



CITY OF MERCER ISLAND CITY COUNCIL MEETING AGENDA

Thursday
October 13, 2016
5:00-7:00 PM

Mayor Bruce Bassett

Deputy Mayor Debbie Bertlin

**Councilmembers Dan Grausz, Jeff Sanderson,
Wendy Weiker, David Wisenteiner and Benson Wong**

This meeting will be held in the City Hall Council Chambers at
9611 SE 36th Street, Mercer Island, WA.

Contact: 206.275.7793 | council@mercergov.org | www.mercergov.org/council

SPECIAL JOINT MEETING WITH MISD BOARD

CALL TO ORDER & ROLL CALL, 5:00 PM

SPECIAL BUSINESS

School District and City Funding Constraints

Mercer Island School District's COO, Dean Mack, and the City of Mercer Island's Finance Director, Chip Corder, will highlight constraints that impact each agency's ability to fund its respective missions. Following their presentation, a short description of joint efforts supporting students and community will be shared. Such efforts include the following: Youth and Family Services' school counselors; coordination and use of elementary and middle school fields; public park subsidies; Mary Wayte Pool operating subsidy along with major investments in infrastructure improvements.

Transportation Issues and Impacts

Mercer Island School District Transportation Director, Dave Bynum, will discuss the following topics: the high school and middle school new drop-off areas, and flow through the school driveways; the number of busses needed to transport students to four (4) elementary schools, and the length of transition times; and, the number of students crossing streets around the North Mercer Complex. Consultant Brandy Fox will share information about traffic impacts, and coordination with City staff, resulting from construction and use of the district's three (3) major bond projects.

The City of Mercer Island staff will share information about traffic impacts in the major interchanges and arterials resulting from new school boundaries and changes to the ingress and egress of cars and busses on the district's properties.

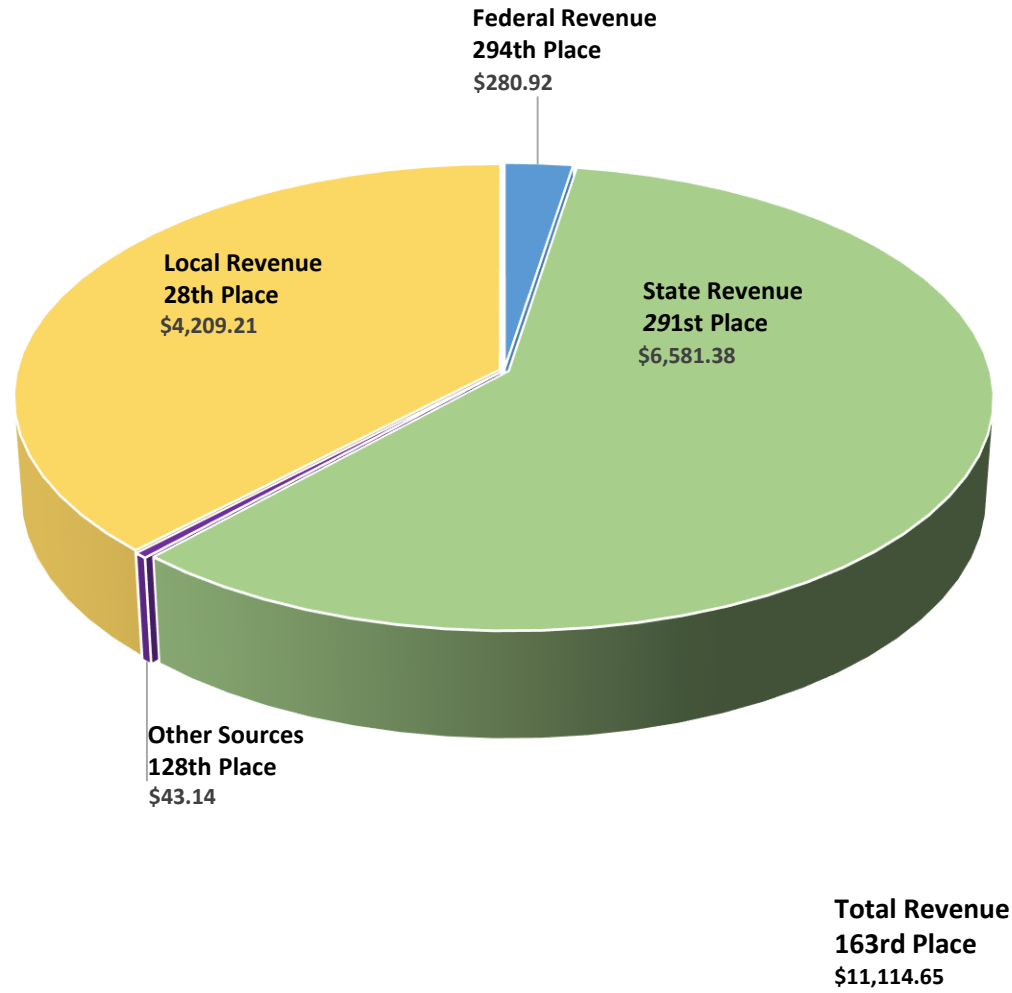
Both City staff and District staff will address the following topics: safe routes to school; and stop-arm cameras on school busses, with City staff sharing information on the number of tickets issued and incidents under review.

ADJOURNMENT

Education Funding

- Educational Funding Crisis (30 Years)
- Revenue Per Student Comparisons
- The McCleary Decision
- Potential Positive or Negative Impacts of Legislative Actions
- The looming “Levy Cliff”

Revenue Per Student (2014-15)



Cooperative Services Between School District & City

- Mary Wayte Pool

Owned and operated by the district with the aid of city operating subsidy

- Shared use of Sports Fields
- Youth and Family Services

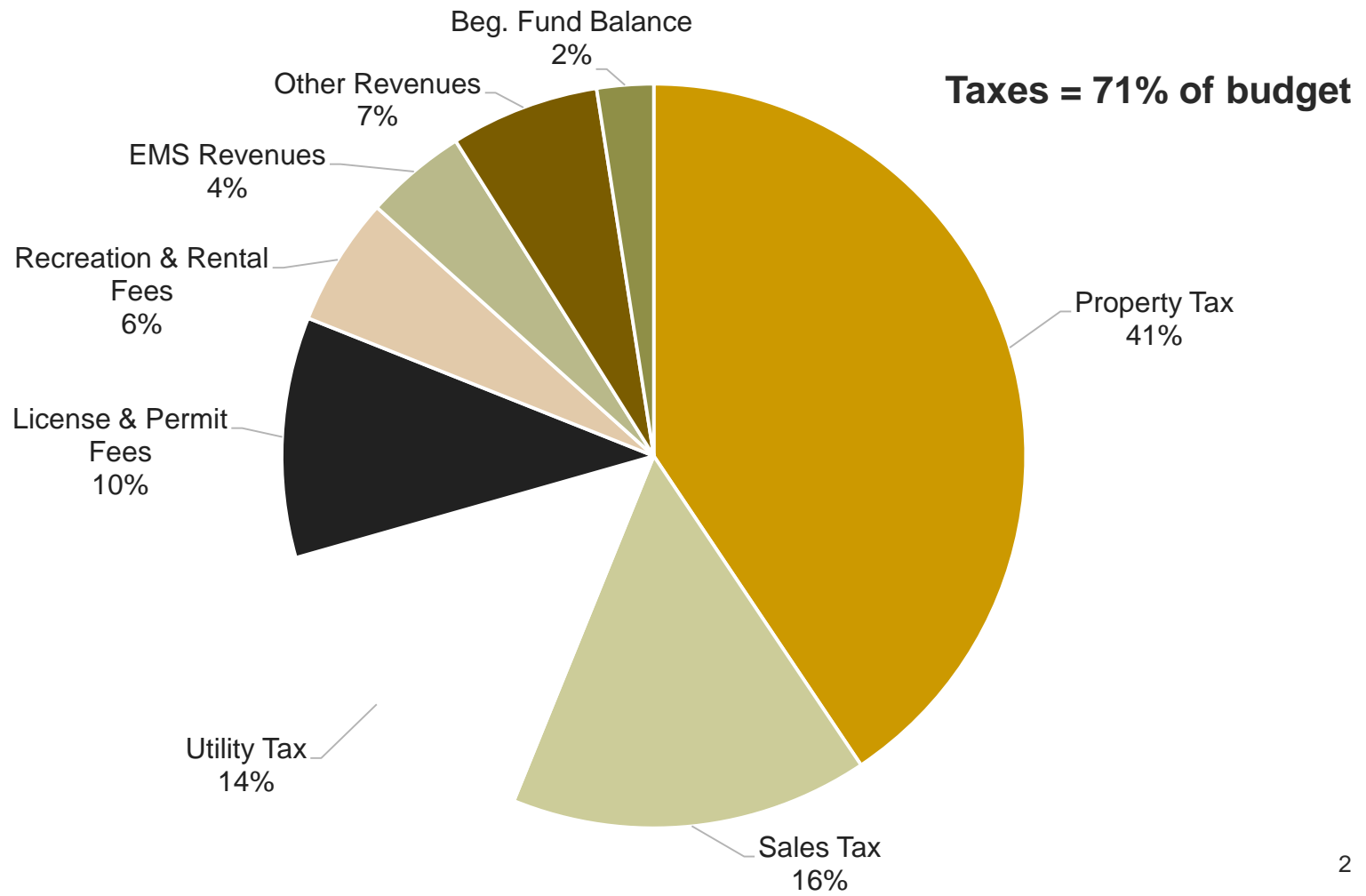


City of Mercer Island 2017-2018 Funding Challenges

*City of Mercer Island
Joint City Council / MISD Board Meeting
October 13, 2016*

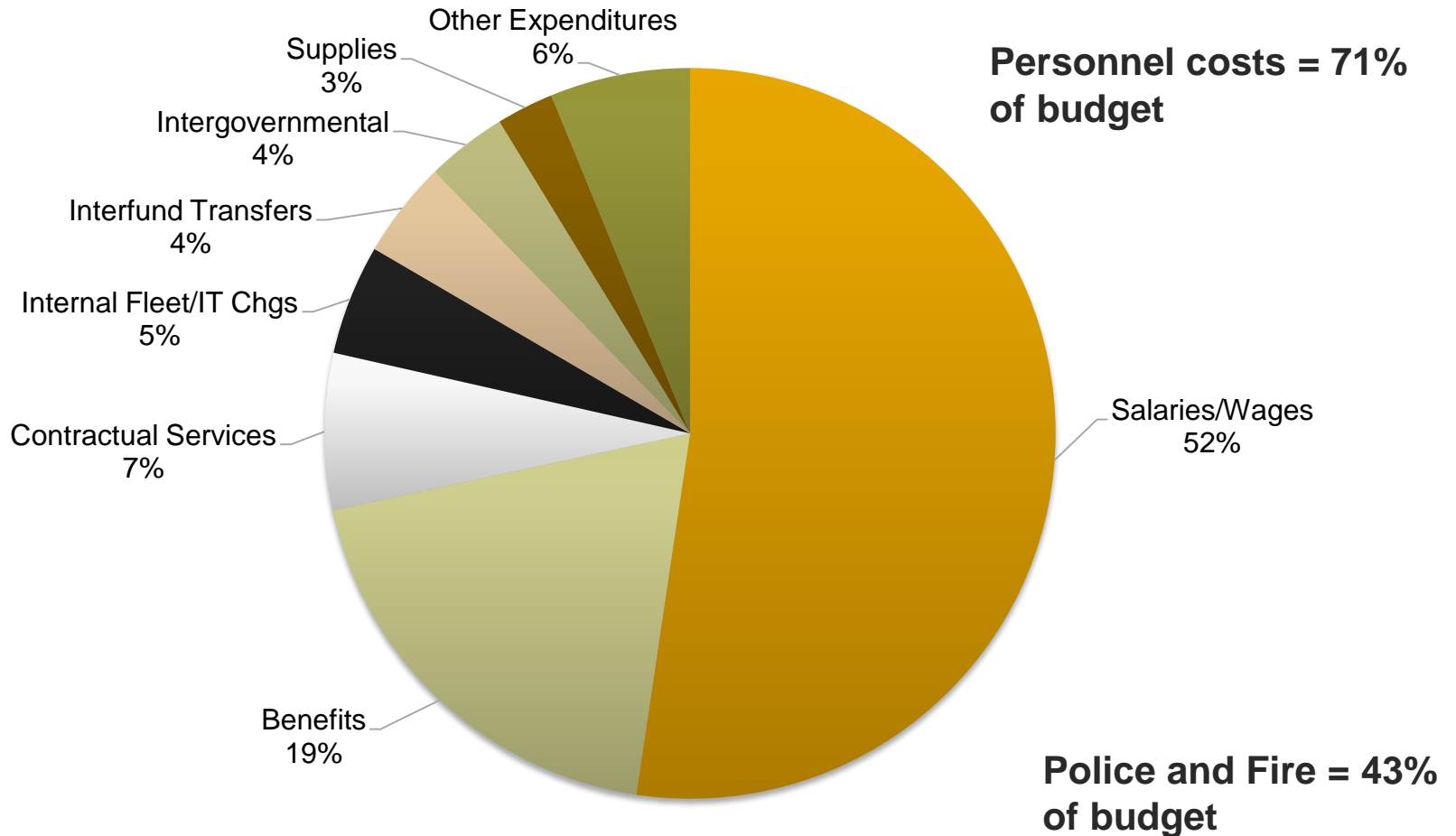
General Fund

2017 Resources



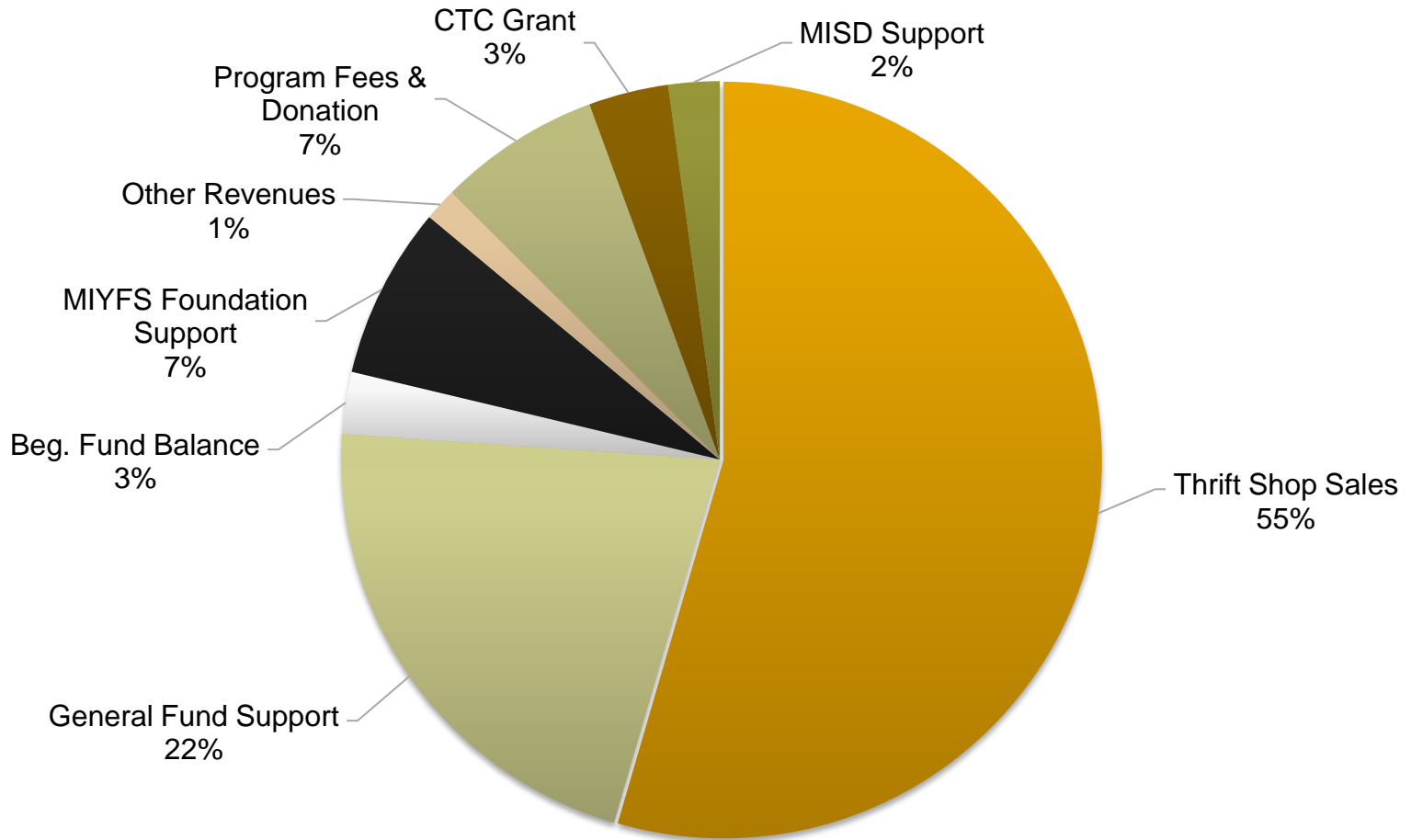
General Fund

2017 Expenditures



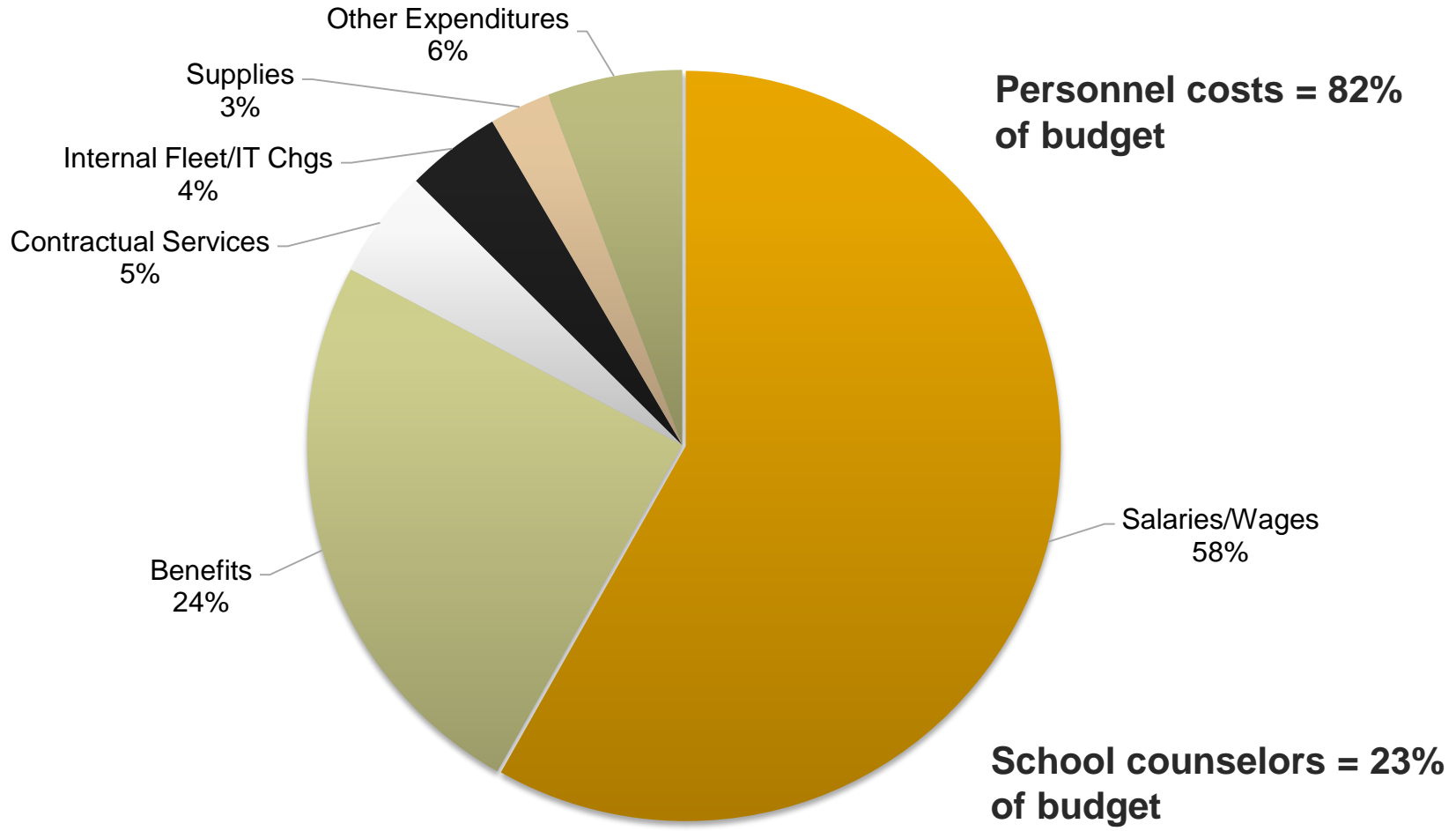
YFS Fund

2017 Resources



YFS Fund

2017 Expenditures



[2017-2018 Projected Deficits]

- **General Fund: \$1.13M in 2018 (3.8% of budget)**
 - Primary drivers
 - Expenditures are growing faster than revenues
 - Property tax 1% limitation (which is less than inflation)
 - Development activity projected to slow down in 2017-2018
- **YFS Fund: \$393K in 2018 (13.9% of budget)**
 - Primary drivers
 - General Fund annual support reduced in 2010-2014
 - Thrift Shop sales leveled off in 2013-2014
 - MISD annual support reduced to \$60K in 2010
 - 4th elementary school counselor

Budget Balancing Options

Option 1: Expenditure Cuts

Expenditure Cuts	2018	2019	2020	2021	2022	2023
Expenditure cuts each year (\$)	\$1.38M	\$1.00M	\$0.82M	\$0.91M	\$0.98M	\$1.06M
Expenditure cuts each year (%)	4.2%	2.9%	2.3%	2.4%	2.5%	2.6%
FTE cuts each year	13.0	9.0	7.0	8.0	8.0	8.0

Option 2: Levy Lid Lift*

Annual Levy Cost**	2018	2019	2020	2021	2022	2023
2a: Smoothed annual levy cost	\$301	\$317	\$332	\$349	\$366	\$385
2b: Fixed annual levy cost	\$342	\$342	\$342	\$342	\$342	\$342

* The voter approval threshold for a levy lid lift is a simple majority (50%+1).

** Based on \$1.0M home assessed value.

City's Tax Revenue Tools

- Utility tax
 - 5.3% tax rate on City's water, sewer, and storm water utilities (no rate limit)
 - 1% tax rate increase = \$165K per year
 - Downside: This is a regressive tax
- Property tax (levy lid lift)
 - City's 2016 levy rate = \$1.16502
 - City's maximum statutory levy rate = \$3.40061

Recommended Path Forward

- Initiate two separate public engagement processes in Feb-Apr 2017 on:
 1. City's operating funding needs (General Fund and YFS Fund deficits)
 2. City's capital funding challenges, utilizing a community stakeholder group
 - Project candidates include pedestrian/bicycle facility and park projects (e.g. synthetic turf upgrades to ballfields)
 - Example scenario: \$9.0M capital projects = \$100 per year for 9 years on a \$1.0M home

Recommended Path Forward

Additional Information

2016 Monthly Cost Comparison (Family of four & \$1.0M home)

2016 Average Monthly Cost For	Amount	Note
Puget Sound Energy (electricity & gas)*	\$210	3,200 sf home
Comcast (cable TV high speed internet & digital voice)*	\$200	X1 Premier Triple Play
Verizon (cellular telephone)*	\$194	3 lines, 18GB data, device payment plan
City taxes (property, sales, utility, gas & EMS levy)	\$170	Only includes taxes remitted to City
City utilities (water, sewer, storm water & EMS)*	\$152	Includes King County sewage treatment cost

* Excludes federal, state, and city taxes/fees.