



CITY COUNCIL MINUTES

2014 CITY COUNCIL MINI-PLANNING SESSION

JUNE 14, 2014

CALL TO ORDER & ROLL CALL

The Mayor opened the Mini-Planning Session at 8:32 am in the Groveland room at the Mercer Island Community & Event Center at 8236 SE 24th Street, Mercer Island, WA.

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

SPECIAL BUSINESS

Review 2014 Work Plan and Recap Work to Date

City Manager Noel Treat reviewed the 2014 work plan with the Council and noted which items had been completed and which were in process including transportation issues, town center visioning, sustainability, the budget process, working with KCLS, MICA Committee, child care issues, the p-zone, the Coval Long Plat, Connor Long Plat, and the Thrift Shop expansion.

He provided an update on childcare issues, mentioning that the annex space should be completed later this summer. He noted that the Mercer Island School District has agreed to give Country Village a one month lease extension. Country Village has a lease on the John L. Scott building next to City Hall. They have started demolition and are working with their architect and the City to get their permits.

2015-2016 Budget

Finance Director Chip Corder reviewed the 2015-2016 Budget review calendar with the Council. He presented examples of how staff will be presenting the operating budget to the Council. He explained one-time costs and carryovers and the comparison of the 2014 base budget to the 2015 and 2016 base budgets to determine a good pace for percentage increases.

The Council discussed the factors in determining salary increases, what cities are comparable, what CPI is used for inflation, and what the benchmarks are for increases and decreases. Director Corder also reminded the Council of their policy to have salaries at the mid-range point. The Council requested staff provide information about the benchmarks used for determining salaries.

The Council discussed what information and budget changes they would actually be approving and how staff would present the changes during the budget review process. Director Corder provided an example of the operating budget review that staff will provide, which includes budget analyses, changes to budget policies, service reduction and service enhancement packages. He noted that the Council will need to be disciplined in going through the changes to remain on track.

Director Corder then provided the Council with the 2014-2019 General Fund Forecast. He noted that development activity is strong and construction sales tax is low, but he expects sales tax to pick up in the second half of the year. Director Corder spoke about expenditures growing faster than revenues, which is mostly due to salaries. He spoke about the need for revenues that are less volatile. Councilmember Cero stated that more time should be spent reducing expenditures and not increasing revenues. Councilmember Senn noted that revenues can be increased or services can be cut, but revenue cannot be raised enough to cover inflation increases.

Director Corder reviewed the key revenue and expenditure assumptions and the Council discussed the factors that could change the assumptions, such as development activity and school improvement project impact fees. The Council discussed how salary comps are determined. Director Corder stated that since salaries are such a

large part of the increases, staff can layout the benchmarks and present data to the Council about how salaries are developed, but the City is constrained in how to cover the costs for increases.

Director Corder spoke to the Council about the following 2015-2016 operating budget issues:

- Balancing the General Fund Budget
- Property Tax
- Community Center Budget
 - General Fund subsidy of MICEC operations
 - MICEC equipment & furnishings sinking fund
- General Fund Subsidy of YFS
- Water and Sewer Utility Rates
- LEOFF I Retiree Long-Term Care Benefits
- Service Package Request Highlights
 - Ongoing
 - Right-of-Way Maintenance Worker (1.0 FTE)
 - Fire Marshal (1.0 FTE)
 - Transportation Engineer (1.0 FTE)
 - Economic Development Coordinator (0.5 FTE or professional service contract)
 - Sewer maintenance positions (2.0 FTE's)
 - Network Server Administrator (1.0 FTE)
 - Arborist (0.2 FTE)
 - Parks 6 month Seasonals (1.0-1.5)
 - Sustainability Intern
 - One-time
 - DSG contract employee extensions through 2015 or 2016
 - Document Management Analyst (1.0 contract FTE for 2 years)
 - Development code re-write

The Council reviewed the Revenue Tool Kit for General Government (i.e. non-Utility) Purposes as presented by Director Corder. He spoke about the revenue options for operations/maintenance (property tax, utility tax, B&O tax, development fees, recreation fees) and the Capital Improvement Program (property tax, transportation benefit district).

Director Corder presented the following questions to the Council for consideration during the 2015-2016 budget review process:

1. If necessary, is the Council willing to consider any of the following to maintain current service levels in the General Fund in 2015-2016:
 - a. Reduce or eliminate General Fund subsidies?
 - i. Move street sweeping costs from the General Fund to the Storm Water Fund (\$104,000)?
 - ii. Reduce annual General Fund subsidy of YFS, which was \$320,000 in 2013 and which is \$200,000 in 2014?
 - b. Modest tax increases in the General Fund?
 - i. 1.0% optional property tax increase (\$110,000)?
 - ii. Use banked property tax capacity (\$123,000)?
 - iii. Increase utility tax rate on the City's water, sewer, and storm water utilities from 5.3% to 6.0% (\$100,000)?
2. Are there any new, restored, or enhanced services that the Council wants to see proposed in 2015-2016?
 - a. Economic Development Coordinator (new position)?
 - b. Transportation Engineer (position was cut beginning in 2011)?
 - c. Right-of-Way Maintenance Team Member (one position was cut beginning in 2011, and another position was left vacant in 2013-2014)?
 - d. Fire Marshal (position was cut beginning in 2011)?
 - e. Other?
3. Is the Council interested in funding the LEOFF I Retiree Long-Term Care Reserve for the next 20 years (i.e. through 2033) by using \$100,000 of banked property tax capacity beginning in 2015?

Councilmembers provided individual input on the questions posed.

Town Center Vision Report and Discussion

Assistant City Manager Kirsten Taylor reviewed the purpose of the discussion and introduced the presentation from consultant Joe Tovar.

Joe Tovar reviewed the Mercer Island Town Center VISION from 1994. He spoke about the 8 priorities that were developed by the Committee:

- Priority 1 – Provide Resources to Support Economic Development
- Priority 2 – Support Creation of a Magnet Facility and/or Anchor Retailer
- Priority 3 – Improve Identity and Orientation with Wayfinding Signs and Renamed Streets
- Priority 4 – Create Vibrant Streetscapes
- Priority 5 – Connect Town Center with Nearby Community Assets
- Priority 6 – Use zoning to control Form and Character of Development
- Priority 7 – Activate the Town Center by Programming Uses
- Priority 8 – Improve the Actual and Perceived Parking Supply

He mentioned that the last big event on the horizon which will have a major impact on the real estate market in the Town Center is the Sound Transit East Link Project: Light Rail.

Councilmember Wong asked whether an Economic Development Coordinator would make sense for the Mercer Island Community.

Councilmember Bertlin asked for a refresh of what the objectives were for this Committee.

Deputy Mayor Grausz noted that the Committee has laid out the priorities of possible directions and, if the Council concurs, next steps need to be taken to get to that point. He stated that Light Rail will bring a massive amount of growth to the Town Center and that there is an opportunity now to make it better before the next wave of properties is developed. He noted a comment from Island Books co-owner Roger Page, that there needs to be something that brings people into the Town Center.

Councilmember Senn spoke about looking at this as vision adjustment. She stated that it can now be seen what the initial vision looks like, but questioned what other pieces can be added over the next 20 years, such as attracting more businesses, changing to form-based code, re-envisioning 77th Street, more parking, etc.

Councilmember Bertlin questioned whether the Town Center is being developed by Mercer Islanders for Mercer Islanders or if it should be an economic center that draws people from off island. She mentioned that current signage is primarily for non-residents.

Councilmember Brahm pointed out that there is not just one answer, but that the priorities are a menu based on cost and time. She would like to see a retail study done of the Town Center to see what types of retail would be interested in coming to the island. She also believes that Light Rail is going to be a huge factor and that the codes need to be looked at to see what has worked and what hasn't worked.

Councilmember Cero noted that the central business district has not been developed to accommodate the single family residences on the south end of the island. He stated that it is unknown what light rail and tolling are going to do to the island and warned the Council not to get too far ahead.

Councilmember Wong commented that the process was very good. He mentioned that it might have been skewed a little bit by the people that were invited to participate, but in general there was a lot of enthusiasm. He believes that the participants would like to see the City take a more active role in developing the town center.

Mayor Bassett asked about next steps, and possibly benchmarking against other cities.

Mr. Tovar noted that ideas can be borrowed from other cities, but that Mercer Island is unique. He asked Council what they would like to brand the town center to be. He mentioned that the Town Center discussion in the Comprehensive Plan is longer than it needs to be and that time should be spent on the codes, Title 19, in order to prepare for the next 5 years.

Development Services Director Scott Greenberg asked Council what kinds of things they want done and discussed some initial timeframes. He also asked for more clarity on which of these items are the Council's top priorities.

Deputy Mayor Grausz stated that the Council needs to make a decision if this is a priority, if resources are going to be put towards it, and how those resources will be directed. He spoke about needing a vision and believes that this is a phenomenal opportunity. He would like to have the Council embrace it, make it a budget priority, and authorize the committee to keep working with Joe and with the community to hone the vision.

The Council took a break at 12:10 for lunch. The meeting reconvened at 12:25 pm.

The Council discussed the priorities as developed by the Town Center Sub-Committee. They also discussed hiring an economic development coordinator to help accomplish the priorities. City Manager Treat noted that staff is not planning to propose an FTE for economic development. Mr. Tovar noted that the position would be determined by the level of involvement the Council desires and that the structure may actually be a couple of people with expertise in different areas versus one person.

Councilmember Grausz stated that a decision needs to be made whether resources will be dedicated towards economic development.

Councilmember Brahm supports spending the money necessary, perhaps out of the Beautification Fund, for consultants and/or contractors to get the needed expertise instead of jumping all in with a full time economic development position.

Councilmember Cero is concerned about not having money for I-90 tolling. He does not think this is time-critical and is not in favor of spending money on it.

Councilmember Brahm noted that Council needs to determine what the priority is before moving forward and spending money.

Councilmembers spoke about Priority 2 receiving unanimous support from MICA, that Council's highest responsibility is to get the zoning and codes right, asked for an update on parking, asked where signage fits in, noted that people are not aware of on-street parking or street level parking in garages, and noted the importance of walkability.

Deputy Mayor Grausz asked about setting aside money in the budget for a town center position. The Committee could then engage during the next 3 months to really define what the person in that position would do and could take the 8 priorities and narrow them even further.

Town Center Booster Committee

Councilmember Brahm reported that the Town Center Booster Committee has not had the opportunity to meet yet. She noted that the Chamber of Commerce has been trying to get more events and activities in the Town Center. She spoke about the Art UnCorked event in the Town Center on September 12 sponsored by the Chamber of Commerce, MIVAL and the Mercer Island Arts Council.

Councilmember Senn noted that Priority 7 (Activate the Town Center by Programming Uses) is a very important element of getting people to the Town Center. She also spoke about the need to utilize and help promote local business and organizations during events.

Councilmember Grausz stated that the thought behind Priority 7 is to have more events at Mercerdale or the Sculpture Garden, such as Mostly Music in the Park, to draw people to the area. City Manager Treat noted that staff would need to put together staffing costs and operating costs for those types of events.

Transportation Issues Status Report (bus intercept, R8A, etc.)

City Manager Treat gave an update on transportation issues, mentioning that Sound Transit and Metro will be at the Council Meeting of June 16, 2014 to give an update on R8A and the current light rail schedule. He stated that

the current plan is for the center lanes to close when R8A is completed which is now scheduled to happen in June 2017. He also noted that there is still schedule work to do for light rail which will have an impact on when R8A starts.

City Manager Treat noted that the City has seen a couple of different drafts of the bus intercept impact study. He also noted that there is still no formal parking proposal from Sound Transit. He pointed out that Sound Transit has proposed adding a parking level to the Community Center, the concept being that Sound Transit needs to close the South Bellevue Park & Ride for several years and Mercer Island would be the back-up lot during the closure period. Sound Transit would pay for construction of the parking level(s) and the parking garage would then be conveyed to the City once the South Bellevue Park & Ride was reopened. The City would then have the option to make it Mercer Island only parking and could define how to divide up the parking.

City Manager Treat noted that Sound Transit is planning public outreach on the bus intercept concept. They will have a public meeting on July 10, 2014 with a goal of having a final conclusion on the bus intercept in August 2014.

Councilmembers spoke about the importance of being proactive with public outreach.

City Manager Treat noted that Metro's initial plan for reducing bus service in light of the car tab proposal failing is to eliminate several Mercer Island routes and to modify route 204 by combining it with route 202. Metro has provided some data on hours of use and operation.

Mayor Bassett believes that bus service needs to be developed over time in order to reduce dependence on the single occupant vehicle. Mercer Island has historically relied on Metro and Sound Transit for bus service and bus service analysis. He thinks the City should do its own analysis by getting an intern to ride Mercer Island buses several times and document how many riders there are, where they're going, and get their contact information in order to try and find some solutions.

City Manager Treat mentioned that Metro is in the process of developing a community mobility initiative where they would sell service to cities, the details of which are supposed to be out in the next few weeks.

Deputy Mayor Grausz noted that Mercer Island is capable of getting people around the Island, from the north to the south end. He would like to explore options and questioned the possibility of working together with the school district to do something with their bus infrastructure.

City Manager Treat mentioned that Mr. Cohen has proposed to the City a transfer of the corner property next to Freshy's Seafood Market. He is proposing to build a multi-story development with apartments on top, a restaurant and movie theater on the bottom, and enough extra parking to be able to devote, free of additional charge to the City, 50 parking stalls for daytime Mercer Island resident use.

Deputy Mayor Grausz noted that this proposal would require the City to rezone the property. He asked the Council if it is worth giving up the corner for 50 parking spaces without any charge to the City plus the potential of getting a movie theater in the Town Center.

Regional Issue Check-In

Councilmember Cero spoke about NextGen air navigation, noting that PSRC is trying to coordinate its use at SeaTac, Boeing Field, and Renton. He recommended that someone from Council attend the PSRC Air Advisory Group meetings as a preemptive measure in case there is a proposal to reroute air traffic over Mercer Island.

Councilmember Senn spoke about PSE and Energize Eastside, which is PSE's effort to increase voltage from Renton through Kirkland due to increased electricity demand. She noted that, while Mercer Island is not immediately affected, it is a huge issue for Mercer Island's neighboring communities and rates will increase.

Councilmember Cero noted that Mike Grady is not an official member of the I-90 Tolling Steering Committee. Councilmember Senn mentioned that there may not be a big transportation package this biennium, and that at most maybe a 3 or 4 cent gas tax to pay for maintenance and safety of basic existing infrastructure.

Councilmember Cero spoke about the ETP meeting and that SCA has approved a bus cut policy on behalf of all of

the SCA member cities. He mentioned that this is an example of a policy that was voted on by SCA that didn't come before Council. Mayor Bassett mentioned that Council has become very engaged in regional issues. Councilmembers discussed creating a more efficient system to better address regional issues.

Councilmember Senn spoke about the closure of only one lane at a time of Bellevue Way during the construction of the South Bellevue Park & Ride. She mentioned that this flow will be helpful in terms of backups on Mercer Island and the importance of watching traffic flow from a regional basis.

MICA Update

John Gordon Hill, President of the Mercer Island Center for the Arts (MICA), mentioned that the project is fast tracking. There is now a 13 member board of directors that has been meeting weekly, a finance committee, a facilities committee, and an advancement committee. He spoke about the design process, which began in March. He read the MICA mission statement and noted what will take place at MICA, who will use MICA, and who MICA is for. He mentioned that MICA will be a focal point for Mercer Island, a destination for the region, will revitalize the Town Center, will provide a place to meet, learn, converse, and enjoy, and will be a beautiful amenity to Mercerdale Park. He noted the major spaces, presented a drawing of the concept design, and described the other various spaces. He spoke about the usage calendar which attests to the high level of activity that is planned for MICA. He also spoke about the preliminary timeline for the approach to the project and discussed the fundraising and grant efforts. He noted that there will soon be a website and that they are in the process of selecting an executive director.

Councilmembers asked questions regarding fundraising and financing, operating expenses, the positioning of the facility on the site, security, the turnaround area being used as a plaza, and the parking plan. Council asked for further clarification and discussion of how much of the native garden will be used.

Other Items (as necessary)

Councilmember Bertlin spoke about creative uses of public property and how the Council is going to start entertaining proposals that come from various groups to leverage City assets. She asked what the criteria will be and how the entire community will best be served.

Councilmember Brahm spoke about the misperception that some public spaces on the island are private. She asked about putting signs up stating that these are public spaces.

Councilmember Senn asked that Executive Sessions be scheduled before Council meetings instead of after the meetings.

Councilmember Brahm asked the City to consider putting a crosswalk on 76th Avenue SE around Aljoja and The Islander restaurant because it is a long way between crosswalks and the line of site is not good. She would also like to see street parking added to 77th Avenue SE.

Councilmember Cero asked about televising the Planning Commission meetings. He also mentioned starting to do the Pledge of Allegiance at the commencement to Council meetings.

ADJOURNMENT

The Mini-Planning Session was adjourned at 4:38 pm.

Bruce Bassett, Mayor

Attest:

Karin Roberts, Deputy City Clerk