



CITY COUNCIL MINUTES ANNUAL PLANNING SESSION JANUARY 23-25, 2009

CALL TO ORDER:

Mayor Jim Pearman called the meeting to order as follows in the Slater Room at the Community Center at Mercer View:

- January 23, 2009, 5:30 pm - 6:00 pm, 7:45 pm - 9:30 pm
- January 24, 2009, 8:30 am - 5:00 pm
- January 25, 2009, 8:30 am – 11:00 pm

ROLL CALL:

Councilmembers Bruce Bassett, Mike Cero, Mike Grady, Dan Grausz, Steve Litzow, Deputy Mayor El Jahncke and Mayor Jim Pearman were present.

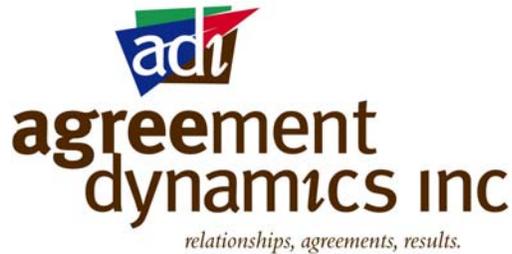
The attached memo, dated February 18, 2009, to the Mercer Island City Council from Rhonda Hilyer and Ginny Ratliff with Agreement Dynamics, Inc. (Facilitator), is hereby incorporated by reference as the minutes of the 2009 Mercer Island City Council Annual Planning Session.

ADJOURNMENT: 12:00 pm, January 25, 2009.

Attest:

Jim Pearman, Mayor

Allison Spietz, City Clerk



TO: Members of the Mercer Island City Council
FROM: Rhonda Hilyer and Ginny Ratliff, Agreement Dynamics, Inc.
RE: 2009 City Council Planning Session
DATE: February 12, 2009

Thank you for the opportunity to provide consulting and facilitation services for your January 23-25, 2009 planning session. The objectives agreed to for this retreat were:

- Review 2008 Council objectives and accomplishments
- Discuss priorities for 2009 and provide staff direction
- Determine 2009 Priority Action Plan

Friday, January 23, 2009

MAYOR'S OPENING REMARKS

The session was convened at 5:30 p.m. by Mayor Jim Pearman. After welcoming all in attendance, he asked if Councilmembers wanted any modifications to the agenda. Hearing none, he asked City Manager Rich Conrad to review last year's objectives and accomplishments. After highlighting the status of efforts made with respect to the Sewer Lake Line, Town Center, transportation, the budget process, the Parks bond levy and sustainability, Councilmember Litzow asked if any objectives were missed or set aside. The City Manager explained that while no objectives were missed, several pieces of work turned out to be bigger than expected (e.g., tent city). Councilmember Cero asked about the status of the Renton Airport and commented on the importance of preventative action as necessary.

The Mayor asked Councilmembers about their assessment of the past year's accomplishments. Councilmember Basset and Cero commented that a lot was accomplished. Councilmember Litzow agreed and added that televising Council meetings had been a success. Councilmember Grausz highlighted parks issues and the importance of determining what's next regarding the capital piece that didn't pass in the bond issue. Councilmember Jahncke noted that 2008 was a tumultuous year and hopefully in 2009 things will proceed more smoothly. The Mayor thanked the department directors for their hard work and expressed his appreciation to the Council for their productive efforts.

The meeting was adjourned at 6:00 for dinner and then reconvened at 7:45 p.m. with a presentation by the City Manager and Finance Director on financial policies. They reviewed potential tools that are available to manage in a worst-case economic downturn. The Council discussed various options for adjusting to revenue shortfalls.

The City Manager explained that historically the City has kept expenses at 97%-98% of revenues, but last year they rose to 99%. He recommended a return to the traditional 97%-98% so that 1-3% would be available if revenues fall short.

The Council then discussed the contingency (rainy day) funds and what might trigger their use. They agreed on the importance of a proactive strategy and voiced support for the following:

1. More frequent financial reports/early warnings so that there are no surprises and Council has maximum lead time to determine how and when to use various financial tools;
2. Strive to spend less than 100% of revenues without cutting services;
3. A mid-year projected revenue shortfall of \$450,000 is the "trigger" for discussing whether to use the contingency fund or reduce staff and services
4. Staff continues to use belt tightening tools and look for others as well
5. Potential expenditures for unbudgeted items should be debated by the Council in accordance with the staff recommendations for a more cautious approach

The Council ended the meeting with a discussion of the Citizen of the Year Award, which they decided to conclude at the end of next day's session.

The meeting adjourned at 9:30 p.m.

Saturday, January 24, 2009

CITY-SCHOOL PARTNERSHIPS

Mayor Pearman convened the retreat at 8:30 a.m. by welcoming the Council, Superintendent of Schools Dr. Gary Plano, City staff and audience members to the planning session. The Mayor began the city-school partnerships discussion with an update and additional comments. He said this Council is committed to working with the Mercer Island School District to ensure that total Island assets are used most effectively for the citizens. He then described monthly meetings to vet ideas and opportunities for the partnership between the City Manager, the Mayor, the Superintendent and the President of School Board (referenced as Group of 4 below).

The City Manager, Rich Conrad, said an outgrowth of his conversations with the Superintendent is the recommendation that the Council and School District meet in February to renew their partnership commitment agreement, which was previously adopted in 2000 (Attachment A).

The Mayor acknowledged the different structures, norms and practices between the School District and the Council. He also commented that despite these differences there are multiple opportunities on the horizon. He acknowledged the possibility for miscommunication as a result of these differences, and encouraged both groups to learn about each other's needs and avoid assumptions about "negative intent" if future miscommunications arise. He also recommended giving each other "heads-ups" as unexpected events unfold.

The Superintendent of Mercer Island Schools, Gary Plano, thanked the Mayor for this first-ever opportunity to participate in a Council planning session. He also acknowledged the differences between the School District and the City Council and described the Board's governance style of operating at the policy level and delegating operational details to the staff and Superintendent.

The Superintendent was asked to give examples of pitfalls to avoid from the School District's perspective as the partnering efforts move forward. He cited an example of information he had discussed with the City Manager that later appeared on the City's website and School maintenance employees were concerned they would be losing their jobs. He also suggested that budget discussions related to the current economic climate could be potential pitfalls as partnering opportunities are examined. He provided a draft policy statement modeled after the 2000 agreement and pointed out changes and the addition of the last 2 paragraphs (Attachment B).

The group considered strategies to avoid partnership information being released prematurely and the City's policy on website posting. The Council reached consensus on meeting with the School District in

February to discuss the proposed partnering statement. The Mayor asked Council members to provide any recommendations for changes to him, and he would forward them to the Group of 4 for discussion.

Next, the group moved to the topic of school buses. Councilmember Grausz provided an update on the four meetings held between the Council and School District subcommittees. He described a range of discussions and possibilities from moving the buses to the PEAK site up to a joint maintenance facility and/or future shared administration building. He noted that these have been high-level, exploratory conversations and acknowledged that none of these larger options have been discussed with the Council. He stated that these discussions could shape school district arrangements for the next forty years and help the City, too.

Councilmembers Jahncke, Cero and Grady inquired about the school district's long-term educational vision for the schools.

Superintendent Plano explained that the plan to move the buses has been around for 15 years, but said the PEAK discussions motivated the District to hire a demographer to project future enrollments. The demographer, Mr. Kendrick, projected that by 2020 there would be an enrollment increase by as much as 800 students and the need for more classroom capacity. The Superintendent then explained that the current middle school is ineffective to deliver their educational program and that engineering studies say that school cannot be modernized.

The Superintendent also described a current visioning process involving the community, the School District and the City. In looking at the North Mercer Campus, he explained that coming out of the process there appears to be a strong interest in retaining that property for a future K-12 space. He offered to present his educational vision to the Council at their convenience.

The Council discussed their ideas for best next steps. They agreed to have the Council subcommittee members (Councilmembers Grausz, Litzow, and Pearman) involved during the School District's master planning process to consider school/city nexus, shared resource/responsibility opportunities and to provide real-time feedback. The Council affirmed that the process is driven by the School District. They also reserved the right to expand Council involvement.

The group then considered City levy maintenance funds earmarked for activities funded by the School District and criteria governing the Interlocal Cooperation Act. To enter into interlocal agreements there must be public benefit, the agencies involved do not extend their mission beyond their statutory authority, and it must make "business sense" (e.g., no duplication of services). The group also evaluated the possibility of funding MIYFS counselors from the levy source as well as the best format to discuss these and other interlocal issues. Councilmembers Grausz and Cero expressed concern about straying too far from the levy's intent.

The Mayor suggested, and the Council concurred, that the existing City-School Sub-committee would be the best place to begin vetting these issues.

The Superintendent updated the Council on the School's sustainability efforts. He indicated that the District can't apply for solar panels until after they have hired their Resource Conservation Manager. The Mayor expressed gratitude to the Superintendent for attending the planning session and for working collaboratively with the City to benefit the citizens of Mercer Island.

The City Manager launched the next portion of the City-School partnership discussion. Some City Councilmembers had asked if the partnership should focus on the school counseling program differently vis-à-vis the alcohol and other drug (AOD) programs in place on Mercer Island.

Cindy Goodwin, Youth and Family Services (YFS) Director, updated the Council on community-wide approaches to dealing with drug and alcohol use among Mercer Island youth. She explained that, in concert with the Mercer Island Communities That Care (MCTC) Coalition, prevention efforts have shifted toward a more holistic and multi-strategy approach. Their primary efforts will target social norms,

enforcement of laws and availability of substances. They have applied for and acquired a federal grant to train volunteers on how to communicate their message to youth, schools, coaches, parents, law enforcement officials, and community leaders. She stated that counselors in the schools are one part of the prevention equation, but that their role is to provide all aspects of emotional counseling to Mercer Island youth. She also described the 30-member board of the MICTC as comprised of members representing every facet of the community.

In response to the Council's inquiry on how they can assist, Cindy asked them to provide support to the existing infrastructure through the school and community partnership and counselors in schools. She also recommended a declaration by the City Council supporting a reduction in underage drinking. Finally, she offered more stringent legal consequences for parents who give alcohol to youth.

Councilmembers remarked on parents and limousine services that enable youth partying. They also recommended the Council and other community leaders deliver strong messages about the dangers of underage drinking and the importance of supporting MICTC's work. They acknowledged that while the City has taken on the School District's portion of funding mental health counselors in its 2009 budget, there may need to be prioritization made in 2010 between counselors and youth AOD programs. With Cindy's feedback that counselors provide the sound mental health foundation that is critical to effective AOD prevention, Councilmembers shared their understanding of the increasing workload of school counselors in response to the deteriorating economy, youth depression, anxiety and eating disorders. Councilmember Grausz recommended and the Council agreed to review ordinances related to AOD in the 2009 work plan. The Mayor thanked Cindy for the important work she and others are doing for the community's youth.

BOYS & GIRLS CLUB

The City Manager provided historical context on the Boys and Girls' Club (B&G) and the Council's \$1 million pledge to their project. He also announced that he has received a letter from them stating that the project is ready to go forward and requesting the funds. He asked Councilmembers for direction on the \$1 million allocation.

In response to Council inquiries, Parks & Recreation Director Pete Mayer provided a range of options for partnering with the Schools, B&G and the City to comply with the public benefit test for the City's \$1 million contribution (see Attachment C).

The Council considered this proposal. Councilmembers Jahncke and Cero expressed reservations about funding additional recreation space, given that the commitment was made when the City didn't have a community center. Councilmember Grady expressed concern that their building wasn't going to meet LEED standards and that the opportunity for a "learning laboratory" on green building would be missed. Councilmember Grausz asked his fellow Councilmembers whether they wished to allocate the \$1 million to B&G. Five members supported the allocation.

During the discussion of LEED standards for the B&G Club, the Councilmembers pointed out City and State regulations that may have prohibited the Club from pursuing the green approach. Councilmember Jahncke asked how to update the City's code to address such "common-sense" challenges like that.

As the Council turned its attention to the discussion of public benefit, the City Manager provided a handout dated January 2008 which was modeled after the B&G Club's Seattle Rainier Vista project (see Attachment D). Councilmember Litzow suggested adopting that approach with the addition of sustainability as one of the benefits. The Council concurred with both. Councilmember Grausz pointed out that PEAK included a teen center, which represented new programming for the City and was an important public benefit that could help curb AOD problems. In closing, the City Manager said he would go forward negotiating an agreement with the B&G and, at Councilmember Litzow's suggestion; he would bring back periodic progress reports.

TRANSPORTATION ISSUES

Steve Lancaster, Development Services Director, updated the Council on the proposed timeline for consideration and adoption of the preliminary draft of the bike plan: two public review workshops in February, the Planning Commission review in March, and Council consideration in April. He said that this was an update of the 1996 bike plan with a shifting emphasis toward transportation, connectivity and commuting opportunities for bikes and pedestrians.

The Council commented on some of the areas on the Island where competition between roadway use, parking and bike trails may be difficult to resolve. Steve also noted that issues may arise as some homeowners have landscaped into the public right-of-way targeted for bike lanes. They also recommended a bike corridor down the "spine" of the Island and safe walks to school. Educating the public about bike corridor locations was discussed as well as the complexity of the plan developed thus far.

City Manager Conrad informed the Council that their application for \$220,000 from the State's Safe Walks To School fund had reached 11th position on the state's list and he expressed hope that they would be funded in 2009.

The Council agreed to a study session on the thorniest issues related to bike/pedestrian corridors prior to the plan arriving at the Planning Commission.

Next, Steve Lancaster briefed the Council on the Island Crest Way public involvement process. He lauded the quality of the choices made by the Citizen Panel's as they narrowed a range of options. He also expressed confidence in their ability to reach consensus on a final set of recommendations. Councilmembers Grausz and Pearman were commended for their participation in the process as was Steve for his facilitation and assistance with the community. It was suggested that the consultant KPG provide their recommendations on what would work best on Island Crest Way rather than simply serving as neutral facilitators. The City Manager told the Council that they would be reviewing the outcomes prior to entering the TIP process.

Mayor Pearman introduced the Chair of the State House Transportation Committee, 41st District Representative Judy Clibborn, and thanked her for her leadership on I-90 and statewide transportation issues. She provided background on the SR-520 replacement, timeline, and various options for tolling, including proposed tolling on I-90. She noted that many neighboring communities also oppose tolling on I-90 to pay for the SR-520 replacement. She expressed the need for Mercer Island and these communities to work together to advance their mutual opposition to I-90 tolling. She promised that if I-90 tolling legislation came to her committee she would not support its passage to the House floor. She explained that there will be pay-as-you-go tolling on SR-520 beginning in 2010 and that it's likely that pontoons for bridge replacement will be part of the state's stimulus package. She also described work with Sound Transit as well as their understanding of the sequencing of the center of the roadway and that building R8A has to go first.

The Council engaged in a discussion with Representative Clibborn on various topics including: possible gridlock issues on I-90 during 520 construction, double hot lanes to improve through put, opposition to tolling trips to Mercer Island, the political climate regarding funding, other ways to get money for I-90 and the timing of those funds, as well as speculation that early tolling on SR-520 may generate more funds than anticipated.

City Manager Rich Conrad turned the Council's attention to Sound Transit issues. He stated that there is a draft EIS out for the East Link and that Sound Transit is lobbying the state to accelerate the funding of Stages 2 and 3 (instead of funding in 2018). He reiterated Sound Transit and DOT aligning and proper sequencing for light rail construction: R8a has to be completed before the center lane is turned over to light rail. Rich also shared a new idea proposed by Sound Transit to connect an existing HOV exit ramp

to Island Crest Way (potentially saving money that could be used for park and ride mitigation in the Town Center).

On the subject of replacing the expansion joints on I-90, the Council discussed the impacts of noise, congestion, mobility of emergency vehicles, traffic diversions, road closures and efforts undertaken by City staff, particularly Transportation Manager Nick Afzali, to mitigate these impacts. Nick described WSDOT's extensive efforts to deal with noise during their 24-hour operation, including mailings to residents within 3,000 feet; a 24-hour hot line; limiting use of machinery that "beeps"; noise barriers, etc. WSDOT has agreed that where noise can't be mitigated and sleep is disturbed, they'll offer hotel rooms to residents. Nick informed the Council that he and WSDOT will attend a March Council meeting to explain how they will deal with the concerns raised in Mayor Pearman's letter to them (Attachment E). Councilmembers suggested that part of WSDOT's information campaign should be to encourage Islanders to vacation during the 3-week construction periods in May and July.

SUSTAINABILITY

City Manager Conrad cited accolades that Mercer Island received at a recent sustainability conference for its accomplishments in the past year. He explained that these were the "low-hanging fruit" that overall reduced the City's carbon footprint. Next, he described a new steering committee that was formed to involve the community in implementing household and business sustainability practices. He explained that the committee members have a lot of energy and are working well together as they formulate their rules of governance and mission. He noted that their next step would be to choose initiative areas and assign subcommittees to each within the next 6 months. He said the group's key objective is to get the message out that this is not a City initiative, but one that seeks the participation of every community member.

Jason King introduced a proposed collaboration between King and Snohomish Counties, Mercer Island and targeted East Side cities and businesses to apply for federal stimulus package money to fund a demonstration project for plug-in cars and their re-charging infrastructure (see Attachment F). Rich Conrad tied in the possibility of plug-ins at a new park and ride on Mercer Island and Councilmember Grady suggested solar panels on any new parking structures to feed the plug-ins.

Mr. King noted that it's a potentially multi-million dollar project and to qualify for this stimulus funding there needs to be support (political and monetary) and readiness at the local level. He explained that the national delegation is aware of this proposal and he highlighted the advocacy efforts by Senator Cantwell as well as Representatives Dicks, Inslee, and Reichert. He said that the Northwest was highly competitive because of the convergence of public and private interest, expertise and infrastructure.

City Manager Conrad said discussions have centered on King County being the umbrella organization to manage this project. To fund the Northwest Demonstration planning process, he said Mercer Island's share would be about \$5,000-\$10,000. The Council agreed, by consensus, to fund this effort.

Councilmember Grady explained that state and federal legislation are requiring that very soon public fleets become either biofuel or electric.

Councilmember Jahncke expressed concern about funding plug-in technology before a park and ride solution is reached for Mercer Island residents. He also commented that adding plug-ins on the Island could exacerbate the problem of attracting off-island commuters to Mercer Island's park and ride.

The City Manager explained that plug-ins will not be put on Mercer Island yet, and that green technology grants in the stimulus package do not have to be "shovel ready," rather, applicants need a sound plan to be awarded these grants. He commented that electric cars probably won't be coming for 2-5 years and that the demonstration project is part of the answer to one of the most difficult problems America faces.

The Council discussed whether or not current building codes were an impediment to green building. They agreed to continue to work with the Green Ribbon Commission, that DSG should remove the barriers to green building and low-impact developments, and to add a new work item for 2009 to consider the ramifications of plug-in technology on Mercer Island.

Councilmember Grady then briefed the Council on the Bainbridge project's focus on buildings and transportation.

LEVY FUNDING PLAN AND BALL FIELDS

Councilmember Grausz raised the issue of identified unfunded capital needs for parks and ball fields. He questioned whether to go back to the voters, with what type of package and when. He said that if the Council wanted to move forward on ball field projects that there is a dedicated group of users who would push it in the community. He praised their dedication and hard work on the past levy.

The Council discussed PEAK, the uncertainty of the economy, and whether or not all CIP money was committed. Councilmember Grausz suggested, and the Council agreed upon a work item, an exploratory discussion between City staff and ball field groups to devise a slimmed down ball field focused capital levy.

CITIZEN OF THE YEAR AND DISTINGUISHED SERVICE AWARD

The Council discussed the Citizen of the Year award as well as the need to honor volunteers whose work spans over several years.

Before adjourning at 5:00 p.m., Councilmembers listed miscellaneous topics to discuss during the next day's session.

Sunday, January 25, 2009

TOWN CENTER

Steve Lancaster described the changes that would be implemented in the first-half of 2009, including parking regulations aimed at the Town Center, re-striping, and re-buttoning around the Island. He also listed new buildings that were nearing completion and would be ready for occupancy in 2009 and 2010. He also described a letter the City has received from SECO Marketing outlining challenges in renting their retail space. They have requested rolling back the regulations to allow for a mix of uses and to require less parking in order to attract restaurant tenants. Rich Conrad indicated that the 7700 Building developer cited the current regulations as hindering his ability to attract anchor tenants as well.

The group discussed whether or not to be receptive to loosening standards as requested by some developers in order to fill retail spaces. The Council agreed not to change permitted uses or regulations on retail at Town Center.

They also considered rents in the Town Center and the uses that are not generating pedestrian traffic. Some Councilmembers expressed concern about the yet-to-be-achieved vision for Town Center as well as a citizen's commission that supports the style and size of buildings in that area. The Mayor said that he had arranged for the developer of Third Place to attend a study session and share how his vision for this popular gathering place was achieved.

Councilmember Grausz voiced concern about parking at the Mercers. He said that the developer hasn't delivered on his promise to build parking, even though the City generously allowed him to grandfather in

Phase 2 (where parking was to be built) under the old development code. He requested a copy of the development agreement the City and the developer signed.

The City Manager noted that it had been 15 years since the City conducted a thorough re-write of the Town Center development regulations but that in order to do so again they would need to conduct an economic analysis of the Mercer Island Town Center market.

Councilmember Grausz polled the Council on their willingness to achieve a marquee or town square in exchange for additional height, as much as 8-10 stories high. Councilmember Cero disagreed saying the Town Center was already too cavernous. The Council majority agreed to limit building heights except for mixed use as referenced above and to move away from large parking lots and keep parking below ground.

Councilmember Jahncke raised a concern about the loss of mobility for Islanders and recommended that mitigation money be pursued to resolve this issue. He also requested that strategy discussions on mobility and mitigation be placed on the work plan for 2009.

Councilmember Basset recommended a larger transportation discussion, citing parking as one aspect. He recommended more analysis on getting people out of their cars, the shortage of METRO service, etc.

The City Manager suggested, and the Council agreed to, a study session to review transportation issues on the Island and to consider opportunities for meaningful mitigation to offset the loss of the center road way on I-90. He shared a Sound Transit graph comparing a dearth of bus service throughout the day and during peak times on Mercer Island with projected light rail transit services. He commented that light rail transit won't adequately serve the Island, nor mitigate loss of I-90 center lane mobility, if users are unable to get to it.

The Council agreed that a subcommittee should be formed to talk to regional entities about the mobility issues that Mercer Island faces within the context of regional needs. Councilmembers Grady, Litzow and the Mayor agreed to be on that committee.

2009 WORK PLAN

The City Manager added the following new items to the 2009 Work Plan that were agreed upon in the planning session:

- City-school partnerships (buses, ballfield maintenance , MIYFS counselors)
- \$1 million for Boys and Girls Club - PEAK
- Bike and pedestrian plan
- Island Crest Way and Merrimount
- I-90 (expansion joints and tolling)
- ST2 East Link DEIS Mitigation
- Sustainability – (regional barriers, demonstration project, Bainbridge Island, Green Ribbon Committee)
- I-90 transportation review (mitigation list);
- Town Center partnership opportunities
- Park capital levy
- Ordinances to support drug/alcohol efforts

Next the group discussed other items to add to the Work Plan:

1. Planning Commission code amendments to allow daycares in private residences (Council consensus);
2. Renton Airport (4 Council members against, 3 in favor)
3. Historic building designation interlocal with King County (as long as it's owner initiated and the County has historical landmark funds) (4 Council members in favor, 3 against);

4. Council review of Channel 21 access policies (6 Council members in favor, 1 against)
5. Tent city–next steps briefing in executive session (4 Council members in favor; 3 against)
6. Taping executive sessions (6 Council members against; 1 in favor)
7. Southend fire station (4 Council members in favor, 3 against)

Councilmember Bassett suggested Mercer Island give \$5,000 and become a sponsor of Leadership Eastside, an organization intent on cultivating community and government leadership on the Eastside. The City Manager recommended using leftover money from other projects. This sparked a discussion and clarification that pursuing similar projects under \$10K are at the City Manager's discretion.

Councilmember Cero informed the Council that in February or March there will be a proposal before the Council to name a cove near the Roanoake to honor Hugh Riley, a Mercer Island veteran who participated in the D-Day landing at Normandy, France.

After a round-robin discussion of how the planning session went, the Mayor complimented Councilmembers on the respectful discussion and relaxed atmosphere at the session. He also praised the agreements made and the extensive amount of work accomplished.

The meeting adjourned at 12:00 p.m.