



**CITY COUNCIL MINUTES
REGULAR MEETING
APRIL 1-3, 2005**

Call to Order: Mayor Merkle called the meeting to order as follows:

5:00 pm – 6:00 pm
April 1, 2005
La Conner Seafood & Prime Rib House
614 S. First Street, La Conner, WA 98257

8:30 am - 5:00 pm
April 2, 2005
La Conner Maple Hall/Center
108 Commercial, La Conner, WA 98257

8:30 am - 12:00 pm
April 3, 2005
La Conner Maple Hall/Center
108 Commercial, La Conner, WA 98257

Roll Call: Deputy Mayor Bryan Cairns, Councilmembers Sven Goldmanis, Dan Grausz, El Jahncke, Steve Litzow, Jim Pearman, and Mayor Alan Merkle were present.

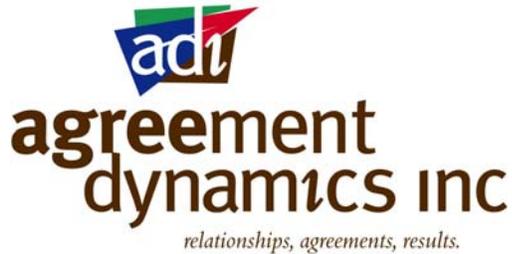
The attached memo, dated April 11, 2005, to the Mercer Island City Council from Rhonda Hilyer and Ginny Ratliff with Agreement Dynamics, Inc. (Facilitator), is hereby incorporated by reference as the minutes of the 2005 Mercer Island City Council Annual Retreat.

Adjournment: 12:00 pm, April 3, 2005.

Alan Merkle, Mayor

Attest:

Allison Spietz, City Clerk



TO: Members of the Mercer Island City Council
FROM: Rhonda Hilyer and Ginny Ratliff, Agreement Dynamics, Inc.
RE: 2005 City Council Retreat Summary
DATE: April 11, 2005

Thank you for the opportunity to facilitate and record your April 1-3, 2005 retreat. The desired outcomes agreed to for this retreat were:

- Review and assess 2004 progress on Council priorities
- Affirm Council priorities for 2005
- Substantive discussion and strategy/process development for top priorities

These goals and more were accomplished through focused, thoughtful and sometimes intense discussions.

Friday, April 1, 2005

MAYOR'S OPENING REMARKS

The Mayor welcomed the retreat participants and reviewed the agenda to determine if any changes were requested. Hearing none, he highlighted the strengths of the Council and commented on the importance of keeping focused on service to the community. He elaborated on the notions of setting examples as policy leaders and putting policy above politics.

CITIZEN OF THE YEAR

The Council discussed potential "Citizen of the Year" candidates. After selecting the 2004 Citizen of the Year they agreed to announce their selection at the earliest possible Council meeting.

FEEDBACK ON COUNCIL RULES

The facilitator distributed survey results from Department directors assessing adherence to Council rules adopted after the 2004 retreat. She then facilitated a discussion of this feedback and Councilmembers' views.

Saturday, April 2, 2005

RETREAT AGENDA

The Facilitator, Rhonda Hilyer, opened the day's retreat with a review of the agenda and proposed guidelines for discussion. She also commented on what distinguishes the Mercer Island City Council: while Councilmembers hold diverse opinions and values, each member really listens and considers the opinions of his colleagues and, through that collaboration, the Council achieves results that last.

2004 CITY COUNCIL ACCOMPLISHMENTS

Next, City Manager Rich Conrad reviewed the Council's accomplishments based on the goals set at the 2004 retreat:

- Staff and Council developed and the Council adopted a set of Rules of Procedure in April 2004.
- Staff and Council developed a revised budget process, and the Council adopted their budget in December 2004.
- At the request of the Council, The City retained outside experts to conduct a survey on city services.
- A comprehensive public involvement process was held to define the vision for Burbank Park.
- The Community Center demolition is complete; the construction is underway, is on schedule and within the \$12.4 million budget.
- The community process and environmental assessment is complete on the Park & Ride. Sound Transit is in final design with construction expected to start in late 2005 or early 2006. The Council has expressed their interest with respect to a bike path, and Sound Transit and City staff are working to achieve that end.
- In September, Sound Transit approved an amendment to the I-90 Memorandum of Agreement.
- A Council compensation committee was created, and after reviewing other jurisdictions' compensation, the Mercer Island City Council's compensation was increased.
- While a mid-year retreat was approved, it did not occur in 2004 due to conflicting schedules.

Next, the facilitator asked for Council comments on the year's accomplishments. They included:

- Councilmember Litzow commended the Council and staff for accomplishing what they set out to do in 2004. He applauded the public involvement processes and outcomes related to City services and Luther Burbank Park. He also appreciated having the budget process and resulting discussions held within the framework of the public service priorities. He queried about whether staff would be using similar strategies for ongoing, day-to-day public involvement approaches.
- Councilmember Cairns noted that last year the group discussed trying to get an ongoing column or regular coverage in the *Mercer Island Reporter*. He expressed his belief that the *Reporter* had strong readership and influence on the Island.
- Councilmember Goldmanis commended the small community of Mercer Island for all it accomplished recently and will accomplish in the next few years. He expressed appreciation for the tremendous effort and energy of the citizens, Council, and City staff in these successful efforts.
- Councilmember Cairns acknowledged that it was a year with good decisions on facilities and construction, and that soon the Council would be facing many operational decisions about all these facilities. He also asked if an opening date and celebration had been set for the Community Center. The group agreed to discuss this matter on Sunday.
- Councilmember Grausz suggested starting a campaign in the summer to develop enthusiasm for the opening of the Community Center. On another matter, he noted that the population of Mercer Island is aging and that fewer young families are moving in due to the high cost of real estate. He commented that over time the City's policies and services would need to be geared toward these changing demographics.
- Mayor Alan Merkle noted that he had received a petition from elementary school children urging the city not to build in Luther Burbank Park.

In response to Council questions, staff provided comment:

- Deputy City Manager Deb Symmonds indicated that the past year's community involvement efforts provided experience with a variety of technological tools that could be transposed to any issue. She suggested that using a combination of these tools would yield the greatest result. She noted examples of the staff's ongoing public inquiry efforts like website information during the budget process, a citizen survey on cable service issues, Town Center development updates on website, etc.
- Rich Conrad noted that he's hopeful for early December as an opening date for the Community Center.
- Rich Conrad commended Deputy City Manager Deb Symmonds and Parks & Recreation Director Pete Mayer for the outstanding goodwill they created with the community during the Luther Burbank visioning process and the community's satisfaction with the adopted guidelines.

2005 SERVICE PRIORITIES

Next, the Council affirmed their 2005 budget service priorities, which reflect the priorities of the City operationally. Councilmembers and staff acknowledged the importance of aligning their budget discussions with these priorities. They also discussed misperceptions and other community expectations of government that are not necessarily reflected in these priorities (e.g., provide information on what stores are going into the new Town Center; communication liaison role during the major reconstruction cycle between the community and the Chamber of Commerce, developers, and other business interests).

Councilmember Jahncke suggested rephrasing Section 1.3 of Mercer Island Service Priorities to reflect that the city's responsibility is to intervene when there is a need for emergent, immediate crisis management related to mental and physical health problems. Councilmember Goldmanis affirmed and used the example of a Mercer Island police officer who recently saved a resident's life with the defibrillator the Council had previously approved equipping in police cars.

LUTHER BURBANK PARK

Deputy City Manager Symmonds led the discussion of Luther Burbank Park's community visioning process. She commented that the process and the resulting product appeared to be highly successful from Council, staff, and the community's perspective. Despite the fact that the meetings were held during a busy time of year (November, December, and January), 70-80 citizens came regularly to each of the three public meetings. Sign-in sheets at these workshops showed that the variety of methods employed to build public awareness worked well, but that email reminders and articles in the *Reporter* netted the most turnout. She also noted that despite the public workshops, the community wanted to make formal comments to the Council. Future public involvement processes need to accommodate this important step for the community, she indicated.

She reviewed Norton-Arnold's final report and Community Design Guidelines. The consultant recommended undergoing a Master Planning process that would continue with a fully open and transparent public process. They also recommended determining how best to carry out a future vote and recruiting young citizens for park planning. Finally, they advised implementation of a comprehensive Luther Burbank communication program as soon as possible.

The group engaged in a discussion of the specifics of a Luther Burbank Master Plan, the timing and the value of continuing the momentum from the public visioning process, and the public's expectation of a next step. Parks & Recreation Director Pete Mayer recommended beginning activities in the summer with a focused effort to define elements/areas of the park. The group discussed reviewing the County's 30-year Master Plan for Luther Burbank from the 1980s as a part of the process.

Councilmember Grausz urged the Council to adopt a public statement noting which areas of the Master Plan will not be touched to avoid community concerns about development in the park.

Councilmember Jahncke proposed a cost-saving measure of starting with the County's Master Plan and adapting it to be consistent with the new guidelines. He also suggested narrowly defining the master plan process.

Councilmember Cairns recommended moving forward with the Master Plan approach, building on previous documents, and sequencing what is completed and when.

Councilmember Jahncke expressed concern about the high cost, versus potential benefit, of shoreline restoration in the park.

Regarding the County's Master Plan, Pete Mayer and Rich Conrad suggested that staff look at it first to note portions of the plan that are consistent with the newly adopted visioning guidelines and delete those portions that are inconsistent. They also recommended the use of an outside professional to develop the Master Plan and facilitate the planning process.

On the matter of how to fund the operation, maintenance and updates to the park, the Council and staff discussed whether or not to hold a vote on the master plan and whether or not to hold a new levy prior to 2009 (when the current O&M levy will expire). Some Councilmembers indicated they felt it was premature to talk about voting, given that the Master Plan will layout possible futures and costs and there may be grants available to fund parts of the Park's Master Plan. Rich Conrad also indicated that, given the timing of the master planning process, the earliest a vote could be held would be in 2006.

Agreement:

Mayor Merkle summarized the Council's intent with regard to Luther Burbank Park: The City will develop a Master Plan based on the community's guidelines, using all relevant documents including the County's Master Plan and using outside design and public involvement professionals. Parks and Recreation Director Pete Mayer will bring a proposal to the Council that includes an approach for the Master Plan process, a recommended budget for the planning process (with a funding source) and a planning timeline. Also, the City will clearly communicate what is and isn't going to be a part of the Master Planning process.

The facilitator summarized the Council's intent that once the Master Planning process is completed, the Council will discuss how to finance the resultant plans.

LONG-TERM FINANCIAL STRATEGY

Rich Conrad and Finance Director Joanne Sylvis kicked off the discussion of the 2004 cash carryover and unfunded liabilities. Joanne explained there is approximately \$2.8 million of unallocated dollars to carry forward into the 2005 budget. This money comes from the General Fund (\$1,838,871), Contingency Fund (\$637,186), and the Capital Reserve Fund (\$342,567). Rich explained the unfunded liabilities in present dollars to be Firefighters Pensions (\$829,000), LEOFF1 long-term care (\$1,103,000), Fuel Spill Cleanup (\$400,000), Comcast Head End for Community Center (\$95,000), and undergrounding of utilities at Luther Burbank Park (\$100,000-\$150,000). Staff indicated that the Council could choose to spend the cash carryover in whatever manner they chose to, but their recommendation was to consider some or all of the unfunded liability as a way to spend this carryover.

The Council clarified points about the carryovers and unfunded liabilities, including:

- Any LEOFF1 long-term care previously paid-for was funded with current dollars. After one claim, the City sought this actuarial estimation. Actuarially, in any given year, there are 1.4 out of 40 potential employees who may need long-term care.
- The unfunded need for the firefighters pension takes into account the current balance in the pension fund and other insurance money that will accrue.
- The state will reimburse 50% of the fuel spill cleanup fee within 3-5 years.
- The Comcast head end is so that broadcasts over Cable could be made from the Community Center. The head end will probably be gratis for City Hall.
- Staff was confident of unfunded liability numbers, but capital needs from comp plan updates, Luther Burbank, and/or fire apparatus are not known or estimated yet.
- Reducing the \$2 million community center debt was also suggested.

The Council engaged in a discussion of what to do about the cash carryover and unfunded needs. Within this context, they discussed the public's willingness to fund projects valued by the community. They also discussed the City's long-standing financial management principals of using ongoing revenues to fund ongoing obligations, while using one-time revenues for one-time expenses. They also considered self-insurance for long-term care at a cost of approximately \$75,000/year.

Agreement:

Various scenarios and combinations were proposed, and consensus was reached to:

<i>Fully fund Firefighters pension</i>	<i>\$ 829,000</i>
<i>Fund ½ of the LEOFF1 long term care</i>	<i>550,000</i>
<i>Fully fund fuel spill clean up</i>	<i>400,000</i>
<i>Fully fund undergrounding of utilities</i>	<i><u>150,000</u></i>
<i>Total</i>	<i>\$1.9 million</i>

The remaining \$900,000 from the cash carryover would be discussed on Sunday. Anticipating that discussion, Councilmembers suggested possibilities for the fund: tax rebate, parks projects, roads, and additional LEOFF1 long term care funding, and assistance for daycares moving back into the Community Center.

BOYS AND GIRLS CLUB

The Mayor began the discussion by asking City Attorney Londi Lindell what was the status of the Boys and Girls Club (B&GC) agreement at this time. Ms. Lindell described the City's pledge of \$1 million for the gym improvement project in exchange for the City's exclusive use during prescribed times. This payout was conditioned on the Club's demonstration of certain financial and legal authorizations by December 31, 2004. Correspondence between the City and the B&GC was exchanged about these conditions in January, with B&GC replying back in late March. About the same time the Mayor received a letter from the School District inviting the City Council to participate in a joint master-planning workshop for the portion of the North Mercer school campus that might be used by the B&GC and the School District.

After discussion of these events, Ms. Lindell told the Council that she does not believe the B&GC has met the conditions of the agreement and that the City is not legally obligated to furnish the \$1 million previously agreed to. She indicated they had not received their line of credit within the time period specified and that the line of credit was an increase to provide additional funds for an unspecified project.

The Mayor asked the Council if they would be willing to renew the agreement with the B&GC if it pertained to the North Mercer campus (instead of the West Mercer project) and included the School District. Some members raised concerns about the operational aspects of sharing facilities among 3 entities, instead of two, and discussed what could be the City's role in the North Mercer project. They also noted that the Community Center's gym will soon be completed. Some members expressed dismay about the number of hours City staff committed to making the initial agreement with the B&GC, only to have it falter. Some members suggested holding the money in reserve to determine what would be the outcome of discussions between the School District and the Club. Others urged the City to reallocate these funds to other important uses, noting they have been held in reserve for two years. They discussed having a firm deadline for allocation of funds.

Agreement:

Ultimately, the Council agreed to have the City Attorney write a letter, sending a positive message to:

- 1. Reaffirm Council support for youth activities on the island through their participation in the PEAK project joint facilities planning process;*

2. *Acknowledge that at this time, the legal agreement with the Boys and Girls Club has expired, yet the City will not allocate the \$1 million previously earmarked for the B&G Club until at least the end of 2005.*

Councilmembers Cairns and Jahncke will attend the Peak Planning workshop on April 7 on behalf of the Council to learn about the project and proposal and report back to the Council.

MERCER ISLAND EARLY CHILDHOOD TASK FORCE

Next the group discussed proposals for support coming to the council, including a proposal from the Mercer Island Early Childhood Taskforce.

Councilmember Litzow reported that he had heard requests for Council involvement with both preschool and senior groups. He suggested that the Council send representatives to the groups, and he volunteered to meet with the seniors.

Councilmember Jahncke noted that providing recreational, cultural, and community service programs for children, teens, adults, and seniors was ranked five out of six in the community's priorities. He did, however, note that the City could perhaps help childcare providers by opening or expanding the zoning allowances for such facilities.

City Manager Conrad noted that some restrictions faced by childcare providers is zoning related but that State licensing in a single family dwelling may be the most difficult hurdle for these facilities.

Next the group turned to the proposal from the Mercer Island Early Childhood Task Force. This proposal suggested support for solutions including:

- Co-siting or providing new quality space for programs, especially care centers for the very young and full-time care
- Raising awareness of the necessity and commitment to long-term leases at rationalized rates
- Establishing a grant fund for qualified capital improvements and leases
- More careful consideration of zoning requests for preschool and care facilities' expansion

Councilmembers expressed their support for young families and childcare yet noted that the only solution proposed by the group that most could support was related to zoning requests. Councilmember Cairns suggested the Task Force solicit funds from the Mercer Island Community Fund for their grant requests. Councilmember Grausz supported continuing to offer affordable rent for the 3-daycare providers in Building B in the new Community Center and proposed assistance for their losses because they had to move during reconstruction. Councilmember Goldmanis opposed any rent subsidization and zoning assistance.

Agreement:

The Mayor suggested a liaison to the Task Force and Councilmember Grausz volunteered to be that person.

BOARDS AND COMMISSIONS

Deputy City Manager Deb Symmonds provided historical perspective on Boards and Commissions on Mercer Island. She noted that as a result of a review in 1995, some boards and commissions were restructured and annual work plans for some began to be assigned from the City Council. Deb also drew the Council's attention to the excerpts from the Council's Rules of Procedure that pertain to Boards and Commissions.

First, the Council discussed the liaisons' role between the Design and Planning Commissions and the City Council. Some members described a lack of communication about what the commissions are doing and why they are doing it. They also discussed some Commission members' concerns that Council liaisons are overly involved in their activities. They also considered remedies for when Commissions are out of step with the Council's goals. To enhance communication, it was suggested that Council liaisons could add an agenda item from time-to-time to discuss Boards and Commissions activities.

Councilmembers affirmed that they knew how the selection and approval process for commissioners worked. One Councilmember expressed concern that the Commissions were heavily weighted with certain interest groups or lacked a diversity of viewpoints on the Commissions. Some Councilmembers commented on the subjectivity of design. One Councilmember commented on his belief that projects were better for having gone through the Design Commission. Another Councilmember expressed concern that the Design Commission was placing unnecessary burden on the marketplace.

The Mayor noted that by ordinance, the Design Commission has to have specific types of professionals represented: 1 at large, 2 architects, 1 engineer, 1 landscape architect, etc. In the past, the Planning Commission is the only Commission that has more applicants than positions available. Presently on the Planning commission there is a lawyer, an engineer, an architect, a builder, an environmental scientist, and a realtor.

Agreement:

As a result of this discussion, Councilmember Jahncke recommended and the Council agreed to mid-year reporting by the liaison to the Council. Mayor Merkle also recommended liaisons report to the Council if their Commission is out of step with the Council's objectives. The Council also agreed with City Manager Conrad's suggestion to send out a customer satisfaction survey once a developer has completed the Design Commission process and Councilmember Litzow's suggestion for a staff report on the composition of Design Commissions in other similar cities.

POTENTIAL ZONING CHANGES IN NEIGHBORHOOD WEST OF LUTHER BURBANK PARK

Councilmember Goldmanis reminded the Council that he had brought the potential rezone of the neighborhood west of Luther Burbank Park to the Council in 2004 and they had agreed to consider it in 2005. The City Manager asked Richard Hart, Development Services Director, to provide an overview of options to convert the single-family neighborhood into a higher density neighborhood that allows for alternative forms of housing.

Richard described three methods of rezones, a planned unit development (PUD), or zoning text amendment as likely ways to accomplish the goal, if the city should decide to move forward.

Councilmember Cairns clarified that the discussion and proposed approaches only applied to the neighborhood west of Luther Burbank Park.

Councilmember Goldmanis advocated for a rezone because the area around this neighborhood (park and ride, I-90, park, community center, downtown) is very high-use for a single-family neighborhood. Councilmember Goldmanis stated that the objective for the City would be to increase density, develop a bigger tax base, and get more users to the park. He also stated it might help meet the growth management requirements for different types of available housing. He stated it would be a 20-30 year timeframe for it to occur.

Councilmember Grausz supported the potential for a change for the block but more because of its pivotal location connecting the park, the community center, and downtown. He stated that if it could tie those elements together, he'd accept higher density development there.

The Mayor described a promenade connecting these elements, like in European cities, and asked if a rezone could accomplish this. Richard Hart said the City would have to overlay additional zoning and/or have a PUD.

Councilmember Jahncke noted the length of time to actually accomplish this change due to the number of single-family homeowners who would be involved. He indicated that he supported improving diversity and less expensive housing on Mercer Island.

Councilmember Cairns indicated his support for a promenade there as long as it enhanced that section of the island.

In response to an inquiry about the Council taking action on a matter with direct benefit to Councilmember Goldmanis, City Attorney Lindell noted that he'd have to simply recuse himself from the vote.

Councilmember Grausz suggested a study about how a PUD or overlay could create a promenade and connect the park, neighborhood, and downtown together.

Mayor Merkle expressed reservations about the idea, indicating he would need to be virtually guaranteed the end result could occur, rather than allowing it to happen halfway.

City Manager Conrad suggested that if the Council wanted a next step on this it would be to hire an urban planning specialist or developer. This consultant would advise the City on aspects such as how to achieve connectivity with the promenade concept; the best approach legally; how to achieve the objective in a relatively short period of time; ideas on a communication plan and neighborhood/public relations, etc.

Councilmembers Cairns and Pearman stressed the importance of good communication with the neighborhood and having neighborhood consensus for this project.

The Mayor suggested no action on this issue in 2005.

The meeting adjourned at 5:00 p.m.

Sunday, April 03, 2005

Councilmembers Goldmanis, Litzow and Jahncke revisited the question of potential zoning changes in the neighborhood west of Luther Burbank Park.

Agreement:

Councilmember Goldmanis proposed retaining the services of an urban planning/development expert toward the end of 2005 to advise and report to the Council on regulatory and feasibility issues for a connectivity corridor for Luther Burbank, the Community Center, and Downtown. A majority of the Council agreed with support from fellow Councilmembers Litzow, Grausz, and Jahncke.

Interstate 90

Deputy City Manager Deb Symmonds updated the Council on the status of Sound Transit and I-90. The design of Phase 1 of I-90 is underway (two-way transit and HOV project, aka R8A). Phase 1 includes construction of an HOV lane on the westbound outer roadway of I-90 between Bellevue Way and 80th on Mercer Island. It also includes a direct access ramp at Bellevue and the “missing ramp” at 80th from the new HOV lane

to 80th and the Park and Ride. Sound Transit has funding to complete Phase 1, and construction is scheduled to start by the summer of 2006 and to be completed by 2009.

Also, Sound Transit is in the midst of updating their 1996 long-range plan to achieve their 30-year vision for the region. This big-picture vision will recommend corridor and technology investments and will include amending existing maps and policies. Sound Transit will develop its Phase 2 proposal based on the long-range plan update. Deb Symmonds noted that now is the time for Mercer Island to comment on its interests for the big picture vision.

In addition, Sound Transit has commissioned issue papers that focused on the Eastside and I-90 that examine what should happen with which technologies in the target corridors. In the Eastside sub-area they have found that a combination of technologies best serve the communities' needs. There will be opportunities for comment on these issue papers at the April Sound Transit Board meetings (4/14, 4/28 and in May).

The Council discussed the best methods and timing for communicating their interests to Sound Transit. They agreed to the importance of continuing to dialogue with the Eastside Transportation Partnership, which has three members who sit on the Sound Transit Board. They discussed formal commenting as a jurisdiction and more informal comments to regional leaders when the opportunity exists.

They discussed the need to continue pressing their message about access to HOV lanes and mitigation needs for Mercer Island. City Manager Conrad noted Bellevue's letter to the Legislature encouraged consideration of funding Mercer Island's preferred mitigation.

Agreement: The Council requested a letter be sent to Sound Transit reiterating the Council's support for R8A and mitigation for Mercer Island.

On a related note, Deb stated that within the East sub-area of Sound Transit's district, \$21 million of unanticipated revenue was accumulated. Based on the Eastside Transportation Partnership's recommendation, the money was transferred to help fund the R8A project. There's also a Senate provision to add additional money to fully fund R8A. City Manager Conrad suggested monitoring the RTID package, current Legislative gas tax proposals, and Sound Transit's Phase 2 funding proposal scheduled for a vote in November of 2006.

Councilmembers discussed their preferred vision for Mercer Island and I-90:

- Councilmember Cairns stated that Mercer Island is not interested in a scenario that puts express buses down center lanes only, without access for Mercer Island vehicles.
- Councilmember Grausz suggested that whatever level of studies they do, they should include SOV access to HOV lanes for Mercer Island drivers.
- Councilmember Litzow recommended starting a campaign to place Mercer Island issues in the forefront.

- Councilmember Litzow suggested organizing an ad-hoc committee of Islanders and Councilmembers

Deputy City Manager Symmonds asked the Council if they'd like Sound Transit Staff to brief the Council. If so, she recommended that the three Eastside-Sound Transit Board Members be invited to hear the discussion.

Agreement:

The Facilitator summarized the group's intent: This Council will err on the side of over-communicating on Sound Transit-related issues; this Council wants to initiate an effective advocacy strategy to decision makers; this strategy and all information about process/project needs to be dialogued and communicated with the citizens of Mercer Island early and often. Deb Symmonds and Rich Conrad will make recommendations to the Council on the communication strategy and timing with Sound Transit and Mercer Island constituents. The Council also agreed that City staff may not have internal resources to do so and agreed to consider retaining a paid professional to do so.

The group agreed that staff would research and make recommendations to the Council on strategy, approach, and timing for Sound Transit efforts. They will also draft the letter to the Board reiterating Mercer Island's need for mitigation as noted in Resolution 1337.

REVENUE CARRYOVER DISCUSSION

Agreement:

Next the Council agreed to fund the following with the \$900,000 of unallocated cash carryover from Saturday's deliberations:

- *Tax rebate of \$170,000 (place funds in Bond Redemption Fund to offset the need to levy a like amount for voter-approved debt retirement)*
- *Parks project: \$200,000 with Parks & Recreation Director proposing where to spend it*
- *Fund residential streets: \$200,000 for residential streets where funds were previously cut*
- *Street shoulders: \$200,000--fund (the equivalent of) two segments of improved roadside shoulders on East Mercer Way*
- *Daycare: \$50,000 for previous daycare tenants' facility-related expenses in re-licensing/relocating to the new center*
- *Lobbyist for I-90: \$100,000*

The Council acknowledged that these funds didn't exactly equal \$900,000, and asked staff to recommend exact figures for each project.

CAPITAL IMPROVEMENT PROJECT PRIORITIZATION

Deputy City Manager Deb Symmonds reviewed a proposed prioritization approach for the Capital Improvement Program (CIP), using existing project evaluation criteria and management and budget policies for 2005-2006.

Agreement:

The Council agreed that this was the kind of process they would wish to use in developing their next Capital Improvement Plan Budget.

MID BLOCK CROSSINGS

Mayor Merkle indicated that there are Mercer Island citizens who have done literature research and are recommending the City find ways to encourage mid-block crossing of private properties. Their belief is the blocks are too large. Councilmember Jahncke noted that mid-block crossings were not a specific requirement from Town Center design, but that it can be a bonus option during the permit process.

Agreement:

The Mayor recommended, and the Council agreed, to put this issue on their agenda and ask the concerned individuals to address the entire Council.

Councilmember Goldmanis recommended that Steve Bryant attend this meeting, too.

CRITICAL AREAS ORDINANCE

In response to an inquiry from Councilmember Jahncke, City Manager Rich Conrad updated the Council on the status of the Critical Areas Ordinance. The Ordinance is being worked on by the Planning Commission, in conjunction with City Attorney Londi Lindell. Council review of the Ordinance and related maps will occur later this year with Ordinance completion in 2005.

Additional Agreements:

COMMUNITY CENTER GRAND OPENING

Councilmember Grausz recommended and Council agreed that Staff fix a date for the Community Center grand opening as soon as possible, that they propose an outstanding grand opening, and that they use the Summer Celebration as a kick off.

CITY MANAGER EVALUATION PROCESS

The Council discussed and approved a proposal put forth by Councilmember Litzow and amended by fellow Councilmembers concerning the evaluation process for the City Manager. The approved process will be: a 3-person committee, comprised of Councilmembers, will develop objectives to evaluate the City Manager's performance. Based on those objectives, the Mayor will conduct the evaluation and recommend the City Manager's annual salary and bonus to the Council.

WRAP UP AND ADJOURNMENT

City Manager Rich Conrad recapped this year's retreat outcomes for the Council. The Mayor thanked everyone for their participation and congratulated them on a job well done. The retreat adjourned at 12:00 p.m.