



CITY COUNCIL MINUTES

2015 MINI-PLANNING SESSION

JUNE 27, 2015

CALL TO ORDER & ROLL CALL

The Mayor opened the Mini-Planning Session at 8:30 am in the Slater room at the Mercer Island Community & Event Center at 8236 SE 24th Street, Mercer Island, WA.

Councilmembers Debbie Bertlin, Jane Brahm, Mike Cero, Terry Pottmeyer, Benson Wong, Deputy Mayor Dan Grausz and Mayor Bruce Bassett were present.

SPECIAL BUSINESS

Recap of Council Work Plan and Progress to Date

City Manager Noel Treat reviewed the 2015 work plan. He noted which items are completed, which are in process, and which are pushed out until 2016. The Council asked questions about specific items.

Councilmember Cero asked that the Town Center moratorium be brought back to the Council in advance of the expiration of the current ordinance. Mayor Bassett provided an update on computer parking. He noted that staff met with Sound Transit and all parties agreed to wait until July to begin discussions again.

Open Data Solution Briefing

Finance Director Chip Corder presented information to the Council regarding open data applications for financial information. He asked if the Council sees any significant value in making the City's financial information (budget and actual) readily accessible through an open public data application. He noted that with the full work plan, staff would not be able to implement this until 2017 if the Council decided to move forward. He noted that other cities have started using these kinds of applications.

Representatives from Socrata, a Seattle-based company whose software enables public sector organizations to easily manage and share their data, provided the Council with an overview of their products. They explained how their software solutions help make a government entity's budget more meaningful and create a better experience for citizens. Council asked questions about how the product works, how the data is organized and how the user receives the information.

Socrata representatives and the Council discussed the upfront and on-going costs, staff time for implementation and maintenance of the data, integration with the City's current financial system, and availability of usage analytics. The Council expressed interest in moving forward with exploring open data solution software. Staff responded that due to the current work plan and work load, this could not be researched and implemented until 2017. Council asked staff to review the current schedule for work items and report back to the Council.

General Fund Forecast

Finance Director Corder presented the General Fund forecast to the Council. He noted that there is a \$982,000 deficit projected at the end of 2017 and a \$1,565,000 deficit projected at the end of 2018. He explained that these projected deficits are driven by annual revenue growth not keeping pace with annual expenditure growth. He noted that the revenue growth problem is property tax, which makes up 42% of total budgeted revenues in 2015-2016, which is different than other surrounding cities that rely much more heavily on sales tax. The growth limitation (1% levy lid lift cap and only 1% tax on new construction) on the General Fund's largest revenue source puts an unrealistic burden for growth on the City's other major revenues: utility tax (17% of total), sales tax (13% of total), license & permit fees (11% of total), and recreation fees (6% of total).

Director Corder presented the following options to address projected deficits in 2017-2020:

- Reduce current service levels.
- Adjust the City's compensation policy and practices regarding salaries and/or benefits.
- Conduct an organizational efficiency and effectiveness audit to determine if significant cost saving opportunities can be identified for specific City services.
- Go to the voters in August or November 2016 to form a metropolitan park district with the same boundaries as the City.
- Go to the voters with a property tax levy lid lift request in November 2016.

He presented the following recommendations for the Council's consideration:

- Update the 2015-2020 General Fund forecast again in January 2016 and revisit the options for addressing the projected deficits at the January 2016 Planning Session.
- In the first quarter of 2016, engage the public on this issue, especially the options for bridging the projected deficits, through one or more of the following means:
 - Include some specific questions on the next biennial citizen survey, which will be conducted in January/February 2016.
 - Conduct a series of public hearings in March 2016.
 - Send out an Island-wide mailing in the first quarter of 2016, which describes the issue, its causes, and the options for bridging the projected deficits and includes a survey.
- Make a decision on which option(s) to pursue by March 2016.

The Council discussed the options and recommendations presented. Staff understands from the discussion that work will need to continue to look at further expenditure cuts while considering options for revenue increases.

YFS Fund Forecast

Finance Director Corder presented information to the Council regarding the projected deficit in the YFS Fund. He noted a projected deficit of \$100,000 at the end of 2016, \$361,000 at the end of 2017, and \$460,000 at the end of 2018. He recommended the following steps to address the projected YFS Fund deficits in 2016 and thereafter:

- Beginning in 2015, increase the General Fund's annual support of the YFS Fund from \$350,000 to \$400,000 by distributing \$50,000 of the \$88,370 in unallocated banked capacity to the YFS Fund.
- Address the projected deficit of \$311,000 at the end of 2017, in one of three ways:
 - Option 1: Reduce service levels.
 - Option 2: Amend the interlocal agreement with the School District to have them pay for a greater percentage of the school-based mental health counselors.
 - Option 3: Submit a levy lid lift request to Island voters in November 2016 to bridge the ongoing, projected deficits beginning in 2017. This could be added to a General Fund levy lid lift request to maintain current service levels in Parks & Recreation, if the Council ultimately determines that a ballot measure in November 2016 is warranted.
- Follow the process previously outlined in the General Fund Forecast:
 - Update the 2015-2020 General Fund forecast again in January 2016 and revisit the options for addressing the projected deficits at the January 2016 Planning Session.
 - In the first quarter of 2016, engage the public on this issue, especially the options for bridging the projected deficits, through one or more of the following means:
 - Include some specific questions on the next biennial citizen survey, which will be conducted in January/February 2016.
 - Conduct a series of public hearings in March 2016.
 - Send out an Island-wide mailing in the first quarter of 2016, which describes the issue, its causes, and the options for bridging the projected deficits and includes a survey.
 - Make a decision on which option(s) to pursue by March 2016.

The Council discussed the possibility of having the School District contribute a greater percentage of funds for the school-based mental health counselors and if changes in legislation impact what the City could or could not fund. City Manager Treat reiterated that the YFS Fund deficit is a high priority for the Council to make decisions about by early 2016.

Director Corder noted that the School District cut their contribution to the school-based mental health counselors during the recession and the City relied on thrift store sales to fund the counselors. Council and staff spoke about the thrift shop expansion, volunteer tenure, volunteer recruitment, the cost of employing college students, and the cost to run the store and keep it stocked and competitive.

The Council recognized that the current funding model for the counselors is not sustainable. They directed the City Manager and the YFS Director to engage in discussions with the Superintendent to determine options for cost sharing.

The Council decided to wait until the next agenda item to make a decision about distributing \$50,000 of the unallocated banked capacity to the YFS Fund.

Deciding Use of Remaining Banked Capacity (\$88,370)

Finance Director Corder reminded the Council that the City's 2015 property tax levy includes \$144,960 in banked capacity, which the Council took in addition to the 1% optional increase on November 17, 2014. He explained that at the January 2015 Planning Session, the Council directed staff to use \$56,590 of the banked capacity, beginning in 2015, to fund the LEOFF I retiree long-term care liability through 2034 (i.e. the next 20 years). He also noted that the Council opted to hold off until the June 2015 Mini Planning Session to decide on the disposition of the remaining \$88,370 in banked capacity.

Director Corder recommended to the Council to 1) use \$50,000 of the \$88,370 in unallocated banked capacity to address the projected YFS Fund deficits in 2016 and beyond; and 2) use \$38,370 of the \$88,370 in unallocated banked capacity to fund the replacement of MICEC equipment, technology, and furnishings. He noted all of the City's most significant, ongoing funding needs and further explained the recommendation for using the unallocated banked capacity for the YFS Fund and the replacement of MICEC equipment, technology, and furnishings.

Following discussion, the Council agreed with the staff recommendation for the uses of the unallocated banked capacity.

Deputy Mayor Grausz asked questions about available money from the levy for Fire Station 92 and its possible uses. Director Corder noted that any remaining funds must be dedicated to fire equipment. Deputy Mayor Grausz asked for a financial wrap-up on the project costs to date.

Parking Lot

Fireworks

Mayor Bassett noted that citizens are concerned about fireworks this year due to the dryness of the ground and vegetation. He asked what options the Council has to ban fireworks in light of the high risk of fire. City Attorney Kari Sand responded that the State regulates fireworks and local jurisdictions must adopt language in their code a year in advance of implementing any ban or restriction. She noted that Governor Inslee issued a proclamation declaring a state of emergency in Washington State due to wildfire threat, but it is unclear yet if that proclamation will impact the discharging of fireworks.

The Council discussed if they could mitigate the fire risk this year by banning the sale of fireworks on the Island and putting out messaging to discourage people from setting off fireworks. Following discussion the Council directed the City Manager to work with Fire department staff to make a recommendation about whether to put out information about fire risk in advance of the 4th of July holiday.

The Council took a short break for lunch.

Policy for Responding to All Council Emails

Councilmember Pottmeyer expressed her concern that many of the emails the entire Council receives are not acknowledged. She suggested that each Councilmember has a day in which they are responsible for thanking the person for writing and forwarding the emails to the correct person for further response, if needed.

Council directed staff to set up an auto reply to inform the sender that their email has been received. The Council decided that each Councilmember will respond to emails on a specific day as follows:

- Monday – Bassett

- Tuesday – Brahm
- Wednesday – Pottmeyer
- Thursday – Cero
- Friday – Wong
- Saturday – Grausz
- Sunday – Bertlin

Selective Service Level Review Discussion

Finance Director Corder explained that after reviewing the 2015-2020 General Fund forecast at the January 2015 Planning Session, the Council directed staff to bring back a proposal for Council consideration of a selective service level review of one or more City departments. He noted that the primary objective of this review would be to significantly reduce or eliminate, if possible, the projected General Fund deficits in 2017 and beyond.

Director Corder explained that in looking for a good service level review candidate, every General Fund department was considered based on the Finance Director's knowledge of departmental operations and budgets. In the end, only two possible opportunities for significant cost savings (i.e. at least \$100,000) were identified:

1. Forming a Regional Fire Authority (RFA) with the cities of Bellevue and Kirkland.
2. Converting YFS School Counselors to School District employees.

Director Corder detailed each of these opportunities and explained why more department opportunities were not identified. He further noted that achieving 1.9% in annual, ongoing cost savings is not possible without reductions in current service levels since the City is so leanly staffed already. He stated that, unless done on a significant scale, service level reductions do not materially affect the slope of the expenditure growth line. Instead, they shift the expenditure growth line downwards, thereby temporarily reducing or postponing the projected General Fund deficits.

He also stated that given how time consuming department audits can be and how tightly packed the 2016 City work plan already is, staff recommends establishing a biennial review cycle beginning in 2017 (i.e. an off-budget year) encompassing one or more departments. The goal would be to review all City departments over a 10 year period.

The Council discussed the possible opportunities and the purpose of the service level review/department audit. Councilmember Bertlin spoke about looking at new ways to deliver services and determining the effectiveness of services. City Manager Treat noted that knowing the purpose of the review is important for staff, as an organizational efficiency and effectiveness audit does not necessarily result in staffing reductions or significant personnel cost savings.

The Council discussed having a department audit this year and having a consultant come in and find ways to do this more effectively. City Manager Treat agreed that there should be some performance auditing, but that it would be difficult to accomplish this year.

Councilmember Bertlin suggested putting together a small task force to identify how the City can effectively deliver services and do work innovatively and in new ways. Councilmember Wong asked that staff work on a timeline to do an audit in 2016.

City Manager Treat was asked to summarize the Council's direction. He discussed the agreement to create a smart government workgroup, with Councilmembers Bertlin and Pottmeyer as the Council representatives, to scope out a list of ideas for improving City responsiveness and effective service delivery. He noted that this work would be a separate body of work than the performance audit. He stated that for a performance audit, staff would develop a work plan for performing an audit in 2016.

Parking Lot (Continued)

Summation of Public Comment

Councilmember Pottmeyer asked about having the Mayor summarize what has been heard after public comment sessions during Council meetings. She would like to acknowledge that people's comments have been heard. Mayor Bruce Bassett will take this under advisement and make a decision.

Council Chambers Sound Recording Equipment

Councilmember Bertlin spoke about the need to upgrade the audio and video recording equipment in the Council Chambers. She also noted that new assisted listening devices are needed. City Clerk Ali Spietz responded that staff brought forward a proposal for replacing and upgrading the equipment, but the Council decided not to fund it. She stated that she is working with someone to advise on new assisted listening devices for the Chambers.

Minutes

Councilmember Cero expressed his concern that the amendments to the minutes are not reflected in the minutes posted online for City Council meetings. City Clerk Ali Spietz explained that the City does "amended" minutes and does not correct the minutes document presented to the Council. The next set of minutes will show the changes to the previous set of minutes.

Comp Plan Update and Town Center Engagement Schedule

Development Services Director Scott Greenberg presented an updated schedule for the Comprehensive Plan Update and the Town Center Visioning and Code Update engagement plan. He asked the Council if there were any additional items the Council wanted to discuss as part of the 2015 Comprehensive Plan update. He also asked for approval of the proposed schedule.

Mayor Bassett noted that he thought the Council had decided to table the Comp Plan Update until the Town Center Visioning work was completed. Director Greenberg responded that there are some elements and aspects of the Comp Plan that the Council can review and make decisions on that do not impact the Town Center Visioning work. Following discussion, the Council agreed to engage on Comp Plan issues that can be discussed in parallel with the Town Center Visioning process.

Director Greenberg reviewed the schedule with the Council and noted that a few changes were made regarding which Comp Plan elements would be discussed and when, depending on the consultants schedule. He also noted that a revised schedule would be attached to the next agenda bill at the upcoming Council meeting. He spoke about the schedule for school, transportation, and park impact fees and the need to adopt an emergency ordinance for Comp Plan amendments to provide the policy support to impose school impact fees and adopt the school master plan by reference.

Director Greenberg reviewed the proposed plan for Phase 3 of the Town Center Visioning and Development & Design Guideline Update as follows:

1. Interim Report: consultants and staff will prepare an Interim Report summarizing what has been done so far with respect to contemplated changes to the Development Code, with the final report issued to the community by July 31.
2. Vision Statement: staff will complete work on a draft Vision Statement based on prior TCSG and public input for inclusion in the interim report.
3. Public Survey: staff will discuss with Ian Stewart of EMC Research on how best to devise a reliable and statistically valid community survey.
4. Consultants: staff will be looking for a new consultant with strategic communication experience and strong meeting facilitation, mediation and presentation skills; extend contract with Seth Harry.
5. Public Outreach: heard concerns that communications both to the Council and the public have not been sufficient to date and must be improved. The community engagement schedule will be revised to include regular status reports to the full Council. The Communications Manager Ross Freeman will be more involved in preparing and disseminating materials for public and Council use.
6. Future TC Stakeholder Group Meetings: future TCSG meetings will be structured so that the TCSG is asked to respond to a draft deliverable (provided at least a week before the meeting).
7. Council Updates: updates on the Town Center visioning process will be provided by staff and/or the Town Center Subcommittee at every Council meeting.
8. Community Engagement Schedule: a revised community engagement schedule (TCSG, TCLG, and Public Input) will be finalized following the Council's June mini planning session, decisions are made on the survey and funding for consultant contracts has been appropriated by the Council.

Council discussed how the vision statement and questions for the survey would be reviewed and approved. They discussed which consultants could/should be retained, which new ones should be hired, and the scope of any new contracts and what the deliverables are.

Following discussion, the Council approved the Town Center Development & Design Guideline Update Phase 3

Plan. Director Greenberg noted that appropriations for consultant work will come back to the Council for approval.

Parking Lot (Continued)

Council Email Addresses

Councilmember Cero asked about the email addresses for the Council. He stated that he wanted to make sure that staff was not filtering emails before forwarding them to the Council. City Clerk Ali Spietz explained that when someone sends an email to council@mercergov.org or council_members@mercergov.org, it is automatically forwarded to each Councilmember's City email account, the City Manager, and the Assistant City Manager.

Mercer Island Center for the Arts Update

John Gordon Hill presented an update on the Mercer Island Center for the Arts (MICA) project. He noted that they are working on the design process and are committed to designing a "right-sized" facility based on the tenants' needs. He stated that they are forecasting the groundbreaking to be in spring of 2017, and opening in mid-2018. He noted that they will be working on fundraising and will not start construction until they have 80% raised. Mr. Hill showed a graphic of where MICA would sit on Mercerdale Park and the former Recycling Center site.

The Council asked questions regarding financing and what, if anything, MICA is anticipating that the City would contribute. Mr. Hill noted that as a non-profit, MICA's mission is to build the center and that once built, the mission will move to operating the center. MICA will be responsible for raising income to complete the annual budget. He noted that no arts facilities survive only on earned income, they all rely on fundraising. He stated that the City may participate, but that decision will be up to the Council to make. He believes the income stream will be robust, as the center will be used all day long by the tenants, not just in the evenings.

The Council also discussed a ground lease for the property, circumstances under which the City could make a financial contribution, and establishing a grant or operating agreement for some consideration, as was done with the PEAK project. Mayor Bassett noted the possibility of siting MICA on the King property in the Town Center. Mr. Hill responded that it is an excellent idea, but that it would double the cost of the project as the land would have to be purchased at full commercial rates and the costs for underground parking are high.

The Council discussed the terms of a long-term lease in which the City would receive certain benefits and uses of the facility. They also discussed the public bathrooms located on the north side of the facility and water access and storage for the Farmers Market. Finally, the Council discussed parking and drop-off/pick-off issues. Mr. Hill spoke about Village Theater's success in Issaquah and how they created relationships with local businesses to utilize parking in the evening.

Parking Lot (Continued)

Best Starts for Kids Levy

Councilmember Wong asked how the Council could discuss supporting King County Best Starts for Kids Levy. City Attorney Sand spoke about how the Council can pass resolutions supporting ballot measures. Councilmember Pottmeyer asked if someone from Youth and Family Services could speak to the Council about how the levy will impact children on Mercer Island. City Attorney Sand noted that the Council could pass a resolution in support, but must wait until King County has formally added it to the ballot. She also noted that the Council would have to provide opportunities for both those for and against the issue to speak.

ADJOURNMENT

The Mini-Planning Session adjourned at 4:27 pm.

Bruce Bassett, Mayor

Attest:

Allison Spietz, City Clerk