



CITY OF MERCER ISLAND

2019 STATE LEGISLATIVE PRIORITIES

The City of Mercer Island supports the following legislative priorities for 2019:

1. IMPROVING I-90 ACCESS

Mercer Island needs improved access to I-90 to reduce impacts to local streets, enhance traffic safety and increase mobility. We support working with the Washington State Department of Transportation (WSDOT) to:

- a. Implement improvements to the I-90 access ramps, and
- b. Support solutions to relieve congestion on I-90 and I-405.

2. PROVIDING LOCAL FUNDING OPTIONS

Stable tax revenues for local government are essential for providing quality, predictable services to the public. We support legislation to:

- a. Expand upon the options available to local governments to raise revenue including, but not limited to, replacing the annual 1% cap on property tax revenues with a growth limit whose maximum is inflation plus the rate of population growth;
- b. Remove restrictions on REET 2 to match REET 1 and remove the technology and equipment restrictions on both REET 1 and REET 2; and
- c. Retain State-shared revenues and curtail unfunded mandates.

3. PRESERVING AND PROTECTING REGIONAL PARKS

Aubrey Davis Park serves as an important regional pedestrian and bicycle corridor and provides a range of park and recreation amenities for the region. We request funds to implement the Aubrey Davis Master Plan improvements as identified through a comprehensive community engagement process.

4. PROTECTING OUR HEALTH

The health of our community is tied to our residents' individual health. We encourage legislation that:

- a. Supports mental health counseling and social emotional learning in all schools; and
- b. Raises the legal age for buying tobacco and vapor products to age 21.

5. PROTECTING OUR SENIORS, VETERANS AND DISABLED RESIDENTS

Rising property taxes may have a disproportionate impact on our senior, veteran, and disabled residents. We support Senate Bill 6251 that would adjust income thresholds for property tax exemptions.

6. PRESERVING AND PROTECTING THE ENVIRONMENT

It is essential to preserve and protect the environment today and for future generations. We encourage legislation and partnerships that support progressive clean energy, climate protection, or other environmental health measures to achieve the following:

- a. A statewide price on carbon pollution that reinvests a substantial share of revenues into efforts to reduce greenhouse gas emissions;
- b. Reduce transportation-related greenhouse gas emissions by supporting access to public transit, fleet electrification, commute reduction programs, and cleaner fuel standards;
- c. Support an accelerated timeline to retire coal from Puget Sound Energy's portfolio, maximizing replacement with renewable energy;
- d. Expand incentives for distributed solar energy generation; and
- e. Strengthen Washington State Energy Code encouraging "net-zero" buildings.

Update to F195f Four Year Budget

Changes to assumptions and balances
October 2018

New Assumptions (Revenue) (*Updated*)

Safety Net

- Safety Net will continue to be excluded from budgeted revenues due to the ongoing discussions regarding Special Ed allocations and the design and intention of Safety Net moving forward. Recent changes to Safety Net were not part of the working groups recommendations for the plan. It will remain an unbudgeted variable.
- The State is revising transportation funding models, which will create an increase based on regionalization. MISD's regionalization amount is 18%. These have been added to the projections.

New Assumptions (Revenue)

Donations and Gifts

While the Foundation and PTAs have provided tremendous support over the last decade, there is a strong likelihood that support will begin to taper off. Already for the '18-'19 school year, the Foundation has received fewer donations to help support our programs. A contributing factor has been the messaging from the state legislature and the local media regarding the settlement of the McCleary case. With the public message from the state level being “we've fully funded education”, residents see less incentive to contribute to the enrichment provide by the Foundation.

Further complicating matters, PTAs have been raising funds to help with the cost of classified staffing. Increased compensation costs have made this an unsustainable funding source for personnel costs. In the past, combined contributions have averaged \$1.2 million. In years 2, 3 and 4 the revenue from donations and gifts has been reduced to \$500,000.

New Assumptions (Revenue)

Zero Growth Enrollment

Districts within The Puget Sound Education Services District Region have been reporting enrollment either below projections or below prior year actual enrollment. Additionally with an increasingly softening housing market enrollment is expected to flatten out. Historically the District sees approximately 1% growth annually. Current year enrollment has come in under projections. We will revise the four year outlook to flatten enrollment. The District is currently waiting for data to be released to complete our annual enrollment projections.

New Assumptions (Expenditures)

Compensation and Benefits

With the Collective Bargaining Agreement having been settled and ratified, the District will be adjusting the employee compensation and benefits to reflect the increases given to staff for the next two years. In year 3 and 4, compensation will be increased by an anticipated inflationary amount.

New Assumptions (Expenditures)

Staffing and Other Cost reductions

With the increases in costs to the District, our ability to maintain a balanced, sustainable budget is in doubt. As a system, the District will begin examining programs, staffing models, materials and contracted services to determine the appropriate and necessary mix of programming and staffing levels. Staffing has been assumed to remain at zero growth.

Original Budget
Adopted Aug 23, 2018

Mercer Island School District No.400

F-195F

ENROLLMENT AND STAFF COUNTS

	2018-2019 Current	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast
A. FTE ENROLLMENT COUNTS (calculate to two decimal places)				
1. Kindergarten	256.41	310.59	281.42	288.28
2. Grade 1	297.37	290.57	341.44	313.04
3. Grade 2	292.93	314.70	306.07	356.45
4. Grade 3	278.35	314.13	334.46	324.61
5. Grade 4	325.44	294.42	326.85	347.93
6. Grade 5	342.04	338.28	303.82	339.12
7. Grade 6	378.44	360.53	354.19	318.86
8. Grade 7	376.11	391.83	370.51	364.39
9. Grade 8	361.01	378.36	391.75	370.68
10. Grade 9	411.84	373.87	389.16	399.83
11. Grade 10	360.27	415.61	375.72	390.53
12. Grade 11 (excluding Running Start)	342.10	346.20	397.23	356.09
13. Grade 12 (excluding Running Start)	348.23	310.65	312.87	365.88
14. SUBTOTAL	4,370.54	4,439.74	4,485.49	4,535.69
15. Running Start	50.00	50.00	50.00	50.00
16. Dropout Reengagement Enrollment	0.00	0.00	0.00	0.00
17. ALE Enrollment	6.00	6.00	6.00	6.00
18. TOTAL K-12	4,426.54	4,495.74	4,541.49	4,591.69
B. STAFF COUNTS (calculate to three decimal places)				
1. General Fund FTE Certificated Employees	317.545	325.000	328.000	330.000
2. General Fund FTE Classified Employees	159.406	160.000	161.000	163.000

Mercer Island School District No.400
F-195F

SUMMARY OF GENERAL FUND BUDGET

	2018-2019 Current	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast
REVENUES AND OTHER FINANCING SOURCES				
1000 Local Taxes	13,887,053	11,289,539	11,640,987	12,031,898
2000 Local Nontax Support	7,965,060	7,965,060	7,965,060	7,965,060
3000 State, General Purpose	40,072,289	40,623,700	41,295,534	42,031,984
4000 State, Special Purpose	5,803,624	6,435,202	6,675,610	6,926,252
5000 Federal, General Purpose	2,000	2,000	2,000	2,000
6000 Federal, Special Purpose	1,868,026	1,970,813	1,970,813	1,970,813
7000 Revenues from Other School Districts	0	0	0	0
8000 Revenues from Other Entities	222,292	222,292	222,292	222,292
9000 Other Financing Sources	0	5,000	5,000	5,000
A. TOTAL REVENUES AND OTHER FINANCING SOURCES	69,820,344	68,513,606	69,777,296	71,155,299
EXPENDITURES				
00 Regular Instruction	42,948,867	43,163,611	43,379,429	43,596,327
10 Federal Stimulus	0	0	0	0
20 Special Education Instruction	9,363,666	9,391,757	9,419,932	9,448,192
30 Vocational Education Instruction	2,128,692	2,135,078	2,141,483	2,147,908
40 Skill Center Instruction	0	0	0	0
50 and 60 Compensatory Education Instruction	1,031,383	1,099,237	1,109,945	1,120,332
70 Other Instructional Programs	1,062,403	1,067,715	1,073,054	1,078,419
80 Community Services	464,061	310,850	310,882	310,913
90 Support Services	14,615,162	14,644,392	14,673,681	14,703,028
B. TOTAL EXPENDITURES	71,614,234	71,812,640	72,108,406	72,405,119
C. OTHER FINANCING USES--TRANSFERS OUT (G.L.536) 1/	0	0	0	0
D. OTHER FINANCING USES (G.L.535) 2/	0	0	0	0
E. EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES (A-B-C-D)	-1,793,890	-3,299,034	-2,331,110	-1,249,820
BEGINNING FUND BALANCE				
G.L.810 Restricted for Other Items	0	0	0	0
G.L.815 Restricted for Unequalized Deductible Revenue	0	0	0	0
G.L.821 Restricted for Carryover of Restricted Revenues	80,000	80,000	80,000	80,000
G.L.825 Restricted for Skill Center	0	0	0	0

Mercer Island School District No.400

F-195P

SUMMARY OF GENERAL FUND BUDGET

	2018-2019 Current	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast
G.L.828 Restricted for Carryover of Food Service Revenue	0	0	0	0
G.L.830 Restricted for Debt Service	0	0	0	0
G.L.835 Restricted for Arbitrage Rebate	0	0	0	0
G.L.840 Nonspendable Fund Balance-Inventory & Prepaid Items	200,000	200,000	200,000	200,000
G.L.845 Restricted for Self-Insurance	0	0	0	0
G.L.850 Restricted for Uninsured Risks	20,000	20,000	20,000	20,000
G.L.870 Committed to Other Purposes	3,100,000	0	0	0
G.L.872 Committed to Economic Stabilization	0	0	0	0
G.L.875 Assigned to Contingencies	0	0	0	0
G.L.884 Assigned to Other Capital Projects	0	0	0	0
G.L.888 Assigned to Other Purposes	0	0	0	0
G.L.890 Unassigned Fund Balance	4,049,504	5,355,614	2,056,579	-274,531
G.L.891 Unassigned to Minimum Fund Balance Policy	0	0	0	0
F. TOTAL BEGINNING FUND BALANCE	7,449,504	5,655,614	2,356,579	25,469
ENDING FUND BALANCE				
G.L.810 Restricted for Other Items	0	0	0	0
G.L.815 Restricted for Unequalized Deductible Revenue	0	0	0	0
G.L.821 Restricted for Carryover of Restricted Revenues	80,000	80,000	80,000	80,000
G.L.825 Restricted for Skill Center	0	0	0	0
G.L.828 Restricted for Carryover of Food Service Revenue	0	0	0	0
G.L.830 Restricted for Debt Service	0	0	0	0
G.L.835 Restricted for Arbitrage Rebate	0	0	0	0
G.L.840 Nonspendable Fund Balance-Inventory & Prepaid Items	200,000	200,000	200,000	200,000
G.L.845 Restricted for Self-Insurance	0	0	0	0
G.L.850 Restricted for Uninsured Risks	20,000	20,000	20,000	20,000
G.L.870 Committed to Other Purposes	2,000,000	0	0	0
G.L.872 Committed to Economic Stabilization	0	0	0	0
G.L.875 Assigned to Contingencies	0	0	0	0
G.L.884 Assigned to Other Capital Projects	0	0	0	0
G.L.888 Assigned to Other Purposes	0	0	0	0
G.L.890 Unassigned Fund Balance	3,355,614	2,056,579	-274,531	0

Mercer Island School District No.400

F-195F

SUMMARY OF GENERAL FUND BUDGET

	2018-2019 Current	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast
G.L.891 Unassigned to Minimum Fund Balance Policy	0	0	0	0
H. TOTAL ENDING FUND BALANCE (E+F, +OR-G)	5,655,614	2,356,580	25,469	-1,224,351

1/G.L. 536 is an account that is used to summarize actions for other financing uses—transfers out.
 2/G.L. 535 is an account that is used to summarize actions for other financing uses such as long-term financing and debt extinguishments. Nonvoted debts may be serviced in the Debt Service Fund (DSF) rather than in the fund that received the debt proceeds. In order to provide the resources to retire the debt, a transfer is used by the General Fund, Capital Projects Fund, or Transportation Vehicle Fund to transfer resources to the DSF. Refer to Page DS3 for detail of estimated outstanding nonvoted bond detail information.

Proposed Revision to Budget
Oct 25, 2018

F-195 Budget Projection

ENROLLMENT AND STAFF COUNTS

A. FTE ENROLLMENT COUNTS (calculate to two decimal places)

Description	2018-2019 Current	2019-2020 Projection	2020-2021 Projection	2021-2022 Projection
1. Kindergarten / 2	256.41	256.41	256.41	256.41
2. Grade 1	297.37	297.37	297.37	297.37
3. Grade 2	292.93	292.93	292.93	292.93
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5. Grade 4	325.44	325.44	325.44	325.44
6. Grade 5	342.04	342.04	342.04	342.04
7. Grade 6	378.44	378.44	378.44	378.44
8. Grade 7	376.11	376.11	376.11	376.11
9. Grade 8	361.01	361.01	361.01	361.01
10. Grade 9	411.84	411.84	411.84	411.84
11. Grade 10	360.27	360.27	360.27	360.27
12. Grade 11 (excluding Running Start)	342.10	342.10	342.10	342.10
13. Grade 12 (excluding Running Start)	348.23	348.23	348.23	348.23
14. Subtotal	4,370.54	4,370.54	4,370.54	4,370.54
15. Running Start	50.00	50.00	50.00	50.00
16. Dropout Reengagement Enrollment	-	-	-	-
17. ALE Enrollment	6.00	6.00	6.00	6.00
18. TOTAL K-12	4,426.54	4,426.54	4,426.54	4,426.54

B. STAFF COUNTS (calculate to three decimal places)

1. General Fund FTE Certificated Employees	317.545	318.000	318.000	318.000
2. General Fund FTE Classified Employees	159.406	150.000	150.000	150.000

SUMMARY OF GENERAL FUND BUDGET

REVENUES AND OTHER FINANCING SOURCES

Description	2018-2019 Current	2019-2020 Projection	2020-2021 Projection	2021-2022 Projection
1000 Local Taxes	13,887,053	11,289,539	11,640,987	12,031,898
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4000 State Special Purpose	5,803,624	6,685,202	6,925,610	7,176,252
5000 Federal, General Purpose	2,000	2,000	2,000	2,000
6000 Federal, Special Purpose	1,868,026	1,970,813	1,970,813	1,970,813
7000 Revenues from Other School Districts	-	-	-	-
8000 Revenues from Other Entities	222,292	222,292	222,292	222,292
9000 Other Financing Sources	-	5,000	5,000	5,000
A. TOTAL REVENUES AND OTHER FINANCING SOURCES	69,820,344	68,513,606	69,777,296	71,155,299

EXPENDITURES

00 Regular Instruction	42,948,867	42,696,429	42,482,947	42,270,532
10 Federal Stimulus	-	-	-	-
20 Special Education Instruction	9,363,666	9,659,078	9,610,783	9,562,729
30 Vocational Education Instruction	2,128,692	2,169,201	2,158,355	2,147,564
40 Skill Center Instruction	-	-	-	-
50 and 60 Compensatory Education Instruction	1,031,383	1,214,872	1,208,798	1,202,754
70 Other Instructional Programs	1,062,403	1,053,837	1,048,568	1,043,325
80 Community Services	464,061	467,370	465,034	462,708
90 Support Services	14,615,162	14,470,726	14,398,372	14,326,380
B. TOTAL EXPENDITURES	71,614,234	71,731,514	71,372,857	71,015,992
C. OTHER FINANCING USES - TRANSFERS OUT (G.L. 536)	-	-	-	-
D. OTHER FINANCING USES - (G.L. 535)	-	-	-	-
E. EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES (A-B-C-D)	71,614,234	71,731,514	71,372,857	71,015,992

BEGINNING FUND BALANCE

G.L. 810 Restricted for Other Items
 G.L. 815 Restricted for Unequalized Deductible Revenue
 G.L. 821 Restricted for Carryover of Restricted Revenues
 G.L. 825 Restricted Skill Center
 G.L. 828 Restricted for Carryover of Food Service Revenue
 G.L. 830 Restricted for Debt Service
 G.L. 835 Restricted for Arbitrage Rebate
 G.L. 840 Nonspendable Fund Balance - Inventory and Prepaid Items
 G.L. 845 Restricted for Self-Insurance
 G.L. 850 Restricted for Uninsured Risks
 G.L. 870 Committed to Other Purposes
 G.L. 872 Committed to Economic Stabilization
 G.L. 875 Assigned to Contingencies
 G.L. 884 Assigned to Other Capital Projects
 G.L. 888 Assigned to Other Purposes
 G.L. 890 Unassigned Fund Balance
 G.L. 891 Unassigned to Minimum Fund Balance Policy
 F. TOTAL BEGINNING FUND BALANCE

2018-2019 Current 2019-2020 Projection 2020-2021 Projection 2021-2022 Projection

	80,000	80,000	80,000	80,000
	200,000	200,000	200,000	200,000
	20,000	20,000	20,000	20,000
	3,100,000			
	4,049,504	5,355,614	2,137,706	542,145
	\$ 7,449,504.00	\$ 5,655,614.00	\$ 2,437,705.87	\$ 842,145.31

ENDING FUND BALANCE

G.L. 810 Restricted for Other Items
 G.L. 815 Restricted for Unequalized Deductible Revenue
 G.L. 821 Restricted for Carryover of Restricted Revenues
 G.L. 825 Restricted Skill Center
 G.L. 828 Restricted for Carryover of Food Service Revenue
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 G.L. 875 Assigned to Contingencies
 G.L. 884 Assigned to Other Capital Projects
 G.L. 888 Assigned to Other Purposes
 G.L. 890 Unassigned Fund Balance
 G.L. 891 Unassigned to Minimum Fund Balance Policy
 H. TOTAL ENDING FUND BALANCE (E+F, +or-G)

	80,000	80,000	80,000	80,000
	200,000	200,000	200,000	200,000
	20,000	20,000	20,000	20,000
	2,000,000			
	3,355,614	2,137,706	542,145	681,452
	\$ 5,655,614.00	\$ 2,437,705.87	\$ 842,145.31	\$ 981,452.03



October 16, 2018

The Honorable Members of the City Council
Members of the Mercer Island Community

Dear City Councilmembers and Community:

We are pleased to present the City’s 2019-2020 Proposed Biennial Budget which totals \$143.2 million in expenditures across all funds. The total proposed operating budget, which includes water, sewer and stormwater operating costs, in addition to general government, is \$55.1 million in 2019 and \$55.3 million in 2020. The City’s proposed capital budget is \$15.5 million in 2019 and \$17.3 million in 2020. The budget is balanced and complies with the City’s adopted budget and financial policies.

The 2019-2020 proposed budget for the General Fund and Youth and Family Services Fund (YFS Fund) totals \$35.5 million in 2019 and \$35.9 million in 2020. The proposed budget includes ongoing service reductions with a two-year combined total of \$1.25 million as compared to the 2017-2018 Biennial Budget. The primary driver for recommending service reductions is to address the City’s ongoing structural deficit.

Limited Resources

It is counterintuitive to have the City projecting deficits. As a residential community, the City’s most significant resource is property taxes, accounting for 38% of the General Fund budget. With property values increasing 10-12% on average, it would seem logical that the City’s property tax collection would see substantial growth. However, Washington is one of just two states where property taxes are levy-based, not rate-based, which means a taxing district collects a specified total dollar amount (the levy) each year. In addition, Initiative 747 limits property tax increases to 1% per year, plus an allowance for new construction. As property values increase, the City’s levy rate correspondingly decreases to ensure that the levy amount collected in the current year does not exceed 1% of the prior year’s levy.

Increasing Costs

As a service-oriented organization, it is no surprise that over 70% of the General Fund budget is devoted to salaries and benefits of the employees delivering these services. To be competitive with other organizations, the City has a compensation practice of paying at the median of the comparable market. While it can be difficult to control costs in this area, I am pleased that this biennial budget reflects efforts to keep salary and benefit costs relatively flat as compared to 2018 despite impacts of inflation.

**2019-2020
BIENNIAL BUDGET**

Total Budget
\$143.2 million

**General & YFS
Operating Budget**
\$71.4 million

Capital Budget
\$32.8 million

**Contingency Fund
(2020 ending)**
\$4.6 million

**Moody’s AAA Credit
Rating**

**92% of residents are very
satisfied/satisfied with
the overall quality of life
in the City.**

**In January 2018 Money
Magazine noted Mercer
Island as the best place to
live in Washington**

208 Employees:
*49 AFSCME
35 Police & Support
29 Fire
95 Non-represented*

Budget Message

Nevertheless, there are several unfunded mandates and other drivers that impact personnel costs; examples include:

- **Affordable Care Act (ACA)** – The ACA requires employers to provide medical insurance to employees who work 30 hours per week for at least 6 months per year or more. This law required the City to extend benefits to seasonal and temporary employees who would otherwise not be eligible for costly insurance benefits.
- **Minimum Wage** – Another example of increasing costs is with Washington’s minimum wage, which is currently \$11.50 per hour and is expected to grow to \$13.50 in 2020. Seattle’s current minimum wage is \$15. Increases in minimum wage typically result in higher wages for all entry level jobs, and eventually push all wages higher in the region.
- **Inflation Rate (CPI-W)** – The City’s policy is to provide a Cost of Living Adjustment (COLA) to employees, which is a common industry practice. In June 2018, the inflation rate for the Seattle Metro area stood at 3.6%, again, a driver for budgetary increases.
- **1.5% PERS 1 COLA** – Enacted by the State legislature, employers will have to fund the benefit of a one-time COLA of 1.5% for PERS 1 retirees.
- **Paid Sick Leave Benefit** – All employers are required to provide all employees with a minimum of one hour of paid sick leave for every 40 hours worked. While this once applied to only benefited employees, this now applies to every employee again, mandated by the State.
- **Paid Family & Medical Leave Program** – Like unemployment insurance, the State has enacted a new insurance program that provides paid leave ranging from 12-18 weeks. The premium costs are intended to be shared with the employee. The City must provide this benefit starting in 2020; however, if participating directly in the State’s program, premiums are collected starting in 2019.

While new and expanded employee benefits approved by the legislature are well-intended, there are costly implications especially to those departments with 24/7 minimum staffing requirements. These implications tend to center around increased overtime costs.

Other rising costs include a 20.8% increase in the City’s insurance pool premiums as well as Labor and Industries’ landscaper prevailing wage methodology, which if current service levels are maintained, our costs for parks and open space maintenance increase by over \$750,000 for the biennium.

Moreover, Washington State labor laws prohibit the City from making unilateral decisions around reducing salaries and benefits for represented employees. Such decisions, and the impact of those decisions, are subject to collective bargaining with the various unions representing our employees. Washington State labor laws, such as binding arbitration for public safety employees, require the City to pay its employees at the midpoint of the comparable market.

Over time, I-747 and the growing number of unfunded mandates, have created a structural deficit making it very difficult to keep up with rising costs. The City has had to do more with less for quite some time, but now we are at a point where we cannot sustain this practice, and we are facing the reality of “less is less.”

Despite the City’s financial challenges, the City maintains a positive and stable financial condition. The City has achieved a Moody’s AAA credit rating, which drives down debt service costs and saves taxpayer and ratepayer dollars. In addition, the Council has adopted a goal of setting aside two months of expenditures (17%) into the Contingency Fund as a recommended best practice by the Government

Finance Officers Association. Currently, the City has set aside 1.5 months (12.5%) of expenditures and aims to grow this over time. Having adequate contingency funds is fiscally responsible, reduces the potential need for borrowing or service reductions during economic downturns, and helps the City manage unforeseen, extraordinary financial demands.

Cost Saving & Revenue Enhancements to Address Deficits

Before I-747, there was Initiative 695, which reduced the City's budget by approximately \$1.1 million per year in annual Motor Vehicle Excise Taxes. At the time, this equated to approximately 9% of General Fund revenues. The City has had to adjust to the continual loss of revenue or increased costs through a mixture of constrained expenditures and revenue enhancements. Listed below by department are examples of efficiency gains, service level changes, and revenue enhancements that the City has implemented over the last dozen or so years.

Police

- Joined the Coalition of Small Police Agencies in 2005, pooling the resources of 12 Police Departments.
- Entered into an agreement with the City of Bellevue in 2010 in which Mercer Island provides Marine Patrol services in exchange for the following: 1) Bellevue's vessel registration fees; 2) specialized police services such as K-9, forensics, firing range, major investigations, and SWAT; and, 3) a greater number of fire/EMS mutual aid calls being responded to by Bellevue (see benefit below under Fire).
- Moved the Patrol division from an 8.5-hour to a 12-hour shift schedule in 2014, reducing annual overtime by \$20,000 (the 12-hour shift change provided more officers assigned to a shift at any one time thereby lessening the need to utilize over time).
- Eliminated the Eastside Narcotics Task Force (ENTF) Detective position (1.0 FTE) in 2016 following the dissolution of the ENTF.

Fire

- Increased the useful life of fire apparatus from 15 years to 18 years in 2013. The typical replacement cycle for fire apparatus is 12-15 years among King County fire agencies.
- Provided an early retirement incentive in 2015-2016, enabling the City to hire four entry level firefighters at a significant cost savings.
- Maintain a fire/EMS mutual aid agreement with the City of Bellevue, resulting in significant savings to the City, in terms of not having to purchase a ladder truck (\$1.2 million) and hire 15 more firefighters (5 per shift x 3 shifts).

Parks & Recreation

- Installed "smart" irrigation clocks, which adjust to daily weather conditions, in City parks in 2008-2010, resulting in an average annual water usage savings of 40%.
- Eliminated printing and mailing of the Recreation Guide in 2014, moving to a digital format and saving \$22,000 annually.
- Secured \$51,500 in sponsorships/donations in 2017 for various special events, including Summer Celebration, Mostly Music in the Park, Egg Hunt, Track Meet, and Movies in the Park.
- Used 5,475 volunteer hours in 2017 to manage open spaces/vegetation in the City's undeveloped parks saving an estimated \$63,000.

Budget Message

Public Works

- Retrofitted Town Center street lamps with LED lights in 2013, reducing energy consumption by 42% with a 2.5-year payback period.
- Extended useful life of police patrol vehicles from three to four years and of regular fleet vehicles from 8 to 10 years beginning in 2017.
- Implemented an asset management system in 2017, which is informing better data-driven decisions related to operations, maintenance, and capital replacement.
- Will bring sewer main closed-circuit television (CCTV) work in-house, purchasing a CCTV vehicle and a combination vactor/jetter truck in 2019. The estimated payback period is less than four years, with an annual savings in contracted services of \$180,000.

Youth & Family Services

- Increased Thrift Shop sales from \$651,000 in 2008 to \$1.61 million in 2017, enabling the City to reduce General Fund tax support for YFS services.
- Developed a clinical internship program at no cost in 2006 for community-based counseling services. This was later expanded in 2016 to include school-based counseling services.

Development Services

- Implemented electronic plan review for all permit types in 2008, allowing customers to submit applications online, eliminating costly paper plans, reducing customer trips to City Hall, and saving significant staff time.
- Increased development fees in 2014 and 2016 based on increased cost recovery targets for eligible building services, planning services, and engineering services, thereby reducing General Fund tax support for these services.

Finance

- Converted the City's fleet replacement sinking fund from a "traditional" to a "cash flow" model in 2009, reducing fleet replacement charges by 10-12%.
- Refinanced the City's 2009 LTGO bonds in 2017, securing \$586,000 in net present value savings in debt service costs.

Human Resources

- Conducted executive level recruitments in-house, saving \$30,000-\$35,000 per recruitment.
- Conducted labor negotiations in-house, saving \$25,000-\$30,000 per contract negotiation.
- Moved Commissioned Police, Police Support, AFSCME, and non-represented employees to new medical plans in 2018, saving approximately \$275,000.
- Moved LEOFF I police retirees to a new medical plan in 2018, saving approximately \$90,000.

City Manager's Office

- Reorganized and reclassified staff, creating a half-time Senior Project Manager dedicated to the Sound Transit Settlement Agreement and other Council Goals and reducing costs by \$16,000.

2018 Community Survey

In 2018 the City's community survey reported the following high levels of satisfaction by our residents:

- 95% of residents are very satisfied/satisfied with Mercer Island as a place to live;
- 95% of residents are very satisfied/satisfied with their overall feeling of safety;
- 94% of residents are very satisfied/satisfied with Mercer Island as a place to raise children; and,
- 92% of residents are very satisfied/satisfied with the overall quality of life in the City.

Residents are not the only ones who believe that Mercer Island is a great place to live. In January of this year, *Money* magazine named Mercer Island the best place to live in Washington State. Maintaining Mercer Island's exceptional quality of life is a priority for the Council and staff who serve this community; however, sustaining this continues to be a challenge when faced with a significant financial structural imbalance.

2019-2020 Biennial Budget Assumptions

To prepare the biennial budget, staff worked under the following assumptions:

- No levy lid lift – only the 1% growth limit allowed by law;
- Let the temporary increase of the water, sewer, and stormwater tax to fund the Sound Transit litigation, sunset at the end of 2018 (The City adopted a temporary increase in 2017);
- No increase in the B&O tax rate;
- Eliminate 1.7% of the water utility tax transfer to the Water Fund for fire hydrant maintenance beginning in 2019 (\$158,000 retained in the General Fund);
- Consolidate the Beautification Fund with the General Fund in 2019 (\$225,000 net revenue per year) and those programs supported by the Beautification Fund will have to compete with other programs supported by the General Fund;
- Set aside \$3.9 million in the Contingency/Rainy Day Fund, which would grow the fund to \$4.6 million by the end of 2020 (1.5 months of expenditures or 12.5%);
- Use \$1.99 million in one-time resources to help balance the 2019-2020 budget; and
- Reduce service levels by \$1.23 million to help balance the 2019-2020 budget.

The proposed budget for 2019-2020 includes an update of the above assumptions as follows:

- Consolidation of the Beautification Fund with the General Fund resulted in a \$224,206 net revenue increase to the General Fund in 2019 before reductions. Proposed service reductions to Town Center Beautification and the Town Center holiday lights program increase the revenue impact to the General Fund to \$323,640 in 2019.
- \$2.0 million in one-time resources is used to help balance the 2019-2020 budget for the General and YFS Funds. Of this total, \$735,000 is one-time service package requests directly related to Council Goal 1 and Council Goal 6.
- \$1.25 million net expenditure reductions are proposed in the 2019-2020 budget for the General and YFS Funds.

Budget Message

Council 2018-2019 Goals and Work Plan

Annually, the City Council and Leadership Team come together over one and a half days to review the progress made over the last year and to update the Council's goals, priorities, and work plan. The Council's Goals tend to span multiple years while the action items under the goals are generally updated annually, especially as items are completed by staff and/or removed by the Council. Below are the goals developed for the 2018-2019 timeframe as well as various budgetary recommendations intended to accomplish the goal. The complete Goals document including action items is attached as Appendix A.

Goal 1. Prepare for Light Rail and Improve On-and-Off Island Mobility

- **Proposed Commuter Parking & Mixed-use Project**

The Capital Improvement Program will set-aside funds to purchase the Tully's site, which is in Town Center adjacent to the future light rail station. As part of the Sound Transit settlement agreement, the City must fund 51% of the total costs for the parking project. The City will use Real Estate Excise Tax (REET) to fund the City's share of the costs. To reduce the amount supported by taxpayers, the City will be seeking a private partner and developer to fund and construct the parking facility.

Goal 2. Maintain Quality of Life and Essential Services and Infrastructure by Addressing the City's Financial Challenges

- **Water and Sewer Utility Rate Model Reviews**

The City's Water and Sewer Rate Models need to be reviewed and updated, focusing on the revenue requirements (long-term capital needs, operating/maintenance needs, debt repayment, cash flow needs, and fiscal policy goals) and examining the rate structures (customer classes, seasonal use, fixed vs. volume rates, and block rates based on volume of use, including exploring alternative rate structures). In addition, the rate study should review Fire Service Rates, Connection Charges, and Special Service Charges for the Water Utility and Connection Charges for the Sewer Utility and review how the King County Sewage Treatment costs are billed to customers. This is funded by the City's Water and Sewer Funds.



- **Fiscal Sustainability Plan**

An outside consultant review of the City's methodology and assumptions used for the City's financial projections and forecasts was completed by Management Partners in July 2018. The results of the review, which were presented to the Council on July 10, 2018 (AB 5448), show that the City's



baseline forecast provides a reasonable basis to identify the future financial trends and supports the Community Advisory Group (CAG) and City Manager's recommendation for a six-year levy lid lift to address forecasted operating deficits. In addition, Management Partners recommended developing a fiscal sustainability plan to address the long-term structural deficit identified in the baseline forecast and to maintain the City's fiscal health for future years.

Staff is proposing working with Management Partners in 2019 to develop a fiscal sustainability plan identifying options, or strategies, for addressing the City's long-term structural deficit challenge. These strategies include (but are not limited to):

- Revenue development
- Expenditure control/cost shifts
- Service delivery changes designed to reduce expenditures or create efficiencies
- Service level reductions

- **Organizational Efficiency Assessments**

As part of the direction from the City Council to implement a Fiscal Sustainability Plan for the City, staff will conduct annual or biennial organizational assessments by department or service area to enhance productivity, effectiveness, and efficiency in service delivery.



2019 Development Services Group

The first assessment proposed is for the Development Services Group (DSG).

In 2000, the building, permitting, planning and engineering functions were reorganized, moving engineering to the Maintenance Department (now Public Works) and creating a team-based department focused on the customer's experience for planning and permitting. It has been almost 20 years since the last time the department's function, mission, and goals have been reviewed and updated. DSG's services are regulatory by nature, and as such, meeting the interests of each customer while ensuring the safety, standards, and quality of the community can be challenging. Maintaining and developing a built environment that responds to the vision for Mercer Island requires rigor and discipline. At the same time, the City strives to meet its commitment to providing exemplary customer service. Therefore, it is important to evaluate the overall effectiveness of DSG's operations to ensure they are meeting the City's needs. Staff recommends hiring an outside consultant to help solicit, collect, and evaluate information and to identify possible organizational and operational changes.

2019 Fire Department

During the Community Advisory Group meetings in 2018, there was discussion about the pros and cons of having a City Fire Department versus consolidating with another jurisdiction. The CAG suggested that the Council and staff look at alternative service delivery models (e.g., contracting with other entities or creating a regional fire authority) to see if it would financially benefit Mercer Island and maintain enough local control. Staff has had preliminary conversations about contracting with other jurisdictions, but a staffing study needs to be completed before exploring contracting out fire services or joining a regional authority. Staff recommends hiring an outside consultant to:

- Review and analyze overall staffing in the Fire Department,
- Review and analyze Fire Marshal staffing, and
- Solicit, collect, and evaluate information regarding the Mercer Island Fire Department:
 - Contracting with a nearby fire jurisdiction's fire service,
 - Creating a separate Fire District with separate taxing authority, or
 - Creating or joining a regional fire authority with a nearby jurisdiction or taxing district.

2020 Municipal Court

The Mercer Island Municipal Court opened in 2005 after the King County District Court system terminated court services for local municipalities. The Court is responsible for adjudicating all criminal misdemeanor and gross misdemeanor crimes, infractions, and parking violations under Municipal Code and the Revised Code of Washington Statutes. The Court also adjudicates cases for

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the City of Newcastle, which contracts for court services with the City. Currently, court fines do not cover the costs of operating the court. Staff recommends hiring an outside consultant to solicit, collect, and evaluate information regarding contracting with a surrounding jurisdiction for municipal court services.

The following Council Goals will be supported by existing resources. If additional resources are needed beyond what is currently budgeted, staff will return with a proposal and for Council direction.

Goal 3. Deepen the City's Commitment to Sustainability and Livability

Goal 4. Preserve, Promote, and Enhance Mercer Island's Focus on Arts and Culture

Goal 5. Enhance City and Community Emergency Preparedness and Planning

Goal 6. Update Outdated City Codes, Policies, and Practices

- **Review Transportation and Parks Impact Fees**

This service package provides funding for an update of park and transportation impact fee studies in 2020, at which point the current studies will be approximately five years old. The City adopted a parks impact fee ordinance in December of 2015 (Ord. 15C-22) and a transportation impact fee ordinance in January of 2016 (Ord. 16C-01). Both ordinances established impact fee amounts based upon impact fee rate studies conducted in 2015. Park and transportation impact fees are authorized by State Law (RCW 82.02) to ensure that adequate facilities are available to serve new growth and development. Impact fees may only be imposed for improvements that are reasonably related to, and will benefit, new development, and they may only be imposed for public facilities identified in the Mercer Island comprehensive plan. The transportation impact fee will align with the recently adopted Transportation Concurrency Ordinance, and the park impact fee will align with the future Parks, Recreation, and Open Space Plan, which will be updated in this biennium.



- **ADA Transition Plan**

The Americans with Disabilities Act (ADA) of 1990 provides comprehensive civil rights protections to persons with disabilities in the areas of employment, state and local government services, and access to public accommodations, transportation, and telecommunications. The City is required to complete a Self-Evaluation and Transition Plan that will address the requirements of ADA Title II. This plan will be used to identify obstacles limiting accessibility, describe and identify methods to make these obstacles accessible, and plan a schedule to bring City facilities and operations into compliance. The City will hire an outside consultant to help with this self-evaluation and the development of a Transition Plan.



- **Parks, Recreation, and Open Space Plan Update (PROS Plan)**

The PROS Plan is a standard strategic planning tool of municipal government to anticipate programmatic and capital needs in parks and recreation. The planning process includes a robust community engagement strategy to ensure plan goals and policies align with community need. A PROS plan is also a requirement of several key Washington State grant funding programs, and as such must be updated every 6 years to remain eligible for grant funds. The current PROS Plan expires in 2019. To maintain eligibility for grant funds, the updated PROS Plan will need to be adopted no later than the first quarter of 2020. Additionally, the PROS Plan will inform the park impact fee update.



- **Urban Forest Management Plan (UFMP)**

The UFMP is a cohesive planning tool that establishes critical goals and policies used to guide decision-making related to the urban forest. In developing this new plan, the City will look to an experienced consultant to provide information about the best available science and assist in identifying the necessary elements of a plan that prioritizes preserving and increasing the existing tree canopy, improving the resiliency of the current and future urban forest, and fostering citizen stewardship. The Parks and Recreation Department will lead the project and work with other departments to develop city-wide policies and strategies.



- **Sewer Utility CCTV Vehicle and Combination Vactor Jetter Truck**

Regular operations and maintenance (O&M) of the sewer utility provides effective and efficient maintenance services to the community. Delayed O&M activities may contribute to adverse sewer events, including sewer backups, sanitary sewer overflows, pipe breaks, etc. Closed Circuit Television (CCTV) is primarily used to identify clogs, roots, grease, and defects. Previously, contracted services were utilized for the CCTV work due to the cost of the equipment and the lack of available staff to operate the equipment. In the 2017-2018 biennium, staffing was increased by two full-time employees within the sewer utility. Staff has determined that a higher, more cost-effective level of service can be achieved by bringing this service in-house. The payback period is estimated to be less than four years.



Additionally, in 2018, the Public Works Department implemented a new Maintenance Management System for asset management and updated the General Sewer Plan. CCTV inspection, in conjunction with Pipeline Assessment and Certification Program (PACP) and Manhole Assessment and Certification Program (MACP) standards will be used to manage sewer assets more efficiently and effectively. In lieu of

contracted services, the acquisition of a CCTV vehicle and vactor/jetter combination unit is needed. Currently, per the Fleet Replacement schedule, the Sewer Jetter is scheduled for replacement in 2019. This vehicle will be replaced in 2019 but modified to include a combination unit (vactor capabilities) to improve the levels of service within the sewer utility. As a result, contracted services

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previously used for O&M activities such as pump station wet well and special catch basin cleaning will be completed utilizing existing staff resources.

The use of these vehicles coupled with the use of the maintenance management system will result in reduced response times during emergencies and increase the efficiencies of staff time. In addition, shrinking the operating costs for the utility by the ability to reduce claims along with a reduction in contracted services. Due to sanitary safety, these vehicles will be used within the sewer utility.

- **Stormwater Utility CCTV Pipe Inspections**

Regular operations and maintenance (O&M) of the stormwater utility provides effective and efficient maintenance services to the community. Delayed O&M activities may contribute to adverse stormwater events, including backups, stormwater overflows, pipe breaks, etc. Closed Circuit Television (CCTV) is primarily used for stormwater pipe conveyance inspections to identify internal pipe deficiencies requiring maintenance. CCTV inspections provide compliance with NPDES stormwater regulations. Due to limited resources within the Stormwater Utility, City Public Works crews are not equipped to complete all CCTV work internally, therefore this work will be completed utilizing contracted services. CCTV inspection, in conjunction with Pipeline Assessment and Certification Program standards will be utilized to give a quantitative industry standard rating to determine O&M priority levels.



Goal 7. Create Policies that Support an Accessible and Healthy Business Ecosystem

Initiatives under this goal will be supported by existing resources. If additional resources are needed beyond what is currently within budget, staff will return with a proposal and for Council direction.

Moreover, below are two service package requests that support Council goals as well as meet increased service level demands.

- **Continuation of Contract Permitting Staff (3.5 FTE)**

For many years, the Development Services Group has implemented a flexible staffing model which has allowed the City to respond appropriately to changes in service demands. Beyond the baseline development activity forecast, Development Services is aware of several major projects that may occur in the 2019-2020 biennium which will require the continuation of contract permitting staff for two more years. Examples of the projects anticipated are two in Town Center that address commuter parking needs and a 14-lot subdivision (a.k.a., East Seattle School). The cost of these staff positions will be fully funded by permit revenues. This service package will give DSG the staffing flexibility it needs to address Council goals and customer demands.

- **Communication Access Real-time Translation (CART) Services**

The Americans with Disabilities Act (ADA) mandates the provision of reasonable accommodations for employees and appointed or elected officials and “auxiliary aids and services” to ensure effective communication with people who are deaf or hard of hearing. A member of the Planning Commission has a hearing disability and requires Communication Access Real-time Translation (CART) services (an auxiliary aid or service) to effectively participate in the Planning Commission meetings. CART services create the instant translation of the spoken word into English text using a stenotype machine, notebook computer and real-time software. The text produced by the CART service is displayed on the individual’s computer monitor. A copy of this transcript is also archived for public records purposes.



2019-2020 Proposed Staffing Changes and Other Budgetary Reductions

While preparing the budget, there was a great deal of discussion among the City’s Leadership Team (City Manager and Department Directors) to propose reductions that resulted in minimal service level impacts. Attrition through impending retirements, limited term contract positions, and existing vacancies were factor that influenced the recommendation of which position to eliminate, reduce, or freeze. With a proposed reduction target of over \$1.2 million, the following staffing changes are proposed:

- Eliminate Deputy Fire Chief (1.0 FTE) in 2020
- Eliminate Parks Special Events Coordinator (1.0 FTE)
- Freeze hiring of Patrol Officer (1.0 FTE)
- Reduce Geriatric Specialist (0.50 FTE)
- Reduce Elementary School Counselor 2019-2020 school year (0.83 FTE)
- Reduce additional School Counselor in 2020-2021 school year (0.83 FTE)
- Reduce YFS Administrative Assistant (0.50 Contract FTE)
- Addition of Police Public Records Staff (0.50 FTE)

With the public’s increasing demands for records, the Police Department is requesting that the Records Officer increase from 0.5 FTE to 1.0 FTE. In 2011, this position was reduced to 0.5 FTE; however, the current volume of work requires that the position be restored to 1.0 FTE. This recommendation would also mitigate legal risks.

Summarized below are the potential impacts of staffing changes and other reductions:

- **Deputy Fire Chief (1.0 FTE)**

This service reduction will eliminate the Deputy Fire Chief beginning in 2020. Currently, the Deputy Fire Chief handles some of the administration and the operations for the Department including, participating in City committees (GIS Think Tank, Emergency Management, fleet policies and operations), regional operations groups (Zone 1 Operations, East Metro Training Group, NORCOM Joint Operations), coordinating and managing the contract with City of Redmond for fire apparatus maintenance and repair, and administers the Department’s standard operating procedures. This position also oversees the joint MIFD/MIPD Dive Team and the Fire Marshal’s Office. With this elimination, the administrative and operations duties will need to be covered by other staff. The Fire Chief will have to take over many of these duties, greatly reducing the Chief’s involvement in several regional committees, which are responsible for policy development and implementation, causing

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Mercer Island to lose its influence at the table in the County and the Region. If additional duties cannot be covered by existing administrative staff (Fire Chief and Senior Administrative Assistant), the duties may need to be divided up among Battalion Chiefs and/or Lieutenants. This would be problematic as an increase in duties would have to be negotiated with the union, pay may need to increase, and overtime costs would ensue due to shift schedules.

- **Reduce ARCH Trust Fund Contribution**

This would reduce the City's annual contribution to ARCH for affordable housing development from \$96,000 to \$50,000. There would be no service level impact to Island residents. It does, however, impact ARCH's ability to preserve and increase the supply of housing for low- and moderate-income households in King County and East King County cities. Affordable housing findings indicate that the primary cause of families experiencing homelessness on the Eastside is the lack of affordable housing.

- **Luther Burbank Park & Groveland Beach Lifeguards**



This service reduction will eliminate lifeguards at Luther Burbank Park and Groveland Beach beginning with the 2019 summer season. The removal of lifeguards will significantly impact residents (and non-residents) that use Luther Burbank Park during the summer months, since this is currently the only outdoor public beach on Mercer Island with lifeguards on duty. For many parents/guardians, this will eliminate an open water swimming option for their families, particularly families with young children or people caring for special needs individuals. This will also eliminate a swimming option for the City of Mercer Island hosted summer camps, which are revenue generating programs. Due to liability, campers cannot swim in unguarded areas. The outdoor swimming option for the summer camps has been a popular program draw.

The lifeguards at Luther Burbank serve a key secondary role of beach/park managers, which helps with crowd control and overall park safety during the summer months. Without staff on duty, park complaints and user conflicts will likely increase. Although Groveland Beach was traditionally staffed with lifeguards during the summer, this beach has been without guards since 2015. The permanent loss of lifeguards at this facility will impact Mercer Island residents, as they are the primary users of this facility. Due to the competitive hiring market, however, staff anticipated some challenges in attracting enough qualified candidates to staff both beaches in 2019.



- **MICEC Customer Service/Operating Hours**

This is a combined reduction of customer service staff hours and public building hours at the Mercer Island Community and Events Center (MICEC), with implementation phased over the 2019-2020 biennium.

In 2019, customer service staff hours will be reduced at the MICEC. Rental inquiries, registration support, and management decisions will be processed during core business hours only, (Monday – Friday, 9am-5pm). Full-service weekend customer service hours will be eliminated. The ability to support and host discounted rental fee community groups will be reduced, which includes facility availability, service, and event set-up. Several local non-profits and community partners rely on this

service for meetings and events. Non-revenue generating programs currently supported by the customer service staff including the Indoor Playground, Community Coffee Hour, and other community appreciation events will also be eliminated. These programs are also partially supported by the Special Event Coordinator position, which is also scheduled to be eliminated. See further details below.



In 2020, MICEC public facility hours will be reduced by 12 hours per week, which will likely mean a full closure to the public on Sundays and earlier closures during the weekdays. The building will remain available during non-business hours for full-fee facility rentals.

- **MICEC Technology and Equipment Funds (Sinking Fund)**

This fund is utilized by the MICEC for CIP technology and equipment purchases such as furniture, media, and amenity upgrades utilized by patrons and facility rental groups. The General Fund's annual property tax contribution to this fund can be reduced from \$40,000 to \$18,000 beginning in 2019 with little impact to planned replacements.

- **Special Events Coordinator (1.0 FTE), Special Events, and Town Center Holiday Lights**

This service reduction eliminates a full-time position that provides leadership and support for all events in the Parks and Recreation Department, including the Summer Celebration. This service reduction will also result in the elimination of some special events, and a reduction in support services for community partners and other citywide programs.



Eliminating this full-time position will require a corresponding reduction in the number of special events offered by the Parks and Recreation Department. The eliminated events include:

- Movies in the Park (approx. 250 attendees per event, two events per year)
- Spring Egg Hunt (approx. 1,500 attendees)
- Tree Lighting and Fire House Munch (approx. 300 attendees) *
- All Island Track Meet (approx. 500 students from local schools)
- Elimination of the community events and non-revenue generating programs hosted at the MICEC (as noted previously).

There are secondary duties that will be scaled back due to the elimination of the Special Events Coordinator position. This includes development of the sponsorship program, volunteer recruitment/retention, and in-kind staff support for partnership programs (e.g., events provided by the Mercer Island Rotary, the Chamber of Commerce, Sister Cities Association, etc.). The Parks and Recreation Department hosts several other public gatherings, such as volunteer stewardship programs, public meetings, art dedications etc. that were supported by this position. While these programs will continue, the duties will be re-distributed to other Department personnel and the events scaled back. *Finally, staff also proposes the elimination of the holiday light installation at Mercerdale Park and in the Town Center.

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- **Town Center Beautification and Farmers Market Support**

The Town Center Beautification and Farmers Market Support service reduction includes the reduction of casual labor (9-month seasonal position) and the reduction of maintenance services supporting the Town Center right-of-way. The Right-of-Way Team will no longer be able to support the Farmers Market (weekly, June-October). The event host will be responsible for the road closures without City support. Additionally, preventative maintenance activities such as pressure washing of sidewalks and furniture, planter bed maintenance including the annual flower and hanging basket beautification program, and early stage crack repairs will be reduced. Costs associated with this maintenance program, such as operating supplies and irrigation will also be reduced.



The Farmer's Market will need to adjust operations to meet the right-of-way permit requirements and will not have City staff support for emergent issues during the weekly event. Preventative



maintenance will be deferred, and staff will prioritize response to service requests for safety. Spring hanging baskets and the annual color program in the Town Center will be eliminated. Planter beds with established perennial plants will remain; however, the community should expect to see an increase in weeds or "plain" dirt planter beds. The City will prioritize vegetation control for safety and site distance, not aesthetics. Hand weeding these planter beds will be reduced and expect maintenance to include the use of small tools and equipment (weed-eaters) to control growing weeds.

- **Patrol Officer Freeze (1.0 FTE)**

The proposed service reduction for Police would freeze one FTE position assigned to the Patrol Division. The impact of this service reduction directly affects residents by having one less patrol officer responding to emergencies and conducting proactive patrols of neighborhoods. As the Police Department faces staffing shortages due to retirements, FMLA leave (e.g., parental, medical, etc.), and other staffing challenges, it would necessitate the need to reassign a Detective to Patrol to fill the shortage. This would result in a reduced number of criminal cases being investigated.



As workload is shifted to remaining staff, it would necessitate the need to reprioritize the types of cases assigned to investigative staff with an emphasis on persons crime over property crime follow-up.

In addition, it can take up to one year from hire date to have an officer on the road independently working patrol. As retirements and staffing changes naturally occur, this service reduction intensifies the issue and lengthens the time of recovery. Several retirements are forecasted for the next several years and in the current hiring environment, finding quality candidates presents challenges, again lengthening the time of recovery.

- **Geriatric Specialist (0.50 FTE)**

The reduction of the Geriatric Specialist to 0.50 FTE will result in the elimination of direct services for seniors and replacing lost services with volunteers or other YFS mental health professionals. Mental health and case management services to the most vulnerable and challenged senior citizens will be prioritized over other senior services. With the reduction, the following services will be eliminated:

- Grief and Loss Support Group for seniors who have lost their spouse
- On-call emergency consultation to Police and Fire
- Approximately 105 counseling hours per year, (\$5,000 in revenue/year)
- Information presentations to school, community, and professional groups



- **Administrative Support (0.50 FTE)**

The reduction of the YFS Administrative Assistant position (currently 1.0 FTE) by 0.5 FTE will decrease the amount of support provided to YFS staff and programs. The impact will be a slowdown in department projects and reports, as well as the possible reduction in the number of community events/forums hosted by YFS. A greater percentage of Luther Burbank Administrative Building customers will be greeted by volunteers who will predictably provide slower and less informed customer service. The reduction will also shift other responsibilities back to the Administrative Coordinator resulting in the reduction of some non-essential support services around Food Pantry support, volunteer recruitment, and volunteer appreciation.

- **Elementary School Counselor (1.0 FTE), 9/1/19-12/31/20**
Elementary School Counselor (1.0 FTE), 9/1/20-12/31/21

The elimination of two elementary school-based mental health counselors will result in the remaining two counselors covering the work of four counselors; this will reduce school-based counseling by 0.5 FTE at each of the Island's four elementary schools. As a result, each elementary school community will lose half (50%) of the following services:

- Individual counseling and limited family counseling
- Support and skill building groups (i.e., support group for children who have lost a parent to cancer, friendship skills, children experiencing a divorce or new student groups)
- Drop-in counseling-daily assistance to children in distress to get them back on track and able to take advantage of the learning environment
- Classroom presentations on problem solving, bullying, friendships, reaching out to others
- Referrals for psychiatric or psychological assessments
- Skill building activities such as peer mediation, alternative recess and building a culture of inclusion (part of youth violence prevention)
- Parent support and education (for parent effectiveness)
- Teacher consultations
- Environmental programs or strategies in which counselors involve the full student body in improving or enhancing one aspect of a school's culture (i.e., Northwood Elementary School's 'Say Hello' program to enhance social bonds and reduce risk factors associated with youth violence).

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The loss of school-based services will most likely increase demand for community-based mental health services. Currently, there is no capacity in community-based services to meet this demand as the waitlist remains an ongoing challenge.

Capital Improvement Program (CIP)

While developing the CIP, it was apparent that the City’s capital improvement needs far outweighed the resources available. The City’s approach to funding the CIP is as follows:

- Predominately, a “pay-as-you-go” approach is preferred whereby money is put aside or saved until there is enough to fund the project (there are currently two levies: Fire Station Construction to fund the debt service for the replacement of Station 92 and the purchase of a Fire Rescue Truck, and Luther Burbank to fund M&O and some small capital projects);
- Prioritize safety projects over deferred maintenance and new amenities;
- Preserve existing investments and extend the useful life of the City’s infrastructure;
- Reduce the scope of work for capital projects and only address the most pressing priorities; and,
- Assertively seek grants and/or outside funding opportunities to leverage limited funds.

Recall that during the CAG process (23 Island residents convened to study the City’s financial challenges, both operational and capital), staff reviewed three funding scenarios, which assumed a nine-year capital levy lid lift. The CAG recommended addressing the City’s pressing operational needs through an operational levy lid lift, and to explore a capital levy in the future when the Fire Station levy lid lift ends in 2021.

In general, the 2019-2020 CIP is modest, focusing on planning and design, and retaining some level of fund balance from year to year.

Beyond the 2019-2020 Biennium

On July 24, the City Council approved an ordinance to put a levy lid lift on the November 2018 ballot. Should the levy fail, additional reductions will be necessary to balance the budget beyond 2020. The gap for the 2021-2022 Biennial Budget is currently estimated at \$3.7 million in 2021 and \$4.1 million in 2022, or roughly the equivalent of 29 FTEs.

Balancing 2021-2024 General Fund & YFS Fund Budgets

as presented at the July 24 Council Meeting

	2021	2022	2023	2024
Remaining General Fund forecasted deficits*	(3,442,004)	(3,820,426)	(4,222,163)	(4,656,490)
YFS Fund forecasted deficits	(293,291)	(315,702)	(357,962)	(405,799)
Total forecasted deficits	(3,735,295)	(4,136,128)	(4,580,125)	(5,062,289)

**Above General Fund forecasts reflect updated forecast per Management Partners recommended changes plus corrections/updates; Above YFS forecasts reflects corrected forecast after June 2018 Mini-Planning Session*

Given the magnitude of the projected deficits in 2021-2024, all City departments will likely be impacted, including Police and Fire. Acting as a responsible municipal corporation, the City should identify additional reductions beyond the proposed budget beginning in 2019 in order to lessen the impacts on future years. The City must provide a balanced budget - there is no credit card or home equity line of

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credit to borrow against. With less revenues, the City will have to focus on only providing legally mandated services, which will fundamentally change the way we serve our community.

Conclusion

This budget is an effort to meet the expectations of the community while implementing a balanced budget that lives within our means. This biennial budget strives to set aside some savings for a rainy day, maintain services albeit with some minimal reductions, and address the Council's Goals and Work Plan.

I would like to acknowledge the contributions of everyone involved in this year's budget process. I appreciate the City Leadership Team and their staff for working collaboratively to address the realities of the City's financial situation.

I especially want to thank Chip Corder, Francie Lake, LaJuan Tuttle, Ali Spietz, and Kryss Segle for their tireless efforts to produce the 2019-2020 Biennial Budget. I am grateful for their tacit knowledge, long history and experience with the City, and their patience while working through this budgeting process.

Respectfully Submitted,

Julie Thuy Underwood
City Manager



CITY OF MERCER ISLAND 2018-2019 CITY COUNCIL GOALS & WORK PLAN

The City's Comprehensive Plan states, "Mercer Island is not an island unto itself." While we are part of a complex regional system, we strive to maintain local control, preserve our safe, livable residential community, continuously provide and improve quality municipal services, foster fiscal responsibility, value excellence in education, act as stewards of the environment, and endeavor to be open and transparent and to balance the economic, environmental, and social well-being of our entire community.

The City Council holds an annual planning session, where they discuss successes over the past year and identify priorities and goals ("the what") for the upcoming year. The Leadership Team takes that direction and creates a work plan ("the how"). Through a collaborative process, the Leadership Team develops budgets, capital improvement plans, departmental work plans, and special projects aimed at accomplishing the community's vision and Council goals.

Goal 1. Prepare for Light Rail and Improve On-and-Off Island Mobility

In October 2017, the Mercer Island City Council approved the Sound Transit Settlement Agreement which provides just over \$10 million to offset the impacts of the East Link light rail project and partially compensate for permanent impacts. The Council's goal is to expand access to transit through a range of options such as improving pedestrian/cyclist connectivity, parking, and innovative technologies and services (e.g., ride share, bike-share, micro-transit, etc.). This goal includes engaging with the community on how best to allocate the \$10 million settlement agreement.

Action Items:

1. Convene a design charrette of agencies and stakeholders to provide input regarding traffic flow in the North Mercer Way Park & Ride area, and to address bicycle, pedestrian, vehicular, and transit connectivity on streets surrounding the light rail station. ↔
2. Partner with the community to identify best solutions for safe and effective bicycle and pedestrian connections to the station. ↔
3. Coordinate Aubrey Davis Park Master Plan planning and community engagement with development of the light rail pedestrian and bicycle design. ↔
4. Examine regional smart mobility initiatives and technology needs to prepare for the future.
5. Pilot first/last mile solutions (ride share, micro-transit, bike-share, etc.) ↔
6. Explore options related to private commuter shuttles.
7. Explore transit solution partnerships with King County Metro.
8. Identify site for long term parking solution for Island residents. ↔
9. Implement traffic mitigation projects to address impacts of the East Link light rail project. ↔
10. Work with WSDOT to implement improvements to I-90 access ramps.
11. Work with the State Delegation and Congressional Representatives to identify and implement state and federal remedies to improve access to I-90.
12. Explore necessary Comprehensive Plan and Town Center amendments to support integration of the Mercer Island Station into the Town Center. ↔
13. Participate in the Regional Trail Steering Committee to ensure enhancements of the I-90 trail corridor.

Appendix A

Goal 2. Maintain Quality of Life and Essential Services and Infrastructure by Addressing the City's Financial Challenges

Delivering services and well-maintained infrastructure is key to shaping Mercer Island's exceptional quality of life; however, it is becoming increasingly challenging with declining revenues and increasing costs. Nevertheless, advance planning, including life-cycle cost analysis, for repair and replacement and changing future needs, are wise investments in time and money.

Action Items:

1. Conduct a robust community outreach process regarding the City's financial challenges, engaging the Community Advisory Group (CAG), Island community groups, and residents through a series of public meetings and Telephone Town Halls. ↔
2. Address the projected operating deficits in the 2019-2020 biennium and beyond.
3. Administer the biennial citizen satisfaction survey. ↔
4. Prepare rate studies for the City's utilities (water, sewer, stormwater, and Emergency Medical Services). ↔
5. Maintain and increase Thrift Shop annual revenue growth.
6. Identify funding for renovation and expansion of the Public Works/Maintenance Center.
7. Continue to identify and implement organizational effectiveness and operational efficiencies.

Goal 3. Deepen the City's Commitment to Sustainability and Livability

In 2006, the City Council voted to add goals and policies regarding sustainability to its Comprehensive Plan, identifying that the Triple Bottom Line principles (Economy, Environment, Equity,) were key filters for Council decisions and City actions. At that time, the Council also committed to Greenhouse Gas (GHG) reduction goals in alignment with King County and other regional cities. Progress towards meeting these goals has been sporadic and will only be successful if a continuous and unwavering focus is maintained across all City departments, and if staff capacity exists to measure stepping-stone achievements, plan new sustainability initiatives, and implement programs.

Action Items:

1. Prepare and implement a 6-Year Sustainability Plan (with community involvement and significant engagement with *Sustainable-Mercer Island* citizens group) ↔ :
 - a. Invite School District participation
 - b. Consider early action items such as: recognition as a Bike-Friendly Community, Green Power sign-up campaign, home energy retrofits (with PSE), Styrofoam container ban
 - c. Ensure sustainability principles are part of the City purchasing/procurement policy.
2. Explore adopting STAR Communities Framework
3. Launch full implementation of new software tools that allow tracking of City and community GHG emissions, and energy efficiency performance benchmarking of major City facilities.

Goal 4. Preserve, Promote, and Enhance Mercer Island's Focus on Arts and Culture

Integrating arts and culture into our community improves economic vitality, livability, and quality of life. Arts and cultural programs engage the public and build community by improving health, mental well-being, cognitive functioning, creative ability, and academic performance.

Action Items:

1. Engage the community regarding arts and culture polices and goals for the Comprehensive Plan. ↔
2. Partner with the Mercer Island Center for the Arts (MICA) to identify alternative site locations. ↔
3. Research and explore creating a "Certified Creative District."

Appendix A

Goal 5. Enhance City and Community Emergency Preparedness and Planning

The City has gone beyond the legal requirement of having an emergency plan and has created a robust program involving all City departments, outside agencies, and community volunteers. Levels of preparedness and readiness can erode over time. By making this a priority, the goal is to enhance our community's overall preparedness and resiliency.


Action Items:

1. Update the City's Emergency Management Plans.
2. Enhance the City's emergency planning and preparedness program with the following projects:
 - a. Improve the EOC facility to better intake and organize emergency response volunteers.
 - b. Implement technology enhancements (e.g., mobile/web applications, mapping, digital image, video/camera).
 - c. Develop a drone policy for City use following an emergency or disaster (e.g., landslides).
3. Prepare draft Comprehensive Plan goals and policies supporting disaster planning and recovery (this item is on the 2018 Comp Plan docket).
4. Continue to develop and maintain partnerships with local organizations such as the Mercer Island School District, Stroum Jewish Community Center, Mercer Island Chamber of Commerce, etc.
5. Continue to recruit volunteers for: Community Emergency Response Team (CERT), Map Your Neighborhood Program, and Emergency Preparedness Volunteer Teams.
6. Continue emergency drills and trainings for City staff.
7. Continue outreach and promotion of individual, household and business emergency preparedness.
8. Provide safety trainings for schools, businesses, and the community.
9. Implement security enhancement at City Hall for the safety of employees and residents.
10. Complete the Washington State Rating Bureau's evaluation of fire protection and suppression capabilities to maintain the City's Protection Class (City's current Insurance Service Office (ISO) rating is a 5 out of 10, with 1 being the best).

Goal 6. Update Outdated City Codes, Policies, and Practices

When an organization is reactive and driven to put out the latest "fire," it means there is little energy or time left to update regulations, policies, practices, processes, and technology that help to prevent and avoid "fires." Addressing these issues has now turned from a "nice to do" to a "must do," and requires the attention of Council and staff.

Action Items:

1. Update, amend, and/or develop the following Mercer Island codes and policies: 
 - 2018
 - a. Critical Areas Ordinance (last updated 2005)
 - b. Code Compliance code provisions
 - c. Appeals and processes code provisions
 - d. Transportation Concurrency Ordinance
 - e. Social Host Ordinance amendments
 - f. Code of Ethics
 - 2019
 - a. Sign code amendments
 - b. Adopt 2018 International Residential Construction Codes
 - c. Wireless Communications Facilities (WCF) code amendments
 - d. Amendments to permit alcohol for certain Parks & Recreation events and functions

Appendix A

2. Address obsolete systems and implement best practices through the use of technology:
 - a. Implement the Enterprise Asset Management System (launch 2018)
 - b. Implement the electronic document management and legislative system (launch 2018)
 - c. Initiate website update project by assessing websites to model and identify timeline, costs and vendors through RFP process (2018)
 - d. Implement mobile technology tools for the City's wide-range of customers and users ↔
 - e. Replace and expand critical communications infrastructure to support public safety and utilities
 - f. Replace and fully implement the Supervisory Control and Data Acquisition (SCADA) System for the City's water and sewer utilities
3. Create/update plans, studies, policies, and handbooks:
 - a. Update the Employee Handbook (last updated 2012)
 - b. Update the purchasing/procurement policy
 - c. Update the Parks, Recreation and Open Space (PROS) Plan (2019) ↔
 - d. Update the Pedestrian and Bicycle Facilities Plan ↔
 - e. Complete a Tree Canopy Study (2018) and develop an Urban Forestry Plan (2019) ↔
 - f. Adopt the General Sewer Plan and complete a Sewer Lake Line Feasibility Study ↔
 - g. Water Meter Replacement Plan
 - h. Update the City's technology plan to include input from the "Digital Citizen of 2025" focus group ↔
4. Revisit and evaluate current citizen advisory boards and commissions to determine effectiveness and determine need for other or *new* boards and commissions.
5. Prepare for a request for proposal and review proposals for the City's solid waste contract.

Goal 7. Create Policies that Support an Accessible and Healthy Business Ecosystem

In order to make the City a more sustainable and livable community, it is essential that it has thriving businesses that meet the needs of Island residents.


Action Items:

1. Work closely with the Mercer Island Chamber of Commerce and local businesses to evaluate and address parking in the Town Center. ↔
2. Review the City's permitting process for commercial development/tenant improvements to ensure that best practices are used. ↔
3. Develop a strategic planning process with the Mercer Island Chamber of Commerce and local businesses to identify possible actions to attract, retain, and sustain the business community. ↔


Mercer Island School District



Capital Projects Update

School Board Meeting – September 27, 2018

2017-1 8 Levy Projects	
Elem. School Entries	<p>Island Park’s main office was reconfigured over the summer. Work included moving a door and window in the principal’s office, removing a pass-through door into the principal’s office that created more storage space for the front office, new paint, new carpet, and all new casework. The space is refreshed and functioning well with the security vestibule installed the previous summer.</p> 
Mary Wayte Pool	<p>Staff has continued to work with McKinstry over the summer to define the scope and pricing for various components of the work under the ESPC – Energy Services Performance Contract. The Department of Commerce released their grant guidelines in mid-September. The team is working to put together a package that maximizes grant matching funds and we expect to bring the Board a presentation later in the year. The systems being considered are:</p> <ul style="list-style-type: none">• Electrical Panel and Wiring Replacement• New Air Handlers, Ducting, and Controls• Boiler Replacement• Heat Exchanger Replacement• Replace and Upgrade Exhaust Fans• Fire Alarm System (none currently)• Replace and Upgrade Glazing Systems• Roofing (with a possibility of solar panels) <p>Grant funding available from the Commerce Department is \$500,000 with a 3:1 match for energy improvements and \$350,000 with a 1:1 match for solar.</p>



<p>MIHS Roofing</p>	<p>Work on the new roof was completed over the summer. The project went extremely well. The contract had been structured to assume the replacement of 800 sheets of plywood underlayment given the age of the roof. 200 sheets were found to have minor water intrusion and were replaced. One area of low-slope roofing, adjacent to the Library, had water intrusion with damage. A through-wall scupper had damaged the framing for the parapet and wall below. This area was repaired with the removal of a small section of brick veneer and framing. New framing, brick, and metal coping were installed. The old collector box in this location was removed and a new design was installed at this and all similar conditions.</p> <p>There will be one change order on the project for a credit of approximately \$25,000. The contractor will complete their punchlist items by the end of September.</p>  <p><i>photo courtesy of Tim Taylor</i></p>
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<p>MIHS Stadium Lights</p>	<p>Work on these lights began in May. Old fixtures were removed and new cut-off fixtures with LED lamps were installed. New lighting controls as well as all new wire were pulled to each pole. The stadium was operational by the end of July. The new system is functioning well. The new fixtures significantly reduce the up-light glare and spill over light into the neighborhood.</p>  
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Bus Lot

The old rusted, broken, barb-wire topped fencing that surrounded the bus lot was replaced over the summer. Several sections of new fence were retained, and black shade cloth was installed on the fence between the Stadium and Bus Lot to provide an added sense of separation for Stadium users. In addition, the lot was seal coated and restriped over the summer.



photo courtesy of Tim Taylor

High School Entry

Staff has worked with Mahlum’s office over the summer to refine the design of the new security entry at the High School. Unlike the Elementary sites where an interior vestibule was created, the work at the High School will be on the exterior of the building. The addition will sit just to the north of the currently entry and will provide access adjacent to the main doors into a secure vestibule. Two pass-through windows will connect the area to the main office. Double glass doors with sidelights are planned for what is the existing exterior wall. Office staff will need to “buzz” visitors through and into the main corridor.

Construction drawings will be generated over the next month with a permit submittal to the City anticipated by late November. Staff will be working with the High School Principal and her staff to determine the new layout and configuration of the main office to facilitate the connection with the new addition. Staff anticipates coming back to the Board after the first of the year with a plan for construction.





Building section looking north (to Administration)



Building section looking east (into main hallway)



Admin Bldg	The large storefront doors and sidelight windows at the main entry to the building will be replaced by a double wall that creates an entry vestibule. The vendor has been selected, materials are on order, and we are optimistic the work can be done over the Holiday break in December. The system being used is aluminum, similar to the recent vestibule additions. The color of the metal and glass are still under consideration.
Levy Project Worksheet	Included as a separate file for the Board is a summary of the Levy projects that were completed over the summer, along with the anticipated work for the 2018/19 school year. This is an update to the document that was provided early in 2018.



MERCER ISLAND SCHOOL DISTRICT

LEVY PROJECT PLANNING

last update: 9/18/18 bf

	Included in original levy budget	Year(s) Scheduled for Work					
		2016/17 Completed	2017/18 Current Year	2018/19	2019/20	2021/22	2022/23
MERCER ISLAND HIGH SCHOOL							
	Roof Replacement	yes		<input checked="" type="checkbox"/>			
	Carpet / Flooring Replacement	yes		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Resurface Parking Lot	yes		<input type="checkbox"/>			<input type="checkbox"/>
	Restripe Parking Lot	yes		<input type="checkbox"/>			<input type="checkbox"/>
	Stadium Turf Replacement	yes	<input checked="" type="checkbox"/>				
	Stadium Track Renovations	yes	<input checked="" type="checkbox"/>				
	Stadium Lighting	yes					
	Engineering			<input checked="" type="checkbox"/>			
	Replace Lights			<input checked="" type="checkbox"/>			
	Turf Selected Practice Field	yes				<input type="checkbox"/>	
	Kitchen / Serving Reconfig	yes	no work planned				
	Tennis Court Resurface, Renovation & Lights	yes	<input checked="" type="checkbox"/>			<input type="checkbox"/>	
	Main Gym Bleacher Replacement	yes					<input type="checkbox"/>
	Main Gym Curtain Replacement	yes					<input type="checkbox"/>
	Greenhouse Replacement	yes		removed old	<input type="checkbox"/>	<input type="checkbox"/>	
	Gym Scoreboard	no		<input checked="" type="checkbox"/>			
	Security - Add secure entry	no			<input type="checkbox"/>		
ISLANDER MIDDLE SCHOOL							
	Restripe Parking Lot	yes	<input checked="" type="checkbox"/>		<input type="checkbox"/>		
	Track Replacement	yes				<input type="checkbox"/>	
	Miscellaneous Work (HVAC in Band Office)	no		<input checked="" type="checkbox"/>			
NORTHWOOD ELEMENTARY							
	Restripe parking & play	no		<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	Modify planting and asphalt at play area	no		<input checked="" type="checkbox"/>			
WEST MERCER ELEMENTARY							
	Roof Replacement	yes					<input type="checkbox"/>
	Carpet Replacement	yes			<input type="checkbox"/>	<input type="checkbox"/>	
	Resurface Parking Lot	yes				<input type="checkbox"/>	
	Restripe Parking Lot	yes	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
	Boiler/HWT Replacement	yes			<input type="checkbox"/>		
	Field Upgrades	yes	no work planned				
	Playgrounds - replace boarder and chips	yes		<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	Kitchen Equipment	yes			<input type="checkbox"/>	<input type="checkbox"/>	
ISLAND PARK ELEMENTARY							
	Roof Replacement	yes					<input type="checkbox"/>
	Carpet Replacement	yes				<input type="checkbox"/>	<input type="checkbox"/>
	Resurface Parking Lot	yes					<input type="checkbox"/>
	Restripe Parking Lot	yes	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
	Gym/MP Lighting Upgrade	yes	<input checked="" type="checkbox"/>				

	Included in original levy budget	Year(s) Scheduled for Work					
		2016/17 Completed	2017/18 Current Year	2018/19	2019/20	2021/22	2022/23
Playground - wood chips and maintenance	yes		<input checked="" type="checkbox"/>				
Kitchen Equipment	yes				<input type="checkbox"/>		<input type="checkbox"/>
Boiler/Hot water Tank Replacement	no						
LAKERIDGE ELEMENTARY							
Roof Replacement	yes						<input type="checkbox"/>
Carpet Replacement	yes						<input type="checkbox"/>
Resurface Parking Lot	yes						<input type="checkbox"/>
Restripe Parking Lot	yes	<input checked="" type="checkbox"/>		<input type="checkbox"/>			
Boiler/HWT Replacement	yes						<input type="checkbox"/>
Field Upgrades	yes	no work planned					
Gym/MP Lighting Upgrade	yes	<input checked="" type="checkbox"/>					
Playgrounds - chips and maintenance	yes		<input checked="" type="checkbox"/>		<input type="checkbox"/>		
Kitchen Equipment	yes						<input type="checkbox"/>
MISCELLANEOUS PROJECTS							
42nd Street Path	no	<input checked="" type="checkbox"/>					
ADA Improvements							
Stadium Lift - repair/replacement	no		<i>moved to 2018/19</i>	<input type="checkbox"/>			
Admin Building - Back Parking Lot Repaving	yes				<input type="checkbox"/>		
Admin Bldg Reception Area	yes		<i>moved to 2018/19</i>	<input type="checkbox"/>			
Bus Lot	yes	<input checked="" type="checkbox"/>					
Fencing			<input checked="" type="checkbox"/>				
Bleachers	yes		<i>no work planned</i>				
Elementary Office Security	no	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Furniture	yes		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
K-3 Class Size Reduction	yes						
IPE Portable Move		<input checked="" type="checkbox"/>					
Northwood Portables				<input type="checkbox"/>			
Landscape / Maint							
IMS / NWE / MIHS	yes		<input checked="" type="checkbox"/>	<input type="checkbox"/>			
District-wide Painting							
Interior	yes			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exterior	yes			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Security - camera system maintenance	yes			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Security - Radio Upgrades	no		<input checked="" type="checkbox"/>				
Special Education Upgrades	yes			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MARY WAYTE POOL							
Pool supply & return pipe lining	yes		<input checked="" type="checkbox"/>				
ESCO Grant Design & Planning	yes		<input checked="" type="checkbox"/>	<input type="checkbox"/>			
ESCO Grant Construction	yes			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



Study and Survey Update

Mercer Island School District



September 2018

2018 Study and Survey Update

Mercer Island School District

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| September 2018 |



BLRB architects

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Executive Summary

This Study and Survey has been prepared by BLRB Architects on behalf of the Mercer Island School District and under the direction of Superintendent Donna Colosky and the Facilities Department staff. The team's assignment has included, as part of the preparation of this Report, an update to the District's 2013 ICOS Evaluation. Work has been limited to "Chapter 1" of the District's OSPI Study and Survey. It is anticipated additional work on the remaining Chapters (Educational and Facilities Plan, Demographics and Enrollment Projections, and Facility Planning Implementation) will be completed at a future date and submitted to OSPI as a formal update to the District's Study and Survey.

EXISTING AND NEW FACILITY EVALUATION

The consulting team conducted an evaluation of the District's existing facilities using OSPI's Information and Conditions of Schools (ICOS) evaluation method, which establishes a numerical score for each facility. Since 2012, OSPI has changed their approach to evaluating schools. Rather than the hand scoring done through the Building Condition Assessment (BCA), OSPI has turned to ICOS, an on-line version of evaluating facilities.

ICOS is a web-based system where information and condition details, about facilities and sites operated by the District are documented and stored. ICOS meets the increasing demand for accurate school facility information and building condition data that supports statewide programs such as the School Construction Assistance Program (SCAP), District facility management, and school facility information requests or policy decisions. This information is also used to support the performance-based Asset Preservation Program which gauges how well the facilities, buildings, and sites are maintained.

ICOS benefits the Districts by providing functionality for inventory tracking, condition rating, record keeping, and comparative and report analysis. The scoring system of today does not equate to the system of old, BCA.

The score reflects building and site facilities in terms of their construction components. The educational adequacy and functionality to meet educational program needs at each facility was evaluated in 2009 and is not yet included in this update. However, changes and upgrades to technology have been noted in this report.

Island Park Elementary School

Island Park Elementary School was originally constructed in 1956 and was remodeled in 1995. The campus has two buildings that scored a weighted average of 76.32 overall utilizing the ICOS scoring method.

- **Structural**
The buildings have no serious concerns. However, their seismic design does not meet current standards.
- **Exterior**
The building exteriors are in good to fair condition. Some of the observed issues include minor water intrusion. It was noted that the roof on the Multi-Purpose Building could use better access for cleanability. The roofs are due for replacement in the near future.
- **Interior**
The building interiors are in good to fair condition. Some of the observed problems include soiled acoustical ceiling panels but the building is getting a little refresh this summer while the administration area is being reconfigured. The district has added a secure entry vestibule since the last study and survey.
- **Electrical**
The building is in fair to good condition. Video surveillance, fire alarm, access control, and wireless data systems have been recently upgraded. Telecommunications cabling to wall-mounted telecommunications devices are Category 5 cabling and do not support current transmission standards. The generator is connected to a single transfer switch with mixed emergency and standby loads, which is a deficiency relative to the NEC.

Executive Summary

- **Mechanical**
The systems are in fair to poor conditions. Student restrooms and corridors are not ventilated adequately. The electrical room is not ventilated for gas storage and there are duct leaks in the attic above the Multi-Purpose Building. The boilers and heating water pumps are nearing end of life. The control and HVAC systems are functioning but outdated. For the waste system, it was noted that there have been sewer backups in the past few years.
- **Site**
The buildings' site is in good to fair condition. The play area is adjacent to Island Crest Way which is not ideal, and the parking lot is cracked and settled.
Trees and light poles obstruct sight lines turning out of the parking lot onto Island Crest Way.
There are also two buildings on the site which is not the preferred configuration for security.

Lakeridge Elementary School

Lakeridge Elementary School was originally constructed in 1953 and was remodeled in 1995. It scored 80.92 overall utilizing OSPI's ICOS scoring.

- **Structural**
The building has no serious concerns. However, its seismic design does not meet current standards.
- **Exterior**
The building exterior is in good condition. The roof has been known to leak and there are missing and cracked shingles. It is due for replacement soon.
- **Interior**
The building interior is in good to fair condition. Sheet vinyl flooring is nearing the end of its serviceable life in restrooms.
- **Electrical**
The building is in fair to good condition. Video surveillance, fire alarm, access control, and wireless data systems have been recently upgraded. Telecommunications cabling to wall-mounted telecommunications devices are Category 5 cabling and do not support current transmission standards. The generator and security systems were reported by district maintenance as showing signs of age and may need to be planned for future replacement. The generator is connected to a single transfer switch with mixed emergency and standby loads, which is a deficiency relative to the NEC.
- **Mechanical**
The systems are in good to fair condition. The boilers and heating water pumps are nearing end of life and will need to be replaced soon. HVAC duct distribution is in need of cleaning. There is an outdated centralized air distribution system with reheat coils. The control system appears to be relatively newer. Fire service header is in good condition but sprinkler heads in classrooms are not quick response (but were code at the time of construction).
- **Site**
The building and site are moderately non-compliant with handicap accessibility due to the last time the school was remodeled.
The building site is in good to fair condition. Fencing does not adequately secure the property, the covered play area is too small, the parking lot and hard surface areas are cracked and settled, and there are problems with drainage on the site.

Executive Summary

West Mercer Elementary School

West Mercer Elementary School was originally constructed in 1964 and was remodeled in 1995. It scored 85.60 overall utilizing OSPI's ICOS scoring.

- **Structural**
The building has no serious concerns. However, its seismic design does not meet current standards and minor rusting was observed at exposed steel framing at the covered play-shed.
- **Exterior**
The building exterior is in good condition. The roof over the south covered walkway is in need of attention. The roof over the covered play-shed has poor drainage.
- **Interior**
The building interior is in fair to good condition. The wooden stage in the Multi-Purpose Room has a lot of wear, there is damage to wall corners in corridors.
- **Electrical**
The building is in fair to good condition. Video surveillance, access control, and wireless data systems have been recently upgraded. Telecommunications cabling to wall-mounted telecommunications devices are Category 5 cabling and do not support current transmission standards. Lighting fixtures throughout have some mismatched lamp color temperatures. Classroom AV systems include only VGA cabling and do not have audio enhancement. The generator and tank are severely rusted and is connected to a single transfer switch with mixed emergency and standby loads, which is a deficiency relative to the NEC.
- **Mechanical**
The systems are in poor to good condition. The boilers and pumps are in poor condition and nearing end of life. Replacement will be necessary in the near future. The HVAC systems are in fair condition and the attic has poor ventilation. The domestic water system is in fair to poor condition. No cooling is provided at the MDF room and is subsequently operating very warm. The control system is functioning but outdated.
- **Site**
The building and site are moderately non-compliant with handicap accessibility, and the outdoor platform in the internal courtyard is not accessible.
The building site is in fair to poor condition, due to poor draining soils on site, and uneven settlement in concrete walks present a tripping hazard and makes accessibility difficult.

Islander Middle School

Islander Middle School was originally constructed in 1958 and was remodeled in 1993. Classroom and Multi-Purpose additions to the 300 Building were completed in 2000. The older buildings on campus (100/200, and 300) scored a weighted average of 74.07* (score to be verified) overall utilizing OSPI's ICOS scoring.

The new building constructed in 2015 received a score of 96.94. Constructed in 2015 and occupied in 2016, it was designed for 21st Century learning, spaces are flexible and adaptable with significantly more transparency than the older buildings. The building has a small green roof over the entry and photovoltaics (PV) panels on the roof over the Commons, as well as energy dashboard technology that can be used as a teaching tool.

- **Structural**
The building has no serious concerns. However, its seismic design of the older buildings does not meet current standards.

Executive Summary

- Exterior
The 100/200, and 300 building exteriors are in fair condition with the exception of the roof on the 100/200 building. It is past the end of its life and in need of replacement.
- Interior
The 100/200 and 300 building interiors are in fair to poor condition. Carpet throughout and sheet flooring in the restrooms is at the end of its serviceable life. The New Building both interior and exterior is in excellent condition.
- Electrical
All systems in the new building are in excellent condition and address all required functionality. The older vintage buildings are in fair condition. Video surveillance, access control, fire alarm, and wireless data systems have been upgraded within the older vintage buildings. Power distribution systems within the older vintage buildings are beyond useful life. Telecommunications cabling to wall-mounted telecommunications devices within the older vintage buildings are Category 5 cabling and do not support current transmission standards. The older vintage buildings are served by a generator with a single transfer switch for mixed standby and emergency loads, which is not allowed by NEC.
- Mechanical
The systems are in excellent to poor condition. The new building HVAC and domestic water distribution systems are in excellent condition. In building 100/200, the HVAC and domestic water systems are in poor condition. Access to maintenance in the attic is difficult. The control system is functioning but outdated. In building 300, the boilers and water heaters were replaced in 2011 and still appear to be in excellent condition. The HVAC and domestic water distribution systems are in fair to poor condition.
- Site
The buildings and campus are now in compliance with handicap accessibility.
The building site is in excellent condition. The southeast parking lot has been redone under the 2015 campus improvements. Landscaping is in great condition.
There are three separate buildings on the site requiring the student body to move outdoors between buildings during class periods. This approach is not preferred from a security standpoint. In addition, there is no fencing to secure the outdoor student areas or buildings.

Mercer Island High School

Mercer Island High School was originally constructed in 1955 and was remodeled in 1997. Additions were constructed in 2012 for Music and in 2014 as extensions of the 100, 200, and 300 halls. The building scored 85.40 overall utilizing OSPI's ICOS scoring.

- Structural
The building has no serious concerns. However, its seismic design does not meet current standards, there is minor rust at exposed steel canopies at entries.
- Exterior
The building exterior is in good condition. The roof was replaced this summer (2018).
- Interior
The building interior is in good to fair condition. Walls are in good condition. Floor wear was observed in some areas, and some acoustical ceiling tiles have been damaged by water but with a new roof, this is more than likely taken care of.

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- Electrical

The building is in good to good condition. Existing lighting fixtures have been recently retrofitted with LED T8 type lamps. Video surveillance, access control, and wireless data systems have been recently upgraded. Telecommunications cabling to wall-mounted telecommunications devices in the older areas of the building are Category 5 cabling and do not support current transmission standards. In the newer additions, Category 6 cabling has been installed. The generator is connected to a single transfer switch with mixed emergency and standby loads, which is a deficiency relative to the NEC.

- Mechanical

The systems are in good to fair condition. The central HVAC systems are in good to fair condition, some systems are nearing end of life. The boilers and pumps were replaced in 2011 and in good condition, the chiller is showing signs of weathering but is in good operation. The domestic water system is in good condition and there is a mix of newer and older controls throughout the site.

- Site

The building and site are moderately non-compliant with handicap accessibility. The bus pullout along 92nd Avenue SE does not have easy accessibility into the building

The building site is in fair condition. Concrete at the bus pullout along 92nd Avenue SE is in like-new condition, at the pullout along 42nd Street SE, the concrete is in fair condition. Several of the campus' asphalt walks are cracked and settled and can be a challenge to accessibility.

Northwood Elementary School

Northwood Elementary School was constructed in 2015 and opened in 2016. It scored 98.91 overall utilizing OSPI's ICOS scoring. A two-story elementary school with the administration on the upper level near the parent drop off. The lower level is daylight and has access to the bus drop off area. The lower level has two areas -- the classroom area which can be separate from the gym and the more public area. Built for grades K through 5 it has approximately 22 general classrooms, pull out shared areas, a library, gymnasium, and lunch room.

Built for 21st Century learning, spaces are flexible and adaptable with lots of transparency. The building has a partial green roof and photovoltaics (PV) panels on the roof, as well as energy dashboard technology that can be used as a teaching tool.

- Exterior and Interior

It is in excellent condition.

- Electrical

The systems are new and in excellent condition.

- Mechanical

The systems are new and in excellent condition.

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Crest Learning Center

The Crest Learning Center was remodeled in 1997. It scored 84.63 overall utilizing OSPI's ICOS scoring.

- **Structural**
The building has no serious concerns. However, its seismic design does not meet current standards.
- **Exterior**
The building exterior is in good condition. Roofing is nearing the end of its life and is due for replacement.
- **Interior**
The building interior is in fair condition. Floors are in good condition.
- **Electrical**
The building is in fair to good condition. The exterior utility transformer is weathered/ rusting. Video surveillance, access control, and wireless data systems have been recently upgraded. Telecommunications cabling to wall-mounted telecommunications devices are Category 5 cabling and do not support current transmission standards.
- **Mechanical**
The building is in fair condition. The electrical/ telecommunications room has poor ventilation, the exhaust is poor in the student restrooms, and no exhaust has been provided for the teacher workroom. The domestic water system is in good condition and there is a new water heater. The HVAC systems are dated, 80% efficient gas furnaces, but functioning and in good condition.
- **Site**
The building and site are moderately non-compliant with handicap accessibility. The designated handicap parking stall is not accessible, and the accessible main entry had at the time of review, malfunctioning hardware.

District Administration Building

The District Administration Building was originally constructed in 1966 and had some tenant improvements in 1987. It has not been scored under the ICOS system due to the fact it does not house students. That said it has been entered to ICOS for overall inventory purposes.

- **Structural**
The building has no serious concerns. However, its seismic design does not meet current standards.
- **Exterior**
The building exterior is in good to fair condition. Walls, windows, and trim are in good condition.
- **Interior**
The building interior is in good to fair condition. Walls and floor are worn and a few acoustical ceiling tiles are water damaged.
- **Electrical**
The building is in fair to poor condition. The main electrical panel is in poor condition and is at end of usable life, making replacement parts not readily available. Video surveillance, access control, and wireless data systems have been recently upgraded. Telecommunications cabling to wall-mounted telecommunications devices are Category 5 cabling and do not support current transmission standards.

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- Mechanical

The building is in fair to poor condition. The second floor and warehouse are not sprinklered. The heating water system is poor condition. There is a fairly new chiller that is in excellent condition, but the HVAC systems are in need of replacement.

- Site

The building and site are severely non-compliant with handicap accessibility. Accessible parking requires patrons to cross vehicular traffic, entry paths are not fully compliant, there is no elevator or accessible path around the building, the employee kitchen is not accessible, the upper floor restrooms are not accessible, and many of the door handles do not have levers.

The building site is in good condition.

The building is not compliant in regard to current standards for fire separation and egress. There is no fire separation between the warehouse and adjoining spaces, the rated one-hour corridor does not appear to meet current standards, the upper floor only has one direct access to the outside, egress out of the bottom floor corridor is being obstructed by boxes and does not have panic hardware, and secondary egress out of the board room terminates into a planter.

Mary Wayte Pool

The Pool was originally constructed in 1973 by King County Parks through a property lease with the District. The District took ownership of the building from King County in 2011. The building has always been a pool, designed by Kirk, Wallace, McKinley Architects. It is a wood framed construction single story building with a mezzanine for viewing purposes. The building does not have an ICOS score due to the fact that it is not a facility that is utilized for instruction through the Mercer Island School District. It has been entered into ICOS for district tracking purposes however.

- Site

The site is in fair condition and has remained relatively unchanged since its construction.

- Electrical

The building is in fair to poor condition. The electrical distribution equipment shows significant corrosion and is in need of replacement. Branch wiring devices throughout appear damaged and show signs of corrosion. Lighting fixtures in some areas show corrosion and some are missing lenses. There is not a facility-wide telecommunications system, all data access is based on a residential-style service with router and distribution within the administration area only. There is no fire alarm system in the building.

- Mechanical

Mechanically, the systems are in fair to poor condition. There is extensive corrosion throughout the HVAC and plumbing systems. There is no fire protection system (and it is unknown if one would be required). The pool supply and drainage system was recently relined and appears to be functioning well.

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BUILDING AREA SQUARE FOOTAGE SUMMARY AND OSPI COMPARISON

Building	OSPI SF Area Inventory Record	
	November 2009	June 2018
Island Park Elementary School	49,399	49,399
Lakeridge Elementary School	51,946	51,946
West Mercer Elementary School	54,221	54, 221
Islander Middle School	119,935	169,085
Mercer Island High School	206,919	223,719
North Mercer Campus	70,717	n/a
Northwood Elementary School	n/a	77,277
Crest Learning Center	10,058	10,058
Totals	563,195	635,705
Difference		(72,510)

BUILDING CONDITION EVALUATION SCORE SUMMARY

Facility	Score	
	2013	2018
Island Park Elementary School	76.47	76.32
Lakeridge Elementary School	82.65	80.92
West Mercer Elementary School	88.18	85.60
Islander Middle School:		
- Main Building	74.07	74.07
- 300 Wing	71.46	71.46
- New Addition	--	96.94
Mercer Island High School	85.21	84.50
Northwood Elementary School	n/a	98.91
Crest Learning Center	85.78	84.63

End of Executive Summary

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