



CITY COUNCIL MINUTES *REVISED* ANNUAL PLANNING SESSION JANUARY 25-27, 2008

CALL TO ORDER: Mayor Jim Pearman called the meeting to order as follows in the Luther Burbank Room at the Community Center at Mercer View:

- January 25, 2008, 5:09 pm - 6:30 pm, 7:45 pm - 9:01 pm
- January 26, 2008, 8:30 am - 5:45 pm
- January 27, 2008, 8:30 am - 11:45 am

ROLL CALL: Councilmembers Bruce Bassett, Mike Cero, Mike Grady, Dan Grausz, Deputy Mayor El Jahncke and Mayor Jim Pearman were present. Councilmember Steve Litzow was absent.

The attached memo, dated February 1, 2008, 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 2008 Mercer Island City Council Annual Planning Session.

ADJOURNMENT: 11:45 am, January 25, 2008.

Jim Pearman, Mayor

Attest:

Allison Spietz, City Clerk



TO: Mercer Island City Council
FROM: Rhonda Hilyer and Ginny Ratliff, Agreement Dynamics, Inc.
RE: 2008 City Council Planning Session
DATE: February 1, 2008

Thank you for the opportunity to provide consulting and facilitation services for your January 25-27, 2008 planning session. The objectives agreed to for this retreat were:

- Review and assess 2007 Council accomplishments
- Affirm Council service priorities for 2008
- Finalize 2008 Priority Action Plan

FRIDAY JANUARY 25, 2008

MAYOR'S OPENING REMARKS

The session convened at 5:09 p.m. with Mayor Jim Pearman welcoming all in attendance, especially new Councilmembers Bassett and Cero. He extended his condolences to Councilmember Litzow who could not attend due to his mother's recent passing. He commented on one of the Council's strengths in holding diverse perspectives and not engaging in group-think. He highlighted his four operating principles:

- Solid, open discussion
- Honest opinions
- Freedom to express openly
- Respectful listening

Jim reviewed the ground rules and added that "no questions are bad ones," and the importance of "respecting the decision of the group after concluding debate."

City Manager Rich Conrad reviewed the 2007 major projects list and commented that last year the City faced a bevy of big projects. City Manager Conrad also recapped the 2007 City goals and accomplishments. He noted that in each case the Council's direction has been implemented to the letter.

Councilmembers then summarized their individual goals, expectations and success indicators for 2008:

- **Councilmember Bassett** stated that sustainability issues were the key motivator for him and to bring forward citizen concerns about Town Center and transportation.
- **Councilmember Cero** highlighted three major issues for him in 2008:
 1. I-90 and the importance of the Council speaking as one
 2. Renton Airport—look on the horizon and prepare for future protection
 3. Transparency—ensure the citizens know what is going on
- **Councilmember Grausz** noted the he has served for eight years and would like to see the Council do some really interesting things such as taking a hard look at Town Center and giving a lot of thought to how

it can turn out. He commented that what the Council does with the Parks levy is important for the greenness of the island and that an important goal for 2008 is to look at what will have a lasting impact for the City.

- **Mayor Pearman** agreed with his colleagues' comments and added that he is excited about the downtown. He articulated a goal of developing the Council's vision with respect for the past and willingness to move forward.
- **Councilmember Jahncke** stated his belief in limited government, fiscal conservatism and keeping taxes as low as possible. He commented on his expectation that politics should stop after elections are conducted and that the Council should not be afraid of change.
- **Councilmember Grady** articulated his view that Councilmembers are elected to be stewards of the people's resources and neighborhoods and to help people with social services, outreach and affordable housing. He noted his goal of City outreach to other cities (like one in a third-world country), sustainability (moving beyond local energy and water issues to address regional and global problems) and bringing the Council out to the community.

The Council then moved to a discussion of "Citizen of the Year." The session concluded at 9:01 p.m.

Saturday, January 26, 2008

PRIORITIES OF GOVERNMENT (P.O.G.)

Mayor Jim Pearman convened the retreat at 8:30 a.m. by welcoming Council and audience members to the planning session.

City Manager Rich Conrad reminded Councilmembers that 2008 is a budget year, and that the Priorities of Government revisions made in 2007 would be in affect during these deliberations. He stated that some Councilmembers had urged a discussion of sustainability at the policy level. He defined "sustainability" and explained its emerging emphasis as a best-management practice for governments. He proposed adding this language in the P.O.G. document:

- "2.4--The City will strive for a sustainable future by balancing environmental stewardship, economic development, social equity and financial and organizational viability."

Councilmembers and City staff discussed the history, purpose, emphasis and use of the P.O.G. document. The group decided to postpone further discussion until budget deliberations.

2008 MAJOR PROJECTS

Sewer Lake Line

City Manager Rich Conrad explained that since the Council rejected the initial bids received on the sewer lake line and directed staff to do a thorough examination of the project, the City undertook a peer review process. He indicated that the goal for this agenda item was to update Council on the consultants' findings and for the Council to identify and provide direction for the next steps.

City Manager Conrad introduced Maintenance Director Glenn Boettcher who gave a brief overview of the history, operation and budget of Mercer Island's sewer and storm water drainage system. He explained why the sewer lake line needed replacing, new information about its relation to a seismic fault and the cost-cutting capital measures the Department is using to save money for the lake line replacement.

City Manager Conrad described the outside funding sources acquired so far for this project (\$.5 million federal grant and a \$7 million low-interest Public Works Trust Fund loan to be repaid through rates). He stated that heretofore, all system costs had been funded through rates. He suggested a possible Council conversation to be whether to finance fully through utility rates or to use excess budget funds to offset some of the debt and inevitable utility rate

increases. He indicated the City had never done such before, but that it was legal to do so.

Director Boettcher introduced peer review consultants Michael O'Neal, P.E., from Brown and Caldwell and Troy Pyles and Dave Breen from Vanir Construction Management. Michael described the process they used for peer review, their speculation as to why the bids were high, and alternative technological and design approaches they considered. He stated at this point they believed that there could be sizeable cost savings by repackaging bids into marine and pump station bids. There could also be cost savings if the Reach 3 pipe could be replaced with the same size it is today, rather than the larger pipe called for in the bid. However, in order to assess that, the consultant team recommended installing monitors at PS 4 and PS 5 to measure flows during the wet season and to review new modeling data from King County. They concurred that this should determine a more accurate peak capacity in Reach 3. Finally there were some suggested design element changes to further decrease costs. **Councilmember Grausz observed that lake line failures were on Reach 3 and not on Reach 4.**

Agreements:

The Council, consultants, and staff then debated and discussed a number of options for design, project staging, and cost cutting. The Council then reaffirmed their commitment to the in-lake design, and directed staff and the consultants to proceed ahead on modeling. They asked the consultants to confirm that the previous project cost estimates match the newest estimated costs for all three alternatives (upland, shoreline, and in-lake designs). **Councilmember Cero requested a defect analysis isolating root causes of the failures.** Finally, the consultants indicated that in May they would come back to the Council and provide a presentation on the bid package, structure of the project, exact design scope, and financing.

Town Center:

The facilitator explained that several Councilmembers expressed concern about one or more of the following aspects of the Town Center development: traffic, shortage of on-street parking for retail customers, lack of public plaza or physical "center", and the desire for a more bike and pedestrian-friendly environment.

City Manager Rich Conrad explained that the 1994 Town Center plan was collaboration between the City, Regional Transit Authority (RTA) design professionals and Mercer Island residents. He stated that the emphasis at the time was to: revitalize the downtown, plan for light rail on I-90 and to concentrate state-mandated growth within the Town Center. He further explained that the City built the necessary infrastructure to provide for the development incentives envisioned in the Town Center Plan and that where the City was able to guide development they did so. However, he stated that there are many other factors at work in the Town Center outside the City's control.

Steve Lancaster, Development Services Director, reviewed how a city can guide development, what Mercer Island has done, and what options are available at this time. He indicated that it would be difficult to incentivize existing parcels to create a major public amenity without a significant public investment. He suggested re-stripping an existing 3-lane road in the Town Center to create parking on both sides of the street.

City Manager Conrad noted that possible sites for a center or plaza would be the existing Rite Aid and Walgreen's buildings. Both have expressed a willingness to discuss future redevelopment ideas. Also, the building owner between Walgreens and McDonalds has expressed an interest in a parking-structure partnership with the City.

Councilmembers discussed these issues as well as the inherent difficulty associated with such a dramatic change over a short period of time. They acknowledged that communities like Queen Anne and Madison Park, which have successful neighborhood-retail mixes, have evolved over time. Mayor Pearman suggested information dissemination to the public about exactly what amenities are forthcoming as future development continues. Councilmember Jahncke commented that it is important not to be afraid of change. The group also discussed the desirability of more and needed retail on Mercer Island so that Islanders could shop locally, rather than have to travel to Seattle or Bellevue for basic needs.

Agreements:

Councilmember Grausz proposed an agenda bill to consider two-hour parking and re-stripping in the Town Center. The Council concurred.

Councilmember Cero asked staff to create an inventory of options or opportunities the Council could discuss to make for a more vibrant downtown. Four Councilmembers concurred.

Councilmember Grady asked his fellow Councilmembers for a study session on what Town Center will look like after the build out and to discuss opportunities for creating a public amenity before its' too late. The Council concurred.

In response to Councilmember Bassett's request for a public visioning process for Town Center, the Council did not concur.

Transportation:

The facilitator explained that local and regional transportation issues were put forward by Councilmembers as an important topic for the retreat.

On the local transportation issue, Councilmember Bassett said this was the second-highest issue raised by the public during campaigning. He said constituents were frustrated with ever-increasing traffic and parking shortages around the high school and that some citizens on 86th Ave SE have difficulty getting out of their driveways during peak traffic times.

The under-utilization of school buses because of the increasing number of parents who drive their students to/from school was raised as a concern. Providing incentives at the high school to reduce trips and having shuttles to move people about the island and to/from Town center were suggested as ways to improve local transportation issues. Use of pervious pavement on future projects was recommended as a sustainability measure. And it was suggested to take the center islands out of Island Crest Way, reduce it to three lanes and put a dedicated bike/floral path on one side.

City Manager Rich Conrad stated that bike and pedestrian trails, as well as safe routes, are on the Council's work plan for 2008. He went on to say that Island Crest and Merrimount are also under staff review and will be brought forth to the Council later in the year as part of their annual Transportation Improvement Plan (TIP) update.

City Manager Conrad shared that the City is considering restructuring transportation planning and the street departments into a more centralized unit to have a broader and more effective impact on transportation issues.

On regional transportation issues, the facilitator shared the issues of Council unity and process brought up by Councilmembers during pre-retreat interviews.

City Manager Rich Conrad updated the Council on likely 2008-2009 regional transportation discussions like tolling, an expanded role for Sound Transit to road construction, and another Sound Transit proposal on the ballot (but not RTID). He indicated that the City is fortunate to have state legislators well-positioned in transportation roles in Olympia.

Deputy City Manager Londi Lindell said the City of Bellevue requested the Eastside Transportation Planning group discuss shared-member interests around tolling. She described a state study on tolling that compared rates of tolling to bridge use behavior. She explained that if a toll of \$6 were implemented by 2030, it would result in 20-30,000 less cars on SR-520. She noted that a discussion of tolling is set for two study sessions on the work plan.

Councilmember Grady indicated that the Legislature will be examining authority for tolling. He noted that tolling on I-90 would set a federal precedent because the proceeds would be used for SR-520, not I-90.

The Council discussed the Governor's announcement about tolling on 520, its impact on Mercer Island, one toll versus two tolls on Lake Washington, and preserving the center lane to Mercer Islanders as the region examines tolling on I-90. The group also discussed the new Park and Ride on Mercer Island.

Budget Process:

Finance Director Chip Corder presented a two-page summary of changes recommended for the 2008 budget cycle based on suggestions raised by Councilmembers at last year's planning retreat. Overall, he said, the goal is to engage the Council earlier in the budget process with a kick-off meeting on the CIP in early March, followed by an operating budget meeting in early June. Subsequent to these meetings he explained that he would check-in with the Council before proceeding with budget development.

He noted the Council's dissatisfaction with reviewing and organizing the budget based on priorities of government. He stated the 2008 budget would be broken down by departments and the previous year's comparison would also be by department.

Director Corder also recommended providing the council with a brief budget analysis (1-2 pages) of the general fund and a brief analysis of each department's proposed operating budget. In addition he explained, each department's operating budget would be broken into its "base budget" and a "service package request." Service packages comprise anything being added to the budget for new one-time or ongoing positions, equipment or contracted services.

Councilmember Grausz suggested that when a service package is put forth, that it be accompanied with recommendations of how to reduce service elsewhere to offset the budget addition.

City Manager Rich Conrad told the Council that he will be going to department heads requesting service packages and asking them to show the consequences on current service levels by funding service package items from within their current budget allocations.

Councilmember Jahncke recommended maintaining the existing number of 180 employees and using a P.O.G. analysis across the city if positions have to be cut.

Councilmember Grausz expressed concern about the length of time between the budget presentation and deliberations. Chip explained that Department will provide a summary of how they implemented Council's recommendations.

Agreement:

After more discussion, Councilmember Jahncke closed out this discussion by summarizing Council's satisfaction with the budget process and structure proposed by the Finance Director.

Parks (Levy/Bond)

Next, the Council reviewed and discussed the Parks ballot measure and prioritized projects recommended by the Council's Park Stakeholder Citizen Committee. City Manager Rich Conrad explained that the Council had established a framework to invest up to \$900,000/year over a 15-year period (\$13.13 million). He referenced a list where the top project priorities represented between \$10.23 and \$12.98 million over 15 years in capital improvements. He explained that the staff had also listed an approximate \$165,000 in operations and maintenance costs for these new projects as well as nearly \$370,000 to replace the Luther Burbank levy due in expire in 2009.

City Manager Conrad requested that the Council consider and answer:

- What are your reactions to Stakeholder Committee status report?
- What are your project priorities?
- Method of replacing expiring LB Park O&M and minor capital levy (2009)?
- Method of funding new/incremental O&M associated with new projects?
- Desired coordination w/school district levy/bond issue planning?
- When to place on the ballot?
- Method of funding/financing capital and O&M?

City Manager Conrad informed the council that this was the Citizen Stakeholder Committee's check-in with the Council prior to the list refinement and a planned citizen survey to gauge voter sentiment on this proposed package of projects. He said that once that survey is completed the Committee will conduct further refinement and present their recommendations to the Council for final revisions/approval of a resolution/ordinance to put the measure on the ballot.

Assistant City Manager/Parks & Recreation Director Pete Mayer and City Attorney Bob Sterbank responded to Council questions regarding park and ball field projects as well as individual and combined city and school levy/bonds. The Council also reviewed a list of capital financing projects into the future, including the school's capital and technology levy. There was considerable debate about the investment on the proposed Boiler

Building/dock improvements at Luther Burbank Park relative to other park system-wide improvements.

Agreements:

After more discussion, the Council provided the following direction:

- To hold a ballot measure in November's general election
- To determine the size and composition (City only versus City/school combined) of the ballot measure once the survey results were completed
- To include the Luther Burbank O&M costs in the ballot measure
- To include any new projects' O&M costs in the ballot measure

The Mayor and various Councilmembers requested a tour of the park, ball field and shoreline projects. Others asked for a location list in the event they were unable to attend the Council tour.

The retreat session adjourned at 5:45 p.m.

Sunday, January 27, 2008

SUSTAINABILITY

Councilmember Cero provided each councilmember with three books (*An Inconvenient Truth* by Al Gore; *Cool It!* by Bjorn Lomery; and *Unstoppable Global Warming* by S. Fred Singer and Dennis Avery). He commented on the importance of understanding all sides of this issue. City Manager Rich Conrad underscored that sustainability has become critical for all American cities. He explained that the goal is move into the future without leaving future generations with unsustainable outcomes. He said that Deputy City Manager Londi Lindell and Maintenance Director Glenn Boettcher have been staff leads on the City's efforts.

Deputy City Manager Lindell explained existing City programs that promote sustainability, as well 2007 achievements the City has made on the "low-hanging sustainability fruit list". She described other, more significant sustainability initiatives requiring Council funding and noted that the Subcommittee on Sustainability will come to Council 2-3 times and report on their ongoing activities in 2008. She quoted former Deputy City Manager Deb Symmonds' sustainability philosophy: "I hope to always leave my campsite a little cleaner than I found it."

The facilitator asked Councilmembers for feedback on what 2008, 2009, and 2010 initiatives the Council would like staff to focus on. A roundtable discussion ensued as follows:

- Councilmember Jahncke expressed concern about the unintended consequences of the "rush to green" and balancing the costs with the benefits. He questioned if it really matters what Mercer Island does given the dramatic growth of greenhouse emissions from developing countries like India and China.
- Councilmember Grady indicated that what Mercer Island was trying to do would save money, make it a better place to live, and give the City status as a leader in the region.
- Councilmember Cero proposed researching and adopting the best practices of other communities as well as taking advantage of all local, state, federal programs rewarding sustainability efforts. He also recommended educating our community on what they can do to promote sustainability.

Agreements:

Councilmember Grausz recommended adding a discussion of sustainability in building codes to the 2008 workplace. (The Council concurred.)

Mayor Pearman recommended the committee go forward, research, and make recommendations to the Council for next steps on sustainability. (The Council agreed unanimously.)

Councilmember Bassett commented on the importance of learning about and applying best practices from other cities. He recommended starting a campaign on Mercer Island to see how many citizens would sign-up to receive Puget Sound Energy's green power. In addition, he recommended adding the following language to the P.O.G.:

- 2.4 - The City will strive for a sustainable future by balancing environmental stewardship, economic development, social equity and financial and organizational viability. (Four Councilmembers concurred.)

Councilmember Cero proposed replacing P.O.G. language “2.3 – the City will continually evaluate and improve upon the effectiveness and efficiency of its services” with language 2.4 above. (Five Councilmembers did not concur with this proposal.)

COUNCIL WORK PLAN

Deputy City Manager Londi Lindell reviewed the 2008 work plan with the Council noting that their total annual work units was at 102, but their goal from last year was to do 70.

In response to a query as to why open space acquisition wasn't on the work plan, City Manager Rich Conrad explained that budget deliberations had to be prioritized over other projects.

The Council amended its work load from 102 work units to 100 with the following work plan revisions:

- #1 – Budget received 7 work units (down from 12)
- #12 – City Code Amendments received 2 work units (down from 3)
- #20 – Emergency Water Supply received 2 work units (down from 3)
- #23 – Town Center Parking – restripe/2 hour parking study session received 2 work units (up from one)
- #30 – Sustainability regulation options was added and received 2 work units
- #31 – Northwest Center pool funding/operations was added and received 1 work unit

The updated work plan is attached to these minutes.

MISCELLANEOUS TOPICS

At the Friday evening session Councilmembers compiled a list of miscellaneous topics for discussion:

- **Renton Airport:** Mayor Pearman noted that newly elected Councilmember Cero is the Council representative on this issue and asked City Manager Conrad to schedule a briefing for him with the appropriate authorities at the Renton Airport. On this subject, Councilmember Jahncke expressed concern about too much staff time being taken up by one individual citizen's requests.
- **First Hill/Utility Project:** City Manager Conrad indicated the need for a citizen involvement discussion regarding a “surplussed” utility property in the First Hill area. He noted that a Council vote is on the work plan and said that staff would develop the process to launch the citizen-council discussion.
- **Pool Funding:** Councilmember Bassett recommended bringing pool funding back to a vote before the full council. The Council concurred with one member disagreeing. He said he raised this because citizens have said pool services are being reduced. Mayor Pearman stated that the council's intent was not to subsidize the pool in perpetuity, while Councilmember Cero indicated in the 2002 vote record there was no mention of diminishing funding over time.
- **Farmers' Market:** Councilmember Bassett shared results of a survey wherein 800 residents said they would shop at a farmers' market on Mercer Island, and only 2 said they would not. He explained that there's an active farmers' market group on the island, but that they need assistance getting through the permit process. He touted the benefits of such a market as providing community building, retail sales, and economic development. The mayor recommended a study session on the concept.
- **Education Funding:** Councilmember Grausz stated that in 2007 there was a slim majority to discuss helping schools with some form of joint levy/bond for parks and schools. At that time, the schools provided a suggested list of what the city could pay for (health, safety, mental health, drugs, traffic guards, etc.) but the discussion was tabled. In response to Grausz' request to direct staff to dialogue with the school district to see if a schools/park levy could be integrated, the Council split 3-3 and the request was tabled.

Councilmember Jahncke suggested, and the Council concurred, to direct staff to examine raising the cap on funding for youth and family services and the resultant consequences within the context of the overall budget.

- **Televised Council Meetings:** Councilmember Grady raised this issue as a way to increase citizen participation in Mercer Island government. City Manager Conrad indicated that this approach is in the adopted budget and that staff will be bringing recommended implementation steps to the Council to vote.
- **Sister City/Sister School:** Councilmember Grady informed the Council that they will likely be approached by the Sister City organization to form a sister city with an African community. He also indicated that the School Board is discussing forming a “sister school” relationship with an inner city high school in Seattle or one of the surrounding communities.

Mayor Pearman closed out the retreat by exclaiming “how great it was to have the new guys” on board and he thanked all Councilmembers and staff for their involvement in making the 2008 planning retreat such a success.

The retreat adjourned at 11:45 a.m.

PROPOSED and ACTUAL COUNCIL WORK TASKS AND SCHEDULE

Work Item	2006 Planned		Actual		2007		2008		2009		2010		2011
	Q1 & Q2	Q3 & Q4	2006	2006	Q1 & Q2	Q3 & Q4							
1 Produce/Adopt Biennial Budget (mandatory)	7		9				7				7		
2 I-90	3		5		2		1		1		1		1
3 Sewer Lakeline - Implementation	2		4		3		2		2				
4 P&R Strategic Plan (new to 06)	2		0 (Jan 07)		2								
5 DSG Service Review	1		1										
6 PEAK (regulatory & \$1M)	3		7		3								
7 Town Center Code Amendments Ad Hoc Comm.	1		2										
8 Town Center Implementation of recommendations	2				3								
9 Communities that Care Community Discussion	1		N/A										
10 Implementation of findings													
11 Fire Apparatus		2	1		1		1						
12 Regional Dispatch		1	1		2		1						
13 Town Center Streetscape Standards					2		2						
14 Renton Airport - Aircraft Noise					3								
15 DSG Permits/Code Review					2		3						
16 South Fire Station													
17 Street LOS - Traffic Signals					2		2						
18 Fiscal Policies Review					2								
19 Update Shoreline Master Program													
20 Capital & Maintenance Needs for Parks					2	1	3	4	4	3	3		1
22 Emergency Preparedness/Storm Response Review					1								
23 Single-Family Zone Demonstration Project					2								
24 Emergency Water Supply - Well Project					1								
25 Sustainability - Impl. 2007 Mgmt & Budget Pol					2								
26 78th & Sculpture Garden Plaza - Water Feature					1								
27 Town Center parking review					1								
28 Open Space Opportunities Analysis					1								
29 Town Center Opportunities Analysis					1								
Planned Work Issues	33		38		50		28		9		10		2
Unplanned/Emergent Work Issues	8		13		8		8		8		8		8
RESOLVED:													
Board/Commissions Work Plans Review			4		4		4		4		4		4
"Below the Line" Work Issues (Total)	36		32		36		36		36		36		36
Update Buildable Lands Targets		Med.											
Update Utility Plans		Water-High											
Update Comprehensive Plan (annual)		Med.											Med.
Update Transp. Improve. Prog. (annual)		Med.											Med.
Financial Status Reports													
Total Annual Work Units	77		87		90		76		57		58		49
Total Annual Work Units Target	70-80												



Priorities 1, 2, 3
 Priorities 4, 5, 6
 Multiple Priorities

Priorities of Government Coding: