

## CAG Recommendations on City's Financial Challenges April 2, 2018

### A. Operating Budget Balancing Options

Option*	Other Revenues	Levy Lid Lift Cost in 2019**	Can I Support this Option?
<b>1. Levy lid lift only</b>	None	\$331	
<b>2. Smaller levy lid lift + other revenues</b>	Make 8% utility tax permanent Increase B&O tax rate to 0.15%	\$254	
<b>3. Smaller levy lid lift + other revenues + Thrift Shop expansion</b>	Make 8% utility tax permanent Increase B&O tax rate to 0.15%	\$290	
<b>4. Even smaller levy lid lift + other revenues</b>	Make 8% utility tax permanent Increase B&O tax rate to 0.15% Implement 0.5% REET option	\$178	
<b>5. No levy lid lift + other revenues + expenditure cuts</b>	Make 8% utility tax permanent Increase B&O tax rate to 0.15% Implement 0.5% REET option	\$0	

\* All options assume the Beautification Fund is combined with the General Fund and that the Council removes the restrictions on how B&O tax can be spent.

\*\* The levy lid lift cost in 2019 is based on a \$1.20 million home assessed value (AV), which is the median AV on Mercer Island in 2018.

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### **B. Potential Cost Saving/Revenue Options**

<b>Do You Think the City Should:</b>	<b>Yes/No?</b>
<b>1. Explore contracting out marine patrol services to King County Sheriff's Office?</b>	
<b>2. Explore contracting out fire/EMS services to Bellevue or Eastside Fire &amp; Rescue?</b>	
<b>3. Explore de-annexing from King County Library System to help bridge funding gap?</b>	

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### C. Capital Funding Options

Option	Sub-Option	Can I Support this Option?
<b>1. Capital levy lid lift (9 years; no bonds issued)</b>	a) \$100/yr* would fund \$9.9M in capital projects	
	b) \$125/yr* would fund \$12.4M in capital projects	
	c) \$150/yr* would fund \$14.9M in capital projects	
<b>2. Bond levy (20 years; 60% voter approval required)</b>	a) \$65/yr* would fund \$10.0M in capital projects	
	b) \$82/yr* would fund \$12.5M in capital projects	
	c) \$98/yr* would fund \$15.0M in capital projects	
<b>3. No levy (wait until Fire Station levy lid lift expires in 2021)</b>	N/A	

\* The levy lid lift cost in 2019 is based on a \$1.20 million home assessed value (AV), which is the median AV on Mercer Island in 2018.