CALL TO ORDER & ROLL CALL  7:00 PM

APPEARANCES
This is the time set aside for members of the public to speak to the Commission about issues of concern. If you wish to speak, please consider the following points:

• Speak audibly into the podium microphone
• State your name and address for the record
• Limit your comments to three minutes

The Commission may limit the number of speakers and modify the time allotted. Total time for appearances: 15 minutes

APPROVAL OF MINUTES
Minutes from October 1, 2014

REGULAR BUSINESS  7:10 PM
Agenda Item #1:
2015 Comprehensive Plan Update: Capital Facilities Element

OTHER BUSINESS
Staff Comments
Planned Absences for Future Meetings
Announcements & Communications
Next Regularly Scheduled Meeting: November 5, 2014

ADJOURN
CALL TO ORDER:
Chair Friedman called the meeting to order at 7:03 PM in the Council Chambers at 9611 SE 36th Street, Mercer Island, Washington.

ROLL CALL:
Chair Jon Friedman and Commissioners Craig Olson, Bryan Cairns, Steve Marshall, and Vice Chair Richard Weinman were present. City staff was represented by Scott Greenberg, Development Services Director, George Steirer, Principal Planner, and Patrick Yamashita, City Engineer. Also representing City staff was John Davies and Michael Lapham of KPG, the City’s consultant group for the Transportation Element.

APPEARANCES:
No one from the public requested to address the commission.

MINUTES:
Commissioner Weinman moved to approve the minutes from September 17, 2014. Commissioner Olson seconded the motion. The minutes were unanimously approved.

REGULAR BUSINESS:
Agenda Item #1 – 2015 Comprehensive Plan Update (Transportation Element)

Michael Lapham presented on proposed Transportation Element changes, including the changes provided since the last Planning Commission meeting. Questions were answered by Scott Greenberg, Patrick Yamashita, and George Steirer. A majority of the commission requested the following:

1. For policy 2.6, change “centers” to “the Town Center”.
2. For policy 1.1, add “travel” after “promotion of non-motorized”.
3. Change terms such as “establish”. For example, see policy 7.6.
4. Provide a version of the Transportation Element for the open house with call out boxes that includes the source of the requirement (i.e. CWPP, GMA, etc) for any newly proposed policies. For example, 5.6 on page 8 regarding climate change.
5. Provide a copy of the Growth Management Act requirements regarding the transportation element.
6. Add the following new language in “Upcoming Changes” in page 2 at the end of the first paragraph: The current park and ride at North Mercer Way is frequently at or near capacity, and parking demand will increase when the center HOV lane is closed and with Light Rail. The City should address the overall parking for Mercer Island citizens, the total funding costs, and work with other agencies.
7. Add language to the memorandum to City Council requesting resources to look at parking for the future light rail.
8. Recognize that by 2035 a lot of transportation innovation may occur, and we need to be adaptable.

9. On page 3, 2nd paragraph under Land Use Assumptions, change 2014 to 2015 in the sentence that currently reads “Within the 2014 to 2035 planning period”, to be consistent with the planning period of this update.

10. On page 32, 3rd paragraph under Future Travel Demand – add the following underlined language to the beginning of the third paragraph: “For areas outside of the Town Center, traffic growth is expected to be low with approximately…."

11. On page 32, at the end of the 2nd paragraph under Baseline Traffic Operations, change the Level of Service for Island Crest Way and SE 68th to be consistent with Figure 6.

12. For Figure 6 add “Baseline” or “Without Improvements” into the title.

13. Change policy 4.4 to read “Investigate opportunities self-supporting for constructing and financing park and ride lots for Mercer Island residents only.”

14. Add the following underlined language to the end of policy 12.1 – Maximize the safety of bicycle safety, regarding road shoulder, and are to be distinguished from designated bicycle paths.”

Shauna Tolfred (spelling not provided), who “owns property in the town center” asked a question about previous City Council direction. Staff will contact her regarding the question.

**Agenda Item #2 – 2015 Comprehensive Plan Update (Land Use Element)**

George Steirer provided a brief presentation on the two additional sustainability policies that were proposed to be added.

The commission unanimously approved the two policies for the draft to be presented at the public hearing.

**STAFF COMMENTS:**
Staff provided an update regarding the public open house on October 23rd, the public hearing on November 19th, and the Shoreline Master Program.

**PLANNED ABSENCES FOR FUTURE MEETINGS:**
Richard Weinman will be absent for October 15th. Chair Freidman and Commissioner Marshall may be absent on November 19th, but will let staff know shortly.

**ANNOUNCEMENTS AND COMMUNICATIONS:**
Chair Freidman discussed the desire to have a council liaison for non-judicial actions.

**NEXT MEETING:**
The next Planning Commission meeting will be October 15, 2014.

**ADJOURNMENT:**
The Planning Commission meeting was adjourned at 8:41 PM.

Respectfully submitted by George Steirer, Principal Planner.
To: Planning Commission
From: George Steirer, Principal Planner
Subject: Agenda Item 1 – 2015 Comprehensive Plan Update: Capital Facilities Element
Date: October 9, 2014 for the October 15, 2014 Meeting

Exhibits: 1. 2005 Comprehensive Plan Transportation Element with proposed changes in “track changes” format
2. Comment email from jeffreybodean@comcast.net, received October 7, 2014

Action Requested: 1. Receive a majority approval by the Planning Commission to include Exhibit 1 in the Draft 2015 Comprehensive Plan for the public hearing, with clear direction on any additional changes needed.

Summary of Recommendations
The draft changes to the Capital Facilities Element relate to either 1) updating information to reflect the current situation and planning horizon or 2) sustainability.

UPDATED INFORMATION
The updated information includes Capital Facilities Forecast information, for planning purposes. The information is not a 20 year budget, which is adopted every two years, while the Capital Improvement Plan (CIP) has a six years planning horizon. Due to the water boil alert, utility staff were not available to help with key projection numbers and the map update. This information is anticipated to be available in the near future. Staff does not believe the information provided will be substantive in nature.

SUSTAINABILITY
A portion of the approved scope of work, for the Comprehensive Update, is to “Review and consider policies related to sustainability.” The City’s Sustainability and Communications Manager has provided additional language and policies to help satisfy the requirement in the scope of work. The introduction language is included on pages 1 and 2 of Exhibit 1, while the policies are on page 13.
CAPITAL FACILITIES ELEMENT

I. INTRODUCTION

Land Use & Capital Facilities

Incorporated in 1960, Mercer Island is a "mature" community. Approximately 95% of the community's residential lands have already been developed and its commercial centers are now experiencing increasing redevelopment pressures. The remaining lands to be developed are all commercial and residential "in-fill" where public facilities have long been established. Mercer Island will not see major new subdivisions over the next two decades.

As a "mature community", Mercer Island has made substantial investments in public infrastructure over the last thirty years. As a result, the community largely has sufficient capacity in water and sewer systems, parks, schools, local streets and arterials, and public buildings (City Hall, library, fire stations, and community center) to handle projected growth. However, additional investments may be considered for park improvements as well as open space acquisition and trail development. In addition, improvements will be needed to maintain adopted transportation Level of Service (LOS) standards and to maintain existing infrastructure.

The following sections of the Capital Facilities Element inventory Mercer Island's existing public facilities in terms of their capacity (quantity) to serve current and forecasted populations through 2035. The Element continues with a discussion of existing "Levels of Service" standards and expenditure requirements to meet those standards. This is followed by a discussion of the City's overall capital planning and financing strategy as well as the revenues available for capital investment. The Element concludes with Policies that will guide development of the City CIP and capital investments.

Sustainability

Sustainability is a Mercer Island value. It is a process of ensuring the wise use and management of all resources within a framework in which environmental, social, cultural and economic well-being are integrated and balanced. It means meeting the needs of today without adversely impacting the needs of future generations.

In 2006, a grassroots effort of Island citizens led the City to modify the vision statement in its comprehensive plan to include language embracing general sustainability, and in May 2007 the Council committed to a sustainability work program as well as a specific climate goal of reducing greenhouse gas emissions by 80% from 2007 levels by 2050, which was consistent with King County and Washington State targets. Later in 2007, the Council set an interim emissions reduction goal (often called a "milepost") for City operations of 5% by 2012.

In recent years, the City has pursued a wide range of actions focusing on the sustainability of its internal operations. These measures began with relatively humble recycling and waste reduction campaigns, and then expanded into much larger initiatives such as energy-efficiency retrofits and cleaner-burning fleet vehicles. More recently, the City has installed its own on-site solar PV project at the Community and Event Center, and has now purchased several commercial-grade electric utility vehicles for Water Department and Parks Maintenance purposes. Approximately 35% of the City’s internal electricity use is offset through the purchase of green power REC’s from Puget Sound Energy. The City tracks several metrics in its annual "Dashboard Report" that evaluate progress made in energy consumption, fuel use, green power purchasing, solid waste diversion, and overall carbon footprint of City operations.

Capital Facilities - 1
In 2012, activities were expanded further with the hiring of the City’s first dedicated Sustainability Manager, who designs, implements, and then oversees much of the internal sustainability project work. In addition, the Mayor and Council have increasingly addressed or supported specific regional and state-level climate commitments or legislation.

Due to the 20-year horizon envisioned by this comprehensive plan, it is especially appropriate to include internal measures that address the long-term actions needed to reduce greenhouse gas emissions, ideally in collaboration with other local governments. Actions that the City will implement with the entire community’s sustainability in mind are addressed in the Land Use Element of this plan. Various City Departments, such as Parks and Recreation and Maintenance, prepare functional plans that directly implement some sustainability programs.

These Capital Facilities measures, and others under consideration, are identified in more detail in a rolling 6-year Sustainability Plan, to be adopted in 2015, which will guide the City’s internal and external actions while taking into account the interrelated issues of climate change, population change, land use, public infrastructure, natural resources management, quality of life, public health, and economic development.

II. CAPITAL FACILITIES INVENTORY

Listed below is a brief inventory of Mercer Island’s public capital facilities. Detailed descriptions of facilities and their components (e.g. recreational facilities in public parks) can be found in the Comprehensive Parks, Recreation, Open Space and Arts Plan, 2014-2019 Parks and Recreation Plan, the Comprehensive Parks and Recreation Plan and Transportation and Utilities Elements.

Public Streets & Roads

Mercer Island has over 75 miles of public roads. Interstate 90 runs east-west across the northern end of Mercer Island, providing the only road and transit connection to the rest of the Puget Sound region. Most of the road network on the island is comprised of local streets serving the Island’s residential areas; arterials comprise approximately 25 miles, or one third, of the system.

Pedestrian and Bicycle Facilities

Mercer Island has over 55 miles of facilities for non-motorized travel. In general, non-motorized facilities serve multiple purposes, including recreational travel for bicycles and pedestrians as well as trips for work and other purposes. On-road facilities for non-motorized travel include sidewalks and paths for pedestrians and bicycle lanes for cyclists. Regional access for non-motorized travel is provided by special bicycle/pedestrian facilities along I-90. Additional detail is provided in the 1996-2010 Pedestrian and Bicycle Facilities Plan.

Parks & Open Space

Mercer Island has over 467 acres of City parks and open space lands. This acreage comprises about 12% of the island. Eight City parks, open spaces and playfields are over 10 acres in size. Three parks exceed 70 acres (Luther Burbank, Pioneer Park, and Park on the Lid/Aubrey Davis Park, formerly known as the Park on the Lid). Island residents enjoy 20.84 acres of publicly-owned park and open space lands per 1,000 population. This compares with neighboring jurisdictions as follows: Bellevue — 21.80 acres/1000 pop.; Kent — 15.5 acres/1000 pop.; Redmond — 28.02 acres/1000 pop.; Kirkland — 19.1 acres/1000 pop. In addition to City park lands, approximately two-thirds of the Mercer Island School District grounds are available to Island residents.
additional 40 acres of private open space tracts are available for residents of many subdivisions on the Island. See Figure 1 for the locations and geographical distributions of the community’s parks, open space lands, street end parks, school district lands, I-90 facilities and private/semi-public facilities.

Public Buildings

Mercer Island is served by seven City-owned public buildings, the Mary Wayte Pool operated by the Northwest Center owned by the Mercer Island School District and operated by Olympic Cascade Aquatics, one Post Office and one King County (KCLS) Branch Library. Facility uses, locations and sizes are listed in Table 1 below.

During 2001, construction of a new Main Fire Station and a sizeable remodel of the Thrift Shop were completed. The City became the owner of Luther Burbank Park in 2003 after transfer of the property by King County. Construction of a new Community Center at Mercer View will begin in late 2004. The new 37,925 sq. ft. building will include a 10,000 sq. ft. gymnasium and is expected to be completed by December 2005. The Mercer Island Community and Events Center was completed in 2006, and in 2014, Fire Station 92 began construction at the south end of the Island.

Table 1

<table>
<thead>
<tr>
<th>Facility</th>
<th>Use</th>
<th>Location</th>
<th>Approx. Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Hall</td>
<td>Police, Dispatch &amp; General Admin.</td>
<td>North MI 9611 SE 36th St.</td>
<td>32,000 s.f.</td>
</tr>
<tr>
<td>Maintenance Shop</td>
<td>Parks, Water, Sewer, Streets,</td>
<td>North MI 9601 SE 36th St.</td>
<td>15,000 s.f.</td>
</tr>
<tr>
<td>Community Center at Mercer View/Community and Events Center</td>
<td>Comm. Mtgs., Recr. Programs Gymnasium and Fitness Senior adult and Youth Programs</td>
<td>North MI 8236 SE 24th St.</td>
<td>37,925 sq. ft.</td>
</tr>
<tr>
<td>Main Fire Station</td>
<td>Fire &amp; Emergency Aid Response &amp; Admin.</td>
<td>Central Business District 3030 - 78th Ave. SE</td>
<td>16,600 s.f.</td>
</tr>
<tr>
<td>South Fire Station</td>
<td>Fire &amp; Emergency Response</td>
<td>South End Shopping Ctr. 8473 SE 68th St.</td>
<td>3,500 sq. ft.</td>
</tr>
<tr>
<td>Youth and Family Svs. Thrift Shop</td>
<td>Sales-Fundraising: Recycled Household Goods</td>
<td>Central Business District 7710 SE 34th St.</td>
<td>5,254 s.f.</td>
</tr>
<tr>
<td>Luther Burbank Park Admin. Bldg.</td>
<td>Mercer Island Parks and Recreation Youth and Family Services Deps.</td>
<td>Luther Burbank Park 2040 – 84th Ave. SE</td>
<td>5,000 s.f.</td>
</tr>
<tr>
<td>Mary Wayte Pool (Northwest Center)</td>
<td>Indoor Swimming Facility</td>
<td>Mid Island 8115 SE 40th St.</td>
<td>7,500 s.f.</td>
</tr>
<tr>
<td>U.S. Post Office</td>
<td>Postal Service</td>
<td>Central Business District 3040 78th Ave. SE</td>
<td>10,000 s.f.</td>
</tr>
<tr>
<td>King County Library (KCLS)</td>
<td>Public Library - Branch of KCLS</td>
<td>Mid Island 4400 88th Ave SE</td>
<td>14,600 s.f.</td>
</tr>
</tbody>
</table>

Public Schools

The Mercer Island School District owns and operates one high school, one middle school and three elementary schools. Altogether, the School District owns 108.6 acres of land, including those lands dedicated to parks, open space and recreational uses. The
District serves a 2004 2014 school population of 4,000 4,310 students in approximately 461,000 total square feet of "educational" space. In addition to educational/athletic facilities, the District also owns and leases space to private non-profit groups at the North Mercer Campus.

During the 1990s, the District completed a major capital improvement program to remodel its schools. In 1993, the voters passed a $10.9 million bond issue to modernize Islander Middle School. The latest remodel of the Islander Middle School occurred in 2000, when the school completed an addition to the multi purpose room and seven new classrooms. In 1994, the voters again approved a $16.4 million bond issue to modernize the three Elementary Schools. All these schools underwent $6 million remodels that were completed in September 1995. In 1996 voters approved a $26.7 million bond issue to modernize the High School. The total cost of the renovation, which included some new construction, was $37.2 million. In May 2002 February 2010, the community approved a 2 year capital levy, and a 12 year bond to replace the Mercer Island High School track and field. In February 2004, the community approved a four-year capital levy for nearly $14.9 million per year, targeting minor capital replacement costs and improvements at each school site. In addition to levy arewere funds for the addition of music and orchestra rooms at Mercer Island High School, portable classrooms for elementary and middle schools, hard play area resurfacing at the elementary schools, repair and replacement of the turf field and repair of the track at Islander Middle School and major tennis court renovation at the high school Mercer Island High School, painting, re-roofing, pavement overlays, security improvements, etc and other improvements.

Despite a lack of enrollment loss in 2003-2004, School District enrollment is in a population decline cycle. In the February 11, 2014 special election, Mercer Island voters overwhelmingly approved three targeted facilities projects to address overcrowding in Mercer Island schools.

After months of public discussions, meetings and work by the Mercer Island community, school board and district, a bond proposal was approved by the board in September 2013. It was then approved by more than 74 percent of Mercer Island voters in February 2014. The targeted facilities projects include:

- building a fourth elementary school on the district-owned North Mercer campus;
- expanding Islander Middle School, including 14 new classrooms and lab spaces, commons and cafeteria, gymnasiums, music rooms and administrative space; and
- building 10 additional classrooms at Mercer Island High School, including four lab spaces and six general education classrooms.

Annually, the District develops projections primarily utilizing the historical enrollment trends tracked each October for the past five years. In addition to the cohort derived from that historical database, the District looks at much longer "real growth" trends as well as birth rates and female population patterns. Current enrollment projections show an anticipated increase of approximately 245 students over the next eight years, in addition to an increase of
approximately 250 students over the last six years.

Provision of an adequate supply of K-12 public school facilities is essential to avoid overcrowding and to enhance the educational opportunities for our children and to avoid overcrowding. A variety of factors can contribute to changes in K-12 enrollment, including changes in demographics, the resale of existing homes, and new development. The District and the City will work together to review the District's enrollment projections and capacity needs, and will examine whether appropriate school facilities are available. The District is engaged in an ongoing long-range planning process to examine, maintain updated enrollment projections, house anticipated student enrollment projections, school capacity, financing options, and school facility options, and provide adequate school facilities.

Water System

The City's Water Utility consists of 87 miles of water mains and transmission lines which serve over 7,400 customers. In addition, the system includes two 4 million gallon storage reservoirs, two pump stations and an emergency well completed in 2010. The City purchases water from the Seattle Water Department Seattle Public Utilities who conveys it primarily from the Cedar River and Tolt River watersheds, watershed to Mercer Island via a 16 inch supply line crossing Lake Washington's East Channel. A smaller proportion of our water supply comes from the Tolt River System.

Sewer System

The Mercer Island sewer utility is made up 98 miles of collection lines which serve over 7,200 customers. The collection system is linked to 20 18 pump stations, 2 flushing stations, and more than 98 miles of gravity and pressure pipelines, ranging in diameter from 3 to 24 inches which ultimately flow into King County Department of Natural Resources (KCDNR) facilities for treatment and disposal at the South Treatment Plant in Renton.

Storm Water System

The Island’s storm water system is made up of a complex network of interconnected public and private conveyances for surface water. The system serves 54 separate drainage basins. The major components of the system include more than 22 miles of natural watercourses, 95 percent of which are privately owned; 30 miles of open drainages ditches, 75 percent of which are on public property; 54 miles of public storm drains; 10 miles of private storm drains; more than 2,500 public catch basins; and nearly 600 private catch basins.
Figure 1. Capital Facilities Map

TO BE UPDATED
III. LEVEL OF SERVICE & FORECAST OF FUTURE NEEDS

In analyzing capital financing over twenty years, the City must make estimates in two areas: Cost of New Facilities and the Cost to Maintain Existing Facilities. To estimate the former, the City must evaluate its established levels of service (LOS) for the various types of facilities - streets, parks, recreational facilities, open space, trails, public buildings -- and project future needed investments to reach those service targets. In this case, "Level of Service" refers to the quantitative measure for a given capital facility. In establishing an LOS standard, the community can make reasonable financial choices among the various "infrastructure" facilities that serve the local population.

Fortunately, Mercer Island has already acquired and/or built most of the facilities needed to meet its LOS goals (e.g. parks acreage, recreational facilities, water and sewer system capacity, street system capacity, police, fire and administration buildings). As a result, while a few "LOS deficiencies" must be addressed over the next twenty years (open space, new trail construction, some street capacity improvements), most capital financing projections for Mercer Island involve reinvesting in and maintaining existing assets.

Listed in Table 2 below is a summary of level of service and financial assumptions (by facility type) used in making a twenty year expenditure forecast. In looking at the assumptions and projections, the reader should bear in mind two things: 1) No detailed engineering or architectural design has been made to estimate costs. The numbers are first level estimates; and, 2) The objective of the analysis is to predict where major financing issues may arise in the future. The estimates should be used for long range financial and policy planning; not as budget targets.
### Table 2 - Level of Service & Financial Forecasts

<table>
<thead>
<tr>
<th>Capital Facility</th>
<th>Level of Service Standard</th>
<th>Capital Needs</th>
<th>New Capital Cost (To address deficiency)</th>
<th>Annual Reinvestment Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streets-Arterials - Residential - CBD</td>
<td>LOS C/ D None</td>
<td>4 locations identified None</td>
<td>To be determined $3,322,900 $3,322,900</td>
<td>$800,000 $1,061,000 $1,061,000 per yr. $166,000</td>
</tr>
<tr>
<td>Streets-Arterials - Residential - CBD</td>
<td>LOS C/ D None</td>
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<td>4 locations identified None</td>
<td>To be determined $3,322,900 $3,322,900</td>
<td>$800,000 $1,061,000 $1,061,000 per yr. $166,000</td>
</tr>
<tr>
<td>Parks &amp; Open Space</td>
<td>Will be established in the Revised Park and Open Space Plan</td>
<td>Dock Infrastructure, Safe Facilities, Open Space, Trails and Athletic Fields</td>
<td>To be assessed $8 million</td>
<td>$250,000/yr $1.3 million. Parks &amp; Open Space CIP</td>
</tr>
<tr>
<td>Recreational Facilities</td>
<td>See Park &amp; Open Space Plan</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Existing and New Pedestrian and Bicycle Facilities</td>
<td>Pedestrian and Bicycle Facilities Plan</td>
<td>Multiple Shoulder improvements, 78th Ave. pedestrian and bike improvements, safe routes to school</td>
<td>$8 million/yr</td>
<td>$375,000 $130,000</td>
</tr>
<tr>
<td>Open Space</td>
<td>Will be Established in the revised See Park and Open Space Plan</td>
<td>Standard to be set</td>
<td>To be assessed</td>
<td>None</td>
</tr>
<tr>
<td>Water Syst – Supply Storage Distribution Fire Flow</td>
<td>6.7 mill. Gal/day 8.0 mill. Gal &gt; 30 psi Multiple</td>
<td>None Energy Supply Line None</td>
<td>None</td>
<td>$500,00 from Utility Rates</td>
</tr>
<tr>
<td>Storm &amp; Surface Water System</td>
<td>Washington DOE Stormwater Manual</td>
<td>Multiple</td>
<td>$350,000 from Utility Rates on average goes to one major basin improvement project annually</td>
<td>$150,000 from Utility Rates</td>
</tr>
<tr>
<td>Sanitary Sewer System</td>
<td>0 - Sewer Overflows Inflow &amp; Infiltration Sewer Lakeline-portion of reaches</td>
<td></td>
<td>$13 million</td>
<td>$500,00</td>
</tr>
<tr>
<td>Schools</td>
<td>MISD Maintenance of existing buildings, new elementary school, middle school and high school expansions. Major Renovations Completed $98.8 million bond</td>
<td></td>
<td>$1.9 million/yr. levy passed February 2010</td>
<td></td>
</tr>
</tbody>
</table>

[Note: More detailed LOS standards for capacity and operational reliability, operational reliability, and capital facilities needs can be found in the following documents: Transportation Improvement Plan, Water Comprehensive System Plan, Sewer Comprehensive General Sewer Plan, Comprehensive Storm Basin Review, Comprehensive Parks, Recreation, Open Space, and Arts Park and Open Space Plan, Pedestrian and Bicycle Facilities Plan, Open Space Vegetation Plan, Parks and Recreation Plan 2014-2019, Luther Burbank Master Plan, Ballfield Use Analysis.]

Capital Facilities - 8
and the Transportation Element of this City Comprehensive Plan.
IV. CAPITAL FACILITIES FINANCING

In light of the relatively large past investments in public facilities and the relatively low level of projected future growth, most future capital spending will go for repair, upgrade or replacement of existing capital assets. Generally speaking, Mercer Island will finance most of these capital reinvestment activities on a pay-as-you-go basis; or in the case of school renovations - local general obligation debt will be the primary financing technique.

The community should expect most funding for future capital improvements to come from local public sources. Investments in transportation facilities, sewage collection and conveyance, and stormwater facilities will be needed over the 20 year planning period. Funding for open space acquisition and parks improvements may also be needed to meet community expectations. Private development will finance some minor new capital improvements, such as stormwater facilities, sewage conveyance improvements, and transportation improvements where proposed development will exceed adopted levels of service. Because future growth outside the Town Center is expected to be relatively minor and Mercer Island is a mature community with well developed infrastructure, Mercer Island will not finance capital improvements through development impact fees. The City will use substantive authority under the State Environmental Policy Act (SEPA) to require mitigation for new development that is directly related and proportional to the impacts of that development.

Revenue Sources

The City's capital program is funded by a variety of revenue sources ranging from largely unrestricted, discretionary sources like General Funds and REET 1 to very restricted sources like fuel taxes and grants. Listed below is a description of the major capital funding sources used by the City.

General Fund Revenues - Revenues from property, sales and utility taxes as well as licenses and permit fees, other user fees, and state shared revenues. Funds can be used for any municipal purpose and are generally dedicated to the operation of the City's (non-utility) departments and technology and equipment upgrades.

Real Estate Excise Taxes (1 & 2) - Taxes imposed on the seller in real estate transactions. Both REET 1 & 2 taxes are levied at 1/4 of 1% of the sale price of the property. Revenues are to be dedicated only to projects identified in the City's Capital Facilities Element. Revenues must be used on the following types of projects:

- **REET 1** - only to projects identified in the City's Capital Facilities Element. Funds can be used for planning, acquisition, construction and repair of streets, roads, sidewalks, streets and road lighting, traffic signals, bridges, water systems storm and sanitary sewer systems, parks, recreational facilities, trails and public buildings.

- **REET 2** - planning, acquisition, construction and repair of streets,
roads, sidewalks, streets and road lighting systems, traffic signals, bridges, water systems, storm and sanitary sewer systems, parks, and planning, construction, repair or improvement of parks.

**Fuel Taxes** - City's share of fuel taxes imposed and collected by the state. Revenues must be used for maintenance and construction of the City's arterial and residential streets.

**Voted Debt** - General Obligation bonds issued by the City and paid for by a voter-approved increase in property taxes.

**User Fees - Utilities**
Fee for the purchase of a City-provided service or commodity (e.g. water, storm and sanitary sewage collection/treatment). Fees usually based on quantity of service or commodity consumed. Revenues (rates) can be used for any operating or capital project related to the delivery of the utility service or commodity.

**The Capital Improvement Program**
The City of Mercer Island separates the Capital Improvement Program into two parts: The Capital Reinvestment Program (CRP) and the Capital Facilities Program (CFP). The CRP contains all major maintenance projects for existing public assets. The CFP consists of proposed new capital facilities.

**Capital Reinvestment Plan (CRP)**
The CRP's purpose is to organize and schedule repair, replacement and refurbishment of public improvements for the City of Mercer Island. The CRP is a six-year program setting forth each of the proposed maintenance projects, the cost and funding source. These capital projects are generally paid for from existing City resources.

The program emphasis in a reinvestment plan is timely repair and maintenance of existing facilities. To this effect, while new equipment and improvements are made to some older fixed assets, the intent is to design a program which will preserve and maintain the City's existing infrastructure. The maintenance and enhancement of the taxpayer's investment in fixed assets remains the City's best defense against the enormous cost of the replacement of older but still very valuable public improvements.

The CRP is intended to be a public document. For this purpose, it is organized by functional area. Hence, any individual who wishes to gain knowledge about a project need not know the funding source or any other technical information but only needs to know the general type of improvement in order to find the relevant information. The Capital Reinvestment Program is divided into four functional programmatic areas: streets and pedestrian and bicycle facilities, park and recreational facilities, general government (buildings, equipment and technology), and utilities - water, sewer and storm water drainage.

CRP projects are typically "pay as you go", which means that they are funded from the current operations of the City Street Fund, CIP Funds, and the utilities funds.
Capital Facilities Plan (CFP)
The CFP is a six-year plan to outline proposed new capital projects. The CFP is also divided into four component parts: streets and pedestrian and bicycle facilities, parks and recreation facilities, general government (buildings, equipment and technology), and utilities - water, sewer and storm water drainage. Like the CRP, the plan for new facilities provides easy access for the public. Each project in the plan is described briefly and the total cost and appropriation for the next six years is stated.

Funding for CFP projects will be identified in the Capital Facilities Element. However, final funding strategies will be decided simultaneously with the approval of the projects. This may involve a bond issue, special grant or a source of revenue that is outside the available cash resources of the City.

V. CAPITAL FACILITIES GOALS AND POLICIES

Together with the City's Management and Budget Policies contained in the City's Budget (and Capital Improvement Program), the following goal and policies guide the acquisition, maintenance and investment in the City's capital assets.

GOAL 1: Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service.

1.1 The Capital Improvement Plan (CIP) shall identify and plan for projects needed to maintain adopted levels of service for services provided by the City.

1.2 The City shall schedule capital improvements in accordance with the adopted six-year Capital Improvement Program. From time to time, emergencies or special opportunities may be considered that may require a re-scheduling of projects in the CIP.

1.3 The CIP shall be developed in accordance with requirements of the Growth Management Act and consistent with the Capital Facilities Element of the City's Comprehensive Plan.

1.4 If projected expenditures for needed capital facilities exceed projected revenues, the City shall re-evaluate the established service level standards and the Land Use Element of the Comprehensive Plan, seeking to identify adjustments in future growth patterns and/or capital investment requirements.

1.5 Within the context of a biennial budget, the City shall update the six-year Capital Improvement Plan (CIP).

1.6 The City's two-year capital budget shall be based on the six-year CIP.

1.7 The Capital Facilities Element shall be periodically updated to identify existing and projected level of service deficiencies and their public financing requirements, based on projected population growth. Capital expenditures for maintenance,
upgrades and replacement of existing facilities should be identified in the biennial budget and six-year Capital Improvement Program.

1.8 The City shall coordinate development of the capital improvement budget with the General Fund budget. Future operation costs associated with new capital improvements should be included in operating budget forecasts.

1.9 The City shall seek to maintain its assets at a level adequate to protect capital investment and minimize future maintenance and replacement costs.

1.10 Highest priority for funding capital projects should be for improvements that protect the public health and safety.

1.11 The City will adopt a Hazard Mitigation Plan. This plan will be updated periodically and shall guide City efforts to maintain reliability of key infrastructure and address vulnerabilities and potential impacts associated with natural hazards.

1.12 Maintenance of and reinvestment in existing facilities should be financed on a "pay as you go" basis using ongoing revenues.

1.13 Acquisition or construction of new capital assets should be financed with new revenues (such as voter approved taxes or external grants).

1.14 Water, sanitary sewer and storm water capital investments should be financed through utility user fees.

1.15 The City shall coordinate with other entities that provide public services within the City to encourage the consistent provision of adequate public services.

1.16 City operations should be optimized to minimize carbon footprint impacts, especially with respect to energy consumption and waste reduction. New Capital Facilities should incorporate and encourage the sustainable stewardship of the natural environment, and consider the benefit of creating cutting-edge, demonstration projects.

1.17 City procurement should include consideration of total lifecycle costs, recycled content, and other common measures of product sustainability.

1.18 Current City facilities are operated in an energy-efficient manner, and opportunities for improvement are implemented when feasible. New City facilities should explore meeting public and private-sector sustainable building certification standards, such as the ‘BuiltGreen’ system and the Leadership in Energy and Environmental Design (LEED) system.

1.19 Parks & Open Space – Implement sustainability measures identified within the City’s Parks and Recreation Management Plan, including special attention to direct sustainability measures, such as tree retention, preference for native vegetation and habitat creation, minimized use of chemicals, and reductions in energy and fuel use.

1.20 Implement proposed projects in the City’s Pedestrian and Bicycle Facilities Plan (PBF), with emphasis placed on quick and affordable early fixes that demonstrate the City’s progress in providing safe alternative transportation modes to the public.
VI. CAPITAL FACILITIES FINANCIAL FORECAST

In analyzing the City’s existing and projected expenditure and revenues for its capital facilities in light of the City’s established Levels of Service standards (LOS) and capital financing policies (City Budget), a sustainable twenty year forecast emerges. Figure 2 below shows the twenty year impacts of capital investments the City’s infrastructure.

Figure 2 - Capital Facilities Forecast

<table>
<thead>
<tr>
<th>Program Area</th>
<th>Discretionary</th>
<th>Restricted</th>
<th>Grants</th>
<th>Local - Untapped</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streets and Trails (PBI)</td>
<td>24,820</td>
<td>24,820</td>
<td>8,900</td>
<td>15,250</td>
</tr>
<tr>
<td>Parks and Open Spaces</td>
<td>28,456</td>
<td>28,456</td>
<td>18,142</td>
<td>670</td>
</tr>
<tr>
<td>Public Buildings</td>
<td>28,291</td>
<td>28,494</td>
<td>19,147</td>
<td>9,347</td>
</tr>
<tr>
<td>Water</td>
<td>16,838</td>
<td>16,838</td>
<td>16,838</td>
<td>23,193</td>
</tr>
<tr>
<td>Sewer</td>
<td>13,403</td>
<td>13,403</td>
<td></td>
<td>18,838</td>
</tr>
<tr>
<td>Storm Drainage</td>
<td>13,403</td>
<td>13,403</td>
<td></td>
<td>18,838</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>126,731</td>
<td>126,933</td>
<td>202</td>
<td>5,000</td>
</tr>
</tbody>
</table>

DELETED
<table>
<thead>
<tr>
<th>Capital Costs</th>
<th>Revenue Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20 year est. capital expenditures</td>
</tr>
<tr>
<td>Streets and Trails (PBF)</td>
<td>60,300,600</td>
</tr>
<tr>
<td>Parks &amp; Open Space</td>
<td>43,613,471</td>
</tr>
<tr>
<td>Public Buildings</td>
<td>19,039,743</td>
</tr>
<tr>
<td>Water</td>
<td>121,593,481</td>
</tr>
<tr>
<td>Sewer</td>
<td>26,280,635</td>
</tr>
<tr>
<td>Storm Drainage</td>
<td>28,072,472</td>
</tr>
</tbody>
</table>
Capital Facilities

- Parks, Recreation and Open Space: 17%
- Streets, Pedestrian and Bicycle Facilities: 22%
- Buildings, Equipment and Technology: 17%
- Utilities: 44%

Total: 100%

2015-2016 Proposed CIP Budget by Project Category
VII. SUMMARY & CONCLUSIONS

Mercer Island has made substantial past investments in its infrastructure. Most future investments will be for maintenance of existing capital assets. However, additional investments will be needed in transportation facilities, stormwater facilities, and sewage collection and conveyance over the twenty year planning period. The City will invest approximately $12.4 million in the development of a new Community Center at Mercer View. This facility is expected to provide recreation and other services to meet community needs well beyond the 20 year planning period.

Utility rate adjustments in all utilities will be required over time to support reinvestment in these aging facilities. When viewed over a twenty year period, Mercer Island will have sufficient funding capacity to achieve its LOS goals and construct and maintain its capital facilities.

To identify specific locations of future facilities, see the annually updated Six-Year Transportation Improvement Plan, 2004 Comprehensive Parks, Recreation, Open Space, and Arts, Pedestrian and Bicycle Facilities Plan, 2014 Water System Plan, and 2003 General Sewer Plan. Specific storm drainage improvements will be identified as development and implementation of capital improvements to the public storm drainage utility (and drainage basins analyses) progress.
VIII. PROCESS FOR SITING PUBLIC FACILITIES

Background - State & County

The Growth Management Act requires that jurisdictions planning under its authority develop and adopt a process for identifying and siting essential public facilities, including those facilities typically difficult to site.

The State Office of Financial Management maintains a list of those essential State facilities that are required or likely to be built within the next six years. The list includes: airports; state education facilities; state or regional transportation facilities; state and local correctional facilities; solid waste handling facilities; in-patient facilities including substance abuse facilities, mental health facilities and group homes; waste water treatment facilities; utility and energy facilities; and parks and recreation facilities.

King County Policies also identify the parameters for the siting of new public capital facilities of a county- or state-wide nature. The facilities shall be sited so as to support countywide land use patterns, support economic activities, mitigate environmental impacts, provide amenities or incentives, and minimize public costs. Public facilities development projects are also to be prioritized, coordinated, planned and sited through an interjurisdictional process.

Interstate 90 represents the community's largest essential public facility of a regional or statewide nature. Given the lack of available land, the residential nature of Mercer Island and the comparatively high land and development costs, future siting of major regional or state facilities on Mercer Island is most likely unrealistic and incompatible with existing land uses.

Mercer Island Facilities

At the local level, the City of Mercer Island identifies facilities as essential to the community: public safety facilities (fire and police), general administration and maintenance (City Hall), public library, public schools and facilities housing human services and recreation/community service programs. These facilities are not generally classified as “essential public facilities” as they do not have the same level of regional importance and difficulty in siting. Though not “essential” under GMA, these public facilities provide public services that are important to the quality of life on Mercer Island and should be available when and where needed.

The City of Mercer Island employs many methods in the planning for and siting of public facilities: land use codes, environmental impact studies, and compliance with state and federal regulatory requirements. In addition, the Transportation, Utilities and Capital Facilities Elements of the Comprehensive Plan identify existing and future local public facilities and require substantial public involvement in the siting of those facilities.

However, because the vast majority of Mercer Island’s available land has been developed for residential uses (over 95%), siting most public facilities that are generally regarded as not compatible with residential land uses becomes problematic.
In the past, siting local public or human services facilities has produced a wide range of responses within the community. Community acceptance is a significant issue and nearly always has a strong influence on final site selection. Developing a basic framework for community involvement early in the facilities development process clearly enhances the whole siting process. The City should establish a public participation plan that involves the community during the siting and development processes and, if necessary, after operations begin at the facility.

In large part, the most effective facilities siting approaches include early community notification and ongoing community involvement concerning both the facilities and the services provided at the site. Use of these strategies creates opportunities to build cooperative relationships between the City, the adjacent neighbors and the broader community who use the services. They also help to clearly define the rights and responsibilities of all concerned.

**Policies for Siting Public Facilities and Essential Public Facilities**

The purpose of the Essential Public Facilities Siting Process is to ensure that public services are available and accessible to Mercer Island and that the facilities are sited and constructed to provide those services in a timely manner. Site selection is an important component in facilities development and should occur within a process that includes adequate public review and comment and promotes trust between City and the community.

2.1 Essential public facilities should be sited consistent with the King County Countywide Planning Policies.

2.2 Siting proposed new or expansions to existing essential public facilities shall consist of the following:
   a. An inventory of similar existing essential public facilities, including their locations and capacities;
   b. A forecast and demonstration of the future need for the essential public facility;
   c. An analysis of the potential social and economic impacts and benefits to jurisdictions receiving or surrounding the facilities;
   d. An analysis of the proposal's consistency with County and City policies;
   e. An analysis of alternatives to the facility, including decentralization, conservation, demand management and other strategies;
   f. An analysis of alternative sites based on siting criteria developed through an inter-jurisdictional process;
   g. An analysis of environmental impacts and mitigation; and
   h. Extensive public involvement consistent with the Public Participation Principles outlined in the Introductory section of the Comprehensive Plan.

2.3 Local public facility siting decisions shall be consistent with the Public Participation Principles outlined in the Introductory section of the Comprehensive Plan.
2.4 Local public facility siting decisions shall be based on clear criteria that address (at least) issues of service delivery and neighborhood impacts.

2.5 City departments shall describe efforts to comply with the Essential Public Facilities Siting process when outlining future capital needs in the Capital Improvements Program budget.

2.6 City departments shall develop a community notification and involvement plan for any proposed capital improvement project that involves new development or major reconstruction of an existing facility and which has been approved and funded in the biennial Capital Improvement Program budget.
Hi Noel and Bruce,

I have been reviewing the proposed update to the transportation element of the City’s Comprehensive Plan. As a Mercer Island resident and transportation planner/project manager for the City of Seattle, I am pretty disappointed with the public transportation (transit) section. For instance, this statement on page 24:

Transit passengers tend to be “transit dependent” travelers, such as those too young to drive, people unable to drive, or those people who do not have access to a private vehicle.

Many Mercer Island residents I know take transit to improve the environment by reducing their vehicles traveled. In fact, my employer, City of Seattle, places a considerable value on its employees using transit to get to work. In addition, many Mercer Island residents use transit when there are special events, such as Sounders, Seahawks, and Husky games, or highway construction projects (SR 520, I-90, overdue I-5 rebuild); it can be much more convenient than private auto.

Mercer Island needs to encourage residents, employees, and visitors to take transit. The City needs to take actions that support transit, e.g. offer a Mercer Island transit pass; build its ridership; and lobby for its preservation so it doesn’t fall victim to King County Metro’s service guidelines when finances get tight. Incidentally, I am a little troubled how King County developed and acted on its service cut proposals: it assumed that it would cut 550,000 hours (April 2014), then only follows through on the 1st phase of its service cut plan. This begs the question, how does the first phase cut, on its own, satisfy the balance between: 1) productivity, 2) social equity, and 3) geographic equity. Did Mercer Island experience a geographic inequity, especially when one considers its strong voter support for past Metro funding measures?

If you have been reading recent transportation literature lately, younger people, e.g. the Millennial’s, prefer to use transit so they can spend time on their smart phones. There is also the introduction of bike sharing in many urban areas of the country, including Seattle, to help transit users easily make it to their destination from a transit hub or stop.

Mercer Island is at a critical juncture for transit network development. Sound Transit and King County Metro are changing their services and facilities as we speak. Mercer Island needs to articulate a clear vision of what it wants in the way of transit, e.g. a transit master plan. If we are indifferent or uncertain of what Mercer Island’s transit service needs are are should be, the regional transit agencies will see our community as a low priority. Times are a changing. Public transit needs to play a stronger role in the City’s future. Please update our Comprehensive Plan to show how the Mercer Island will use public transit to help reduce its
VMT and contribute towards greenhouse gas reduction. The City needs to take socially responsible actions on transportation so future generations know we were interested in leaving them a decent planet. The City should help change the perception that its only people who are "too young to drive, people unable to drive, or those people who do not have access to a private vehicle" that use transit.

Thanks,

Jeff
206-948-4039