



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5447
June 26, 2018
Special Business**

FIRST/LAST-MILE SOLUTIONS: FREE-FLOATING BIKE SHARE PILOT PROPOSAL	Action: Authorize bike share pilot program	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	City Manager (Ross Freeman)
COUNCIL LIAISON	n/a
EXHIBITS	n/a
2018-2019 CITY COUNCIL GOAL	1. Prepare for Light Rail/Improve Mobility
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$
AMOUNT BUDGETED	\$
APPROPRIATION REQUIRED	\$

SUMMARY

BACKGROUND

At the December 5, 2017 City Council meeting, the City Manager initiated an ongoing discussion with the Council and community regarding implementation of the Sound Transit (ST) Settlement Agreement (see [AB 5370](#)). The funds awarded by the agreement are intended to provide mitigation in a number of areas identified by the community as top priorities, including first/last-mile [mobility solutions](#). Since last December, several study sessions have explored various means of achieving less reliance on single occupant vehicles (SOVs), especially with respect to daily commuters. In late April 2018, the City launched a 6-month sponsored rideshare pilot program in partnership with service providers Lyft and Uber to transport weekday commuters to and from the Mercer Island Park and Ride.

Reducing SOV usage not only decreases congestion on local streets and regional highways, but is also a sustainability goal of the City, and would help lower community-derived greenhouse gas (GHG) emissions – currently 45% of the Island’s total annual emissions are transportation-related.

At the March 20, 2018 Study Session, Council heard a variety of presentations on bicycle and pedestrian mobility opportunities, solutions, best practices, and demonstration projects, and invited a future pilot proposal by the bikeshare vendor LimeBike. At this time, the company is the only operator in the Seattle region with a significant and growing number of electric-assist bicycles in its fleet. Due to the hilly terrain of Mercer Island outside of Town Center, it is anticipated that E-bikes will encourage a far wider range of participants than pedal bikes alone. For some time, the City of Bellevue has been researching its own larger-scale bikeshare pilot, and other Eastside cities also are exploring the possibility.

In an effort to launch a small pilot program during the good weather period this summer, staff has continued discussions with LimeBike regarding options for a 3-month pilot program. The proposal delineates a range of options for a free-floating (i.e. no docking stations) bicycle rental program with different service levels and associated costs. Prospective users locate and unlock available bicycles using a simple smartphone app; rentals are available on a first-come, first-served basis, and reservations are not offered.

PILOT BIKESHARE OPERATIONS

Based on previous Council discussion, and questions from individual Councilmembers, the topics listed below have been researched in advance of Tuesday evening's presentation. The City has engaged with local mobility advocacy group *Neighbors in Motion* (NIM), and is currently conducting an online bikeshare survey to gather community questions and input -- preliminary results will be presented on Tuesday evening. Questions about the condition and adequacy of the City's bicycle infrastructure were also included as part of the 2018 Citizen Survey, presented recently at the May 15 Council Meeting.

1) Status of Bellevue's bikeshare pilot program

The City of Bellevue has conducted extensive scoping of the parameters it would likely require, and these were published in April 2018, along with the results of a community survey from fall 2017. Although a May or June launch was anticipated, a very thorough RFP process has delayed momentum and the launch date is currently unknown.

2) King County's existing bike helmet regulations

In King County, the Board of Health passed a helmet rule in 1993 (extended to Seattle in 2003) using its authority under State statute. Although the rule was never formally adopted by Mercer Island, it is in effect here and other nearby cities, and the MIPD has the discretion to enforce it. Due to the nature of free-floating bikeshare programs, there is no homebase at which to distribute helmets to users. In response to this issue, Seattle requires its current bikeshare vendors to educate users about the importance of helmet use via their smartphone apps and at outreach events.

3) Rules governing E-bicycles on the I-90 Trail (aka the Mountains to Sound Trail)

Due to the complexity of land ownership along Mercer Island's portion of the I-90 Trail, it is unclear which –if any– entity may have authority to determine new rules around the use of bicycles with electric-assist motors. A [new state law](#) allows lower-powered E-bikes with a maximum speed of 15mph (like those used by LimeBike) to operate on a “shared-use path or any part of a highway designated for the use of bicycles.” This law does not pre-empt existing stricter rules in local jurisdictions, such as those that were historically in effect in Seattle. However, on May 28, 2018, the Seattle Parks Department started a 12-month pilot program setting a 15-mph speed limit and allowing E-bikes on some of its major trails including its portion of the I-90 Trail and the heavily used Burke-Gilman Trail.

4) MI City Code regarding riding on sidewalks

Mercer Island has adopted the Model Traffic Ordinance (MTO), which permits bicycles on the sidewalk except in a business district (see WAC 308-330-555). Note: Bicycles may be ridden today on sidewalks in downtown Seattle and Bellevue, as long as it is done in a prudent manner so as not to endanger other users.

5) MI City Code regarding bicycle parking

Through the City's adoption of the MTO, the following rules currently apply (see WAC 308-330-550): “No person shall park a bicycle upon a highway other than: (1) off the roadway except in designated areas; (2) upon the sidewalk in a rack to support the bicycle; (3) against a building; or (4) in such manner as to afford the least obstruction to pedestrian traffic.”

6) Potential hubs on City land for daily bikeshare fleet rebalancing

Based on discussions with a wide range of staff familiar with the City streets and Rights of Way, the following City-owned or leased locations are suggested as the first *potential* hubs to consider for the staging of small clusters of rental bicycles. With a proposed fleet size of approximately 25 bicycles, not all of these locations will be needed, and some may host more bicycles than others. Insight from the vendor will be valuable in determining the best allocations. While users in free-floating systems are not required to return bicycles to specific locations, such behavior could possibly be encouraged with ride credits. As part of the pilot, the vendor would be expected to move bicycles to these hubs locations on a regular basis in order to provide convenient access to the greatest number of users (i.e. fleet rebalancing). These hub locations could be signed or striped if it becomes necessary for an orderly program.

- MI Park & Ride: small City ROW parcel at SE corner near 80th Ave
- Community and Event Center: main entrance
- City Hall: main entrance
- Fire Station 91: entry plaza/arbor
- Mercedale Park: entry plaza at NE corner
- Chamber of Commerce: ROW parcel in plaza area in front of I Luv Pho
- Congregational Church: City-leased Park & Ride stall
- South End QFC Shopping Plaza: location TBD
- Other locations: to be explored

7) Possibility of discouraging some parking locations via app geo-fencing

The technology to track individual bicycles is built into the vendor's software, and it may be possible for the smartphone app to discourage attempts at terminating rentals in undesirable areas (such as the middle of Pioneer Park, for example). It may also be possible to incentivize parking in areas where more future users might encounter the bicycle (for example, within Town Center, or at a City-designated hub).

PILOT BIKESHARE PROPOSAL

Listed below are three-month pilot bikeshare program options with a range of services and associated costs, as provided by bikeshare vendor LimeBike; these will be discussed in more detail during the presentation on Tuesday evening.

Option (A): Monthly Cost = \$1,300 to \$1,625

- 3 months
- 20-25 bikes, all electric fleet
- \$130 monthly cost per bike, split between LimeBike and the City (i.e. City pays **\$65/mo/bike**)
- Daily rebalancing Monday to Friday
- 2-hour response time for safety issues; 24-hour for parking issues
- Usage data shared via online admin tool

Option (B): Monthly Cost = \$1,000 to \$1,250

- 3 months
- 20-25 bikes, all electric fleet
- \$130 monthly cost per bike, split (60/40) between LimeBike and City (i.e. City pays **\$50/mo/bike**)
- Rebalancing 3x/week: Monday/Wednesday/Friday
- 2-hour response time for safety issues; 24-hour for parking issues
- Usage data shared via online admin tool

Option (C): Monthly Cost = \$0

- 3 months
- 20-25 bikes, mix of pedal and electric models
- **No fee** per bike
- Weekly rebalancing
- 2-hour response time for safety issues; 24-hour for parking issues
- Usage data shared via online admin tool

The City has asked that any option be launched with a free ride to first time users, and that program outreach be conducted at Summer Celebration (July 14 & 15). LimeBike is also interested in exploring the testing of electric-scooters in the Town Center area; these would be used on sidewalks and collected nightly. This concept could be revisited if and when larger bikeshare programs in surrounding cities draft scooter regulations and launch pilot programs testing their appropriate use.

Staff recommends Option A for a period of three months (to start by mid-July) in order to secure daily rebalancing which may prove important for optimal usage of a fairly small initial fleet. Option A also provides an all-electric fleet which will likely encourage a wider range of riders and allow users to much more easily climb hills and reach destinations outside of Town Center.

RECOMMENDATION

Sustainability & Communications Manager

MOVE TO: Authorize staff to proceed with Option A for a free-floating bikeshare pilot program to launch summer of 2018.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5441
June 26, 2018
Special Business**

PLANNING COMMISSION'S RECOMMENDATION FOR CODE CLEANUP AMENDMENT (1ST READING)	Action: Conduct first reading of the Code Cleanup Amendment and provide staff direction	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	Development Services Group (Evan Maxim)
COUNCIL LIAISON	n/a
EXHIBITS	1. Proposed Ordinance No. 18C-05 with Attachment A 2. Staff Report Planning Commission 3. Written Public Comments
2018-2019 CITY COUNCIL GOAL	6. Update Outdated Codes, Policies and Practices
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

Following adoption of the Residential Development Standards in the fall of 2017, City Council directed staff to periodically review the Mercer Island City Code (MICC) to ensure that the code is consistent and free of errors. The currently proposed amendments represent the first periodic update. The proposed amendments consist of clarifying language in existing code, as well as ensuring that the code is consistent with the definitions found in MICC 19.16.

Staff has identified code sections that will require amendments. The code sections proposed for amendment at this time are simple in scale and involve minor edits to the code to improve consistency and correct errors. Specifically, the proposed amendments to the Mercer Island City Code (MICC) are intended to:

1. Improve consistency between different sections of the code;
2. Ensure that the code is consistent with the intent of the City Council;
3. Correct errors in typography and wording; and,
4. Clarify the zoning map legend related to the Public Institution zoning designation.

Staff provided a brief overview of the code cleanup amendment at the Planning Commission meeting on February 21, 2018. At this meeting, the Planning Commission directed staff to add an amendment to the code pertaining to the abbreviation of the Public Institution zone, changing the zoning map representation of this zone from "P" to "PI". Following the conclusion of the public hearing that was initiated on April 18, 2018 and continued and concluded on May 16, 2018, the Planning Commission recommended that City Council

adopt the proposed “clean up” amendments to the MICC.

RECOMMENDATION

Interim Director of Development Services

Conduct first reading and provide staff initial direction for changes to Ordinance 18C-05

MOVE TO: Set Ordinance No. 18C-05 for second reading and adoption on July 17, 2018

**CITY OF MERCER ISLAND
ORDINANCE NO. 18C-05**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND AMENDING
MERCER ISLAND CITY CODE TITLES 17 AND 19 MICC REGARDING
CODE AMENDMENTS TO CLARIFY DEVELOPMENT STANDARDS**

WHEREAS, the Mercer Island City Code (MICC) establishes development regulations that are intended to result in the implementation of the Mercer Island Comprehensive Plan pursuant to RCW 36.70A.040; and,

WHEREAS, the Mercer Island City Council determined that amendments to the development regulations were necessary to ensure that residential development was occurring consistent with the provisions of the Mercer Island Comprehensive Plan; and,

WHEREAS, the Mercer Island City Council directed the Planning Commission to periodically review Title 19 of the Mercer Island City Code and recommend amendments to clarify the regulations to the City Council; and,

WHEREAS, the Mercer Island Planning Commission held a public hearing on April 18, 2018, and held two public meetings to consider clarifying amendments to the development standards; and

WHEREAS, the Mercer Island Comprehensive Plan Land Use Element and Housing Element establish numerous goals and policies that are implemented through the adoption of revised development standards; and,

WHEREAS, a SEPA Determination of Non Significance was issued by the City on April 16, 2018; and,

WHEREAS, the Washington Department of Commerce granted expedited review of the proposed amendments to the development regulations on June 11, 2018;

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

Section 1: **Adoption of amendments to Titles 17 and 19 of the Mercer Island Municipal Code.** The amendments to the Mercer Island City Code as set forth in Attachment “A” to this ordinance are hereby adopted.

Section 2: **Codification of the regulations.** The City Council authorizes the Development Services Group Director and the City Clerk to correct errors in Attachment A, codify the regulatory provisions of the amendment into Titles 17 and 19 of the Mercer Island City Code, and publish the amended code.

Section 3: **Interpretation.** The City Council authorizes the Development Services Group Director to adopt administrative rules, interpret, and administer the amended code as necessary to implement the legislative intent of the City Council.

Section 4: **Severability.** If any section, sentence, clause or phrase of this ordinance or any municipal code section amended hereby should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause or phrase of this ordinance or the amended code section.

Section 5: **Ratification.** Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 6: **Effective Date.** This Ordinance shall take effect and be in force on 5 days after its passage and publication.

PASSED by the City Council of the City of Mercer Island, Washington at its regular meeting on the _____ day of _____ 2018 and signed in authentication of its passage.

CITY OF MERCER ISLAND

Debbie Bertlin, Mayor

Approved as to Form:

ATTEST:

Kari Sand, City Attorney

Deborah A. Estrada, City Clerk

Date of Publication: _____

PLANNING COMMISSION – RECOMMENDATION DRAFT
Draft Zoning Text Amendments
2018 Code Cleanup

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- 17.01.010 Adoption.
 - 19.01.040 Zone establishment.
 - 19.02.020 Development standards.
 - 19.02.050 Fences, retaining walls and rockeries.
 - 19.05.010 Public institution – P.
 - 19.05.020 Parking requirements.
 - 19.08.050 Final plats.
 - 19.10.060 Tree removal – Associated with a development proposal.
 - 19.16.010 Definitions.
- “Normal Text” is existing code language
“~~Strikethrough Text~~” is existing code language that will be deleted
“Underline Text” is new code language that will be added
“...” represents that existing code language is omitted and will not be amended

1 Chapter 17.07
2 INTERNATIONAL FIRE CODE

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4 17.07.010 Adoption

5 The 2015 Edition of the International Fire Code (IFC), as adopted and amended by the State Building
6 Code Council in Chapter 51-54 WAC, as published by the International Code Council, is adopted by
7 reference, together with the amendments and additions set forth below. The codes, appendices, and
8 standards set forth in this chapter shall be filed with the city clerk and a copy made available for use and
9 examination by the public, pursuant to RCW 35A.12.140.

10 The following appendices of the 2015 Edition of the International Fire Code are also adopted by
11 reference: Appendix B – Fire-Flow Requirements for Buildings; Appendix C – Fire Hydrant Locations and
12 Distribution; Appendix D – Fire Apparatus Access Roads; and Appendix J – Building Information Sign.

13 The geographic limits referred to in certain sections of the 2015 International Fire Code are hereby
14 established as follows:

15 Section 6104.2 (geographic limits in which the storage of liquefied petroleum gas is restricted for the
16 protection of heavily populated or congested areas): Zones TC, MF-2, MF-3 and ~~PP~~PI as defined in MICC
17 Title 19, Unified Land Development Code.

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1 Chapter 19.01
2 GENERAL PROVISIONS

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4 19.01.040 Zone establishment.

A.	Zone	Symbol
	Single-Family	R-8.4
	Single-Family	R-9.6
	Single-Family	R-12
	Single-Family	R-15
	Multiple-Family	MF-2L
	Multiple-Family	MF-2
	Multiple-Family	MF-3
	Business	B
	Planned Business	PBZ
	Commercial Offices	C-O
	Public Institution	PPI
	Town Center	TC

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7 G. When uncertainty exists as to the boundaries of any zones shown on any zone map, the following
8 rules shall apply:

9 1. Boundaries shown on a map as approximately following street lines or lot lines shall be
10 construed as actually following such lines.

11 2. Where a boundary between zones divides a lot into two or more pieces, the entire lot shall be
12 deemed to be located in the first zone on the following list in which any part of the lot is
13 located: R-15, R-12, R-9.6, R-8.4, MF-2L, MF-3, MF-2, ~~PPI~~, PBZ, C-O, TC, and B. The location of the
14 zone boundary shall be determined by use of the scale appearing on the zone map unless the
15 location of the boundary is indicated by dimensions.

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1 Chapter 19.02
2 RESIDENTIAL

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4 19.02.020 Development Standards

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6 C. Yard Requirements.

7 1. Minimum. Except as otherwise provided in this section, each lot shall have front, rear, and
8 side yards not less than the depths or widths following:

9 a. Front yard depth: 20 feet or more.

10 b. Rear yard depth: 25 feet or more.

11 c. Side yards shall be provided as follows:

12 i. Total Depth.

13 (a) For lots with a lot width of 90 feet or less, the sum of the side yards'
14 depth shall be at least 15 feet.

15 (b) For lots with a lot width of more than 90 feet, the sum of the side
16 yards' depth shall be a width that is equal to at least 17 percent of the
17 lot width.

18 ii. Minimum Side Yard Depth.

19 (a) The minimum side yard depth abutting an interior lot line is five feet
20 or 33 percent of the aggregate side yard total depth, whichever is
21 greater.

22 (b) The minimum side yard depth abutting a street is five feet.

23 iii. Variable Side Yard Depth Requirement. For lots with an area of 6,000 square
24 feet or more, the minimum side yard depth abutting an interior lot line shall be
25 the greater of the minimum side yard depth required under subsection
26 (C)(1)(c)(ii) of this section, or as follows:

27 (a) Single-family dwellings shall provide a minimum side yard depth of
28 seven and one-half feet if the building:

29 (1) For nongabled roof end buildings, the height is more than 15
30 feet measured from existing or finished grade, whichever is
31 lower, to the top of the exterior wall facade adjoining the side
32 yard; or

33 (2) For gabled roof end buildings, the height is more than 18
34 feet measured from existing or finished grade, whichever is
35 lower, to the top of the gabled roof end adjoining the side yard.

(b) Single-family dwellings with a height of more than 25 feet measured from the existing or finished grade, whichever is lower, to the top of the exterior wall facade adjoining the side yard shall provide a minimum side yard depth of 10 feet.

3. Intrusions into Required Yards.

a. Minor Building Elements.

i. Except as provided in subsection (C)(3)(a)(ii) of this section, porches, chimney(s) and fireplace extensions, window wells, and unroofed, unenclosed outside stairways and decks shall not project more than three feet into any required yard. Eaves shall not protrude more than 18 inches into any required yard.

ii. No penetration shall be allowed into the minimum side yard setback abutting an interior lot line except where an existing flat-roofed house has been built to the interior side yard setback line and the roof is changed to a pitched roof with a minimum pitch of 4:12, the eaves may penetrate up to 18 inches into the side yard setback.

b. ~~Platforms, Walks, Hardscape and Driveways. Platforms, walks, stairs, Hardscape and driveways~~ not more than 30 inches above existing grade or finished grade, whichever is lower, may be located in any required yard.

19.02.050 Fences, retaining walls and rockeries

E. Fences and Gates.

1. Fences or Gates in Required Yard.

a. Height Limits.

i. Side and Rear Yards. ~~Fences, and gates, or any combination of retaining walls, rockeries and fences~~ are allowed to a maximum height of 72 inches within required side or rear yards, provided the combined height of a fence and retaining wall or rockery for a fill slope authorized pursuant to MICC 19.02.050(D)(5) shall not exceed a total height of 72 inches.

ii. Front Yards. Fences, gates, or any combination of retaining walls, rockeries and fences are allowed to a maximum height of 42 inches within required front yards.

1 Chapter 19.05
2 SPECIAL PURPOSE

3

4 Sections:

5 19.05.010 Public institution – PPI.

6 19.05.020 Parking requirements.

7 19.05.010 Public institution – PPI.

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9 19.05.020 Parking requirements.

10 A. The following parking requirements apply to all uses in the PPI zone.

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1 Chapter 19.08
2 SUBDIVISIONS

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4 19.08.050 Final Plats

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6 C. Contents of the Final Plat. All final plats submitted to the city shall meet the requirements set out in
7 Chapter 58.09 RCW, Chapter 332-130 WAC, and those requirements set out below.

8 Final plat documents submitted to the city shall contain the information set out below. The final plat
9 documents shall be drawn on an 18-inch by 24-inch sheet size, allowing one-half inch for borders. The
10 index sheet must show the entire subdivision, with street and highway names and block numbers.

11 1. Identification and Description.

12 a. Name of the long subdivision, short subdivision or lot line revision.

13 b. A statement that the long subdivision or short subdivision has been made with the
14 free consent and in accordance with the desires of the owner or owners.

15 c. Location by section, township and range, or by other legal description.

16 d. The name and seal of the registered engineer or the registered land surveyor.

17 e. Scale shown graphically, ~~date~~datum and north point. The scale of the final plat shall
18 be such that all distances and bearings can be clearly and legibly shown thereon in their
19 proper proportions. Where there is a difference between the legal and actual field
20 distances and bearings, both distances and bearings shall be shown with the field
21 distances and bearings shown in brackets.

22 f. A legal description of property platted which shall be the same as that recorded in
23 preceding transfer of said property or that portion of said transfer covered by plat.
24 Should this legal description be cumbersome and not technically correct, a true and
25 exact legal description shall be shown upon the plat, together with original legal
26 description. The correct legal description shall follow the words: "The intent of the
27 above legal description is to embrace all the following described property."

28 g. A vicinity map showing the location of the plat relative to the surrounding area.

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1 Chapter 19.10
2 TREES

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4 19.10.060 Tree removal – Associated with a development proposal.

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6 B. Commercial or Multifamily Zoning Designations – Tree Removal.

7 1. In the PPJ, B, C-0, PBZ, TC, MF-2, MF-2L, and MF-3 zoning designations a tree permit is
8 required and will be granted if it meets any of the following criteria:

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1 Chapter 19.16
2 DEFINITIONS

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4 19.16.010 Definitions

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6 Average Building Elevation: The reference point on the surface topography of a lot from which building
7 height is measured. The elevation in the R-8.4, R-9.6, R-12, and R-15 zoning designations is established
8 by averaging the elevation at existing grade or finished grade, whichever is lower (reference: MICC
9 19.02.020(E)(4)). The elevation in the PPI zoning designation is established by averaging the elevation at
10 existing grade. The elevation points to be averaged shall be located at the center of all exterior walls of
11 the completed building; provided:

12 ...

13 Major Single-Family Dwelling Building Permit: A building permit for:

- 14 1. A new single-family dwelling on a vacant lot or as replacement of an existing or demolished
15 building; or
- 16 2. Any change to a single-family dwelling that requires a building permit and results in any of the
17 following:
- 18 a. An increase in the existing maximum building height above the highest point of the
19 building, except for a reroof that increases the highest point of the building by 12 inches
20 or less;
 - 21 b. A reduction in any existing side yard;
 - 22 c. An increase in the existing gross floor area of more than 500 square feet; or
 - 23 d. An increase in the existing ~~impervious surface~~ lot coverage ~~on the lot~~ of more than
24 100 square feet.

25 ...

26 Slope: A measurement of the ~~average~~ incline of a lot or other piece of land calculated by subtracting the
27 lowest existing elevation from the highest existing elevation, and dividing the resulting number by the
28 shortest horizontal distance between these two points.

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**CITY OF MERCER ISLAND
PLANNING COMMISSION**

AGENDA ITEM NO. 2

DATE: April 18, 2018

File No.:	ZTR18-003
Description:	This proposal is for an amendment intended to clean up the Mercer Island City Code in order to improve clarity and consistency between different sections of the Code.
Sponsor:	City of Mercer Island, Development Services Group
Exhibits:	<ol style="list-style-type: none">1. Draft Ordinance Amending MICC Titles 17 and 192. Draft Zoning Text Amendments (Attachment "A" to the Ordinance)3. Public Notice of Application and Notice of Public Meeting Issued by the City of Mercer Island on March 14, 20184. Public Re-Notice of Application and Re-Notice of Public Meeting Issued by the City of Mercer Island on April 16, 20185. Determination of Non-significance SEP18-004, dated April 16, 2018
Staff Contact:	Andrew Leon, Planner

I. SUMMARY

The City of Mercer Island is proposing amendments to Mercer Island City Code (MICC) Titles 17 and 19. The proposed amendments are intended to clean up the code in order to improve consistency between different sections of the code, to ensure that the code is consistent with the intent of the City Council, and to correct errors in typography and wording. The amendments will affect residential development standards, subdivision regulations, and definitions within the MICC.

Following adoption of the Residential Development Standards, the City Council directed staff to periodically review the MICC to ensure that it is consistent and free of errors. The currently proposed amendment is necessary to ensure that this objective is met. The proposed amendment consists of clarifying language in existing code, as well as ensuring that the code is consistent with the definitions found in MICC 19.16.

Staff has identified code sections that will require amendment. The code sections proposed for amendment at this time are simple in scale and involve minor edits to the code to improve consistency and correct errors. More complex code amendments will be addressed at a later date following creation

of the “user group”, and/or as the part of larger code update processes (i.e. Shoreline Master Program, Town Center, etc.).

II. PROCEDURAL REQUIREMENTS

The City issued a combined Notice of Application and Notice of Public Hearing on March 14, 2018. No letters of comment were received during the comment period, which ran from March 14, 2018 through April 13, 2018. It was determined that this proposal would not have a probable significant adverse impact on the environment, and a Determination of Non-Significance (DNS) was issued on April 16, 2018 (Exhibit 5). The DNS was published in the City’s permit bulletin and posted at City Hall on April 16, 2018. A Notice of Open Record Hearing was published in the Mercer Island Reporter on March 14, 2016, and re-noticed on April 16, 2018.

A Development Code amendment is a legislative action set forth in MICC 19.15.010(E). Applicable procedural requirements for a legislative action are contained within MICC 19.15.020, including the provision that the Planning Commission conduct an open record public hearing for all legislative actions. On April 18, 2018, the Planning Commission is scheduled to hold an open record public hearing on this matter to obtain comments from the public and deliberate on this proposed amendment. The Planning Commission will subsequently forward a recommendation for action to the City Council. As the final decision making authority for legislative actions, the City Council will then consider the matter in an open public meeting prior to taking final action. The date of the City Council’s first reading is yet to be scheduled.

III. CRITERIA FOR REVIEW

There are no specific criteria listed in the Mercer Island City Code for a code amendment. However, the proposed amendments cannot be inconsistent with the goals and policies set forth in the City’s Comprehensive Plan. Staff conducted a review of the Comprehensive Plan in light of the proposed amendments and has identified no areas of conflict or inconsistency.

Staff finds that the proposed code text amendments are consistent with the following comprehensive plan goals and polices:

Land Use Policy 15.1: Existing land use policies, which strongly support the preservation of existing conditions in the single family residential zones, will continue to apply. Changes to the zoning code or development standards will be accomplished through code amendments.

Housing 1.1: Ensure that zoning and City code provisions protect residential areas from incompatible uses and promote bulk and scale consistent with the existing neighborhood character.

Housing 1.2: Promote single family residential development that is sensitive to the quality, design, scale and character of existing neighborhoods.

Housing 1.4: Preserve the quality of existing residential areas by encouraging maintenance and revitalization of existing housing stock.

IV. FINDINGS & ANALYSIS

The following chart summarizes the proposed changes, which are fully contained within Exhibit 2:

Regulation	Amendments
1. Variable Side Yard Setbacks	<p>a. MICC 19.02.020(C)(1)(c)(iii)((2))(b) is proposed to be amended to require the lower of the existing or finished grade to be used to determine if a building’s wall height exceeds 25 feet, and therefore would require a 10-foot setback from an adjacent side property line.</p> <p>Basis for Change: <i>Setting the base line for the wall height measurement to the lower of the existing and finished grade will make this code consistent with other sections of the Residential Development Standards. In particular, this will ensure consistency with MICC 19.02.020(C)(1)(c)(iii)((2)).</i></p>
2. Lot Coverage	<p>a. MICC 19.02.020(C)(3)(b) is proposed to be amended to change “Platforms, Walks, and Driveways” to “Hardscape and Driveways.”</p> <p>Basis for Change: <i>Patios and other types of hardscape are not currently included in MICC 19.02.020(C)(3)(b). Changing the text to “Hardscape and driveways” will include all types of hardscape in the allowed intrusions into required yards.</i></p>
3. Final Plats	<p>a. MICC 19.08.050(C)(1)(e) is proposed to be amended to require “Scale shown graphically, datum, and north point” for final plats. The code currently requires “Scale shown graphically, date, and north point.”</p> <p>Basis for Change: <i>This amendment will correct a typo in the code. The correct work for this section is “datum.”</i></p>
4. Definitions	<p>a. The definition for Major Single-Family Dwelling Permit in MICC 19.16 has been amended to be any change to a single-family dwelling that requires a building permit and results in an increase in the existing lot coverage of more than 100 square feet.</p> <p>Basis for Change: <i>Impervious surface is no longer used for lot coverage limitations on single-family residences under the revised Residential Development Standards code. The lot coverage limitations, as set forth in MICC 19.02.020(F), have replaced limits for impervious surface.</i></p> <p>b. The definition of Slope in MICC 19.16 has been amended to require lot slope to be measured using the high and low point of the lot as they existed before the proposed development. The definition is also being amended for clarity.</p> <p>Basis for Change: <i>Other sections of the code explicitly state that the existing or finished grade be used for calculations. As the definition for slope exists now a developer could grade a lot such that the overall slope is reduced, thereby allowing additional lot coverage.</i></p>
5. Zoning Designations	<p>a. The abbreviation for the Public Institution zone has been changed from “P” to “PI.” This amendment affects various sections of Title 19, as well as MICC 17.07.010 and the City of Mercer Island zoning map.</p> <p>Basis for Change: <i>The current abbreviation for the Public Institution zone,</i></p>

	<i>“P,” does not clearly describe the zone. “P” can easily be mistaken for other meanings, such as “Park.” Changing the abbreviation of the Public Institution zone to “PI” will help to prevent such confusion.</i>
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V. STAFF RECOMMENDATION

Based on the analysis and findings included herein, staff recommends to the Planning Commission the following:

Recommended Motion: Move to recommend that the City Council approve the proposed amendments to Mercer Island City Code (MICC) Title 17 and 19, as detailed in Exhibits 1 and 2.

Alternative Motion: Move to recommend that the City Council approve the proposed amendments to Mercer Island City Code (MICC) Title 17 and 19, as detailed in Exhibits 1 and 2, provided that the proposed shall be modified as follows: *[describe modifications]*.

Andrew Leon

From: Evan Maxim
Sent: Monday, April 16, 2018 8:41 AM
Cc: Andrea Larson
Subject: FW: April 18, 2018 Planning Commission Meeting-Agenda Item 2
Attachments: MICC - Proposed Amendment to 19.02.050(E).docx

Dear Planning Commissioners,

Please see the public comment related to your meeting this Wednesday, below and attached.

Regards,

Evan Maxim

Planning Manager
City of Mercer Island Development Services
9611 SE 36th Street, Mercer Island, WA 98040
p: 206.275.7732
f: 206.275.7726

From: Dan Grausz <dangrausz@gmail.com>
Sent: Saturday, April 14, 2018 7:04 PM
To: Evan Maxim <evan.maxim@mercergov.org>
Subject: April 18, 2018 Planning Commission Meeting-Agenda Item 2

Evan: I would appreciate it if you could forward this email to the members of the Planning Commission.

Commissioners: in the course of researching what I needed to do to replace an old retaining wall and fence on one of our property boundaries abutting a side yard, I discovered that an error was made in the Residential Development Code amendments that we all worked on last year. Under the prior Code:

- a side or rear yard retaining wall for a cut slope could extend up to 144 inches and a fence on top of it could extend up to an additional 72 inches.
- a side or rear yard retaining wall for a fill slope could extend up to 72 inches and the retaining wall and fence together could also extend up to 72 inches.
- a front yard retaining wall (cut slope or fill slope) and fence together could extend up to 42 inches.

In the new Code, we deleted and added text in 19.02.050(D) and (E) with the result being that:

- a side or rear yard retaining wall (cut slope) **by itself** can extend up to 144 inches. HOWEVER, if one puts a fence on top of it, the **combined** height cannot exceed 72 inches.
- as with the old Code, a side or rear yard retaining wall for a fill slope could extend up to 72 inches and the retaining wall and fence together could also extend up to 72 inches.
- as with the old Code, a front yard retaining wall (cut slope or fill slope) and fence together can extend up to 42 inches.

As a former Councilmember, I can say without any doubt that this seemingly nonsensical change was not something the Council made in order to effectuate some type of policy change. I also do not recall the Planning Commission ever

focusing on this. Why would one ever say that a cut slope retaining wall by itself can be twice as high as a cut slope retaining wall plus fence?

I would appreciate the Commission considering the attached amendment to “correct an error in wording” which is one of the purposes of Agenda Item #2. I have included two versions of this as even the old Code’s reasoning for distinguishing cut slopes and fill slopes when it came to fences on top of them is not apparent. The result of Version 1 of the Amendment would be to restore the prior outcome that allowed up to 72 inches of fence on top of a side yard or rear yard cut slope retaining wall. Version 2 would allow up to 72 inches of fence on top of both a cut slope and fill slope retaining wall (it would not change the limit of 72 inches for the fill slope retaining wall itself). If the Commission endorses either of these changes, I am sure staff will provide any language improvements it deems appropriate.

Thank you in advance for your consideration of this change.

Dan Grausz
dangrausz@gmail.com
206-669-3899



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

**AB 5446
June 26, 2018
Special Business**

FIRST QUARTER 2018 FINANCIAL STATUS REPORT	Action: Receive report.	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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DEPARTMENT OF	Finance (Chip Corder)
COUNCIL LIAISON	n/a
EXHIBITS	1. First Quarter 2018 Financial Status Report
2018-2019 CITY COUNCIL GOAL	n/a
APPROVED BY CITY MANAGER	

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

The First Quarter 2018 Financial Status Report, which focuses on the General Fund and real estate excise tax (REET), is attached as Exhibit 1. There are no budget adjustments included with this report.

RECOMMENDATION

Finance Director

No Council action needed. Receive report.

City of Mercer Island
FINANCIAL STATUS REPORT
First Quarter 2018

FOREWORD

The Financial Status Report provides a summary budget to actual comparison of revenues and expenditures for the General Fund (four times a year) and all other funds (twice a year) through the end of the most recently completed fiscal quarter. Revenue and expenditure comparisons are also made to the same period in the prior year. In addition, a comprehensive progress update on the City's Capital Improvement Program (CIP) is included twice a year in the second and fourth quarter reports. A separate fund balance analysis for every fund is included annually in the fourth quarter report as well. Finally, if needed, budget adjustments are identified in a separate section of this report, along with a budget amending ordinance.

This report is comprised of the following three sections:

- General Fund
- Real Estate Excise Tax (REET)
- Budget Adjustments

It should be noted that, where significant, revenues are recognized when earned, regardless of when cash is received, and expenditures are recognized when a liability has been incurred or when resources have been transferred to another fund. Also, in the case of the General Fund, the budgeted beginning fund balance, which corresponds to the Council-approved "cash carryover" of net excess resources from a prior year, is separately identified.

GENERAL FUND

The General Fund ended the first quarter of 2018 with total revenues slightly above (18.2 percent) the 18 percent budget target and total expenditures modestly above (26.3 percent) the 25 percent budget target. Total resources, which include budgeted beginning fund balance of \$1.27 million, trailed total expenditures by \$1.44 million through March 31, 2018; however, this is normal and is directly related to the timing of property tax receipts. This temporary deficit position will be completely erased by the end of April 2018.

Revenues

Comparing total actual to total budgeted revenues through the first quarter of the year, the General Fund is 18.2 percent of budget in 2018 versus 18.4 percent of budget in 2017 (see table below).

**GENERAL FUND: Revenues
Through March 31, 2017 and 2018**

Revenue Category	Actual			Budget		% of Budget	
	3/31/17	3/31/18	% Chg	2017	2018	2017	2018
Property Tax	1,033,197	920,436	-10.9%	11,873,878	12,159,785	8.7%	7.6%
General Sales Tax (0.85%)	1,047,554	1,064,491	1.6%	4,521,000	4,580,000	23.2%	23.2%
Utility Taxes	1,237,528	1,177,450	-4.9%	4,164,200	4,216,700	29.7%	27.9%
Licenses, Permits & Zoning Fees	882,975	923,446	4.6%	3,491,500	3,381,500	25.3%	27.3%
Recreation Program Fees	263,610	368,767	39.9%	1,630,318	1,668,815	16.2%	22.1%
EMS Levy & Charge for Service	320,273	340,289	6.2%	1,290,369	1,323,578	24.8%	25.7%
Criminal Justice Sales Tax (0.10%)	157,948	172,183	9.0%	662,000	695,000	23.9%	24.8%
Intergovernmental Revenues	91,024	108,991	19.7%	581,113	585,599	15.7%	18.6%
Utilities Overhead	113,043	116,026	2.6%	452,172	464,106	25.0%	25.0%
Court Fines	112,068	92,327	-17.6%	415,000	415,000	27.0%	22.2%
CIP Administration	67,229	69,546	3.4%	268,915	278,185	25.0%	25.0%
Misc General Government	99,365	107,193	7.9%	224,700	224,700	44.2%	47.7%
Investment Interest	4,109	7,465	81.7%	6,000	6,000	68.5%	124.4%
Total Revenues	5,429,923	5,468,610	0.7%	29,581,165	29,998,968	18.4%	18.2%
Beginning Fund Balance	694,560	1,265,000	82.1%	694,560	1,265,000	100.0%	100.0%
Transfer from Other Funds	-	-	N/A	-	-	N/A	N/A
Total Resources	6,124,483	6,733,610	9.9%	30,275,725	31,263,968	20.2%	21.5%

Comparing 2018 to 2017, total actual revenues are up \$38,687, or 0.7 percent, through the first quarter of the year.

A more in-depth analysis is provided for the following revenues:

- **Property tax is 7.6 percent of budget in 2018 compared to 8.7 percent of budget in 2017.** This is normal, reflecting King County's practice of distributing property taxes to cities primarily in April/May and October/November. Relative to 2017, actual revenue is

down \$112,761, or 10.9 percent, in 2018. This decrease is temporary and will normalize after the property tax distributions in April/May.

- **General sales tax (0.85% of 10.0% tax rate) is 23.2 percent of budget in 2018 compared to 23.2 percent of budget in 2017.** Relative to 2017, actual revenue is up \$16,937, or 1.6 percent, in 2018. The following two tables compare sales tax revenue, which is broken down by business sector, through the first quarter of 2016-2018.

2016-2018 Sales Tax Revenue

Business Sector	Revenue (Jan-Mar)			% Change		% of Total		
	2016	2017	2018	2017	2018	2016	2017	2018
Construction	539,210	494,204	415,003	-8.3%	-16.0%	50.5%	47.2%	39.0%
Retail & Wholesale Trade	243,850	282,511	299,166	15.9%	5.9%	22.8%	27.0%	28.1%
Food Services	50,284	52,194	52,307	3.8%	0.2%	4.7%	5.0%	4.9%
Admin & Support Services	43,776	47,941	70,325	9.5%	46.7%	4.1%	4.6%	6.6%
Telecommunications	32,724	38,512	41,673	17.7%	8.2%	3.1%	3.7%	3.9%
Finance/Insurance/Real Estate	30,844	28,295	33,726	-8.3%	19.2%	2.9%	2.7%	3.2%
Prof, Scientific & Tech Services	27,631	27,748	27,345	0.4%	-1.5%	2.6%	2.6%	2.6%
All Other Sectors	99,937	76,149	124,946	-23.8%	64.1%	9.4%	7.3%	11.7%
Total	1,068,256	1,047,554	1,064,491	-1.9%	1.6%	100.0%	100.0%	100.0%

The overall increase of 1.6 percent was primarily driven by the net effect of the following:

- \$48,797, or 64.1 percent, increase in “all other sectors;”
- \$22,384, or 46.7 percent, increase in “administrative & support services;”
- \$16,655, or 5.9 percent, increase in “retail & wholesale trade;” and
- \$79,201, or 16.0 percent, decrease in “construction.”

The 16.0 percent decrease in the “construction” sector represents a continuation of the 25.9 percent decrease in 2017 following the completion of various school district projects in 2016 and the Hadley mixed use project in mid-2017. The “construction” and “retail & wholesale trade” sectors comprise two-thirds of the City’s total sales tax receipts.

- **Utility taxes are 27.9 percent of budget in 2018 compared to 29.7 percent of budget in 2017.** The table below compares utility tax revenues, which are broken down by type of utility, through the first quarter of 2016-2018.

2016-2018 Utility Tax Revenue

Utility Tax	Revenue (Jan-Mar)			% Change	
	2016	2017	2018	2017	2018
Electric/Gas	527,790	606,006	561,372	14.8%	-7.4%
Water, Sewer & Storm Water	213,678	223,557	238,842	4.6%	6.8%
Cable TV	175,154	177,898	165,040	1.6%	-7.2%
Cellular	102,774	103,471	84,989	0.7%	-17.9%
Garbage	66,459	71,531	71,934	7.6%	0.6%
Long Distance	32,580	34,966	36,728	7.3%	5.0%
Telephone	21,464	20,098	18,545	-6.4%	-7.7%
Total	1,139,899	1,237,528	1,177,450	8.6%	-4.9%

Relative to 2017, actual revenues are down \$60,078, or 4.9 percent, in 2018 primarily due to the following:

- 7.4 percent decrease in electric/gas utility tax, reflecting a more normal winter versus 2016, which was the coldest winter in 32 years; and
- 17.9 percent decrease in cellular utility tax, reflecting the ongoing downward trend that began in 2009 due to a highly competitive business environment, the popularity of texting over talking, and the exclusion of data plans from utility taxes.

The 6.8 percent increase in water, sewer, and storm water utility taxes is mostly driven by the increase in the City’s 2018 utility rates.

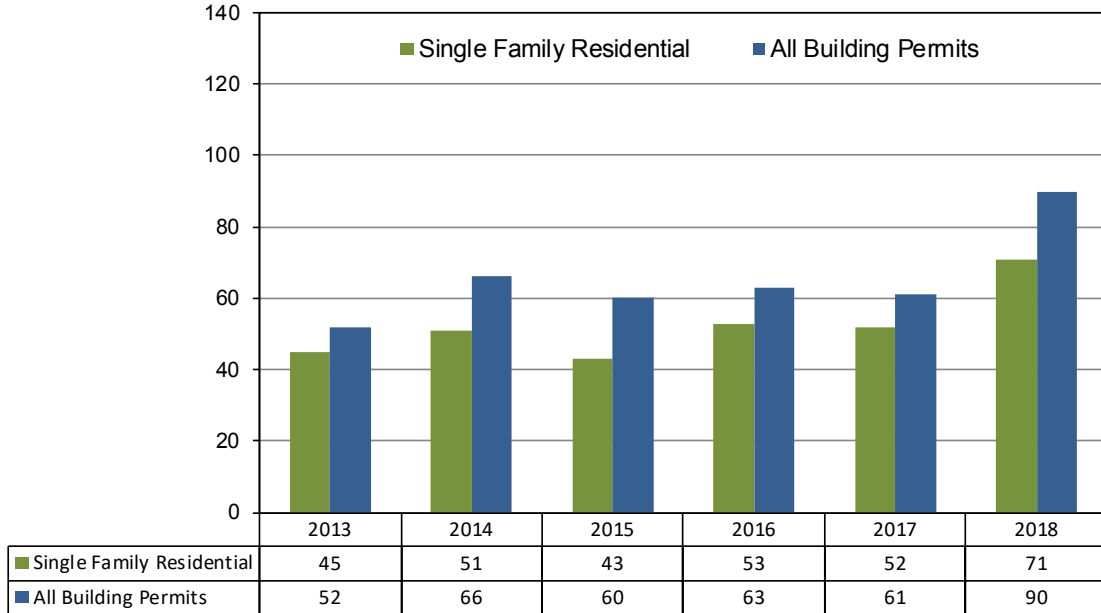
- **Licenses, permits, and zoning fees are 27.3 percent of budget in 2018 compared to 25.3 percent of budget in 2017.** Relative to 2017, actual revenues are up \$40,471, or 4.6 percent, in 2018. This revenue category consists of all fees related to development, business licensing, and a cable franchise. As measured by the number of building permits issued and total building valuation, development activity in the first quarter of 2018 is compared to the first quarter of 2017 in percentage change terms for single family residential permits and all building permits in the table below.

Building Permit Type	% Change: Q1 2018 vs. Q1 2017	
	# of Building Permits Issued	Total Building Valuation (\$)
Single family residential	36.5%	27.5%
All building permit types	47.5%	22.1%

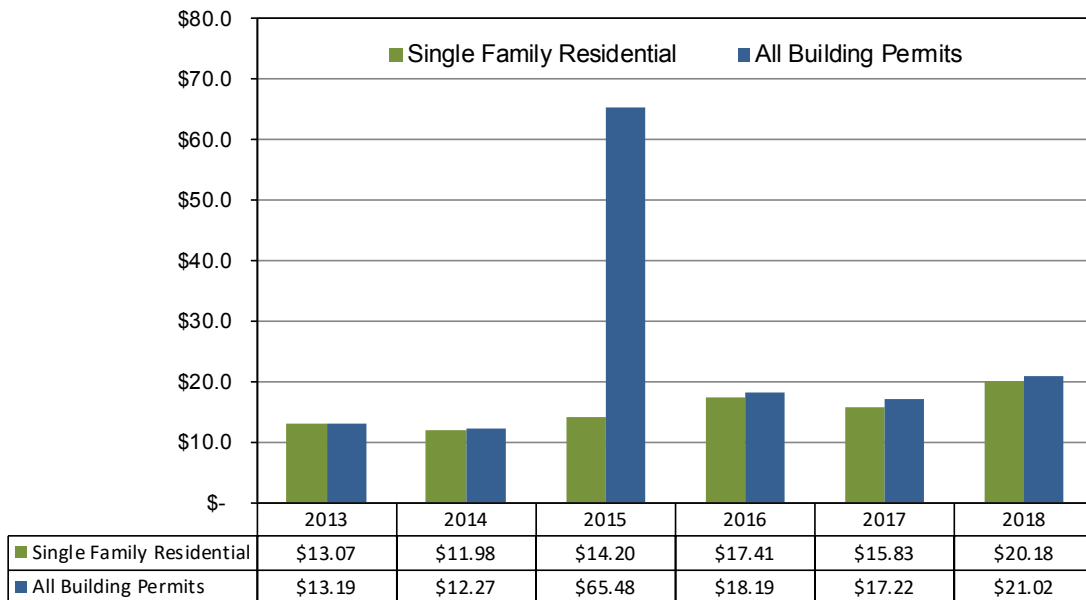
Development Services staff believe that these increases are a temporary anomaly related to the new residential development standards that took effect in November 2017. In other words, building permits were issued in the first quarter of 2018 for single family residential homes that vested under the old standards.

The following two graphs show the total number of building permits issued and the total building valuation for single family residential versus all building permit types for the first quarter of 2013-2018.

Building Permits Issued: First Quarter 2013-2018



Building Valuation (\$Millions): First Quarter 2013-2018



Finally, cable franchise fees are down 7.8 percent in 2018 compared to the prior year (\$117,886 in 2018 vs. \$127,070 in 2017), reflecting the growth of online streaming services as households opt to “cut the cable.”

- **Recreation program fees are 22.1 percent of budget in 2018 compared to 16.2 percent of budget in 2017.** Trailing the 25.0 percent budget threshold is typical for this revenue category and is mostly related to summer class registrations, which occur during the second quarter of the year. Relative to 2017, actual revenue is up \$105,157, or 39.9 percent, in 2018. This is deceiving and is directly related to the implementation of a new recreation system. Registration fees in the first quarter of 2018 were mistakenly booked as revenues before they were earned. This revenue recognition issue has been fixed going forward, and revenues will normalize by the end of July.
- **Intergovernmental revenues are 18.6 percent of budget in 2018 compared to 15.7 percent of budget in 2017.** This is typical for this revenue category at this point in the year. The major revenue sources include the liquor excise tax and liquor profits that are shared by the state, vessel registration fees that are received from the state through King County, and contract revenue for marine patrol services provided to the City of Renton. The vessel registration fees and the marine patrol contract revenue, which comprise 26 percent of what is budgeted in this category, will not be received, or otherwise recognized, until December 2018. Relative to 2017, actual revenues are up \$17,967, or 19.7 percent, in 2018 due to the new marijuana excise tax, which was first distributed to the City in the third quarter of 2017.
- **Court fines are 22.2 percent of budget in 2018 compared to 27.0 percent of budget in 2017.** Relative to 2017, actual revenues are down \$19,741, or 17.6 percent, in 2018 due to a 14.9 percent drop in total court filings in the first quarter of 2018 versus the first quarter of 2017.

All other revenues are either within expected norms through the first quarter of the year or too insignificant to highlight.

Expenditures

Comparing total actual to total budgeted expenditures through the first quarter of the year, the General Fund is 26.3 percent of budget in 2018 versus 26.2 percent of budget in 2017. This modest overage relative to the 25 percent expenditure budget threshold is primarily due to there being 7 bi-weekly payroll periods through March 31, 2017 and March 31, 2016 (7 bi-weekly payroll periods / 26 total bi-weekly payroll periods = 26.9 percent). The following two tables compare actual to budgeted expenditures, first by category and then by department, through March 31, 2016 and 2017.

**GENERAL FUND: Expenditures by Category
Through March 31, 2017 and 2018**

Expenditure Category	Actual			Budget		% of Budget	
	3/31/17	3/31/18	% Chg	2017	2018	2017	2018
Salaries	4,176,488	4,329,884	3.7%	15,542,163	16,193,356	26.9%	26.7%
Benefits	1,358,469	1,616,809	19.0%	5,728,584	6,052,368	23.7%	26.7%
Contractual Services	477,029	263,187	-44.8%	2,399,726	2,010,075	19.9%	13.1%
Equipment Rental	351,088	355,035	1.1%	1,429,185	1,446,954	24.6%	24.5%
Intergovernmental Services	273,192	278,977	2.1%	1,111,598	1,203,380	24.6%	23.2%
Supplies	153,059	134,184	-12.3%	767,905	772,305	19.9%	17.4%
Utilities	87,792	95,527	8.8%	625,404	630,483	14.0%	15.2%
Insurance	593,918	601,169	1.2%	601,150	629,827	98.8%	95.4%
Other Services & Charges	59,668	145,486	143.8%	372,546	403,502	16.0%	36.1%
Phone, Postage & Advertising	18,542	19,271	3.9%	124,500	131,894	14.9%	14.6%
Jail	5,333	17,973	237.0%	90,850	90,850	5.9%	19.8%
Interfund Transfers:							
To Youth & Family Services Fund	148,208	100,000	-32.5%	592,831	743,886	25.0%	13.4%
To Technology & Equipment Fund	85,500	85,500	0.0%	342,000	342,000	25.0%	25.0%
To Water Fund	22,688	23,702	4.5%	139,000	147,000	16.3%	16.1%
To Computer Equipment Fund	-	102,526	N/A	-	102,526	N/A	100.0%
To Non-Voted Bond Fund	-	-	N/A	96,999	94,759	0.0%	0.0%
To Street Fund	50,000	-	-100.0%	50,000	-	100.0%	N/A
To Equipment Rental Fund	-	-	N/A	21,000	21,000	0.0%	0.0%
Total Expenditures	7,860,974	8,169,230	3.9%	30,035,441	31,016,165	26.2%	26.3%

**GENERAL FUND: Expenditures by Department
Through March 31, 2017 and 2018**

Department	Actual			Budget		% of Budget	
	3/31/17	3/31/18	% Chg	2017	2018	2017	2018
Police	1,769,991	1,846,420	4.3%	6,803,565	7,040,341	26.0%	26.2%
Fire	1,589,461	1,712,728	7.8%	6,232,801	6,422,194	25.5%	26.7%
Parks & Recreation	1,076,195	1,168,262	8.6%	5,026,281	5,169,047	21.4%	22.6%
Development Services	778,746	879,939	13.0%	3,275,986	3,471,918	23.8%	25.3%
Non-Departmental	1,134,550	1,105,965	-2.5%	2,864,434	3,334,364	39.6%	33.2%
Public Works	353,691	368,732	4.3%	1,669,620	1,702,547	21.2%	21.7%
City Manager's Office	447,042	348,234	-22.1%	1,423,013	1,055,275	31.4%	33.0%
Finance	223,744	239,614	7.1%	896,465	908,544	25.0%	26.4%
City Attorney's Office	186,508	193,032	3.5%	716,837	743,274	26.0%	26.0%
Human Resources	173,639	179,232	3.2%	587,098	609,219	29.6%	29.4%
Municipal Court	111,836	108,030	-3.4%	479,586	494,611	23.3%	21.8%
City Council	15,571	19,042	22.3%	59,755	64,831	26.1%	29.4%
Total Expenditures	7,860,974	8,169,230	3.9%	30,035,441	31,016,165	26.2%	26.3%

In reviewing **expenditures by category**, the following are noteworthy:

- **Salaries, which total 52 percent of the 2018 General Fund budget, are 26.7 percent of budget in 2018 compared to 26.9 percent of budget in 2017.** This modest overage relative to the 25 percent expenditure budget threshold is due to the bi-weekly payroll issue noted above. Relative to 2017, actual expenditures are up \$153,396, or 3.7 percent, in 2018 due to the following: 1) cost of living allowances for all employees; 2) step increases for represented employees; and 3) pay-for-performance for non-represented employees.
- **Benefits, which total 20 percent of the 2018 General Fund budget, are 26.7 percent of budget in 2018 compared to 23.7 percent of budget in 2017.** This modest overage relative to the 25 percent expenditure budget threshold is due to net effect of the following: 1) the bi-weekly payroll issue noted above; 2) front-loaded VEBA contributions for Commissioned Police, Police Support, AFSCME, and non-represented employees; and 3) lower cost medical plans in 2018 for Commissioned Police, Police Support, AFSCME, and non-represented employees. Relative to 2017, actual expenditures are up \$258,340, or 19.0 percent, in 2018 primarily due to the front-loaded VEBA account contributions noted above. Employee benefit costs will normalize over the course of the year.
- **Contractual services, which total 6 percent of the 2018 General Fund budget, are 13.1 percent of budget in 2018 compared to 19.9 percent of budget in 2017.** This underage relative to the 25 percent expenditure budget threshold is typical, with contractual services occurring mostly in the second and third quarters of the year. This expenditure category includes outside legal counsel, software support, development and engineering support, recreation instructors, repairs and maintenance, and other professional services. Relative to 2017, actual expenditures are down \$213,842, or 44.8 percent, in 2018 primarily due to I-90/light rail litigation and other related costs that were incurred last year.
- **Insurance, which totals 2 percent of the 2018 General Fund budget, is 95.4 percent of budget in 2018 compared to 98.8 percent of budget in 2017.** The City pays its annual insurance assessment to the Washington Cities Insurance Authority (WCIA) in the first quarter of each year. Relative to 2017, actual expenditures are up \$7,251, or 1.2 percent, in 2018. The City's liability insurance premiums are based on the total number of worker hours and the City's claims experience over the past five years.
- **Other services and charges, which total 1 percent of the 2018 General Fund budget, are 36.1 percent of budget in 2018 compared to 16.0 percent of budget in 2017.** Relative to 2017, actual expenditures are up \$85,818, or 143.8 percent, in 2018 due to King County election expenses (\$85,048 paid in the first quarter of 2018 vs. \$0 paid in the first quarter of 2017). The City did not receive a bill from King County for 2017 voter registration costs until the second half of February 2018, which is later than usual. As a result, the City will end up paying for 2017 and 2018 voter registration costs in 2018.

In reviewing **expenditures by department**, the following are noteworthy:

- **Non-Departmental is 33.2 percent of budget in 2018 compared to 39.6 percent of budget in 2017.** This overage relative to the 25 percent expenditure budget threshold is normal and is due to the annual insurance payment to WCIA in the first quarter of the year.
- **City Manager's Office is 33.0 percent of budget in 2018 compared to 31.4 percent of budget in 2017.** This overage relative to the 25 percent expenditure budget threshold is due to King County election costs that were paid in the first quarter of 2018 (see explanation above under "other services and charges"). Relative to 2017, actual expenditures are down \$98,808, or 22.1 percent, in 2018 due to I-90/light rail litigation and other related costs that were incurred last year.

All other expenditures are either within expected norms through the first quarter of the year or too insignificant to highlight.

REAL ESTATE EXCISE TAX

Real estate excise tax (REET) is the 0.5 percent tax paid by the seller in property transactions, and its use is restricted by state law for specific capital purposes. REET 1 (the 1st quarter of 1.0 percent of the sales price) may be used for streets, parks, facilities, or utilities. REET 2 (the 2nd quarter of 1.0 percent of the sales price) may be used for the same capital purposes as REET 1, except for facilities, which are specifically prohibited. Neither REET 1 nor REET 2 may be used for equipment or technology.

Through the first quarter of the year, REET is 23.2 percent of budget in 2018 compared to 21.3 percent of budget in 2017, as shown in the table below. Relative to 2017, actual revenue is up \$87,629, or 13.0 percent, in 2018.

REET Revenue: Actual vs. Budget Through March 31, 2017 and 2018

Actual			Budget		% of Budget	
3/31/17	3/31/18	% Change	2017	2018	2017	2018
\$674,637	\$762,266	13.0%	\$3,165,000	\$3,284,000	21.3%	23.2%

The primary drivers behind the 13.0 percent revenue increase are the number property sales, which are up 8.0 percent, and the average sales price, which is up 19.7 percent, as shown in the table below. The average sales price is \$1.51 million through the first quarter of 2018.

Home Sale Statistics Through March 31, 2017 and 2018

Number of Sales			Average Sales Price		
3/31/17	3/31/18	% Change	3/31/17	3/31/18	% Change
87	94	8.0%	\$1,262,168	\$1,510,725	19.7%

In the following table, REET is broken down according to property sales (i.e. ≤\$5.0 million and >\$5.0 million) for the period 2008-2017. Also, the average property sales price and the number of sales are identified for those properties that sold for \$5.0 million or less.

2008-2017 REET Revenue (Dollars in Thousands)
Property Sales ≤\$5.0M and >\$5.0M

Property Sale Breakdown	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Avg
Property Sales ≤\$5.0M:											
Average Sales Price	\$1,237	\$854	\$994	\$916	\$899	\$1,046	\$1,119	\$1,182	\$1,318	\$1,483	\$1,105
% Change in Avg Sales Price	15.4%	-30.9%	16.3%	-7.8%	-1.9%	16.4%	7.0%	5.6%	11.5%	12.5%	4.4%
Number of Property Sales	260	267	318	367	418	492	493	499	454	490	406
REET Revenue	1,592	1,129	1,565	1,665	1,860	2,548	2,742	2,919	2,955	3,597	2,257
Property Sales >\$5.0M:											
Number of Property Sales	5	3	3	5	6	2	9	10	7	14	6
REET Revenue	755	129	642	162	300	57	527	350	746	2,093	576
Total REET Revenue	\$2,347	\$1,258	\$2,207	\$1,827	\$2,160	\$2,605	\$3,269	\$3,269	\$3,701	\$5,690	\$2,833

During this 10-year period, the average sales price is \$1.11 million, and the average annual number of sales is 406 for properties that sold for \$5.0 million or less.

BUDGET ADJUSTMENTS

In the interest of administrative ease, a budget amending ordinance is prepared and submitted to the Council quarterly, if needed, along with the Financial Status Report. Budget adjustments are divided into three groups: 1) those previously approved by the Council but not formally adopted via a budget amending ordinance; 2) new requests; and 3) carryover requests. The second category typically consists of financial housekeeping items, minor requests, and unanticipated expenditures that the City had to incur and was unable to absorb within the authorized budget. The third category requires Council action only when unspent budget is being moved from the prior biennium to the current biennium. No Council action is needed when budget is moved within the biennium and within the same fund.

There are no budget adjustments requiring Council action. Two summary listings of the originally adopted 2017-2018 Budget (expenditures only), broken down by year, and all subsequent adjustments are presented on the following two pages.

**2017 Budget Adjustment Summary
Expenditures by Fund**

Fund Type / Fund Name	Original 2017 Budget	2017 Budget Adjustments				Amended 2017 Budget
		Q4 2016 FSR, 5/1/2017	Q2 2017 FSR, 9/5/2017	Q3 2017 FSR, 11/21/2017	Q4 2017 FSR, 6/5/2018	
General Purpose Funds:						
General	29,436,000	1,316,396	746,634	1,479,701		32,978,731
Self-Insurance	10,000					10,000
Youth Services Endowment	500					500
Special Revenue Funds:						
Street*	2,728,368	778,146	397,343	236,953		4,140,810
Transportation Benefit District	350,000					350,000
Criminal Justice	599,441	501,173				1,100,614
Beautification	966,829	229,930				1,196,759
Contingency	-		700,000			700,000
1% for the Arts	15,000	24,914				39,914
Youth & Family Services	2,748,719	6,000	8,100			2,762,819
Debt Service Funds:						
Bond Redemption (Voted)	-					-
Bond Redemption (Non-Voted)	1,011,099					1,011,099
Capital Projects Funds:						
Capital Improvement*	4,706,243	1,115,172	110,260	80,000		6,011,675
Technology & Equipment*	731,000	129,136				860,136
Fire Station 92 Construction*	-	366,195				366,195
Capital Reserve*	-					-
Enterprise Funds:						
Water*	7,317,818	702,295		200,000		8,220,113
Sewer*	9,271,431	431,750		6,395,602	255,000	16,353,783
Storm Water*	2,574,312	400,854		48,553	350,000	3,373,719
Internal Service Funds:						
Equipment Rental*	1,658,766	198,002				1,856,768
Computer Equipment*	975,926					975,926
Trust Funds:						
Firemen's Pension	97,000					97,000
Total	65,198,452	6,199,963	1,962,337	8,440,809	605,000	82,406,561

* Capital Improvement Program (CIP) projects are budgeted and accounted for in these funds.

**2018 Budget Adjustment Summary
Expenditures by Fund**

Fund Type / Fund Name	Original 2018 Budget	2018 Budget Adjustments				Amended 2018 Budget
		Q4 2016 FSR, 5/1/2017	Q2 2017 FSR, 9/5/2017	Q3 2017 FSR, 11/21/2017	Q4 2017 FSR, 6/5/2018	
General Purpose Funds:						
General	29,413,162	1,479,003		124,000	367,468	31,383,633
Self-Insurance	10,000					10,000
Youth Services Endowment	500					500
Special Revenue Funds:						
Street*	3,455,837				771,165	4,227,002
Transportation Benefit District	350,000					350,000
Criminal Justice	622,722	(622,722)				-
Beautification	939,900				109,740	1,049,640
Contingency	-					-
1% for the Arts	15,000				31,500	46,500
Youth & Family Services	2,444,250	343,886	58,780		59,773	2,906,689
Debt Service Funds:						
Bond Redemption (Voted)	-					-
Bond Redemption (Non-Voted)	847,159					847,159
Capital Projects Funds:						
Capital Improvement*	3,459,461			80,000	372,500	3,911,961
Technology & Equipment*	732,000				32,000	764,000
Fire Station 92 Construction*	-					-
Capital Reserve*	-					-
Enterprise Funds:						
Water*	7,246,078					7,246,078
Sewer*	9,079,675					9,079,675
Storm Water*	1,934,956				50,000	1,984,956
Internal Service Funds:						
Equipment Rental*	2,139,515				282,935	2,422,450
Computer Equipment*	1,063,193					1,063,193
Trust Funds:						
Firemen's Pension	103,000					103,000
Total	63,856,408	1,200,167	58,780	204,000	2,077,081	67,396,436

* Capital Improvement Program (CIP) projects are budgeted and accounted for in these funds.