



## City of Mercer Island Financial Challenges Community Advisory Group November 15, 2017 meeting notes

### ***Presentation and Discussion***

The CAG's first meeting focused on:

- Reviewing the CAG Charter (found in your binder)
- Getting to know each other through icebreaker and "Pair and Share" exercises
- Listing questions from CAG members about the City budget and services

*Follow-up action:* The City will provide initial answers by Friday, December 15.

*Note:* Your questions will help the City expand the Frequently Asked Questions on the City's website. Some questions below are already addressed in the FAQ.

### *Questions listed by the CAG:*

1. Can we have more details on property tax growth? It feels like taxes are going up, so why is so little going to the City?
2. If expenditure = 70% personnel, where does that money go? What about contract labor and fee-based positions?
3. Why are property taxes restricted to a 1% cap? Yet the budget projects 2.5% growth and actual growth is 3%. Why?
4. We want to better understand the annual 4.5% expense growth projections.
5. I'd like to know what the impact of already-approved tax increases (school levy, ST etc.) is going to be on my new tax bill, and then know how much more of an increase the City levy would be.
6. Is there a way we can understand the *spread* of the impact on the Island – what % of our homes are at the average value of \$1.09 and how many are more and less? Put another way, I'd like to see the breakout of how people are impacted.
7. How can we increase revenues? Can we review regulations/zoning to get more revenue from development or new businesses?
8. Can we get the latest numbers on the budget forecast?
9. Can we get 2008-2015 budget figures vs. actuals?
10. What is included in the expenditure category called "all other expenditures" (12% of expenses are here)?
11. Would like more information on staffing costs and levels; for example, if demands for planning/building go down, will DSG staff be reduced, etc?
12. How does staff turnover affect us? What impact on turnover do budget cuts have?

13. Is there a community survey coming up and what role will CAG have in this? Will CAG be able to provide input?
14. How do we fit in the region compared to other cities: staffing, turnover, pay?
15. In the Budget Message, there are comparisons of Mercer Island with other Eastside cities, most of those have higher sales tax. Can we instead compare Mercer Island with other cities that don't have a lot of retail, but are the same size, like Vashon Island?
16. We'd like to better understand the internal budgeting process. How do Departments set priorities, how do we evaluate those?
17. What City expenditures are off limits (such as: mandates, regulations, etc.)
18. We would like to understand the long-term funding plan (10-15-20 years) for capital. Also, what is our plan for funding employee pension plans over the long-term (30-50 year) outlook?
19. Capital improvement program: do we consider longer term bonds? Should we bond more?
20. Does the City pursue grants? To what extent are grants "free money" available to pay for certain positions; e.g. school counselors.
21. Why isn't the school district paying for mental health counselors in schools, instead of the City?
22. What will be the impact on our quality of life if we make expenditure cuts – do we measure the opportunity costs of making cuts vs. not?
23. What is the plan if there is a major earthquake - how would the city afford to rebuild? Is there a rainy day fund/reserves?
24. How much does the City spend on environmental related issues? How does that relate to overall spending?
25. The burden for benefits is 36%. What is included in that; what are the liabilities for pension plans that need to be funded?
26. Can we get some more information about external audits of the City?
27. Innovation, innovative solutions – could we identify new ways of doing things that could drive efficiencies?
28. Library costs: are we paying King County more than it would cost to operate the library ourselves. Is this true and if so, why is it structured this way? How much are Islanders paying KCLS vs. how much does it cost to operate Mercer Island's library?
29. What services are provided by the City versus the school district, county, state?
30. What does the utility tax fund? How is it used?
31. How does Issaquah not have a Fire Dept and what do they pay for fire service? Is this an option for Mercer Island?
32. Revenue opportunity: Offshore or absentee homebuyers – fee or extra tax possible?
33. How does MICA potentially affect the City's budget?
34. Sportsfield rental fees go to fund future replacement, but not the day-to-day maintenance. Should the field fees fund ongoing maintenance?

35. What is our plan for water system capital reinvestment and how does that impact our budget?
36. If there is significant infrastructure reinvestment needed in coming years, what scenarios are out there (water, sewer, etc.) Are we collecting enough money?
37. Where are Sound Transit settlement funds going, and can that help us balance our budget?
38. How are lawsuits paid for?
39. Would we consider a minority CAG report alongside the majority consensus report, if the latter doesn't reflect all voices?
40. With regard to a levy, does it have to go on the ballot in 2018? Could it go on later (considering other new taxes hitting the community in the near term, e.g: ST3.
41. With regard to the levy, are there options on what amount we ask for?
42. If there is a lot of buzz about the budget/levy, is there another way the community can give feedback to the CAG and ask questions?

### ***April 2 Change Request***

CAG members indicated their interest in changing the April 2 meeting date to avoid conflict with the NCAA finals.

*Follow-up action:* The City committed to survey CAG members to search for an alternate date.

*Note:* The April 2 date was selected to avoid conflict with a number of other City and community events happening in the same timeframe. The City will search for alternative dates but otherwise is committed to the April 2 date.

### ***Not attending Nov. 15:***

Amy Lavin  
Jason Baumgarten  
El Jahnke

### ***Attachments from Nov. 15 meeting***

Slide presentation

Quiz results

3 Photos: map of CAG residences, meeting in action, "one word or image" about Mercer Island.