



CITY COUNCIL MINUTES ANNUAL PLANNING SESSION JANUARY 19-21, 2007

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

- January 19, 2007, 5:00 pm - 6:30 pm, 8:00 pm - 9:00 pm
- January 20, 2007, 8:30 am - 5:30 pm
- January 21, 2007, 8:30 am - 12:00 pm

In the Luther Burbank Room at the Community Center at Mercer View.

Roll Call: Councilmembers Mike Grady, Dan Grausz, El Jahncke, Steve Litzow, Deputy Mayor Jim Pearman and Mayor Bryan Cairns were present. Councilmembers Sven Goldmanis was absent

The attached memo, dated January 29, 2007, 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 2007 Mercer Island City Council Annual Planning Session.

Adjournment: 12:00 pm, January 21, 2007.

Bryan Cairns, Mayor

Attest:

Allison Spietz, City Clerk



TO: Mercer Island City Council
FROM: Rhonda Hilyer and Ginny Ratliff, Agreement Dynamics, Inc.
RE: 2007 City Council Planning Session
DATE: January 29, 2006

Thank you for the opportunity to provide consulting and facilitation services for your January 19-21, 2007 planning session. The objectives agreed to for this retreat were:

- Review and assess 2006 Council accomplishments
- Affirm Council service priorities for 2007
- Develop major projects funding and timing strategy
- Finalize 2007 Priority Action Plan

These goals were accomplished through both task-oriented and long-term strategic planning discussions.

Friday, January 19, 2007

MAYOR'S OPENING REMARKS

Mayor Cairns welcomed the participants and summarized 2006 City achievements. He underscored the benefit of all parties working together and pointed to several collaborative efforts that resulted in successful outcomes this past year.

The facilitator reviewed the agenda and thanked Councilmembers for their thoughtful, advance preparation of topics and objectives.

City Manager Rich Conrad reviewed 2007 City Council goals and noted that all of them were achieved. He then presented a proposed and actual depiction of Council work tasks and schedule (2006-2010) for Council consideration as they finalize their 2007 priority action plan.

After a dinner break, City Manager Conrad led a discussion of Council interactions in the context of policy versus administration.

The Council then moved to a discussion of "Citizen of the Year." They selected ____ to receive the 2006 Award.

Saturday, January 20, 2007

2007 SERVICE PRIORITIES AND MAJOR PROJECTS

After a brief welcome from Mayor Bryan Cairns, City Manager Rich Conrad introduced the 2007 service priorities and major projects.

To kick off the discussion, Councilmember Jahncke recommended revision to 1.3 of Appendix A “Priorities – Mercer Island City Services.” He stated that “Mental and physical health problems are prevented,” under Priority 1, “The community will be safe” should be changed. After a brief discussion, other Councilmembers concurred and agreed that priority 1.3 should be changed to “crisis intervention and substance abuse are addressed”. With this change, the Council affirmed the Priorities for Mercer Island City Services as presented.

City Manager Conrad directed Councilmembers to the Major Projects List for 2007. After discussion, the Council confirmed that this was the correct list and began deliberation on each project:

Sewer Lake Line

Maintenance Director Glen Boettcher briefed the Council on the current status of the lake line project and informed the Council that the City had received approval to increase the construction window by four weeks during both the 2007 and 2008 construction window. He also explained the purpose of the value engineering process. Finally, he responded to questions from Councilmembers regarding the status and options for easement agreements, staff efforts to seek funding in Olympia and Washington D.C., and future sewer utility needs.

City Attorney Londi Lindell reported that the process of consulting with other permitting agencies has nearly been completed and that the City is close to obtaining all required written permits.

City Manager Conrad explained that the project to replace existing sewer lines under Lake Washington was not yet fully funded—the City has \$11.8 million out of the estimated \$15 million to complete the project. Part of the previous \$5.0 million dollar funding gap was addressed by earmarking \$1 million REET and \$800,000 of 2005 surplus. The \$3.2 million balance could come in the form of grants from the state or federal government or utility rates. He indicated that since the City intended to award a construction contract in late spring it would be necessary to have a funding strategy in place by then.

Councilmember Jahncke recommended that if it becomes necessary to raise utility rates again to pay for this major project, it should be the last option the city pursues so as not to preclude any and all grant options.

NORCOM

Police Chief Ed Holmes briefed the Council on NORCOM efforts. User fees (operating costs) for each jurisdiction have been estimated and were illustrated for the Council. By mid-2007, NORCOM members will have agreed upon equipment purchases, and “buy-in” costs to each jurisdiction will be announced. At that point, the Council needs to decide whether or not to join NORCOM.

The Council discussed a city-only dispatch system for police and fire. City Manager Conrad reminded the Council that in September they had reviewed costs associated with dispatch and had determined that due to factors such as economies of scale, acquisition of expensive technologies and the need for high call volumes, NORCOM was the most cost-effective option for Mercer Island. The Council also discussed the advantages of cooperative dispatching from other jurisdictions if there were a major event on Mercer Island.

Agreement: Councilmember Jahncke proposed, and the Council concurred, to take the expected 2006 revenue surplus of \$595,000 and dedicate it to NORCOM, covering the initial three or four years of operations.

Fire Apparatus Replacement

Fire Chief Walt Mauldin briefed the Council on the replacement/refurbishment schedule for fire apparatus through 2028. Finance Director Chip Corder explained revenue options for start-up and sinking fund needs.

With regard to the use of a levy, City Manager Conrad indicated the City paid for its last purchase of equipment using a bond issue, and that the 20-year bond levy had expired. Councilmember Litzow expressed concern about using levies to fund the high priorities of government while spending general funds for functions that are not as high priorities of government. He cited recent positions and projects paid for out of the general fund as examples that should be forwarded to the voters for consideration. The Council discussed various funding options.

Agreement: Councilmember Jahncke's proposal to fund fire truck replacements was approved by the Council:

- 1% property tax to be enacted in 2007 for 2008 collection
- 0.6% property tax from banked capacity to be enacted in 2007 for 2008 collection
- \$45,000 dedicated from annual interest revenue beginning in 2008)

Luther Burbank

Parks and Recreation Director Pete Mayer summarized the status of completed, funded, and unfunded portions of the Luther Burbank Master Plan along with possible phase-in strategies for Park improvements.

City Manager Conrad indicated that the Council needs to determine what pace of implementation they want to pursue in completing the Park's 20-year master plan and how to fund its development. He also pointed out the need to develop a strategy for replacing the operation and maintenance (O&M) funding levy due to expire in 2009.

The group discussed options for replacing this O&M funding. Councilmember Pearman pointed out that when the operating levy was agreed upon it was as a temporary fund and that when it expired, Luther Burbank's operation was to be integrated into the Parks Department's overall budget. He also noted the capital and operational needs of other parks in the system and recommended that these deliberations specifically not revisit level-of-service within the parks.

Agreement: *Councilmember Pearman recommended, and the Council concurred, that by the end of 2007 they would have a “grand parks plan.” This plan would be a holistic approach to capital and operations funding as well as an implementation plan for all Mercer Island parks. Links to potential funding sources would also be an element of this plan. Developing the parks plan would be added to the work plan for 2007.*

Southend Fire Station Replacement

Fire Chief Walt Mauldin briefed the Council on the status of the Southend Fire Station. He said that the station lacks the necessary structure and foundation to become earthquake-ready, and that three separate studies have suggested the building be replaced. Chief Mauldin noted that during the last earthquake the doors trapped the fire trucks inside, but that they were able to get the trucks out through the back of the fire station. He said that was not an option if the doors become similarly inoperable in the future because the area behind the station is now rented and filled with telephone equipment.

The Fire Chief and Council discussed options in lieu of replacing the station as well as the consequences and likelihood of a catastrophic event. Councilmember Grady recommended that the Chief come back with a building evaluation.

Agreement: *Mayor Cairns recommended—and the Council concurred—to not expend capital on a new station for 3 years unless there is persuasive evidence or an essential need to do so.*

Open Space Acquisition

City Manager Conrad indicated that there was no proposal at this time to acquire additional open space. Councilmembers discussed possible sites for large acquisitions as well as small parcels adjacent to current city property or trails.

Agreement: *The Council supported Councilmember Grausz’s proposal to determine staff time needed to research possible sites and to provide Council time for review and deliberation. City Manager Conrad suggested adding this as a work plan item.*

LEOFF/Long-Term Care

The Council discussed this fund's \$700,000 reserve and options for funding a larger liability, should that occur.

Agreement: *Councilmember Grausz recommended, and the Council agreed, to maintain the current \$700,000 reserve as is and not to make a proposed \$150,000 increase for this use.*

MAJOR PROJECTS STRATEGY

City Manager Conrad referred the Council to their “Financial Guiding Principles” as they continued to discuss funding strategies. The following summary is the Council’s agreed-upon funding strategy for major projects:

Sewer Lake Line	Continue with allocation of \$1 million REET; \$800,000 in 2005 surplus; utility rates; state loans; apply for state and federal grants
NORCOM Operations	Dedicate an estimated \$595,000 from 2006 surplus revenue for operations 2009-2011/2012
Fire Truck Replacement	Enact 1% property tax levy in 2007 for 2008 collection Enact .6% property tax levy from banked capacity in 2007 for 2008 collection Dedicate \$45,000 annually from earned interest beginning in 2008.
Luther Burbank Master Plan and O&M	In 2007, develop holistic capital and O&M funding plan for all Mercer Island parks (that includes replacement of Luther Burbank O&M levy dollars in 2010).
South Fire Station Replacement	Not for 3 years unless there’s an imminent need.
Open Space	Present to Council if sites become available
LEOFF Long Term Care	Maintain current \$700,000 balance in fund; do not add proposed \$150,000 increase

PRIORITIES OF GOVERNMENT (POG)

Throughout the two-day retreat Councilmembers discussed their varying opinions of how priorities of government are applied at Mercer Island. City Manager Conrad suggested the Council discuss POG applications at their June mini-planning session.

RENTON AIRPORT

City Manager Conrad explained the current plan, likelihood and possible alternatives for a new corporate jet center at the Renton Airport. Councilmembers discussed the negative impacts this would have on Mercer Island and possible courses of action with Renton officials and the FAA. Councilmembers expressed concern over increased noise over the Island. Safety concerns were also raised due to take-offs and landings that could be 1000 feet or less over head relative to South Island structures. They also discussed the need to generate more noise data to establish a baseline for the Island.

The Council reviewed the City’s action to date and City Manager Conrad recommended the Council adopt a goal of “minimize any increase in noise over Mercer Island and maximize safety to Mercer Island citizens” in connection with any expansion of the Renton Airport.

Agreement: *The Council agreed to meet with Renton Airport officials. The City will request their aviation attorney report on the range of possibilities the City can pursue to meet its objectives.*

PEAK

City Manager Conrad reported to Council on completion of the tasks Council had directed the City Manager to accomplish including convening a joint meeting of the City Council PEAK Subcommittee and the School District Board members. City Manager Conrad explained that the City's role vis-à-vis the PEAK project is to conduct a land use/SEPA process to assess development impacts and seek mitigation for parking, impervious surfaces, and traffic congestion impacts. In 2006, Council also established the City's role to work in partnership with the Boys & Girls Club and School District to find solutions to issues of traffic, parking and impervious surfaces. Council liaison members Grausz and Jahncke shared their recent meeting with school officials to try to resolve outstanding parking and traffic problems at the proposed site. Councilmember Grausz indicated that the School District felt the City was sending mixed signals: such as requiring additional parking while at the same time seeking to reduce the number of trips to the high school (parking demand management). Councilmember Jahncke pointed out that the School District was still short 35 parking spaces from the high school remodel more than 10 years ago. He also wasn't satisfied with the Boys & Girls Club traffic study that (allegedly) assumes no additional parking demands at the PEAK site between 6:00 a.m. and 6:00 p.m.

Councilmembers expressed frustration over the status of PEAK. Councilmember Pearman pointed out generous offers of assistance from the City including street improvements and impervious surface code amendments and noted that the City has continually advised both the Boys & Girls Club and the School District that parking issues must be addressed. Councilmember Grady expressed the need for a quid pro quo from the School District if the City is going to expend public dollars to assist with this project.

***Agreement:** City staff will provide Council members with PEAK parking data and study results. Mayor Cairns suggested, and the Council concurred, that Council's PEAK Subcommittee would draft a statement to the School Board and PEAK officials outlining the minimum requirements for parking/traffic necessary to gain approval of PEAK's (shared parking) Development Agreement. This statement would be vetted at the Council for majority approval. Once the statement is finalized, it will be delivered to the School Board's PEAK Sub-committee with a PEAK representative present. Council directed staff to remove the second reading of the PEAK Development Agreement from the February 5, 2007 City Council agenda to allow this work to be accomplished.*

Councilmember Grady recommended that the data presented to Councilmembers follow this format:

		2007	To Code	Proposal
High School campus	Parking			
	Impervious area			
High School + PEAK	Parking			
	Impervious area			

I-90 UPDATE

City Manager Conrad briefed the Council on a recent letter received from Governor Gregoire's Chief of Staff Fitzsimmons and Transportation Secretary MacDonald agreeing that Mercer Island single occupant vehicles may use the new high-occupancy vehicle lanes on I-90 between Mercer Island and Seattle until those lanes become tolled. Mayor Cairns applauded Council and staff who expended a great deal of energy to reach this successful conclusion. The group then discussed Councilmember Grausz' recommendation to focus on resident, commuter-only parking in the Town Center to ensure Mercer Islanders have park-and-ride access to the light-rail system. He explained his concern that the new Park and Ride facility will be filled with off-island commuters.

TOWN CENTER

City Attorney Lindell briefed Councilmembers on future Town Center projects in their retreat packets, and noted that it doesn't include the proposed Safeway site. She pointed out two significant events: the advancement of Town Center code amendments from the ad hoc committee to a joint session of the Planning Commission and Design Commission and staff work with developers to meet code requirements for public plazas in various buildings.

AFFORDABLE HOUSING

City Manager Conrad announced the convening of Puget Sound communities to discuss incentive-based strategies for securing more affordable housing. He asked for liaisons to this group, and Councilmembers Grady and Jahncke volunteered.

DECEMBER STORM RESPONSE

In response to the lengthy power outage on Mercer Island during the December storm, Councilmembers discussed a variety of options to improve upon the City's responses, including: undergrounding of vulnerable utility lines and/or critical electrical connection sites; ensuring power to at least one gasoline station on the island; a proactive tree-trimming plan to protect power lines. City Manager Conrad asked the Fire and Police Chiefs to give their perspective on the City's emergency response in the immediate aftermath of the storm.

Fire Chief Mauldin explained the changing response methods used in the first 24 hours, culminating in a multi-department team approach to clear roadways of downed trees in order to respond to emergency calls. He praised everyone's efforts during the storm and assured the Council that there was never a time they couldn't respond to an emergency call.

Police Chief Holmes explained prioritization efforts with PSE and tree removal to ensure main arterials were open during the storm. Contrary to anecdotal information, he reported that there was no increase in crime in the week subsequent to the storm.

City Manager Conrad announced the February 5 discussion of emergency preparedness and response to the storm. A Puget Sound Energy representative will attend. Conrad credited PSE's efforts to provide timely and quality information to the City of Mercer Island during the storm.

Sunday, January 21, 2007

BUDGET PROCESS DISCUSSION

City Manager Conrad gave his perspective on the budget process recently completed at Mercer Island. He invited comments and suggestions from Councilmembers as well as from the Finance Director, Chip Corder, and Parks Director Pete Mayer. The group discussed program, line-item, and hybrid budget approaches; differences among Councilmembers' priorities of government; timing of budget presentations in the year; staff and cabinet vetting and communication; budget building approaches and recommendations for presenting CIP and operating budget information.

City Manager Conrad summarized the recommendations of the Council. In future budgets, the staff and Council's focus will be more at an aggregate, department level, instead of service level. When staff develops the budget, they will assemble it based on programs. Staff will demonstrate the current service authorized level (baseline), as well as the increment (what is left over after the current level of service is funded). Staff will continue to challenge themselves to develop more efficient ways to deliver services within current levels. In the spring, Council will be asked policy questions in order to obtain better budget process direction. Staff will show how big the budget "pie" is, and how all programs, projects, and changes relate to the total pie. Staff and Council will give each other early heads ups, wherever possible. The City Manager will provide his Budget Message before the formal October budget presentation. The City will hold more front-end budget meetings in the summer. The budget document will rate staff priorities by department in terms of high, medium, or least important.

The Council's discussion points were further summarized on flip chart notes:

BUDGET PROCESS IMPROVEMENT

- 1) Focus on departmental aggregate level (programs and services); avoid being mired in details*
- 2) Current authorized level (show proposed changes)*
- 3) Get to Council earlier in year (first reaction, list of policy questions/issues/"packages")*
- 4) How big is the whole pie? (show proposed changes)*
- 5) Show running totals as tentative decisions are made*
- 6) Provide budget message earlier*
- 7) More meetings in spring, rather than fall*
- 8) Budget presentation will match budget book*
- 9) Confirm process for CIP (staff rank CIP by priority)*
- 10) Chip Corder will summarize the budget process improvements for council.*

SUSTAINABILITY

Councilmember Litzow suggested that the Council hold a joint study session with the Planning Commission as well as a Council discussion on possible "low-hanging sustainability fruit" for the City to pursue. He is working with the Planning Commission to develop their work plan and noted that they want to pursue sustainability as a part of their efforts.

Councilmember Grady listed the benefits of pursuing sustainability projects, including cost savings and revenue generation. He updated the Council on state, national and international efforts aimed at promoting sustainability. He indicated there's a nascent American market for selling carbon. He suggested the City begin readying for the eventuality that it could sell its

open-space carbon credits and use that revenue as a way to fund ongoing acquisition, operation, maintenance, and preservation of open space. Councilmember Grady asked and was granted Council permission to work with Councilmember Litzow, the Planning Commission and the delegation to learn more about the incentives and funding mechanisms as these opportunities arise.

City Manager Conrad expressed his desire to work with other city managers and administrators to get more city fleets converted to alternative fuels. Councilmembers encouraged him to do so.

PRIORITY ACTION PLAN

The Council reviewed what tasks were involved with each element of their proposed work plan for 2007. They then added to and amended their work plan as follows:

- Work items #20 & #21 combined (Luther Burbank Master Plan and implementation of P&R strategic improvements)
- Item #27 added: Town Center parking review (1 meeting)
- Item #28 added: Open space opportunities analysis (1 meeting, 1st quarter)
- Item #29 added: Town Center opportunities analysis (1 meeting, 1st quarter)

Councilmember Grausz asked if there was an interest in pursuing some sort of focal point or gathering place for the Town Center. The City Manager asked Councilmembers if they would like to meet with property owners to discuss this topic. Councilmembers Grausz and Litzow volunteered.

OTHER TOPICS

Community Center landscaping (raised by Councilmember Jahncke):

Banks have been stabilized and planting will begin in the first quarter of 2007.

Is there another Regional Aquatic Center in the making that would impact Mercer Island (raised by Councilmember Pearman)? King County is only focusing their efforts on the aquatic center in Federal Way.

School Board's request for the City to fully fund certain programs (raised by Councilmember Grausz): School board members were given the heads up that this would not be a topic discussed at the retreat, and that the Council is reticent to use additional property taxes to fund school programs.

Striping the safe routes around schools (raised by Councilmember Grady): State/federal grant money may be available and could be pursued.

Bench placement on sidewalks (raised by Councilmember Grady): During streetscape discussions, revisit placement of benches.

Cigar boat speed and noise limits (raised by Councilmember Grady): San Juan County limited these boats' speed and noise. Lake Washington jurisdictions' Parks Directors are working collaboratively to create more consistency in policies, signage, etc., and that would be a good venue to discuss this issue.

King County jail (raised by City Manager Conrad): In 2007-2008 all local cities will engage in a discussion about the jail, with the ultimate goal of no longer using the county's jail by 2012.

Pioneer Park (raised by Councilmember Pearman): Need an arborist to look at the degradation of the forest there, particularly after recent storm damage and look for funding for additional replanting.

CONCLUSION OF PLANNING SESSION

The Mayor thanked all Councilmembers for their attendance and participation at the planning session. The meeting adjourned at 12:00 noon.