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TO: Members of the Mercer Island City Council

FROM: Dee Endelman and Ginny Ratliff, Agreement Dynamics, Inc.

RE: 2003 City Council Retreat Summary

DATE: February 13, 2003

We truly enjoyed facilitating and recording your January 31-February 2 retreat. You agreed that you wanted to accomplish the following desired outcomes during your time together:

- Council priorities for 2003;
- Substantive discussion and strategy development for top priorities; and
- Discussion of Council process and, where possible, agreements to help Council operate well over the next year.

You accomplished all of these outcomes as these minutes show. And you did so with humor and respect, engaging in open and lively discussion across diverse styles and viewpoints. "Facilitating" you was not always easy but it was *greatly* satisfying. Thank you for the opportunity to work with you!

FRIDAY, JANUARY 31, 2002

DISCUSSION GUIDELINES

The Council reviewed the recommended discussion guidelines suggested by the facilitator.

CITIZEN OF THE YEAR

After discussing the criteria for "Citizen of the Year", the Council unanimously selected its Citizen of the Year 2002 And agreed it would announce its selection at a future date.

LEADERSHIP STYLE

The Council participated in a workshop designed to help leaders: understand the impact of their communications styles; and use these styles more effectively to understand and guide others.

SATURDAY, FEBRUARY 1, 2003

RETREAT AGENDA

The Mayor kicked off the retreat by welcoming Councilmembers, Staff and the public to the 2003 Council retreat. The facilitator reviewed the agenda items, noting that at 11:30 a.m. the retreat would break to attend the dedication of the Mary Wayte Pool.

2002 ACCOMPLISHMENTS

The Mayor praised the Council for making substantial progress on—and in some instances completing—the Council's priorities. The City Manager reviewed those accomplishments, noting any changes from the work plan or in-progress tasks. He reported on these matters:

- Community Center: The Council authorized all funds from the Capital Reserve Account to fund construction of a new community center.
- Luther Burbank Park: The Council completed acquisition of the Luther Burbank Park from King County. The Council then authorized \$240,000 from the capital reserve fund for operation and maintenance of the Luther Burbank Park in 2003. Due to community opposition about the suggestion to place affordable housing at the southern property of the Park, the Council chose to not pursue this concept.
- Joint Facilities Planning Process: The Council made substantial progress on their goal of joint facilities planning. The City of Mercer Island and the Boys and Girls Club (B&GC) negotiated a \$1 million agreement for shared use of the B&GC gymnasium; a contract has been drafted and sent to B&GC for review. The Council agreed to partner with the Northwest Center to operate the Mary Wayte Pool. The School District and the Council agreed not to swap the current community center site for North Mercer, jointly agreeing that the current community center site should continue as the community center site for the future. The Council earmarked \$500,000 toward school district stadium field renovations so the City could schedule non-school use hours of the stadium field; an agreement has been drafted and is being reviewed by the School Board.
- Park and Ride: Sound Transit and Dollar Development have been negotiating the building of 200 spaces in downtown Mercer Island. In 2002 and in early 2003, City staff worked to facilitate this process.

On the matter of ongoing projects from 2002, the City Manager reviewed the status of each outlined in the retreat handout materials.

I-90: Regarding the I-90 Roadway Alternatives EIS, the City Manager reported that R8a continues to be favorably evaluated in the EIS process.

Budget Process: The City Manager reported that modifying the budget process to focus on management issues worked well. Councilmembers affirmed his assessment and commented that the review and adoption process worked much more efficiently than in the past.

2003 PRIORITIES

Following this review of 2002 accomplishments, the facilitator outlined the 2003 Council Work Plan priorities she had gathered from interviews with Councilmembers in preparation for this retreat:

- Community Center;
- Ongoing funding of Luther Burbank Park and Mary Wayte Pool beyond 12/31/2003;
- Traffic safety issues; and
- Council process.

Councilmember Goldmanis recommended the Council first consider the City's priorities of public safety and public services, and then consider the Council's priorities.

Councilmember Grausz pointed out the necessity of youth and teen services in community center programming, since the Bounce program has closed. He also recommended the group discuss the shortage of education funding at the state level and how it will affect the community. Since the school district has limited options for raising funds, Councilmember Blake seconded this comment and suggested the group look at cooperative ways to meet educational needs. Councilmember Pearman disagreed, indicating the difficulties for the City due to tax-cut initiatives and the broader responsibilities the City has to the community.

The facilitator reviewed other topics that individual Councilmembers had mentioned in their pre-retreat interviews. Council reviewed the list and decided that, on Sunday morning, they would prioritize and discuss as many of the following topics as feasible: regional influences, affordable housing, dislocation and disruption due to downtown development, Planning Commission work plan, assistance to schools, and financial forecasts.

The Council further agreed to revisit their 2003 priorities after discussing both the top priorities bulleted above and the additional topics set aside for Sunday morning.

COMMUNITY CENTER PROJECT

The Issue: In light of the community survey, perceptions about the current Center, budget concerns, programmatic needs, and submitted designs, what are the next steps on the Community Center Project for the Council in 2003?

The City Manager briefed the Council on the community survey results, timelines for special elections, schematic design alternatives submitted by Miller/Hull, and revisions to tenant space allocations submitted since the January 27, 2003 Council meeting (see Retreat Packet Attachment A).

Next, the Council discussed various aspects of this issue, including:

- Given some public perception regarding cost effectiveness of remodeling rather than new building, should we consider repair or remodeling the current building?
- Since 70 percent of Mercer Island residents believe a Community Center is a mission the Council should pursue, will the public vote favorably on this in 2003? In 2004?
- Should we redesign a smaller center?
- Should we redesign the Center to fit on the flat part of the existing site, thereby decreasing costs for site grading and should we avoid building new spaces, more expensive spaces for day care facilities?
- Should we consider different financing arrangement(s); e.g., levy, bond issue, "banked capacity", private funding, something else?
- Should we consider alternate sites, given Councilmember Goldmanis' assertion that James Cassan said he could build the Community Center less expensively in the new building he's developing?
- If we choose another location, what will the City do with the current Community Center site?
- Should we build a community center with all the meeting space requirements and then ask the voters to fund a gym (also known as the "a la carte option")?
- Should we research other community center projects in the area that are projected to be less expensive to build? In this regard, the group discussed the Snoqualmie Community Center (see Retreat Packet Attachment B).
- Because some residents use the Community Center heavily and others do not, should we engage these stakeholders to assist in fundraising?
- Should we look at other architectural firms to design this work for us?

AGREEMENT:

After brainstorming and discussing possible options to address these issues, the Council agreed to take the following steps during 2003:

- Commit to no more than \$5 million additional taxes to construct the community center;
- Research alternate private funding for \$5 million;

- Have an outside expert evaluate and cost-estimate the option of remodeling the existing Community Center;
- Flesh out and evaluate¹ the Cassan proposal in greater detail; and
- Ask Miller/Hull to provide quotes on rebuilding on existing footprints, also known as “the flat-site building option”².

LUTHER BURBANK PARK AND MARY WAYTE POOL

Issue: What will be an ongoing funding source for pool and park maintenance for 2004 and beyond?

The Council discussed a variety of funding strategies for the Pool and Park including creating a separate fund, using the Beautification Fund, revenue enhancements, “banked capacity”, holding a levy in November of 2003, or reallocation of existing resources.

AGREEMENT:

With respect to the Mary Wayte Pool, the Council agreed to fund operation and maintenance of the pool through the Beautification Fund for 2004 and for the succeeding three years unless instructed otherwise.

With respect to Luther Burbank Park, the Council committed to seeking additional revenue sources to fund long-term operation and maintenance of Luther Burbank Park by November 2003. It was understood that this would include seeking a new property tax levy from local voters.

PARK AND RIDE

Issue: What is the status of Sound Transit’s Park-and-Ride project for Mercer Island?

The City Manager updated the Council on the Park and Ride negotiations between Dollar Development and Sound Transit. Sound Transit is evaluating the Dollar Development project against other alternatives; however, the Dollar Development site is

¹ The Cassan proposal, as presented by Council Member Goldmanis, is to build a 40,000 sq. ft. community center in new building downtown at a cost of \$8 million

² The “flat site option” suggests that, rather than construct a Community Center with extensive grading on the hillside (to save over \$2 million), we should maximize all the flat areas of the current site for buildings and parking. Councilmember Jahncke’s proposal is to reorient the main building to maximize the flat area and reduce site impacts; design a new gym as big as possible in existing location, using the flat areas (approximately 8,000 sq. ft.); use existing parking areas; if additional parking is needed, consider parking in the flat area of the playfield south of where gym will go and even around to where building C is; Bldg. D would be retained for daycare in its current location; the staff and architects are instructed to adjust the center design to fit to site constraints, sacrificing building program spaces if needed.

still the City's preferred site. The Council also discussed the rationale for dropping the Mercer-only spaces requests and the City's intention to facilitate the discussions between Dollar Development and Sound Transit.

Mercer Island City Staff, the Mayor and the Deputy Mayor will meet with Sound Transit Boardmembers and Executive staff to facilitate the negotiations on February 11, 2003

TRAFFIC & PEDESTRIAN SAFETY

Issue: What are the traffic and pedestrian safety issues on the Island? Should we address them in the coming year? When community complaints come into the City about traffic and pedestrian safety, how should Staff, the Mayor, and other Councilmembers deal with these issues?

Mayor Merkle briefed the Council on the increase in the number of citizen complaints and threats of legal action regarding safety issues and traffic violations on Mercer Island. Councilmembers set forth their thoughts on traffic and pedestrian safety issues on the Island.

The City Manager briefed the Council on the process Staff uses to evaluate these concerns, including assessment by the City engineers and the Public Safety Director and a review of engineering standards. To address this issue for the Council's retreat, the Public Safety Director analyzed the past six years of data and reported that incidents were just about average in 2002 (238 vs. 232 average). Citations for the same period were down (3,000 versus 3,400 average).

The Council discussed specific areas cited as having problems, including 74th Ave SE and SE 27th Street; East, West, and North Mercer Streets; Island Crest; and in front of Mercer Island High School. The Council then discussed pedestrian issues, bicyclist behaviors, parking problems, and vehicular violations. The Council talked about preventive measures such as speed bumps, traffic signs, increased police patrolling, RPZ's and electronic monitoring. The City Attorney advised the Council that, although electronic monitoring might result in improved traffic safety, other cities have received numerous challenges in court and general community dissatisfaction when they've implemented these programs.

Overall, the Council concluded that there is currently no indication that traffic and pedestrian safety issues are measurably higher now than in the past.

The Council suggested discussion of enforcement issues between the Public Safety Committee and the Public Safety Director.

AGREEMENT:

The Council agreed that when traffic and safety complaints come to them, they will refer them to the City Manager's office who will direct them to the appropriate City Staff to analyze the issue under existing engineering warrants, standards and conditions. The Council also reaffirmed its commitment to address the RPZ issue after the park-and-ride negotiations were complete.

COUNCIL PROCESS

The facilitator acknowledged the important work the Council does on behalf of the citizens of Mercer Island. She also indicated the strong interest Councilmembers expressed to her in improving their processes as a way to nurture their relationships with each other and with Staff. She then led a discussion by asking what aspects of the Council process they thought was working well, and what needed improvement.

What is working well?

- The first and second reading process;
- They perform well as a working Council—Councilmembers praised each other's dedication and work ethic;
- Budget process was an improvement over previous year;
- The Council is pursuing and achieving their priorities;
- Councilmembers get along well and respect each other—they don't hold grudges;
- Staff is really excellent, open and supportive.

What areas need improvement?

- Meetings are too long;
- Sometimes Council discussion gets into administration detail, rather than focusing on policy. Some Councilmembers stated their belief that the citizens expect them to get into the detail of the administration;
- Sometimes individual Council inquiries can result in new Staff assignments;
- Issues should be brought to the Council directly, not through back-door channels

The Council then engaged in a problem-solving discussion that included suggestions for shorter meetings, tighter use of Council air time, study sessions, developing more trust, and using self-discipline to stay in the role of policy maker—not administrator. The Council encouraged the City Manager and Deputy City Manager to give them feedback when their inquiries result in new Staff assignments.

Next, the City Manager led the Council through a self-assessment of their tendencies to focus on policy versus administrative issues and compared that to the top six Staff's assessment of Councilmembers. The group engaged in a lively discussion of their own perceptions versus those of the Staff, the gray areas and overlap, and how some Council tasks are very administrative—like the Consent Calendar.

The Council suggested some problem-solving techniques like constructive dialogue about when Councilmembers are slipping into administrative roles, or if there's an administrative question they wish to delve into, perhaps they could talk to the Staff before the meeting so as not to take additional time at Council meetings.

AGREEMENT

Councilmembers agreed that the City Manager should "call them" on behavior that is "over the line" in working with staff (e.g., getting too far into administration, engaging in behavior that might create administrative problems, etc.). If necessary, the City Manager could also discuss such instances with the Mayor.

SUNDAY, MARCH 3, 2003

The Facilitator reviewed the day's agenda and the Council prioritized the items they wished to discuss before ending the retreat.

COMMUNITY CENTER

The Council briefly returned to a discussion of the Community Center. Councilmember Blake expressed concern about a design that might cut programs, since they had already determined programming needs through a community process. They discussed financial constraints the City faces on this project, messages to the Community on this issue, the need to consider a less-expensive project, the fact that the "flat-site option" has equal square footage to their current design which won't result in program loss, and the additional space and program use resulting from facility sharing with the high school and B&G Club. They also discussed Councilmember Goldmanis' proposal to use a new architectural firm to review the "flat-site option" and how to pay for architectural review.

AGREEMENT:

The Council agreed to conduct architectural review of the flat site option one step at a time. First, Miller/Hull will review and if the Council isn't satisfied with their proposal and cost estimates, they'll discuss using a second architectural firm.

DISRUPTION TO DOWNTOWN BUSINESSES DURING CONSTRUCTION

The Council discussed whether there is anything that it should do to mitigate disruption to downtown businesses. The City Manager briefed the Council on the major downtown building projects starting in 2003. The Development Services Director updated the

Council on permit status, Design Commission review of these projects, and the efforts of his Department in dealing with displaced businesses, traffic circulation, and parking problems during construction.

He also updated the Council on the logistical aspects of development, including using flaggers to prevent permanent street closures; no work trailers, parking or dumpsters on site; and shuttling construction workers to the site. He noted that they are using the Avelino project as a model of how to time and stage construction to avoid disruptions. He also stated that they are closely monitoring these projects to ensure that all temporary patches to roads, curbs, and gutters are restored to their original condition.

The Development Services Director informed the Council that there's good communication between his Department, the Chamber of Commerce, local businesses, and developers. He also indicated that meetings are ongoing to share information and resolve problems as they arise. Finally, the Director told the Council that he is assigning a Staff liaison position to coordinate City staff and these stakeholders during this intense development phase.

The Council and Staff expressed concern that some major Bellevue CBD projects are stalled and compared economic drivers for downtown development between Bellevue and Mercer Island. They concluded that the residential focus of their development projects greatly increases the likelihood that construction will be completed once it is started. Staff described steps being taken to ensure completion and evidence of financial backing before breaking ground.

The Council and Staff also discussed the new Design Code for 2002, the benefits of this development for Mercer Island residents, and joint City-developer marketing. Staff is in the process of securing a website, www.towncenter.com, for this purpose. The Council concluded that it does not need to take additional actions now with respect to business disruption due to development.

PLANNING COMMISSION 2003 WORK PLAN

The Council Liaison to the Planning Commission, Councilmember Blake, provided the Council with the Planning Commission's proposed work plan priorities for 2003 (see Retreat Packet Attachment C). She indicated that their deliberations on this plan were extensive, and that it reflects the outcome of their work on code revision. She informed the Council that Staff had noted that it is an ambitious plan and that there is not time to complete everything in one year. The Council discussed state-mandated elements within their plan and timelines for completion. They also commented on First Hill, businesses in the residential areas, and the negative impacts of ADUs on residential neighborhoods. Councilmember Blake recommended, and the Council agreed, to have a joint Council-Planning Commission session to discuss, prioritize, and balance this plan with state-mandated development regulations.

FINANCIAL FORECASTS

The Council discussed the need to think strategically about adjustments in existing programs over the next few years in light of possible budget shortfalls due to: regional factors they cannot control, shrinking budgets, other jurisdictions' financial problems, and tax-cutting initiatives.

The Finance Director discussed past and current property tax rates, and noted that when the City was at a two- percent tax rate, their revenues matched expenditures. She went on to say that in the future, this will likely not be the case. She reviewed the ways that expenses are rising faster than income. She reiterated that, although the City has been consistent in keeping the number of new hires down, they have hired more contractual services and will need to monitor this issue very closely. She also explained that salary and benefit costs are increasing each year.

She also indicated that the City's 2002 projected revenues versus expenses picture was better than predicted, and that in March, she will be bringing final numbers to the Council. She also said that at this time, there is \$5 million available in the Capital Reserve Fund that has been earmarked for the Community Center project.

The City Manager noted that property tax income matches expenditures on police, fire, and parks maintenance. He talked about how staff decreases in revenue-generating departments will result in decreased revenues. Councilmember Pearman explained the importance of educating the community in this regard. Councilmember Goldmanis raised the possibility that King County may be eliminating their Marine Patrol Division. He suggested that the City explore whether it could generate revenues by taking over this function.

City Manager Conrad provided forecasts on the Capital Reserve and Capital Improvement Funds for 2002, 2003, and 2004 (see Retreat Packet Attachment D). He described past discussions between Council and Staff about allocating some portion of unallocated Capital Improvement Funds for the Community Center.

REGIONAL INFLUENCES

The Council discussed possible regional issues that will affect the City and citizens of Mercer Island, including the possibility of a King County Library Bond, King County Park District or levy, and Cascade Water Alliance's water resource development plans. The Council discussed how it was engaging with some of these issues:

- The Mayor noted the positive feedback he had received from other cities about Councilmember Grausz's presentation to Cascade Water Alliance, and Mercer Island's decision to withdraw from the Alliance.

- Councilmember Pearman noted that the Suburban Cities Association’s Management Board, on which he serves, generally opposes the proposed regional park district and/or County Parks levy.
- Councilmember Goldmanis noted that Mercer Island’s Council and State representative and Senators are promoting the City’s interests.

Councilmember Cairns commented on the need for more direct involvement with King County’s only appointed body with taxing authority—the King County Library Board.

ASSISTANCE TO SCHOOLS

Councilmember Grausz led the Council’s discussion on assistance to schools, by first sharing the concerns that high school students have raised to him: good teachers are leaving because of pay and working conditions. He expounded on their concerns and expressed his own about the very difficult choices facing the state Legislature and the school district’s limited options should there be more cuts to the schools’ budget. He raised the idea that the Mercer Island City Council, as the other elected body on the Island, might consider contributing to the solution. He explained that he wasn’t suggesting taking money from existing funds or having a Council-inspired election asking to put more money in schools. He did say, though, that if the Council wanted to go to the voters, he would support it.

The Council discussed school district leeway in salary increases, if they have the revenue to support it; the levy lid law; and whether more money equates to more quality schools. Councilmembers indicated their support for the schools and noted the many ways in which they have supported them insofar as their jurisdiction allows (e.g., funds to Boys and Girls Club for athletic space). They said, however, that it is not within the purview of the Council to raise money for schools and doing so would set a problematic policy precedent. Councilmember Cairns suggested that—if the schools put forth a levy lid proposal in Olympia—the Council could discuss whether it should support such a proposal.

AFFORDABLE HOUSING

Councilmember Blake expressed disappointment that despite past work plans, discussions, and a workshop on affordable housing, none has been built. She explained the Stanford University Housing Trust model of maintaining ownership of the land and selling the houses to homeowners who, when they sell back to the Trust, are entitled to the equity growth of the house. This trust has allowed University faculty to afford to live in Stanford, one of the most expensive areas in the country.

Individual Councilmembers discussed the differences they saw between the Stanford situation and Mercer Island.

The City Manager informed the Council that staff continues to talk with Town Center developers about including affordable rental housing units in their new projects with some encouraging signs having been seen.

Councilmember Blake asked the Council if they wanted to add new ownership affordable housing initiatives to their 2003 work plan, but the Council indicated that it did not.

CLOSING AND EVALUATIONS

The Facilitator reviewed the 2003 work plan and the Council reaffirmed their commitment to their agreements at the retreat. Councilmember Goldmanis encouraged the Council to examine specific revenue sources for each item of the work plan and consider reallocation of funds to support their efforts.

The Facilitator led a discussion evaluating the retreat by asking Councilmembers what they thought had worked well and what hadn't over the course of the retreat.

On the subject of what worked, the Council expressed appreciation to the facilitator for keeping them on task and on time. Councilmembers stated satisfaction with their focus on major issues and allocation of time to those issues.

Councilmember Blake suggested that for their next retreat, the Council should spend some time on "blue sky" thinking. Councilmember Pearman suggested that future retreats might include educational aspects, and that they should meet in another community that has been successful in dealing with issues of interest to the Council and the residents of Mercer Island.

The Mayor closed the retreat by applauding the Council for never shying away from tough issues and for their ability as a group to work together to solve them.

The retreat adjourned at noon.