the relationship between the City and the School District. (Sunday morning)

The Issue. City Manager Conrad and Assistant City Manager Symmonds reported that City and School District staff have made an effort to work together on a variety of issues. The outcome to date is an inventory of relationships in which the two entities do work together.

The City is now making payments on a sale and lease agreement on the Mercerview property , and has asked the District to consider paying for City maintenance of the South Mercer Playfields rather than the previous quid pro quo arrangement. Conrad has explained to the District, per Council instruction, that in the absence of providing some form of payment or in-kind value, the City will withhold the June 1999 payment on the sale and lease agreement.

Conrad reported that grant funds may be available to rehabilitate the athletic fields from the State of Washington. City and School staff are collaborating on a grant application. If funded, work may proceed on candidate sites at Lakeridge, Island Park Elementary School and/or North Mercer Campus to rehabilitate the grass fields to multi-purpose athletic fields.

The most significant long-term issue between the City and the School District is shared use of facilities, and the optimum solution would be a specific agreement based on goals that

both parties share, including general use, scheduling, and access. In short, neither would charge the other.

The Council affirmed that the importance of shared use of existing facilities is primary, and that it should be done in such a way that little or no money changes hands.

Agreement #6:

- a. The Council affirms the goal of a formal agreement governing shared use of facilities by the City and the School District, and will communicate its position at a joint meeting of Council and School Board.
- b. The Council authorizes the City Manager to explain the Council's position on shared use of facilities to District administration.
- c. City and District staff will continue to work jointly on a grant proposal to rehabilitate athletic fields and to negotiate shared-use scheduling.
- d. The issue of payment for maintenance services remains on the table, and the City Manager will act appropriately if the issue is not resolved by June 1999.

Agreement #7:

- a. Whether or not the City and the District are successful in developing a shared use agreement and making a joint grant proposal does not change the current City stance concerning facilities maintenance.
- b. Staff will report to Council on the outcomes, and agreements will be finalized only if Staff are satisfied that they can be successfully implemented.

IX The Council confirms its selection for Citizen of the Year. (Sunday morning)

The Council discussed and confirmed its Citizen of the Year. Announcement of the Council's decision will come at a meeting in the near future.

X The Council discusses allocation of resources among athletic field users.
(Sunday morning)

The Issue: The issue of allocation of resources among different users is becoming critical. Council policy is needed governing allocation, particularly among adult recreational users.

The Department of Parks and Recreation position is to allocate fields to maximize use, which is satisfactory if there is flexibility in the schedule. However, with the increase in use,

a clear policy will help direct City staff and inform their priorities in the face of conflicting demands for time.

A number of issues will need to be addressed in the creation of new policies:

- Population categories: children, youth and adults
- Residence issues or factors (including a definition of “resident”)
- Types of activities and sports established as priorities (e.g., competitive vs. non-competitive)
- Affiliated vs. unaffiliated employee groups and organizations

Agreement #8:

- a. Staff will return to the Council with an issue paper that frames areas in which Council policy direction is needed.
- b. Staff will proceed with a grant application process to fund an assessment of facilities demand and capacity to meet the demand.
- c. After the grant process is complete, Staff will continue the assessment process in depth, including an update of the Parks and Recreation Element of the Comprehensive Plan.

XI The Council hears an update on affordable housing issues.
(Sunday morning)

The Issue. The City is working with the nonprofit St. Andrew’s Housing Group to preserve units of housing for low-income use on Mercer Island.

City Manager Conrad reported that St. Andrew’s Housing Group and the Mercer Island Clergy Association have approached the owner of Shorewood asking for a dialogue. The owner required a confidentiality agreement before agreeing to discussions.

The owner of Ellsworth House is willing to sell. With the City’s support, St. Andrew’s, as the nonprofit developer, has commissioned an appraisal which is due by mid-March. St. Andrew’s anticipates making an offer

Agreement #9: The Council understands that the City Manager may return to Council for approval of a one-time contribution of the ARCH Trust Fund.

XII The Council hears a report on concerns raised about the planned misdemeanor jail. (Sunday morning)

Council member Clibborn briefed Council on concerns expressed by the Redmond and City Councils over a planned new misdemeanor jail supported by King County. A consultant report indicates that a misdemeanor jail run by the cities will save 25% to 50%. Some suburban cities are expressing concern over the cost estimates, the decision process for managing the facility, and how costs will be shared.

XIII The Council hears a report on employee awards. (Sunday morning)

Mayor Edberg briefed Council on the Employee Award, noting that it is not made on a regular basis, but as special recognition for extra effort on the part of a City employee. The award is given for customer service, confirming the City's commitment to serve Island citizens.

Staff report that employees are very pleased with the award, a paperweight etched with the City logo. Council members may nominate an employee for the award at any time, and the Mayor and City administration may make the award as appropriate. No Council action is required.

List of Retreat Participants

Gordy Edberg	Mayor
Bryan Cairns	Council Member
Judy Clibborn	Council Member
Alan Merkle	Council Member
John Nelson	Council Member
Peter Orser	Council Member
City Staff:	
Rich Conrad	City Manager
Deb Symmonds	Assistant City Manager
Joanne Sylvis	Finance Director
Diane White	Capital Projects Manager
Consultant	Steve Forman
Assistant	Gretchen Reade