



CITY COUNCIL MINUTES MINI-PLANNING SESSION JUNE 24, 2006

CALL TO ORDER: Mayor Bryan Cairns called the meeting to order at 9:05 pm in the Clark Room at the Community Center at Mercer View, 8236 SE 24th Street, Mercer Island, Washington.

ROLL CALL: City Councilmembers Sven Goldmanis, Mike Grady, Dan Grausz, El Jahncke, Steve Litzow, Deputy Mayor Jim Pearman(arrived 9:10 am) and Mayor Bryan Cairns were present. City staff in attendance were City Manager Conrad, Finance Director Corder, Police Chief Holmes, Fire Chief Mauldin, Parks & Rec. Director Mayer.

1. WELCOME:

Mayor Cairns welcomed the Council and made a few brief comments regarding the Planning Session.

City Manager Conrad pointed out that Councilmember Litzow had reminded the Council that they had previously agreed to have a discussion of broadcasting Council meetings. Per the prior agreement, the item was added to the end of the planning session agenda.

2. UPDATE FROM JANUARY PLANNING SESSION:

City Manager directed the Council's attention to the packet containing a status report on the Council's work program. He walked the Council through the status of the 18 Council-approved work items, unplanned/emergent work items, boards and commissions and "below the line" work items. He summarized by saying the Council and staff appeared to be slightly ahead of where they expected to be a mid-year.

Councilmember Goldmanis asked that more Council time be spent in the second half of the year discussing I-90 related matters.

The Council had a discussion to clarify its direction to staff concerning Town Center parking activities. Ultimately, the Council agreed that staff would return in the second half of 2006 with staff analysis and recommendations on the Town Center code amendments discussed on June 19th. Included in that discussion will be identification of strategies to encourage efficient and effective use of existing public and private parking such as parking management activities. In addition, staff will engage the services of an urban design specialist to assist in identifying opportunities for producing mid-block connections, public spaces and public parking within the Town Center.

Staff re-affirmed the Council's June 19th direction to include development of Town Center streetscape standards as part of the Council's 2007 work plan.

3. MACRO-FINANCIAL PLANNING:

City Manager Conrad opened the discussion with an overview of the topic, noting that the item was a planning exercise and not final decision making. He directed the Council's attention to the last page in the Council packet. He suggested that the staff's goal for the Planning Session was to receive Council direction regarding the five questions asked on the page.

Finance Director Corder began his presentations with an overview of the assumptions and methodologies for forecasting future operating revenues and expenses. He presented three scenarios – "more pessimistic", "more likely" and "more optimistic".

The Council spent considerable time asking clarifying questions, testing assumptions and debating the methods used. The Council was told by staff that by the end of the day, Council would be asked to choose (by consensus) one of the forecasts to be the basis for developing the 2007-2008 biennial budget.

Director Corder continued with a presentation of existing City Funds cash balances. He highlighted Council-directed commitments and obligations as well as unallocated revenues for all non-utility funds. He focused particularly on the General Fund, Street Fund, Beautification Fund, Contingency Fund, CIP Fund, Technology & Equipment Fund, Capital Reserve Fund and CCMV Construction Fund, summarizing that cumulatively there is \$3,068,227 of unallocated cash balances the Council can apply to its operating and capital needs.

Again, there was considerable Council discussion, clarifying questions and debate about financial assumptions.

City Manager Conrad then briefly presented the "Unfunded Long-Term Financial Needs" chart in the packet. He pointed out that the list was essentially the same one presented at the recent joint City Council--School Board meeting. He followed with a brief presentation of the "Revenue Tool Kit" analysis in the packet. The Council asked a few clarifying questions.

The Council then broke for lunch at approximately 11:30 am. The Council planning session resumed at approximately 12:15 pm.

City Manager Conrad began the afternoon session with a presentation of the "Proposed Financial Guiding Principles" contained in the packet. The Council asked a few clarifying questions.

Councilmember Grady asked - and the Council agreed - to include a guiding principle that spoke to the City's commitment to seeking more effectiveness and efficient use of its resources (e.g. fleet, water resources, energy).

Councilmember Jahncke asked that the Council modify the guiding principle – Operating Fund, third bullet, no. 2 -- related to use of general fund surpluses.

After much discussion, the Council agreed to modify no. 2 to read as follows:

"Then apply to starting General Fund balance for (the) succeeding year up to the level that eliminates any projected deficit."

The Council then agreed by consensus that the presented principles (as modified) should be used by staff to proceed with budget and "macro-financial plan" development.

As part of the financing principles discussion, City Manager Conrad also presented an "Example 10-Year Plan for Macro-Financial Issues" to assist the Council in understanding to choices and consequences of the financial principles as well as the underlying assumptions contained in any plan. He redirected the Council's attention to the five questions asked on the last page of the packet.

After considerable discussion and debate, the Council answered the questions with the following direction:

- **Forecasts:** Staff should use the "more likely" financial forecast as a basis for developing the biennial budget and a "macro-financial plan".
- **Timeframe for Addressing Issues:** In developing a plan to address the "macro-financial" issues, staff should use at least a 10-year time frame and should extend the financing period out to as much as 20 years for some capital items; including:
 - The Council prefers to use 20-year voter-approved bonds for financing fire truck replacement; fire station replacement and parks improvements (including most Luther Burbank Master Plan improvements).
 - Staff should look at the 2008-2009 timeframe for a "Public Safety" bond issue.
 - Staff should look at 2009 for a Luther Burbank operating levy renewal vote. On the same 2009 ballot, the staff should assume a Parks Improvements bond issue will be developed and considered.
- **List of Long Term Financial Issues:** The presented list is the appropriate list to plan with.

- **Financial Guiding Principles:** As agreed earlier, the presented principles (as modified) are the principles staff should follow.
- **Priorities:** use the adopted-Council priorities. (Note: There was less clarity on the item than the others. Councilmembers Jahncke and Grady each had differing views of how the priorities should be understood and used.)
- In addition to answering the questions, the Council provided the following direction:
 - Allocate \$150,000 of 2005 General Fund surplus to LEOFF I Long Term Care.
 - Allocate the balance of the 2005 General Fund surplus to other unfunded capital needs.
 - Include funds in the 2007-2008 CIP to begin work on the Luther Burbank Master Plan implementation. The work items should be ones that can be funded with existing capital resources and can be accomplished during the biennium. Shoreline restoration should be funded with outside grants and/or bond issue funds.
 - Staff should return as soon possible with a project scoping and funding proposal for the Town Center Pedestrian Plaza project. Beautification Funds should be the fund source.

There was considerable discussion about how to finance projected deficits. The Council agreed (per the proposed financing policies) to direct yearend surpluses to the following year operating budget if there was a projected deficit.

There was no consensus on how to finance new or expanded operating services. Councilmembers Jahncke, Litzow and Goldmanis spoke strongly for reallocation of existing resources to finance new activities.

4. FAMILY & EDUCATION LEVY DISCUSSION

Mayor Cairns facilitated the discussion, starting with a summary of a meeting between himself, the City Manager, School Board President, School Superintendent and 41st District Legislator Fred Jarrett.

Mayor Cairns described the recommendations that came from that discussion:

- The City Council not pursue the Morrison/Pottmeyer proposal as presented.
- Instead, the Council create a discussion forum directly with the School Board regarding the needs of the two public bodies. The discussion process would first attempt to assemble data that allows for a thorough mutual understanding of the mission, obligations and needs of both the City Council and School Board, and vice versa. Any follow up steps would be mutually agreed to only after each body is satisfied that it has the necessary information to understand the community-wide needs. The process would not be immediate and would not result in any near term action steps.
- An initial organizing group should be created to develop a clear scope of the discussion and process steps that will be followed. Mayor Cairns would propose himself, Councilmember Litzow and City Manager Conrad. Board President Eggers will propose herself, Superintendent Simms and one other Boardmember.

After some discussion, the Council agreed to engage in the process described by the Mayor.

5. CITY RESOURCE MANAGEMENT DISCUSSION:

Councilmember Grady led the discussion covering similar points to the prior financing principle discussion regarding efficient and effective City (and School District) business practices, particularly as they relate to environment-friendly matters such as fuel-efficiencies for City vehicles, energy efficiencies for City buildings, water usage in City parks, etc.

The City Manager told the Council that, with Council direction, he would have staff prepare a proposal for the next biennial budget to identify what measures the City could pursue and what budget implications the measures would have. The Council agreed to give that direction.

6. BROADCAST OF COUNCIL MEETINGS:

Councilmember Litzow led the discussion pointing out the continued need to communicate with the citizenry. The City Manager handed out a short briefing describing the broadcast choices the City could consider as well as a rough estimate of capital and operating costs.

While not unanimous, the Council arrived at a consensus to have the staff prepare a proposal as part of the 2007-2008 biennial budget for Council consideration.

7. ADJOURNMENT: 2:55 pm

Bryan Cairns, Mayor

Attest:

Allison Spietz, CMC
City Clerk