



CITY COUNCIL MINUTES ANNUAL PLANNING SESSION JANUARY 23-24, 2015

FRIDAY, JANUARY 23, 2015

CALL TO ORDER

Mayor Bruce Bassett called the Planning Session to order at 3:00 pm in the Calkins Room at the Mercer Island Community and Event Center (8236 SE 24th Street, Mercer Island, Washington):

ROLL CALL

Mayor Bruce Bassett, Deputy Mayor Dan Grausz and Councilmembers Debbie Bertlin, Jane Brahm, Mike Cero, Joel Wachs, and Benson Wong were present.

Mayor Bassett welcomed the Council, City staff and citizens that were present and thanked them for attending. He reviewed the agenda for the evening and he noted that the Council would be discussing Town Center Visioning for two hours and Commuter Parking for one hour.

TOWN CENTER VISIONING

Development Services Group Director Scott Greenberg introduced consultant Seth Harry who assisted the City with the Town Center Visioning Phase 1 project. Director Greenberg noted that the questions before the Council were:

1. Should staff proceed with Phase 2 of the Town Center Code Update?
2. Other than the items identified for review in the consultant's recommendations, are there any additional considerations to include as part of Phase 2?
3. Does Council have other direction to provide as part of this process (i.e. public participation approaches, consideration of interim development moratorium, etc.)?

Mr. Harry presented information to the Council about the findings from the consultant team of Seth Harry and Associates, 3MW and KPG who were hired for Phase 1 to evaluate the current Town Center code and design guidelines, and recommend possible code changes in Phase 2. He spoke about the current buildings that were built in the last 10 years, are podium buildings (concrete bottom floor and parking garage, wood frame upper floors) and showed a drawing of each of the blocks in the actual zoning envelopes.

He spoke about some of the challenges in the code: focus areas, site features and amenities, building scale and form, use designations, height restrictions/zoning incentives, bulk regulations, and ambiguity or general lack of clarity. He showed a sketch about possible locations for large community gathering places that were originally planned for in the code to create destinations in the Town Center. He showed a second sketch detailing amenities that would allow for "anchor" uses and pedestrian activity between them. He noted that smaller tenants generate most of the income, but anchor tenants provide the attraction to the area.

Director Greenberg explained Phase 2 to revise the Town Center design guidelines as follows:

1. Community-public engagement process
2. Photo survey of new buildings (since 1995) to determine specific elements that support, conflict or are neutral in respect to Phase 1 findings and recommendations. Highlight specific existing code language that should be changed to achieve the desired outcome.
3. Detailed case-study review of no more than five other municipal codes whose built environment represents similar conditions and objectives as the Mercer Island Code, but which appear to consistently produce outcomes more in line with the intent language of the Mercer Island City Code. Identify and document the specific aspects of those codes which are responsible for producing those results and recommend appropriate approaches for Mercer Island.

4. Determine preferred means of incorporating the results of these studies into the existing code, with specific consideration of:
 - a. Form-based standards and bulk regulations: building, street, engineering and design review standards.
 - b. New Town Center Regulating Plan. Draft preliminary code updates for public review.

Mayor Bassett spoke about the public listening session on January 29th regarding commuter parking concepts and stated that the cart may be before the horse as the Town Center design should be determined before commuter parking is decided. He would like to present to the public the results of Phase 1 and a proposal for Phase 2 to gather public input and develop a committee process for next steps in Town Center Visioning process. It would be an opportunity for staff to put together a proposal for Council and public review for Phase 2.

The Council took a break to change rooms.

Mayor Bassett asked the Council to weigh in on his proposal for having staff put together a proposal on proceeding to Phase 2.

Deputy Mayor Grausz spoke about the need to have a visualization of the consultant team's recommendations and that this would be needed to show the public what the code changes would look like. Mr. Harry stated that a form-based code should illustrate what the code will actually produce.

Councilmember Bertlin asked if the Council indeed wants to revise the code for Town Center design and development. The majority of the Council concurred. The Council discussed having a public engagement process before moving to Phase 2 of developing the possible changes to the code.

Director Greenberg responded that he believes staff could put something together for the meeting on January 29th.

Deputy Mayor Grausz asked the Council to consider having the consultant team move forward on some visuals for possible code changes. Mr. Harry spoke about the many ways to do a public engagement process, but that the ultimate goal is to have the community weigh in on the changes and be able to actually represent what the changes would look like.

Councilmember Cero spoke about changes that the population will want, not just to retain retail. He would also like to talk about a moratorium on development in the Town Center. Mayor Bassett responded that the Council would be discussing a moratorium later.

Mayor Bassett noted that staff may need more time to fully develop a public process and that proposal may need to be pushed out.

Deputy Mayor Grausz stated that it is incumbent upon the Council to have a detailed proposal for the public to respond to as part of the engagement process. He believes that Council needs to decide what to do with the results from Phase 1, use it as a base for Phase 2 to revise the code or start from scratch.

Mayor Bassett summarized the Council discussion and stated that the City will move forward with Phase 1.5, by having the Town Center Visioning Council Subcommittee work with staff and the consultants to develop a public engagement process to be used for Phase 2, which will be presented to the Council and the public for review.

The Council discussed the importance of a public engagement process and ensuring that it is an effective process. They also discussed what components of the code are on the table, aesthetics versus non-aesthetics and the need to gather information from the community about what they want.

Councilmember Cero would like to do a major revision of the code by looking at the level of services on the whole Island as making changes in the Town Center will cause issues for the rest of the Island. He wants the code changes to be tied to the Growth Management Act goals and the Comprehensive Plan. Director Greenberg responded that the Comprehensive Plan must be updated this year to reflect required State and regional changes. The Planning Commission has made a recommendation to the Council for the proposed changes. He would look into whether the City can get an extension on adopting the changes.

Mayor Bassett asked City Attorney Katie Knight to talk about moratoriums. She explained that there is a State statute that allows the Council to impose a moratorium for up to six months. She spoke about the requirements of a public hearing and adoption of findings of fact within 60 days of imposing the moratorium, how the moratorium

could be extended, and that the moratorium cannot be directed at any specific property. City Attorney Knight stated that moratoriums are a risky legal maneuver and are difficult and expensive to defend. She advised that short, specific moratoriums are ideal.

The Council discussed when a moratorium could be adopted, who the moratorium would impact, the legal risks associated with imposing a moratorium, the parameters of the moratorium, and retaining outside counsel to advise the City. It was the consensus of the Council to have staff draft a legal memorandum encompassing the possible risk and costs and draft an ordinance to impose a moratorium on building permits in the Town Center at the next Council meeting.

Agreements & Direction

It was the consensus of the Council to:

- Move forward by having the Town Center Visioning Council Subcommittee work with staff and the consultants to develop a public engagement process for Phase 2, which will be presented to the Council and the public for review.
- Have staff draft a legal memorandum encompassing the possible risk and costs of a moratorium.
- Have staff draft an ordinance to impose a moratorium on building permits in the Town Center for the February 2 Council Meeting.

COMMUTER PARKING

Mayor Bassett introduced Ben Pariser, from BP Squared, LLC who presented his findings from the City of Mercer Island Park and Ride Survey he conducted to determine if there are viable options for parking on Mercer Island.

Mr. Pariser explained that the Bellevue Way Park and Ride closure is expected to increase Mercer Island parking demand from non-resident commuters and the introduction of Light Rail is expected to increase Mercer Island parking demand from resident and non-resident commuters. He noted that the City of Mercer Island is interested in identifying a site for additional Mercer Island Park and Ride facilities to mitigate the impacts of the increased parking demands. He further explained that the City has identified 15 properties to study as potential Park and Ride locations.

Mayor Bassett stated that the purpose of this work was to find parking opportunities for Mercer Island residents only. The City has asked Sound Transit to make the Mercer Island Park-and Ride for Mercer Island parking only in exchange for the bus intercept. Sound Transit has stated many times that they cannot dedicate parking in the Mercer Island Park-and Ride. The City then hired Mr. Pariser to determine locations to have Sound Transit build a parking site on Mercer Island, to be used by all until the Bellevue Way Park-and-Ride reopens, at which time it would be Mercer Island dedicated parking.

Mr. Pariser reviewed the evaluation criteria for determining possible parking options (location, quantity of stalls, costs, timing for operation and availability of property. He noted that the quantity of new parking criteria also includes the stall dimension, handicap stalls, ramps, columns, parking efficiency/ratio, physical characteristics (size and design), and subtraction of existing parking stalls. He also spoke about the assumptions for construction costs for structured parking versus surface parking and that the presented constructions costs do not include sales tax, permitting fees, mitigation, engineering fees, or legal fees.

He then showed a map of the following 15 locations for possible parking sites and explained the highlights of each:

- | | |
|--------------------------|--|
| 1. Rehabilitation Center | 9. Mercer Island Community & Events Center |
| 2. Freshy's | 10. Mercer Isle Condo |
| 3. Dollar Development | 11. Luther Burbank South Parking Lot |
| 4. Walgreens | 12. Auto Spa |
| 5. Albertsons | 13. Overlook Park |
| 6. King Property | 14. Bank of America |
| 7. Chase Bank Parking | 15. I-90 Boat Launch |
| 8. Sunset Sculpture Park | |

Mayor Bassett reiterated that all work and studies on the Mercer Island Community & Events Center site was stopped, but the City asked Mr. Pariser to keep it on the list for comparison purposes.

Mr. Pariser spoke about the following sites which would not be feasible:

1. Rehabilitation Center (valuable property/financially challenging)
7. Chase Bank Parking (would have to rebuild)
10. Mercer Isle Condo (too small/inefficient)
11. Luther Burbank South Parking Lot (distance and grade)
12. Auto Spa (too small/inefficient)
14. Bank of America (owned corporately)

He noted that following three sites are well-located, are significant size and would be great candidates, but they could not be developed in the time frame needed (by 2017):

3. Dollar Development
4. Walgreens
5. Albertsons

He also noted that #15 I-90 Boat Launch is a feasible site as it could be restriped to have 171 parking stalls and Sound Transit could be incentivized to run a shuttle from there to the Park-and-Ride.

Mr. Pariser then spoke about the remaining sites and his recommendations and limitations with each:

2. Freshy's (Development of landscaped ROW will require re-zone, potential safety concerns with sight lines, braking distances, etc., SE 24th Street steep grade, property has contaminated soil and groundwater, indemnity agreement from prior operator)
6. King Property (Will require a Developer Agreement outlining terms and conditions of construction, fee, ongoing operations, etc., additional study is warranted to determine if this Public Private Partnership is feasible, Hines Residential is requesting an additional floor in exchange for incorporating commuter parking stalls within the development, potential public opposition to increased height.
9. Mercer Island Community & Events Center (Numerous Mercer Island residents have expressed opposition to any impacts on MICEC, the City may benefit from additional public outreach to determine if current opposition is representative of the majority of Mercer Island residents, further study is required to determine: adequacy of existing infrastructure, impacts of traffic, noise, etc. on neighboring residential community)

Mayor Bassett noted that #8 Sunset Sculpture Park would be a non-starter with public, but he asked if underground parking could be put in and the Park put back up after construction. Mr. Pariser responded that the costs for sub-ground parking could be about \$25K per stall for the first floor, \$32K per stall for two floors below, and \$40K per stall for three floors below, but the issue is that it is next to a structured wall (I-90). He also noted that there is a federal rule about the use of state lands for certain uses and the City would have to prove it is the only possible location for the parking.

Councilmember Cero does not think there is an overriding need to accommodate Sound Transit and the commuters who will be displaced when the Bellevue Way Park-and-Ride construction gets underway. Mayor Bassett stated that if Mercer Island does not work to find a place on Mercer Island, then Sound Transit may not be willing to help with Mercer Island dedicated parking.

Councilmember Cero asked about using the south Luther Burbank parking lot for Mercer Island only parking. He thinks that if the demand is there, then people will start to use it, but he expressed concern about safety on the walk from the lot up to 84th Ave SE. He noted that costs would be low and it is something that could be done now to help with the demand.

Mayor Bassett noted that the biennial citizen survey results showed that more parking in Town Center is the number one improvement needed. He stated there is a concern about parking and that light rail will give Mercer Islanders the opportunities to get off-Island easily, but parking is needed to get to light rail station. He thinks that the review of the Town Center design and development standards are a more important issue right now and finding a parking site may go at a slower pace.

Councilmember Brahm stated that an audience member suggested using the site across 84th Ave SE and up from the South Luther Burbank Parking Lot. Parks and Recreation Director Fletcher responded that it is WSDOT land and the same issues with the Sculpture Park apply to this site also.

Councilmember Cero asked what the harm would be about using the South Luther Burbank Parking Lot now and trying it out. Deputy Mayor Grausz asked what will happen when the summer months come and it is used by park

users. He believes this is the issue for using it as three months out of the year it would not be available to commuters. Councilmember Bertlin also noted that the park is used year-round and others may want to weigh in on safety issues. Councilmember Wong supports the idea as a pilot project, but does have concerns about safety and security. Mayor Bassett noted that information could be gathered from the commuter database about feasibility.

Mayor Bassett reminded the audience about the public listening session on January 29 from 5:30-7:00 pm at the Mercer Island Community and Event Center. Assistant City Manager Kirsten Taylor noted that this is the opportunity for the public to provide their feedback about the parking site study and collect input about how they would like to get engaged in these issues before the public engagement process is developed by staff.

METRO BUS SERVICE UPDATE:

Mayor Bassett spoke about the Council's efforts to resurrect the loss of Metro service to Mercer Island from the budget cuts last fall. He introduced Ashley Arai from King County Metro who presented information about alternative services for Mercer Island.

Ms. Arai spoke about King County Metro and the City's collaborative work to bring the Alternative Services program to Mercer Island. She noted that core travel, commuter, and basic mobility needs were assessed and feedback was gathered through a survey of displaced riders to determine what is needed to get those commuters to the fixed route. She provided a timeline for launching a Mercer Island Commuter Shuttle program.

She noted that the Alternative Services program is geared toward putting service of the right size, scale and type into each community served and that there are three possible services for Mercer Island:

1. **Community Shuttle:** connects North Mercer to First Hill and downtown;
2. **TripPool:** provides flexible commuter options to South Mercer Island and Shorewood Heights (KC/Metro would provide the vehicles); and
3. **Community Van:** provides customized transportation to Shorewood Heights (Shorewood Heights would schedule and run the van).

Ms. Arai noted that there were 240 survey respondents and that 90% of the respondents said they would be interested in using the new shuttle and 65% said they would use the shuttle three or more times per week.

She then spoke about the routing options for the Mercer Island commuter shuttle:

- **Downtown Seattle/First Hill area routing concepts:** would operate as a one-way loop via First Hill and downtown Seattle. For both concepts the morning riders headed to First Hill would have a faster trip and the afternoon riders heading home from downtown would have a faster trip. The longer routing in S-2 would get some riders closer to their destination, but would add 5-8 minutes of travel time for other riders. The shorter routing in S-1 would cost less to operate and may free up funds for additional trips.
- **Mercer Island routing concepts:** would both serve Mercer Island's First Hill neighborhood, as well as an expanded park-and-ride area located at 40th/Island Crest Way. The longer routing in MI-2 would serve some riders closer to their home, but would add 12-15 minutes of travel time for each trip. The shorter routing in MI-1 would cost less to operate and may free up funds for additional trips.

She explained that the Mercer Island Commuter Shuttle would have five trips in the morning and five trips in the afternoon to/from Seattle and would be scheduled to align with riders' desired arrival and departure times. It would be designed to operate as efficiently as possible and serve the highest ridership stops. She further noted that the vehicles would be identified as Mercer Island Shuttles, but would not be operated by Metro, and would be contracted out. She also noted that the vehicle size and shuttle capacity is still being decided upon.

Mayor Bassett explained that the City of Seattle has created a Transportation Benefit District and a portion of those funds will go to cities to split the cost of an alternative services route that goes to Seattle. He noted that Metro will pay for the vehicle, maintenance, and fuel and Mercer Island and Seattle will split the cost of the driver. He further explained that the fares will be set to offset against the City's labor costs.

Ms. Arai explained that proposed alternative services are not necessarily judged by the same metrics as the fixed network. They will be looking at an expanded set of metrics, including how people feel about the services. She

noted that all of the options for Mercer Island will be part of a demonstration project and Metro staff will be required to report to the King County Council and the Mercer Island City Council as well.

Mayor Bassett noted that there is no action needed from Council at this time, but Metro will be back once the costs have been determined. He noted that Mercer Island is a leader in the development of a concept for this service and Metro is very interested in how it goes to see if it will work in other communities.

The Council to a break for social time and dinner. They reconvened at approximately 7:45 pm.

CITIZEN OF THE YEAR

The Council discussed the nominations for the 2014 Citizen of the Year. They also discussed the need to review and possibly update the selection criteria for the future. Following discussion of the nominees, the Council voted and made their selection for 2014. The nominee will be honored at an upcoming Council meeting.

ADJOURNMENT

The Mayor adjourned the Planning Session for the day at 8:30 pm.

SATURDAY, JANUARY 24, 2015

CALL TO ORDER

Mayor Bruce Bassett called the planning session to order at 8:35 am in the Calkins Room at the Mercer Island Community and Event Center (8236 SE 24th Street, Mercer Island, Washington):

ROLL CALL

Mayor Bruce Bassett, Deputy Mayor Dan Grausz and Councilmembers Debbie Bertlin, Jane Brahm, Mike Cero, Joel Wachs, and Benson Wong were present.

REVIEW OF 2014 WORK PLAN

Finance Director Chip Corder reviewed the 2014 Council Work Plan. He noted which items were completed, on-going, and moved to 2015. Councilmembers asked questions about follow-up actions from 2014 items, which were added to the draft 2015 Work Plan.

2015-2016 BUDGET PROCESS

Assistant City Manager/Finance Director Chip Corder asked the Council if the new, higher level approach to reviewing the biennial budget worked and what would have made the process more useful for the Council. He spoke about the differences between the past practice and the streamlined process used in the fall of 2014.

Councilmember Cero suggested moving the process up in the year to adopt the budget by November 1 to build in some buffer time. Director Corder responded that it is difficult to start the process earlier in the year as many of the decisions are based upon data that cannot be gathered until late summer.

Deputy Mayor Grausz spoke about the approach of the service packages. He would like to see the Council weigh in only on programmatic changes that the City Manager sees as significant and that they are identified as big issues early on in the process.

Mayor Bassett spoke about a vendor, OpenGov.com, which provides budget information in a simple, visual format for those who are interested in seeing trends, drilling down to transaction-level details, and comparing actual spending to the budget. He showed the Council a short demo on what the site can do. He sees this as a way for the Council (and the public) to view the City's financial data, improve communication and build trust. Director Corder stated that he likes the spirit and the intent of the product, but he does not know what would be required financially and of staff's time to get the data imported and the site running. Following discussion, there was Council support for having the Finance Director look into the costs.

Director Corder noted that the big budget issues are "teed up" every two years for the Council at the CIP kick-off meeting in March and the Operating Budget kick-off meeting (at the Mini-Planning Session) in June. He noted that ideally, the compensation discussion would have happened last year in preparation for the budget, but there was not enough time. Deputy Mayor Grausz asked that the big issues be identified in January during the Planning Session so they can be added to the work plan and discussed outside of the budget process. Director Corder noted that he did this at the January 2014 Planning Session.

Agreements & Direction:

It was the consensus of the Council to:

1. Have the Finance Director look into the costs of OpenGov.com for the City to utilize.
2. Keep the budget review process used for the 2015-2016 Budget.

PROJECTED FUND DEFICITS

Assistant City Manager/Finance Director Chip Corder presented information to the Council to advise on what steps the Council could take in 2015-2016 to address the projected deficits in the (1) YFS Fund, (2) General Fund, and (3) Capital Improvement Fund.

YFS Fund

Director Corder stated that the Youth & Family Services (YFS) Fund has a projected deficit of \$192,000 at the end of 2016, \$320,000 at the end of 2017, and \$392,000 at the end of 2018. He spoke about the reasons for the projected deficit (4th elementary school counselor beginning in September 2016 and federal funding for the Communities That Care program ceasing at the end of 2017).

He presented the following recommendations for addressing the projected deficit in the YFS Fund:

- Complete the public process in the first quarter of 2015 on how to address the YFS Fund's projected deficits at the end of 2016 and beyond.
- Use \$48,370 in remaining banked capacity to reduce the YFS Fund's projected deficit at the end of 2016 from \$192,000 to \$95,000. The remaining \$95,000 deficit could be addressed using 2014 General Fund surplus revenues and/or expenditure savings. Doing these things would reduce the projected deficit at the end of 2017 from \$320,000 to \$272,000, which could be addressed in one of three ways:
 1. Increase the General Fund support of the YFS Fund from \$350,000 to \$450,000 per year and reduce current YFS service levels by \$172,000 beginning in 2017. The \$100,000 increase in General Fund support would trigger the need for a service level reduction in 2017 in the General Fund.
 2. Amend the interlocal agreement with the School District to have them pay for 50% of the cost of the existing 6.5 school counselors ($\$552,000 \times 50\% = \$276,000$) and 100% of the cost of the 4th elementary school counselor (\$80,000). This totals \$356,000, which is \$296,000 more than what the School District is currently paying the City (\$60,000) for school counseling services.
 3. Submit a levy lid lift to Island voters in November 2016 to fund the annual, ongoing deficit beginning in 2017.

Following discussion, the Council decided not to make any decisions regarding the projected YFS Fund deficits until the YFS needs assessment is completed (2nd quarter 2015) and then re-evaluate the recommended options.

Councilmember Bertlin asked to have a discussion of the Thrift Shop operations to determine if there are ideas or concepts that have not been pursued yet to increase revenue. YFS Director Cindy Goodwin responded that the Thrift Shop brought on a staff person with business operations experiences to grow the store. This topic was added to the Council's Planning Session Parking Lot list.

General Fund

Director Corder stated that the General Fund has a projected deficit of \$950,000 at the end of 2017 and \$1,503,000 at the end of 2018. He noted that revenues are not growing as fast as expenditures. He spoke about the City managing to balance the budget over the past 10+ years due to:

- A high level of development activity in the Town Center in 2004-2007 and 2013-2016, resulting in spikes in construction-related sales tax and development fees;
- Low inflation in 2009-2014, which has kept cost growth down (especially employee wages);
- Parks Maintenance & Operations levy lid lift approved by Island voters in November 2008;
- Significant budget cuts in 2009-2012 due to the Great Recession; and
- New utility tax on the City's water, sewer, and storm water utilities beginning in 2013.

He presented the following recommendations for addressing the projected deficit in the General Fund:

- A Council briefing on the City's compensation policy and practices, identifying where the Council has discretion, given that salaries and benefits comprise 73% of the 2015-2016 General Fund budget.
- Conduct a detailed service level review of selected departments during the second quarter of 2015.
- If the Council determines that a material reduction to either the City's compensation policy or to current service levels would be unwarranted or unwise, staff recommends engaging the community in the first half of 2016 about the need for a levy lid lift, ultimately going to Island voters in November 2016.

Capital Improvement Fund

Director Corder stated that the Capital Improvement Fund has a projected deficit of \$279,000 at the end of 2017 and \$483,000 at the end of 2018. He noted that these are the projected deficits after staff had cut or pushed out \$830,000 in projects beyond 2020. He also noted that the projected deficits can be attributed mostly to two very large projects [Groveland Beach Dock Repair & Shoreline Improvements project (\$935,000) and Island Crest Park Ballfield Lights Replacement project (\$500,000)], which are needed and budgeted in 2015. He also noted that REET has fully recovered from the Great Recession, and, as a result, staff believes it would be unwise to push the 2015-2020 REET forecast any further.

He estimated that annual, ongoing funding need is at least \$250,000 per year. He presented the following recommendations for addressing the projected deficit in the Capital Improvement Fund:

- If the Council decides to put a levy lid lift on the November 2016 ballot to address the YFS Fund and/or General Fund projected deficits, then staff recommends adding \$250,000 for parks, open space, and facilities projects, which are accounted for in the Capital Improvement Fund.
- If the Council decides to not put a levy lid lift on the November 2016 ballot, then significant reductions to parks, open space, and facilities projects will be required when the 2017-2018 CIP is developed in 2016, absent higher than projected REET receipts in 2015-2016.

The Council discussed the Groveland Beach Dock Repair & Shoreline Improvements and the Island Crest Park Ballfield Lights Replacement projects and ways to reduce the costs of the projects. They asked staff to look into a less expensive option for the Groveland Beach dock and to ask the Ballfield User Group and other community groups about raising funds to help cover the costs of the ballfield lights replacement. Parks & Recreation Director Bruce Fletcher noted that these projects are ready to move forward now and that doing this additional work may delay the projects, but that he will look into these possible changes.

Deputy Mayor Grausz also spoke about the possibility of creating a park improvement district and going to the voters to get dedicated, on-going money for parks. There was consensus from the Council to have staff provide information on creating and implementing a park improvement district to the Parks & Recreation Sub-Committee.

Director Corder suggested that once the Council has heard the presentation on the City compensation policy and practices, then the Council should consider either a wide-ranging service level review or selected service level review to determine if things can be delivered differently than the way they are now. He recommended doing this in a non-budget year so key staff can be involved. He noted that he believes the greatest opportunities for efficiencies are in the maintenance/public works arena, especially in the utilities. Deputy Mayor Grausz spoke about the need for a clear and concise work plan from Noel that will layout areas of study and specific deliverables for the selected service level review. He thinks it should be kept narrow and knowing the nature of the deliverables in advance will make it a worthwhile process. There was consensus from the Council to move forward with developing the work plan for a selected service level review.

Deputy Mayor Grausz also spoke about the size of the Contingency Fund. He asked if the budget policy needs to be revised and if there can be a cap determined versus a percentage amount. Director Corder agreed that a discussion about the Contingency Fund is important and he could provide information at the Planning Session if time allows or in the near future.

Agreements & Direction:

It was the consensus of the Council to:

1. Re-evaluate the recommended options for the YFS Fund Projected Deficits after the YFS needs assessment is completed (2nd quarter 2015).
2. Have staff provide two Groveland Beach Dock Repair project scenarios (1. per budget, and 2. reduced scope)
3. Explore raising private contributions to help fund Island Crest Park Ballfield Lights Replacement project.
4. Have Parks & Recreation staff provide information on Park Improvement Districts to the Parks & Recreation Sub-Committee.
5. Review of the Contingency Fund Budget Policy and other reserves.
6. Develop a selected service level review work plan that will identify scope of work and deliverables.

CITY COMPENSATION POLICIES & PRACTICES

Human Resources Director Kryss Segle presented the City's compensation policies and practices to the Council. She explained that she would be reviewing the pay policies and practices for all employee groups, the bargaining obligations and their impact on overall compensation, how Mercer Island stacks up to its comparable cities, existing cost controlling measures and public sector compensation practices compared to private sector pay practices.

Director Segle spoke about the specific statistics and policies for unrepresented, AFSCME, Police Guild, Police Support, and Fire (IAFF) employees and what can be changed within each of those groups. She spoke about the comparable market, noting that location, population size, sales tax per capita, number of employees and the number of "like" job matches are taken into consideration when determining comparison cities. She provided information about how Mercer Island compares to surrounding comparable cities on the basis of salaries, medical, dental and vision insurance, and staffing levels.

Director Segle noted that other cost controlling measures the City uses include, concessions when times are tough, vacant position review, and holding employees accountable. She also spoke to the Council about public sector versus private section salaries and benefits.

Deputy Mayor Grausz stated that since compensation is the biggest piece of the budget and that revenues are not increasing at the same rate as expenditures, the Council needs to decide a strategy for balancing the budget before going out to raise revenue. He believes that either current compensation practices and polices need to change or the Council will need to go to the voters to make the budget sustainable.

The Council discussed the importance of reviewing the compensation policy as it is more than 70% of the budget. During the discussion, the following issues and ideas were reviewed: appropriate compensation for the City's leadership employees, increases from market studies, reviewing the FTE count, private versus public salaries, barriers to changing union salaries, changes to health care benefits, service cuts which lead to salary cuts, balancing increasing salaries with going to the voter to increase taxes, educating the public about the City's staffing levels and mid-point salaries, and looking at whether the right staff and service levels are in place for the work that need to be completed.

Councilmember Cero stated that he does not want to change the mid-point compensation policy and would rather have the City Manager look at service levels as a way to reduce expenditures. He asked the Mayor to poll the Council to determine if the subject should be discussed further. It was the consensus of the Council not to make any changes to the City's compensation policy and practices and move forward with the selected level of service review in the Maintenance Department.

COUNCIL TOPICS (PARKING LOT)

The Council took up items identified for discussion by individual Councilmembers.

Mega Homes/Short Plats:

Mayor Bassett noted that there is frustration in the community about houses on big lots being torn down and large homes being built in their places. He stated that a group of citizens wrote a letter asking the Council to discuss mega homes that are being built and are out of character with their neighborhoods. He noted that there is probably not enough time to accomplish this in 2015, but was open to suggestions about what small measures could be taken to help.

Assistant City Manager Kirsten Taylor noted that due to the current work plan for the Development Services Group, this work would not be able to be scheduled until at least next year due to other priorities. The Council discussed other issues that need to be addressed, such as fence height deviations, short plat decisions with variances, impervious surface deviations, the Planning Commission's request to modify the definition of "tract", and floor area ratio for two stories.

Agreements & Direction:

It was the consensus of the Council to have staff identify code amendments for low-hanging fruit that can be implemented quickly (impervious surface, floor area ratio for two stories, definition of "tract," and fence height deviations)

AT&T Wireless

Mayor Bassett stated that AT&T Wireless sent a letter asking the Council conduct a process to amend the City code to streamline the process for upgrading existing wireless cellular facilities (WCFs) in residential areas in order to meeting the community's demand for wireless service while preserving the character and aesthetics of the Island.

Deputy Mayor Grausz suggested trying to solve one of the issues by having AT&T relocate their facility at 61st Ave SE and SE 28th Street (on residential property) to City property four blocks away and follow the City's prescribed process for WCFs on City property. The Council directed the City Manager to contact AT&T Wireless to see if they are willing/able to move their facility.

City Attorney Katie Knight stated due to the new federal laws and quickly changing technology, staff will need to get educated on the laws of small cell facilities and conduct broader training for the Planning Commission and the City Council. Deputy Mayor Grausz suggested that the new federal laws should be codified and then the Council can take up the issue of WCFs on residential property in the 3rd or 4th quarter 2015.

Agreements & Direction:

It was the consensus of the Council to:

- Have the City Manager contact AT&T Wireless to see if they could relocate their facility at 61st Ave SE and SE 28th Street (on residential property) to City property four blocks away.
- Codify the new WCF federal laws and revisit the issue of WCFs on residential property in the 3rd or 4th quarter 2015.

SCA Affordable Housing Legislation Support

Deputy Mayor Grausz stated that the Sound Cities Association is asking member cities to support legislation in Olympia to give King County the authority to bond against future hotel/motel tax revenues in order to create and preserve affordable workforce housing over the next six years. There was consensus to have the City of Mercer Island support this as it is consistent with the adopted City of Mercer Island 2015 State Legislative Priorities.

BANKED CAPACITY USES

Assistant City Manager/Finance Director Chip Corder presented information about the City's most significant, ongoing funding needs and potential funding recommendations for the \$144,960 in banked capacity that was added to the 2015 property tax levy.

He noted the following funding needs:

- The Youth & Family Services (YFS) Fund has a projected deficit of \$192,000 at the end of 2016, \$320,000 at the end of 2017, and \$392,000 at the end of 2018.
- The LEOFF I long-term care liability is only funded through 2028.
- The replacement of MICEC equipment, technology & furnishings is only funded through 2015.
- The replacement of fire apparatus is only funded through 2026.
- The Contingency Fund (the City's "Rainy Day" reserve) is funded at the 2013 target level.
- The General Fund has a projected deficit of \$950,000 at end of 2017 and \$1,503,000 at the end of 2018.
- The Capital Improvement Fund has a projected deficit of \$279,000 at the end of 2017 and \$483,000 at the end of 2018.
- The Street Fund has a projected deficit of \$90,000 at the end of 2018 and \$752,000 at the end of 2019 primarily due to the Council's decision to add \$150,000 per year for transit services to the 2015-2020 CIP.
- The Council expressed a desire to fund public improvements and/or economic development in the Town Center, though an amount was not identified.

He suggested the following uses of the \$144,960 in banked capacity:

- Use \$56,590 to fund the LEOFF I long-term care liability through 2034 (the next 20 years).
- Use \$40,000 to fund the replacement of MICEC equipment, technology & furnishings through 2029.
- Use \$48,370 in remaining banked capacity to reduce the YFS Fund's projected deficit at the end of 2016 from \$192,000 to \$95,000. The remaining \$95,000 deficit could be addressed using 2014 General Fund surplus revenues and/or expenditure savings.

He also noted that doing these things would reduce the projected YFS Fund deficit at the end of 2017 from \$320,000 to \$272,000, which could be addressed in one of three ways:

1. Increase the General Fund support of the YFS Fund from \$350,000 to \$450,000 per year and reduce current YFS service levels by \$172,000 beginning in 2017.
2. Amend the interlocal agreement with the School District to have them pay for 50% of the cost of the existing 6.5 school counselors (\$552,000 x 50% = \$276,000) and 100% of the cost of the 4th elementary school counselor (\$80,000).
3. Submit a levy lid lift to Island voters in November 2016 to fund the annual, ongoing deficit beginning in 2017.

Councilmembers expressed their opinions on possible uses of and when to use the \$144K in banked capacity. Following discussion the Council decided to use \$56,590 to fund LEOFF I long-term care liability through 2034. A majority of the Council was interested in using some or all of the remaining banked capacity balance (\$88,370) to address the projected deficits in the YFS Fund.

Agreements & Direction:

It was the consensus of the Council to use \$56,590 of the \$144,960 in banked capacity to fund the LEOFF I long-term care liability through 2034 (the next 20 years) and to hold off on deciding how to use the remaining balance (\$88,370) until later in 2015.

COUNCIL TOPICS (PARKING LOT) - CONTINUED

Pioneer Parks Off-Leash Dog Rules

Mayor Bassett stated that the Open Space Conservancy Trust has formally requested that the Council consider revising the Mercer Island City Code to require that dogs to be leashed on the north Perimeter Trail (starting at SE 63rd) in the Northwest Quadrant of Pioneer Park.

Parks and Recreation Director Bruce Fletcher noted that before asking the Council to consider this request the Trust Board had Parks & Recreation staff work with the Police Department and Officer Ormsby to provide outreach and education to those using the park.

The Council discussed needing more public input on the issue and whether having only one path in the quadrant as on-leash would be confusing to park users.

Agreements & Direction:

It was the consensus of the Council to have Parks & Recreation staff review the letter from the Open Space Conservancy Trust regarding off-leash dogs in Pioneer Park and bring a response/recommendation back to the Council.

Marijuana License Application

City Attorney Knight stated that the City is waiting for a response from the Washington State Liquor Control Board to the City's letter opposing a proposed marijuana store within 1,000 feet of Aubrey Davis Park. She noted that if the State's response is that the store must be allowed, then the Council can move forward with a moratorium or code change. Councilmember Cero stated that he would like to ban marijuana stores on Mercer Island now and not wait for a response from the State. The Council agreed to wait to hear from the State before discussing a moratorium or code change for marijuana stores.

Reserve Policy

Councilmember Wong stated that there seems to be extra funds in the City's reserve funds. He would like to know what the basis and guidelines are for the reserve policies.

Agreements & Direction:

It was the consensus of the Council to Finance Director Chip Corder lead a Reserves 101 Study Session.

Kite Hill: Luther Burbank or Community Center

Councilmember Bertlin asked if the Council needs to address if Kite Hill is on Luther Burbank property or Mercer Island Community and Event Center property.

Parks & Recreation Director Bruce Fletcher noted that the consultant who prepared the Luther Burbank Master Plan was instructed to add a plan for benches and a garden at the top of the hill in response to adjacent residents who were upset about the hillside being created with the new community center construction. He noted that currently there are no funds to fulfil the plan for the hill.

Following discussion, the Council decided that there is no need to make a statement of clarification about West Hill (as it is referred to in the Luther Burbank Master Plan).

Long Term Plan Regarding Water System

Councilmember Wong asked if staff could start projecting the costs for upgrades to the water system that will be needed and develop a plan for implementing those changes. Deputy Mayor Grausz noted that figuring out how the improvements will be paid for going forward is important and that 30-year bonds may need to be utilized. Finance Director Chip Corder stated that staff will bring a plan to the Council in 2015 which includes what projects need to be completed, the costs for the projects and funding sources for the projects. Deputy Mayor Grausz also noted that he continues to receive complaints about chlorine levels in the water and would like to know what that objective is for reducing the chlorine levels.

POLICE STUDY SESSION ISSUES:

Police Chief Ed Holmes answered questions from Council regarding police related topics.

- **Field Fingerprinting Devices:** Chief Holmes has provided a draft policy to the City Manager regarding field fingerprinting devices. Deputy Mayor Grausz noted concern about civil liberties issues. Chief Holmes noted that he has researched and determined that the field devices do not retain data. The Council asked for the Chief to bring an agenda bill with a policy regarding field fingerprinting devices and how the policy addressed civil liberty issues.
- **Annual Reporting to the Council:** Councilmember Cero requested that the Police and Fire Departments each provide an annual report at a Council meeting. Chief Holmes spoke about statistics that are in the current annual reports and asked what other information the Council would like to have in the presentation (at a Study Session).
- **Police Department Image:** Councilmember Wong spoke about image of the Police Department seeming militarized, with the type and look of the new vehicles. Mayor Bassett spoke about the national movement of surplus military equipment being acquired by local police departments. He noted that Mercer Island does not do this, but the look of the new vehicles is less-friendly and more ominous. Chief Holmes

responded that Mercer Island does not have a need for military equipment. He spoke about the history of the changes in the color and look of police vehicles and the unmarked car. Councilmember Bertlin also noted the logo is darker.

- **Police Department Communications:** Deputy Mayor Grausz asked for a regular Police Department update to let the community know what is going on with crime and other issues on the Island. Chief Holmes noted that a meeting occurred a few weeks ago to address Police Department communications. Sustainability & Communications Manager Ross Freeman spoke about the schedule for releasing information and what types of information will be pushed out.
- **Police Vehicle Replacement Schedule:** Deputy Mayor Grausz asked if there was a way to extend the life of the vehicles, by not idling. Chief Holmes noted that he has discussed this issue with his staff and they have determined when and where they can they will shut the vehicles down. He also noted that staff will look at the vehicles at the end of their cycle to see if they can be used for another year.
- **Body Cameras:** Deputy Mayor Grausz noted that at some point Mercer Island may need to face this issue. Mayor Bassett stated that he would rather wait until other jurisdictions work out the legal issues before Mercer Island makes a decision. Chief Holmes stated that he is all for transparency and people want accountability and cameras allow for that. He would like to spend time building trust in the community and establishing that trust in the first place. He noted that there are upsides and downsides to body cameras including staffing costs, such as someone to handle the public records requests associated with them. Councilmember Brahm would like to wait until the legislature weighs in on this and other smaller jurisdictions have dealt with it first.
- **Shift Change Statistics:** Chief Holmes noted that the Department is saving on average \$6500 a month on overtime and are averaging 3.4 officers per shift. He noted that police contract expires in December and it will be a part of the union contract negotiations,

Agreements & Direction:

The Council asked for the Chief to bring an agenda bill with a policy regarding field fingerprinting devices and how the policy addressed civil liberty issues.

COMMUNITY SOLAR UPDATE

Sustainability & Communications Manager Ross Freeman provided an update to the Council about the proposed 'Community Solar' installation on the City Hall roof. He presented information about the 2012 launch of a Green Power Challenge sign up campaign in partnership with PSE, in which residents and building owners were invited to voluntarily support clean energy by paying a little more each month on their electricity bill. He noted that the campaign earned a \$30,000 challenge grant from PSE that funded the first City-owned solar array installed at the Mercer Island Community & Event Center in July 2013.

He also explained that later in 2013, a Solarize campaign was launched on the Island, which helped homeowners (and small business owners) dramatically expedite the installation of solar on their own rooftop, by offering educational workshops, pre-selecting a qualified installer, and arranging a group discount. He reported that by the end of 2014, 47 Solarize contracts had been signed (totaling 320 kilowatts) and that installations are almost complete. He noted that many residents who wanted to participate in the Solarize campaign just didn't have an appropriate, efficient location, which led to the next stage of "Community Solar."

Manager Freeman explained that Community Solar is a specific name for a state-regulated solar production facility, located on public property, and owned jointly by local residents. He noted that the proposed project would be on the City Hall roof and will be entirely funded by investors, not the City, and is expected to be 18 times the size of the installation at the Community Center. He further explained that upon conclusion of the current state production program in 2020, investors will decide how and whether to sell the installation to the City. In the meantime, they will be renting the necessary roof space on City Hall, and the City will benefit by using 100% of the power produced at market cost, offsetting several months' worth of power purchased from PSE, and reducing carbon emissions associated with City operations. He showed photos of other Community Solar projects in Winthrop, Bainbridge Island and the Seattle Aquarium.

He noted that 75% of the total number of investors needed to reach full project size have been recruited and that in order to maximize solar production, the project must activate by June 1. He expects that pre-engineering, design, and installation will take up to two months.

Councilmember Bertlin asked what items were completed from last year's work plan. Manager Ross stated that the plastic bag ban and the Solarize campaign were completed in 2014. He noted that stormwater outreach education is underway now as well as work on the Green Building standards. He will also be working on the six-year sustainability plan in 2015.

COUNCIL TOPICS (PARKING LOT)

Council Communication with the Public

The Council discussed many facets of communication, such as:

- Council communications with the public
- City's communications to the public
- A community engagement plan for current Council topics (Town Center Visioning, Commuter Parking, Metro Bus Service, etc.)
- Staying in touch with the community on a regular basis
- Having concerted efforts to get the word out on issues (i.e. I-90 Tolling emails)
- Regular meetings with community groups
- Town Hall meetings to get Councilmembers in front of the public to answer questions
- Dealing with the perception and trust issues that the City is not getting the message out
- Knowing which hat to wear when meeting with the public
- Using social media (i.e. Facebook, NextDoor) and the expectation that information will be pushed to them
- How to be more proactive to prevent having to be reactive
- Being sensitive to pushing agendas or information becoming propaganda
- Push MI Weekly subscriptions, but know that it is a mouthpiece and not an opinion based outlet for news
- Understanding the fundamental difference between what a Councilmember has to say about an issue versus what a citizen has say about the same issue
- Begin using MI-TV to present and promote static information
- How the Sustainability & Communications Manager can balance job duties and the need to push more information on current Council topics
- How to deal with the perception that the Council is not listening to the community

The Council further discussed City communications versus an enhanced public engagement plan. They also talked about the need to develop a coordinated plan to push out the City's message and create opportunities to engage with the community on current Council topics.

Assistant City Manager Taylor noted that the Commuter Parking Proposal Town Hall scheduled for next week will be an opportunity to gather information about how the public wants to receive information and how they want to give the City feedback about important topics.

Assistant City Manager/Finance Director Corder spoke about a possible effort to highlight upcoming capital projects, showing location, project timing, and important information for citizens.

Manager Freeman spoke about the increased use of social media to push information to citizens.

Agreements & Direction:

It was the consensus of the Council to have staff develop (with a degree of urgency), an enhanced communications plan and strategy for the next six months around current issues facing the City Council (Town Center visioning, commuter parking, bus service, etc.).

COUNCIL MEETING STRUCTURE AND PROCESS

Mayor Bassett spoke about hearing from other Councils in surrounding cities that the way they run their meetings is quite different. He noted that their subcommittees deal with issues, put forth a recommendation and the Council approves the subcommittee recommendations rather than whole Council talking about the issues. He asked the Council if there are ways to do things smarter and better. The Council discussed how subcommittees function and decided not to make any changes at this time.

COUNCIL TOPICS (PARKING LOT) - CONTINUED

Thrift Shop Operations

Councilmember Bertlin noted that the Thrift Shop is so important to the YFS Department and there may be other/new ideas and concepts about how it could be run differently. She would like to be educated about what is being done, what has been tried, and what could be done. The Mayor suggested that Councilmember Bertlin meets with Youth and Family Services Director Cindy Goodwin to review the tactics that have been used and those that could still be implemented.

Undergrounding Power

The Council spoke about receiving complaints from residents when there is a power outage on the Island and the questions about why the power lines are not underground. Deputy Mayor Grausz suggested asking Puget Sound Energy (PSE) to provide information and costs to the City so Council can provide a response to citizens. PSE would divide up the Island by neighborhood (or by electrical grid) and then provide an estimate of the costs for each of those neighborhoods to underground their power through a LID process. The Council discussed that the process for undergrounding power is very expensive, but that there may be neighborhoods that may be more affordable if broken up into smaller groups.

Agreements & Direction:

It was the consensus of the Council to have staff send a letter to PSE, asking PSE to provide the projected costs for undergrounding power, by breaking up the Island into neighborhoods (or by the electrical grid).

Comprehensive Plan Update

Councilmember Wong suggested pushing back the Comprehensive Plan Update scheduled for the spring, as there may be more interest from the public to weigh in on the changes. The Council discussed the need to understand the Growth Management Act and the Comprehensive Plan and how each of those impact the Town Center Visioning process.

Agreements & Direction:

It was the consensus of the Council to schedule a GMA 101 and Comp Plan 101 Study Session and have staff research the consequences of pushing back the Comp Plan Update until after the Town Center Visioning Phase II is complete.

FINALIZE 2015 WORK PLAN

The Council reviewed its 2015 Work Plan based upon earlier discussions:

Legislative Agenda

Public Engagement Process for Town Center Visioning and Commuter Parking

Town Center Visioning - Phase 1.5 and 2

- Town Center Construction Moratorium
- Public Engagement Plan for Town Center Visioning and Comprehensive Plan

Transportation Issues

- Commuter Parking
- Metro Bus Service (Commuter Shuttle Service)

I-90 Issues

- WSDOT Tolling
- WSDOT Update on R8A
- Bus/LRT Intercept Plan/ST Loss of Mobility

Budget/Finance

- Develop a selected service level review work plan that will identify scope of work and deliverables
- Reserves 101 Study Session
- New Fire Mini Pumper Lease Purchase

Sustainability Work Plan

- Green building
- Solar array programs for city buildings

- Sustainability Sub-Committee work on 6-Year Sustainability Plan and Metrics
- Staff prepare info on paid intern/RCM for data entry and tracking

Boil Water Advisory Follow-up Action Items

- Cross Connection Control Program & Ordinance Update
- General update on what's been done to date, what's planned, and what the goal is

Development Services Group

- GMA 101 & Comp Plan 101 Study Session
- Comprehensive Plan Update
- DSG Cost Recovery and Fee Study
- Coval Final Long Plat Conservation Easement
- Code amendments for low-hanging fruit that can be implemented quickly (impervious surface, FAR for two stories, tracts issue from PC, and fence height deviations)

Parks & Recreation

- Groveland Beach Dock Repair project scenarios (1. per budget, and 2. reduced scope)
- P&R Staff response to OSCT letter to Council re designating north path in NW Quadrant as on-leash

Fire Station 92 Project Updates

Police Field Fingerprinting Policy Addressing Civil Liberty Issues

Review of YFS Needs Assessment and Funding

Mercer Island Library Renovation Project Status Report

The Council decided to end the 2015 Planning Session and not return on Sunday. The Mayor thanked everyone for their participation.

ADJOURNMENT

The Mayor adjourned the Planning Session at 5:30 pm.

Bruce Bassett, Mayor

Attest:

Allison Spietz, City Clerk