At its July 16, 2012 meeting, the Council conducted its first reading of Ordinance No. 12-04 related to the South Fire Station and fire apparatus replacement ballot measure (AB 4748), directing staff to make the following changes to the proposed levy lid lift ordinance:

- Completely remove the self-contained breathing apparatus (SCBA), which amounted to $53,000 per year.
- Reduce the scope of planned fire apparatus replacement from multiple units to one fire rescue truck in 2013, resulting in the annual funding requirement being reduced from $99,000 per year to $54,000 per year.

The total costs to be funded with debt, the average annual levy amount, and the estimated levy rate are summarized in the table below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Cost</th>
<th>Average Annual Levy*</th>
<th>2013 Estimated Levy Rate**</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Fire Station</td>
<td>$4,803,000</td>
<td>$608,000</td>
<td>$.07886</td>
</tr>
<tr>
<td>Fire Rescue Truck</td>
<td>$415,000</td>
<td>$54,000</td>
<td>$.00700</td>
</tr>
<tr>
<td>Total</td>
<td>$5,218,000</td>
<td>$662,000</td>
<td>$.08586</td>
</tr>
</tbody>
</table>

* The average annual levy amount is over a 9 year period.
** The 2013 estimated levy rate is per $1,000 assessed valuation and is conservatively calculated assuming a 5% decrease in the Island’s total assessed valuation at the end of 2012.
The updated ordinance and official ballot language are attached as Exhibit 1.

The voter approval requirement for a levy lid lift is a simple majority (i.e. 50% + 1). If approved by Mercer Island voters in November 2012, the levy lid lift would be in effect for only 9 years (2013-2021). This is a Washington state imposed term limitation when using levy lid lift proceeds to pay debt service on a bond issue. Staff intends to issue general obligation bonds to finance the design and construction of the new South Fire Station over a 9 year term and to purchase a new fire rescue truck via a capital lease over an 8-10 year term. The average annual levy amount corresponds to the estimated annual debt service on the general obligation bonds and the capital lease.

The estimated annual property tax impact on the current median ($700,000) and average ($995,000) assessed values of a single family home on Mercer Island is shown in the table below.

<table>
<thead>
<tr>
<th>Levy Lid Lift Breakdown</th>
<th>Annual Property Tax Impact</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$700K Home</td>
</tr>
<tr>
<td>South Fire Station (for debt service)</td>
<td>$55.30</td>
</tr>
<tr>
<td>Fire Rescue Truck (for debt service)</td>
<td>$4.90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$60.20</strong></td>
</tr>
</tbody>
</table>

**Next Steps**

Several immediate deadlines exist if this proposed measure is to be placed on the ballot and included in a local voters’ pamphlet. In order to get the proposed levy lid lift on the November 6, 2012 ballot, the City is required to submit an adopted ordinance, along with the official ballot language, to King County Elections by August 7, 2012. In addition, the City Attorney is required to prepare the explanatory statement for the local voters’ pamphlet and submit it to King County Elections by August 10, 2012.

The legislative authority of a jurisdiction is to also appoint committees to prepare arguments for and against the ballot measure for inclusion in the local voters’ pamphlet. This means that the City Council needs to take action to provide for the appointment of members to the “pro” and “con” committees. Those appointments are due to King County by August 10, 2012. Given this deadline, it is recommended that the Council grant authority to the Mayor to appoint citizens to each committee (three each). Once the Mayor has appointed the members, staff will notify King County Elections and inform the “pro” and “con” committees of the rules, procedures, and deadlines for submitting statements for the local voters’ pamphlet.

If the Council adopts the proposed ordinance, staff anticipates providing the public with information about the ballot measure consistent with state law and the City’s past practice. This will include mailing an information sheet to all Island property owners. A draft version of such an information sheet is attached as Exhibit 2.

Finally, the City intends to contract with an experienced project manager to provide project management and technical expertise to the City during the design, bidding and construction phases of the project as well as assistance in related contract negotiations and coordination of public information. Funding for the project manager will come from a portion of the $365,000 of Sewer Lake Line project savings, which is currently appropriated for the design phase of the South Fire Station Replacement project. The project manager is expected to begin limited work in August/September in order to assist the City with public information coordination and to complete contract negotiations for final design, which will allow the City to move quickly towards bidding and leverage a financially favorable construction climate should the measure be approved by the voters.
The City’s bond counsel will be at the Council meeting on August 6, 2012 to answer any questions.

**RECOMMENDATION**

*Finance Director*

**MOVE TO:**

1. Adopt Ordinance No. 12-04, instructing King County Elections to place a $662,000 per year fire station and fire apparatus replacement levy lid lift for a period of nine years on the November 6, 2012 Mercer Island general election ballot.

2. Authorize the Mayor to appoint three citizens to the “pro” committee and three citizens to the “con” committee to prepare statements for and against the proposed ballot measure (Ordinance No. 12-04) for the local voters’ pamphlet.

3. Authorize the City Manager to contract with a project manager to provide project management and technical expertise to the City during the design, bidding and construction phases of the project as well as assistance in related contract negotiations and coordination of public information.
CITY OF MERCER ISLAND, WASHINGTON
ORDINANCE NO. 12-04

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, PROVIDING FOR THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY AT AN ELECTION TO BE HELD ON NOVEMBER 6, 2012, OF A PROPOSITION AUTHORIZING THE CITY TO LIFT THE LEVY LIMIT ESTABLISHED IN RCW 84.55.010 TO PROVIDE FUNDS TO PAY, OR TO PAY DEBT SERVICE ON BONDS AND OBLIGATIONS ISSUED TO FINANCE, COSTS OF CONSTRUCTING, EQUIPPING, AND ACQUIRING A FIRE STATION AND FIRE APPARATUS.

WHEREAS, the City of Mercer Island, Washington (the “City”) Fire Department provides local and regional fire prevention, suppression, emergency medical services, rescue, disaster preparedness and community education services to residents of the City and surrounding waters; and

WHEREAS, Fire Station No. 92, is in need of replacement and improvement, and the City Fire Department is in need of a replacement fire rescue truck; and

WHEREAS, the City intends to issue limited tax general obligation bonds to provide long term financing for the costs of constructing and equipping a new fire station to replace Fire Station No. 92 and to enter into a capital lease agreement to acquire a replacement fire rescue truck, the aggregate principal amount of such bonds and capital lease is currently anticipated to be approximately $5.2 million; and

WHEREAS, to provide funds to pay debt service on such obligations, it is deemed advisable that the City impose taxes within the limits permitted to cities to generate additional revenue averaging approximately $662,000 per year; and

WHEREAS, RCW 84.55.050 authorizes the voters of a city to authorize an increase above the levy limitations established in RCW 84.55.010; and

WHEREAS, the conditions here and above set forth require the holding of a special election in the City;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, DOES ORDAIN AS FOLLOWS:

Section 1. Findings. The City Council hereby finds that the best interests of the residents of the City require the City to provide funds (a) to pay debt service on bonds issued to finance the costs of constructing and equipping a new fire station to replace Fire Station No. 92, (b) to pay debt service on a capital lease agreement issued to finance a City fire rescue truck, and (c) if the City Council determines that there are any excess levy proceeds generated from savings incurred during the construction or equipping of a new fire station and/or through the acquisition by a capital lease agreement of a fire rescue truck, to only pay for the acquisition or equipping of other fire apparatus (collectively, the “Projects”). The City Council shall determine the timing,
Section 2. Levy of Additional Regular Property Taxes. It is hereby found and declared that the best interests of the City require the submission to the qualified electors of the City of the proposition whether the City shall levy regular property taxes above the levy limitations established in RCW 84.55.010 for their ratification or rejection at an election to be held on November 6, 2012. For the purpose of providing funds to pay costs of the Projects, the Director of King County Elections, as ex officio supervisor of elections in King County, Washington, is hereby requested to call and conduct such election to be held within the City on such day and to submit to the qualified electors of the City for their approval or rejection a proposition to increase the City’s regular property tax levy by up to $.086 per $1,000 of assessed valuation (to a total rate not to exceed $1.517 per $1,000 of assessed valuation for collection in 2013 and to increase the levy as allowed by chapter 84.55 RCW for each of the eight succeeding years.

Upon approval of the voters of the proposition hereinafter set forth, the City may use proceeds of such levy for the purpose of paying or financing the Projects as described herein. The City Clerk is hereby authorized and directed to certify the following proposition to the Director of King County Elections, as ex officio supervisor of elections in King County, Washington, in substantially the following form. The election shall be held by all mail-in ballot.

CITY OF MERCER ISLAND
PROPOSITION NO. __
NINE YEAR LEVY LID LIFT FOR
CITY FIRE STATION AND FIRE APPARATUS

The City Council of the City of Mercer Island adopted Ordinance No. 12-04 concerning property taxes for a fire station and fire apparatus. This proposition increases the City’s regular property tax levy by up to $.086/$1,000 (averaging approximately $662,000/year) to a total maximum rate of $1.517/$1,000 of assessed valuation for collection in 2013, and increases the levy as permitted in RCW 84.55 for eight years thereafter, to pay, or pay debt service on approximately $5.2 million of bonds and obligations issued to finance, costs of constructing, equipping, and acquiring a fire station and fire apparatus.

Should this proposition be:

APPROVED? ...................... □

REJECTED? ...................... □
Section 3. Effective Date. This ordinance will take effect five days after its passage, approval and publication as required by law.

PASSED by the City Council of the City of Mercer Island, Washington, at a regular open public meeting thereof held this 6th day of August, 2012.

CITY OF MERCER ISLAND, WASHINGTON

_________________________________
Bruce Bassett, Mayor

ATTEST:

_________________________________
Allison Spietz, City Clerk

APPROVED AS TO FORM:

_________________________________
Pacifica Law Group LLP, Bond Counsel
CERTIFICATE

I, the undersigned, City Clerk of the City of Mercer Island, Washington, and keeper of the records of the City Council, DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. 12-04 of the City Council (the “Ordinance”), as adopted at a regular meeting of the City Council held on August 6, 2012, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that quorum of the City Council was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the adoption of said Ordinance; that all other requirements and proceedings incident to the proper adoption or passage of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

Dated this 6th day of August, 2012.

______________________________
Allison Spietz, City Clerk
INSTRUCTION TO VOTERS: To vote in favor of the following proposition, place a cross (X) in the square opposite the word “APPROVED?”; to vote against the following proposition, place a cross (X) in the square opposite the word “REJECTED?”.

CITY OF MERCER ISLAND

PROPOSITION NO. __

NINE YEAR LEVY LID LIFT FOR
CITY FIRE STATION AND FIRE APPARATUS

The City Council of the City of Mercer Island adopted Ordinance No. 12-04 concerning property taxes for a fire station and fire apparatus. This proposition increases the City’s regular property tax levy by up to $.086/$1,000 (averaging approximately $662,000/year) to a total maximum rate of $1.517/$1,000 of assessed valuation for collection in 2013, and increases the levy as permitted in RCW 84.55 for eight years thereafter, to pay, or pay debt service on approximately $5.2 million of bonds and obligations issued to finance, costs of constructing, equipping, and acquiring a fire station and fire apparatus.

Should this proposition be:

APPROVED? ......................□

REJECTED? ......................□
NOTICE OF ELECTION

CITY OF MERCER ISLAND

NOTICE IS HEREBY GIVEN that on November 6, 2012, an election will be held in the above-named City for the submission to the qualified electors of said City of the following proposition:

CITY OF MERCER ISLAND
PROPOSITION NO. ___

NINE YEAR LEVY LID LIFT FOR
CITY FIRE STATION AND FIRE APPARATUS

The City Council of the City of Mercer Island adopted Ordinance No. 12-04 concerning property taxes for a fire station and fire apparatus. This proposition increases the City’s regular property tax levy by up to $0.086/$1,000 (averaging approximately $662,000/year) to a total maximum rate of $1.517/$1,000 of assessed valuation for collection in 2013, and increases the levy as permitted in RCW 84.55 for eight years thereafter, to pay, or pay debt service on approximately $5.2 million of bonds and obligations issued to finance, costs of constructing, equipping, and acquiring a fire station and fire apparatus.

Should this proposition be:

APPROVED? .........................□

REJECTED? .........................□

__________________________________________
Director of King County Elections
WHEREAS, the undersigned, as the duly elected, qualified and acting Director of King County Elections, has jurisdiction of and is required by law to conduct all special elections for cities within King County, Washington (the “County”); and

WHEREAS, the City of Mercer Island, Washington (the “City”), lies entirely within the boundaries of the County; and

WHEREAS, the City Council by ordinance adopted on August 6, 2012, a certified copy of which has been delivered to the undersigned, authorized and directed the undersigned to assume jurisdiction of and conduct a special election to be held on November 6, 2012, by all mail-in ballot;

NOW, THEREFORE, it is hereby authorized and ordered as follows:

The undersigned hereby assumes jurisdiction within the County of the above-mentioned special election of the City of Mercer Island, Washington, authorized and ordered by ordinance of its City Council adopted on August 6, 2012, and will conduct that special election to be held on November 6, 2012, by all mail-in ballot.

DATED at __________, Washington, this ____ day of ____________, 2012.

____________________________________
Director of King County Elections
DID YOU KNOW?

Fire Station 92:

- **Provides** all primary response on Mercer Island south of SE 44th
- **Covers** all of Mercer Island with Station 91
- **Assists** with off Island emergencies, when needed
- **Mercer Island Firefighters** respond to an average 6.5 calls daily, (over 2300 calls annually)
- **Built in 1962,** the station has outgrown space needs and does not meet current building, fire or seismic codes
- **Current layout** stacks emergency vehicles in the garage, resulting in operational inefficiencies and difficulties
- **Citizens can stop by Fire Station 92** to get their blood pressure checked, questions answered, or assistance with minor medical problems; schools and small groups conduct tours and public education programs with the firefighters

CITY OF MERCER ISLAND
NOV 2012 SOUTH FIRE STATION & FIRE RESCUE TRUCK LEVY

Funding to Replace Fire Station 92 on existing site and Add one new Rescue Truck

DRAFT

COSTS & PROPERTY TAX IMPACT

The total costs to be funded with debt, the average annual levy amount, and the estimated levy rate are summarized in the table below.

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<td>Fire Rescue Truck</td>
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<td>$0.007</td>
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<td><strong>$662,000</strong></td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$60.20</strong></td>
</tr>
</tbody>
</table>

FOR MORE INFORMATION, CONTACT:
Name: ...
Title: ..., City of Mercer Island
Telephone: ...
**FIRE STATION 92 BACKGROUND**

Fire Station 92 is located on the south end of Mercer Island, but responds to calls throughout the Island including adjacent areas off of the Island. Built in 1962, Fire Station 92 has been identified for replacement for the following reasons:

- Highly vulnerable in a seismic event, potentially compromising service after an earthquake
- Deficiencies in the building’s structure and utility systems
- Space limitations - for both personnel and equipment
- Does not meet modern fire station standards
- Out-of-date with current building, fire & seismic codes
- Existing layout hampers critical response time

**FIRE STATION 92 DETAILS**

The City of Mercer Island recently commissioned a pre-design study to develop both a preliminary conceptual design and to determine estimated construction costs for a new station. The **November 2012 Levy Lid Lift** will fund the replacement of Fire Station 92 on its existing site and will add one new piece of rescue equipment, for a total of $5.2 million, or approx. $60.20 per year for 9 years on a $700,000 home. The proposed design addresses operational and space needs, site constraints and related issues to improve the efficiency of both station operations and emergency response. Highlights include:

- Built to modern fire station requirements
- Separate garage bays for each vehicle — Fire Engine, Midi-Pumper and Aid Car
- Improved, open layout to accommodate administration, storage, and firefighter living and working space

**BENEFITS**

An updated fire station in line with comparable fire stations elsewhere and built to current building and safety codes will better serve Mercer Island’s emergency needs through enhanced response time and more efficient station management. Importantly, Station 92 has been identified as highly vulnerable to damage in the event of a significant earthquake, which could seriously impact firefighters’ ability to respond to catastrophic events. For the safety of all Island residents, it is essential to have an updated facility in place that meets the fire and healthcare emergency needs of residents at all times, and especially when unforeseen natural disasters occur.

**TIMELINE / NEXT STEPS**

The 9 year (2013-2021) Levy Lid Lift goes to a vote on the November 6, 2012 ballot. If approved, initial conceptual designs (see rendering) will be refined and confirmed. Demolition and construction will begin once a suitable interim fire station has been identified, and firefighters and equipment are relocated. Completion of the new fire station is targeted for January 2015.