

Mercer Island City Council 2016 Planning Session

Resource Material

**Calkins Room
Mercer Island Community & Event Center
8236 SE 24th Street
Mercer Island, WA 98040**

**Friday, January 22, 2016: 3:00 pm – 6:15pm
7:30 pm – 8:00 pm
Saturday, January 23 2016: 8:00 am – 6:00 pm**





CITY OF MERCER ISLAND CITY COUNCIL MEETING AGENDA

Friday-Saturday
January 22-23, 2016

Mayor Bruce Bassett

Deputy Mayor Debbie Bertlin

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

Calkins Room

Mercer Island Community & Event Center

8236 SE 24th Street

Mercer Island, WA 98040

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

2016 CITY COUNCIL PLANNING SESSION

FRIDAY, JANUARY 22, 2016

- 3:00 pm: Mayor's Welcome
- (1) 3:10 pm: Review 2015 Work Plan
- (2) 3:45 pm: Council/Staff Roles and Responsibilities
- (3) 4:45 pm: Effective Council/Council and Council/Staff Operations and Communications
- (4) 5:45 pm: City Manager Position Profile Development
- 6:15 pm: Private Dinner
- (5) 7:30 pm: Citizen of the Year Discussion
- 8:00pm: Adjourn

SATURDAY, JANUARY 23, 2016

- 8:00 am: Continental breakfast
- (3) 8:15 am: Effective Council/Council and Council/Staff Operations and Communications (continued)
- 10:15 am: Break
- (6) 10:30 am: Joint Commission Town Center Report
- (7) 11:30 am: DSG Workplan and Residential Development Standards
- 12:30 pm: Lunch
- (8) 1:00 pm: 2016-2020 Financial Forecasts for General, YFS, and Capital Improvement Funds
- (9) 2:15 pm: Levy Lid Lift Scenario
- 3:15 pm: Break
- (10) 3:30 pm: 2016 Biennial Citizen Survey
- (11) 4:00 pm: Streamlining Council Meetings
- (12) 4:30 pm: Parking Lot Issues
- 5:30 pm: Recap of Agreements & Directions
- 6:00 pm: Adjourn

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**REVIEW 2015
WORK PLAN**

2015 City Council Work Plan

	2015 PLANNED AGENDA ITEMS	STAFF LEAD	Estimated # of ABs	Actual # of ABs
Completed	Legislative Agenda	Taylor	2	2
Completed	Public Engagement Process for Town Center Visioning	Taylor/Freeman	1	1
--	Town Center Visioning - Phase 1.5 and 2	--	--	--
2016	Town Center Construction Moratorium	Knight	1	5
2016	Town Center Visioning and Development Code Update	Taylor/Freeman	3	9
--	Transportation Issues	--	--	--
In Process	Commuter Parking	Taylor	2	1
Completed	Metro Bus Service (Commuter Shuttle Service)	Taylor	2	2
--	I-90 Issues	--	--	--
2016	WSDOT Tolling	Treat	1	0
Completed	WSDOT Update on R8A	Treat	1	1
2016	Bus/Light Rail Transit(LRT) Intercept Plan/Sound Transit Loss of Mobility	Treat	3	6
--	Budget/Finance	--	--	--
Completed	Develop a selected service level review work plan that will identify scope of work and deliverables	Treat/Corder	1	2
Completed	Reserves 101 Study Session	Corder	1	1
Completed	New Fire Midi Pumper Lease Purchase	Corder/Heitman	1	1
--	Sustainability Work Plan	--	--	--
2016	Green building	Freeman/Cole	2	0
2016	Solar array programs for city buildings	Freeman	2	1
2016	Sustainability Sub-Committee work on 6-Year Sustainability Plan and Metrics	Freeman	1	0
Completed	Staff prepare info on paid intern/RCM for data entry and tracking	Freeman	1	0
--	Boil Water Advisory Follow-up Action Items	--	--	--
Completed	Cross Connection Control Program & Ordinance Update	Lake/Schuck	3	4
Completed	General update on what's been done to date, what's planned, and what the goal is	Boettcher	1	1
--	Development Services Group	--	--	--
Completed	GMA 101 & Comp Plan 101 Study Session	Greenberg	1	1
2016	Comprehensive Plan Update	Greenberg	2	5
2016	DSG Cost Recovery and Fee Study	Greenberg	2	0
2016	Coval Final Long Plat Conservation Easement	Knight	1	0
2016(?)	Code amendments for low-hanging fruit that can be implemented quickly (impervious surface, floor area ratio for two stories, definition of "tract," and fence height deviations)	Greenberg	0	0
2017	Code amendments re: upgrading existing wireless cellular facilities (WCFs) in residential areas	Greenberg	0	0
2017	Code amendments re: federal law changes for wireless cellular facilities (WCFs)	Greenberg/Knight	0	0
--	Parks & Recreation	--	--	--
Completed	Groveland Beach Dock Repair project scenarios (1. per budget, and 2. reduced scope)	Fletcher	0	0
Completed	Fire Station 92 Project Updates	Boettcher	2	0
Completed	Police Field Fingerprinting Policy Addressing Civil Liberty Issues	Holmes/Knight	1	0
Completed	Review of YFS Needs Assessment and Funding	Goodwin	1	0
Completed	Mercer Island Library Renovation Project Status Report	Taylor	1	1
PLANNED AGENDA ITEMS SUBTOTAL			40	44

	2015 UNPLANNED AND EMERGENT AGENDA ITEMS	Estimated # of ABs	Actual # of ABs
	Unplanned and emergent agenda items estimate	10	40
UNPLANNED AGENDA ITEMS SUBTOTAL		10	40

	2015 BASELINE AGENDA ITEMS	STAFF LEAD	Estimated # of ABs	Actual # of ABs
	ARCH Funding & Recommendations	Greenberg	2	2
	Bid Awards & Project Close-Outs		5	5
	Board/Commissions Work Plans Review		4	1
	Collective Bargaining Agreements	Segle	2	1
	Communities That Care Update	Goodwin	1	1
	Emergency Management Update	Holmes	1	1
	Fire Department Annual Report (Study Session or Sub-Committee)	Heitman	1	0
	Fireworks Permits	Heitman	2	2
	Interlocal Agreements		7	6
	Mary Wayte Pool	Treat	1	0
	Mercer Island Dashboard Report	Corder	1	1
	Quarterly Financial Reports and Budget Adjustments	Corder	4	4
	Police Department Annual Report (Study Session or Sub-Committee)	Holmes	1	0
	Transportation Improvement Plan	Yamashita	2	2
	Transportation Benefit District (TBD Board Meeting)	Corder	2	4
	Year-End Surplus Disposition	Corder	1	1
BASELINE AGENDA ITEMS SUBTOTAL			37	31

2015 AGENDA ITEMS TOTAL	87	115
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of 2015 Council Meetings*: 24
 # of 2015 Appearances**: 242
 # of 2015 Public Hearings***: 8
 # of speakers at 2015 Public Hearings: 126
 # of 2015 Executive Sessions: 16
 # of 2015 Study Session Agenda Bills: 8
 # of 2015 Consent Calendar Agenda Bills: 20
 # of 2015 Agenda Bills pulled off Consent Calendar: 8

PAST AGENDA BILL DATA

	2009		2010		2011		2012		2013		2014		2015	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Work Plan	54	56	55	52	38	42	54	47	55	53	45	41	40	44
Unplanned	8	8	8	14	8	5	8	11	8	27	10	34	10	40
Below the Line	36	34	36	21	36	32	36	41	36	32	38	34	37	31
Total	98	98	99	87	82	79	98	99	99	112	93	109	87	115

* Includes 2015 Planning Session and 2015 Mini-Planning Session

** Does not include public hearings

*** Includes public comment periods added to agenda items, but not Appearances

2015 UNPLANNED AND EMERGENT AGENDA ITEMS

# of AB's	Agenda Bill Title
1	Zoning Code Text Amendment Related to Stage Theaters as Accessory Uses to Places of Worship (2nd Reading)
1	Zoning Code Text Amendment Related to the Requirements for Wireless Communication Facilities (1st Reading)
3	City Council Vacancy
1	City Manager 2014 Performance Review
1	Resolution Establishing Policy for Unpaid Holidays for Reasons of Faith or Conscience for Employees
2	King County Regional 2014 Hazard Mitigation Plan Update
1	Revision to Shoreline Master Program Update (2nd Reading)
1	East Link Light Rail Station Name Recommendation
1	Open Space Vegetation Plan Ten Year Update
1	Amendment to Solicitors Ordinance
1	1% for the Arts Funding Approval for Sculpture Purchase
1	Albertson Grocery Site Update
1	Adoption of the 2014 Washington Cities Electrical Code (WCEC)
1	Grant and Sponsorship Request for Art Uncorked 2015 Event
1	Mercer Island Center for the Arts Update
2	Zoning Code Text Amendment Related to Requirements for Walk-off Parking in the Town Center (1st Reading)
1	City Council Rules of Procedure Amendment Regarding Councilmember Communications
1	Council Consideration of King County's Best Starts for Kids Levy
2	Amend Parking Restrictions in MICC 10.74.030
1	Standards for Indigent Defense Adoption
1	King County North Mercer Interceptor Sewer Upgrade Project
1	Discuss the Draft Ground Lease Between the City and MICA for a Portion of Mercerdale Park
2	Proposed Moratorium on New Applications for Preliminary Short and Long Plats and Lot Coverage Deviations
11	Impact Fees
	Discussion of GMA Impact Fees and SEPA Mitigation Fees
	Park Impact Fees Discussion
	Transportation Impact Fees
	School Impact Fees Ordinance (1 st Reading)
	School Impact Fees Ordinance and Interlocal Agreement (2nd Reading & Adoption)
	Transportation Impact Fee Rate Study
	Parks Impact Fee Rate Study
	Transportation Impact Fees Ordinance (1 st Reading)
	Parks Impact Fees Ordinance (1 st Reading)
	Transportation Impact Fees Ordinance (2 nd Reading & Adoption)
	Parks Impact Fees Ordinance (2 nd Reading & Adoption)
40	TOTAL # OF ABS FOR UNPLANNED AND EMERGENT AGENDA ITEMS

TOWN CENTER MORATORIUM, VISIONING AND DEVELOPMENT CODE UPDATE MEETINGS

MEETING TYPE	DATE	AGENDA BILL TITLE / MEETING DESCRIPTION
City Council Meeting	2/2/2015	Proposed Moratorium on Town Center Building Permits
City Council Meeting	2/23/2015	Community Engagement Plan and Town Center Community Engagement Strategy
City Council Meeting	3/2/2015	Public Hearing on Moratorium Regarding Town Center Building Permits
TCLG Meeting	3/3/2015	Town Center Liaison Group Meeting #1
Public Input Meeting	3/10/2015	Town Center Public Input Meetings – At Clubs and Organizations
Stakeholder Group Meeting	3/11/2015	Stakeholder Group Meeting #A
Public Input Meeting	3/12/2015	Town Center Public Input Meeting
Public Input Meeting	3/12/2015	Town Center Public Input Meeting
Public Input Meeting	3/12/2015	Town Center Public Input Meetings – At Clubs and Organizations
City Council Meeting	3/16/2015	Continuation of Public Hearing on Moratorium Regarding Town Center Building Permits
City Council Meeting	3/16/2015	Town Center Design Guidelines Update Budget Authorization
TCLG Meeting	3/17/2015	Town Center Liaison Group Meeting #2
Public Input Meeting	3/18/2015	Town Center Public Input Meeting
Stakeholder Group Meeting	3/20/2015	Stakeholder Group Meeting #B
TCLG Meeting	3/24/2015	Town Center Liaison Group Meeting #3
Public Input Meeting	3/31/2015	Town Center Public Input Meetings – At Clubs and Organizations
Public Input Meeting	4/2/2015	Town Center Public Input Meetings – At Clubs and Organizations
TCLG Meeting	4/14/2015	Town Center Liaison Group Meeting #4
Stakeholder Group Meeting	4/21/2015	Stakeholder Group Meeting #C
TCLG Meeting	4/22/2015	Town Center Liaison Group Meeting #5
Stakeholder Group Meeting	4/27/2015	Stakeholder Group Meeting #C-2
Stakeholder Group Meeting	5/5/2015	Stakeholder Group Meeting #D
TCLG Meeting	5/6/2015	Town Center Liaison Group Meeting #6
Public Input Meeting	5/11/2015	Town Center Public Open House
TCLG Meeting	5/21/2015	Town Center Liaison Group Meeting #7
City Council Meeting	6/1/2015	Town Center Visioning Update
Stakeholder Group Meeting	6/10/2015	Stakeholder Group Meeting #D
City Council Meeting	6/15/2015	Public Hearing on Town Center Moratorium
City Council Meeting	6/15/2015	Town Center Consultant Scope of Work and Budget
Public Input Meeting	6/16/2015	Town Center Public Input Meeting
City Council Meeting	6/27/2015	2015 Comprehensive Plan Update and Town Center Engagement Schedule
City Council Meeting	7/6/2015	Town Center Visioning and Code Update Budget Authorization
Public Input Meeting	7/16/2015	Town Center Public Input Meeting
City Council Meeting	9/8/2015	Update on Town Center Visioning and Development Code Update Process
City Council Meeting	9/21/2015	Town Center Visioning and Development Code Update
Joint Commission Meeting	10/7/2015	Town Center Visioning Joint Commission (Planning & Design) Meeting
Joint Commission Meeting	10/21/2015	Town Center Visioning Joint Commission (Planning & Design) Meeting
City Council Meeting	11/2/2015	Town Center Code Amendment Work Plan
City Council Meeting	11/2/2015	Public Hearing on Moratorium Regarding Town Center Building Permits
City Council Meeting	11/16/2015	Continuation of Public Hearing on Moratorium Regarding Town Center Building Permits
Joint Commission Meeting	11/21/2015	Town Center Visioning Joint Commission (Planning & Design) Meeting
Joint Commission Meeting	12/2/2015	Town Center Visioning Joint Commission (Planning & Design) Meeting
City Council Meeting	12/15/2015	Town Center Parking Study Budget Authorization
Joint Commission Meeting	12/16/2015	Town Center Visioning Joint Commission (Planning & Design) Meeting

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COUNCIL/STAFF ROLES AND RESPONSIBILITIES



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Steve Lancaster, Interim City Manager

RE: Council/Staff Roles and Responsibilities

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. How does state law define Council/staff roles and responsibilities?
2. Examples illustrating this separation of powers.
3. Why does it matter?
4. How do Mercer Island's adopted City Council Rules of Procedure relate?

BACKGROUND:

Efficient and effective City operations depend upon well defined, understood and commonly agreed-to roles and responsibilities. Like our federal and state governments, municipal governments in Washington State include legislative, executive and judicial branches (for the purposes of this discussion we will focus on the legislative and executive roles). A review of legislative (Council) and executive (City Manager and staff) roles and responsibilities is timely given the recent and upcoming changes in the City Manager position, the recent election of new Council members, and the desire to improve operational efficiency in light of ongoing budget challenges.

The principal job of the city council is to establish policy to guide the operations and activities of the city. These policies are most commonly established through ordinances and resolutions. Council adopted policies strongly influence community life, from public health and safety to neighborhood character, from economic and financial health to cultural and recreational opportunities. One of the most important and far reaching policy decisions made by the city council on a regular basis is the adoption of the budget, which provides the resources to carry out council policy priorities. The city council's powers and duties are set forth in RCW 35A.11.020.

The principal responsibility of the city manager and staff is to implement council adopted policy. The city manager is in charge of the day-to-day operations of the city, including supervising staff, enforcing the city's laws, preparing proposed budgets for council

consideration and managing the city's finances consistent with the council-adopted budget. The city manager and staff also provide information and professional and technical expertise to the council as it makes policy decisions. The city manager's powers and duties are set forth in RCW 35A.13.080.

Attached is some useful information regarding council/staff roles and responsibilities excerpted from Municipal Research and Services Center sources. I have also included a copy of the City of Mercer Island City Council Rules of Procedure. During the Planning Session we will use these materials to help inform our discussion of council/staff roles and responsibilities from legal, practical and organizational perspectives.

EXHIBITS:

1. The job of a councilmember (MRSC)
2. Is it Policy or Administration? (MSRC)
3. Resolving and preventing city manager-council conflict (MSRC)
4. What Elected Officials Need to Know about Staff – What Staff Needs to Know about Elected Officials (MSRC)
5. City of Mercer Island City Council Rules of Procedure

Chapter 6

The job of a councilmember

The principal job of a city or town council is to make policy. A policy is a course of action for a community. Policy-making often takes the form of passing ordinances or resolutions. After policy decisions are made by the legislative body, others perform the administrative task of implementing the policies. The distinction between formulation and implementation may not always be clear, necessitating open communication between legislators and administrators.

Adopting policy

The council does not make policy in a vacuum. Councils rely on ideas from many sources, including the council staff, citizens' groups, advisory committees, chambers of commerce, and others. It is the council's responsibility to consider the merits of each idea and then approve, modify, or reject it. In doing so, councilmembers analyze community needs, program alternatives, and available resources. The decision often takes the form of an ordinance or resolution, although it may take the form of a rule, regulation, motion, or order. The budget and comprehensive plan are powerful policy tools that are adopted by ordinance.

So, who actually runs the city?

It is important to recognize that it is not the role of the councilmember to administer city affairs. The council sets policy, but it is the city manager - in council-manager cities, that actually sees that the policies are implemented. This means that it is not the role of the councilmember to supervise city employees on the job or become involved in the day-to-day administration of city affairs. This can be a source of conflict between the executive and legislative branches of city government.

Responding to citizen complaints

Residents often contact a councilmember when they have a problem, whether it involves a land use matter, a barking dog, or a pothole. Don't hesitate to send them to the appropriate city staff person for resolution of their problems, keeping in mind that you lack the authority to take action in administrative matters.

Relationship with the city attorney

In council-manager cities the city manager appoints the city attorney, whether that position is full time or part time. In some cities the council takes an active role in arranging for the provision of legal services through a contractual arrangement. Regardless of how the position is established, remember that though the city manager typically has more contact with the city attorney than the councilmembers or city staff, the city attorney's job is to advise all of the city officials. Sometimes councilmembers feel that the city attorney is the city manager's attorney, particularly if the city attorney generally supports the manager's position in situations where the answer is unclear.

Question & answers

Q. What is the role of the city council regarding employee discipline, and what input can the council have concerning performance appraisals of employees?

A. Though the council may be concerned about employee discipline and how certain employees are performing their duties, the council should not be involved in any individual situations. While the council can establish personnel policies and voice their concerns to the city manager, it is solely the city manager's job to discipline and supervise city employees, including conducting performance evaluations.

Q. Is the city manager required to inform council members prior to terminating or disciplining a city employee?

A. No. However, when a particular termination or discipline is likely to be controversial, the city manager may want to notify the council and explain the decision in an executive session. Disciplinary and termination decisions should be reviewed with the city attorney prior to action being taken. The city manager and councilmembers should be careful to not discuss specific cases outside of an executive session.

The city manager cannot prohibit the council from having access to the city attorney for advice. For financial reasons, the manager may feel that questions to the city attorney should be channeled through the executive's office, to avoid possible duplication and to make sure that the questions are presented clearly. Ultimately, it is up to the council to establish procedures on how city attorney services are provided.

Some smaller cities try to minimize their fees for legal services by not having the city attorney regularly attend council meetings. That can be thrifty, but shortsighted, particularly when the council is dealing with controversial matters such as land development, or complex procedural issues such as LIDs.

Personnel management

The statutes generally give the city manager, as chief executive, the broad authority to hire and fire employees.

The city council, however, determines the number of employees that can be hired and those employees' duties. The council establishes salaries and other forms of compensation paid city workers. The council may also establish job qualifications.

One piece of advice is to have good, consistent personnel policies. Up-to-date, clearly written policies help avoid lawsuits, promote consistency, and contribute to employee morale.

Labor relations

Unions have a significant presence in Washington cities. Most city employees have the right to organize under state law and have joined state-wide unions or formed local associations. The city must negotiate labor contracts with these unions over wages, hours and working conditions.

In particular, most police and fire departments are unionized. Except for very small cities, police and fire unions have access to interest arbitration when an impasse in bargaining occurs. This can create a unique dynamic in police and fire negotiations, given the potential for an outside arbitrator to make decisions regarding wages, benefits and contract language.

Open government laws

Compliance with public disclosure and open meetings builds citizen trust. The Open Government Training Act requires elected officials to be trained on public disclosure, the Open Public Meetings Act, and records retention within 90 days of taking office and every four years thereafter.

Local laws - ordinances and resolutions

How does the council adopt policy? Typically, a council will adopt policy through the passage of ordinances and resolutions at council meetings.

Difference between ordinances and resolutions

An ordinance is a local law of a municipal corporation, prescribing general rules of conduct. Ordinances may be used for a variety of purposes, including administrative actions such as establishing offices and setting salaries, or they may be used for actions that control the conduct of the public. An ordinance is a legislative enactment, within its sphere, as much as an act of the state legislature.

A resolution, on the other hand, is typically an act that is less solemn or formal than an ordinance and may be no more than an expression of the opinion of the official body. Legislation must be enacted via ordinance. Deciding in any particular case what constitutes legislation may require reference to case law, but the general guiding principle is that “[a]ctions relating to subjects of a permanent and general character are usually regarded as legislative, and those providing for subjects of a temporary and special character are regarded as administrative...” (*Durocher v. King County*, 80 Wn.2d 139, 153, 492 P.2d 547 (1972).)

When deciding whether to use an ordinance or a resolution, a good first step is to refer to the city charter and state law (RCW’s). Some state statutes leave the form of action to be employed to the discretion of the legislative body. If the charter and the code are silent as to the mode of decision-making, and the action is not “legislation,” then either a resolution or an ordinance may be used.

Rules for adopting ordinances

The state statutes for each class of municipality do contain some procedural requirements which govern the adoption of ordinances. However, these procedural requirements are generally not complicated and do not require an elaborate adoption procedure. For a comprehensive discussion of adoption procedures, including information on requirements for signatures on ordinances and publication of ordinances, see MRSC Report No. 50, which is entitled *Local Ordinances - The Drafting, Compilation, Codification and Revision of Ordinances*.

Many cities and towns have adopted local rules of procedure that relate to the adoption of ordinances, and these, of course, must be followed. For example, although the state statutes do not require that an ordinance be read more than once in most circumstances prior to adoption, many local rules of procedure do contain such a requirement. Therefore, it is important that councilmembers familiarize themselves with the local rules of procedure, as well as the state statutory requirements in regard to adoption requirements for ordinances.

An ordinance is a local law of the city.

A resolution is typically an act that is less formal than an ordinance.

“We’re busy electing
barometers, when what
we really need are
compasses.”

Author unknown

Practical advice

Helpful pointers from other elected officials.

Leadership ...

- Lead by example. Be honest, consistent, flexible. Don’t play games.
- Use common sense.
- Don’t be stampeded into action by the strong demands of special interest groups. Your job is to find the long-term public interest of the entire community.
- Be clear on what you stand for - list 10 things you believe in.
- A new councilmember should have goals - things you want to accomplish. But don’t act rashly and assume that only you know the best way to accomplish things. Every issue will benefit from additional discussion. Your perceptions may change.
- Sometimes we underestimate the potential impact of an elected official’s leadership. Use the dignity of your office to help the community get past contentious issues.
- There is a tremendous amount of discomfort in making very public decisions. Sometimes the decisions feel like the end of the earth. It’s easy to fear the political consequences. But it is important to look a little more long-term in perspective, weigh everything, and reach good decisions.
- You won’t be able to satisfy all of the people, and you have to know that. Listen fairly. . .listen thoughtfully. . .and then do what’s right.

Working with staff ...

- Get to know staff and what they do.
- Say thank you! Let folks know how much you appreciate them and give credit where credit is due.
- Treat staff with respect - they are a very valuable asset.
- Be consistent. Treat everyone the same.
- Budget money for and encourage your staff to attend professional meetings and seminars. These learning opportunities and the personal contacts can be invaluable to your city.

Is it Policy or Administration?

MRSC, February 2013

"All government - indeed, every human benefit and enjoyment, every virtue and every prudent act - is founded on compromise and barter."

Edmund Burke

Introduction

Is it policy or is it administration? Through some examples of typical local government activities we will attempt to answer this age-old question. The Municipal Research and Services Center (MRSC) is frequently asked for advice from local officials about this issue. Lack of clarity or agreement about this issue is perhaps the most frequent source of conflict. There are no "black and white" answers. There will always be some overlap between policy and administration. That is why it is very important for executives, legislators, and key staff to develop ways to communicate and work together effectively. Legislative bodies are most effective and successful when they focus on strategic activities to guide future development of their communities. These key policy-making activities include the development of a vision for the community, the adoption of community goals and objectives, the adoption of comprehensive plans, decisions about which programs and services will be provided by the local government, and the adoption of budgets and capital facilities plans. These are clearly policy matters.

Policy Versus Administration - Examples

Councils and commissions have the powers to enact laws and policies consistent with state law, usually through the enactment of ordinances and resolutions. The chart below lists actions that city councils and commissions can take, followed by a brief description of the responsibility of the mayor, city manager or administrator. These also apply to county councils and commissions; however, counties have a number of independent elected officials whose functions and duties are defined by the state constitution, state statutes or home rule charter.

Policy	Administration
Enact a budget.	Propose budget. Spend within budgetary limits.
Define the powers, functions and duties of officers and employees.	Fill positions consistent with local ordinances.
Fix the compensation of officers and employees.	Administer payroll consistent with the adopted budget and compensation plan.
Establish the working conditions of officers and employees.	Insure that proper working conditions are provided.
Establish retirement and pension systems.	Administer pension and retirement plan.
Adopt ordinances regulating local affairs.	Implement and enforce ordinances.
Set fines and penalties for violation of ordinances.	Collect fines and enforce penalties.

Policy	Administration
Enter into contracts.	Propose contracts. Manage approved contracts. Enforce contracts.
Regulate the acquisition, sale, ownership, and other disposition of real property.	Negotiate terms of acquisition and sale of real property; carry out acquisition and sale.
Decide which governmental services will be provided. Adopt budgets for their provision.	Oversee the day to day operation of programs and services provided by the local government.
Establish public utilities.	Manage provision of utility services.
Grant franchise for the use of public ways.	Enforce terms of franchise agreement.
License, for the purpose of revenue and regulation, most any type of business.	Administer business licenses as provided by council.
Set tax rates and user fees consistent with state laws.	Collect taxes and user fees.
Approve claims against the city or county.	Bring lawsuits, with legislative approval. Propose settlement of claims. Pay approved claims.
Enter into agreements to accept grants and gifts.	Propose agreement. Carry out terms of the agreement.

Administrative Functions

The mayor, city manager, or county executive is the chief executive and administrator in charge of carrying out the policies set by the legislative body and enforcing local laws. They are basically in charge of the day-to-day operation of the city or county, including the supervision of all appointed officers and employees in the performance of their official functions. The chief executive is in charge of hiring and firing all appointive officers and employees, subject, where applicable, to laws regarding civil service. Councils of first class, second class, and code cities have some authority to require confirmation of the mayoral appointments of certain officials; councils may not, however, require confirmation of firings by the mayor. Town councils do not have this power.

For the most part public agencies are *administrative*; they must follow policies, laws, budgets, and other rules. In order to prevent abuses of power and to provide predictability, administrative functions have limited flexibility or discretion. For example, the enforcement of building and land use codes are generally ministerial in nature. If applicants comply with requirements as set forth in the code, they get their permit. However, there are certain types of decisions, such as rezones, that must go to the legislative body.

On many matters, citizens will no doubt call councilmembers. In these situations, it is best to pass on the complaint (through the mayor or city manager), let staff deal with it, and report back to the councilmember on its disposition. Give the staff a chance to do their job. Treat citizen comments, complaints, or requests as feedback on basic service delivery systems. These are opportunities for service "tune-ups" as part of a continuous improvement effort.

Separation of Powers

Consistent with the doctrine of separation of powers, the council is not authorized to interfere with the chief executive's administration of government. Councilmembers may not give orders to department heads or to other employees. In council-manager cities, this prohibition is established statutorily. The council must work through the city manager on matters of city administration, except that it may deal directly with officers and employees under the manager's direction "for the purpose of inquiry." To do its job, the council needs information on how the city or county is operating. The chief executive must provide timely, useful information evenly and equally to all councilmembers - either directly or through subordinate officers and employees.

On the issue of communication between the council and city officers and employees, the mayor may not prevent council members from gaining information although he or she could reasonably regulate the inquiry process. If councilmember inquiries unreasonably take staff away from their duties, the mayor may require those inquiries to be channeled through the mayor or a department head, if it can be done without unduly encumbering council access to information.

Personnel Issues

A frequent source of conflict is in the area of personnel. The council may not like a mayor's appointment to a particular position, or it may be dissatisfied with the performance of certain officers or employees. An employee may complain to and seek relief from the council about some aspect of employment. On the other hand, the mayor may believe that certain personnel policies interfere with his or her supervision of employees and hiring and firing authority. The mayor may direct that all communications with city staff go through the mayor's office. The council, in response, may feel that the mayor is unlawfully restricting its access to city personnel for information purposes.

The remedy for some of these situations may be to review the respective roles of the mayor and the council and to understand the limitations of their respective authorities. For example, if the council is not happy with a mayoral appointment, there may be nothing the council can do directly within the bounds of its authority. However, if it has the authority to confirm a particular appointment, it can reject the appointee and force the mayor to choose another. If the council does not have confirmation authority, it can express its dissatisfaction to the mayor, but it can do nothing else with respect to that particular appointment. The council may, however, provide for a detailed personnel system establishing specific qualifications for positions, requiring publication and public posting of job opening announcements, and the like. Moreover, the mayor, at least in code cities, is required by statute to make appointments "on the basis of ability and training or experience."

Similarly, if the council feels that an officer or employee is performing poorly and should be disciplined or fired, it can say so to the mayor, but it has no power to do anything else. Although it controls the salaries paid to city officers and employees, it may not lower a salary with the purpose of causing the person holding that position to quit. A rule to follow is that the council (and the mayor) may not do indirectly what it cannot do directly.

Finance and Budget Issues

Another area that often provides ground for conflict is finances and budgets. For example, the mayor may not take full advantage of the budget authorized by the council. The council may authorize a certain position at a certain salary, and the mayor may decide not to fill the position or may do so at half time and half salary. The mayor may cite financial difficulties, such as revenues falling short of projections, and may conclude that the city cannot afford someone filling this position full-time. The council, on the other hand, may not agree that the conditions warrant such action or may determine that a different cost-saving measure is appropriate and should be instituted.

Resolution of this type of issue may prove particularly tricky. Although the mayor may not pay an employee less than is authorized by the council in the budget or separate salary ordinance, under certain financial circumstances, the mayor may be able to partially fill a position, thus proportionately reducing the salary for the position. Legal authority, however, is hazy on such issues. The best strategy would be for the mayor and the council to work out a mutually agreeable accommodation.

Resolving Conflicts

In situations where it is not clear whether the executive or the council has the authority to act, counsel of the city attorney or that of a MRSC consultant could be sought. Understanding roles is a necessary step in resolving many conflicts. When roles are not clearly defined, compromise may be in order. Statutes and case law may not always provide a ready answer. All parties need flexibility to meet the challenge of providing effective local government that is responsive to public needs. Local government works best when local officials work well together and build relationships based on honesty and trust.

Chapter 9

Resolving and preventing city manager-council conflict

It is essential for councilmembers to understand their role and how they relate to each other and staff. Many conflicts in city governments are the result of confusion as to these roles and the consequent over-stepping of the boundaries between the respective roles.

Separation of powers

Like the federal and state governments, a city government's powers are distributed among three separate branches: legislative, executive, and judicial. The city council is similar to the state legislature or the Congress; the city manager, like the governor and the President, heads the executive branch; and the municipal court (or the district court by contract) exercises judicial functions, although in a much more limited way than the state or federal courts.

Under the "separation of powers doctrine," each of the three branches exercises certain defined powers, free from unreasonable interference by the others; yet all three branches interact with each other as part of a "checks and balances" system. The powers of these branches in city government are defined for the most part by state statute.

The city manager's authority

As the chief executive and administrative officer of the city, the city manager is in charge of carrying out the policies set by the council and seeing that local laws are enforced. The city manager is basically in charge of the day to day operation of the city, including the supervision of all appointed officials and employees. The city manager is in charge of hiring and firing all appointed officers and employees, subject to civil laws, where applicable. Except for those in towns (fourth class municipalities), councils have some authority to require confirmation of the appointment of certain officials; councils may not, however, require confirmation of firings by the city manager.

In general, the city manager also has the authority to:

- Enforce contracts.
- Bring lawsuits, with council approval.
- Call special meetings of the council.
- Prepare a proposed budget.
- Report to the council on the financial and other affairs and needs of the city.
- Approve or disapprove all official bonds and contractor's bonds.

Consistent with the separation of powers doctrine, the council is not authorized to interfere with the city manager's administration of city government. Councilmembers may not give orders to department heads or to other city employees. To do its job, however, the council needs information on how the city is operating. The city manager either directly or through other city staff, must provide that information and should do so in a timely and useful fashion.

The city manager is basically in charge of the day to day operation of the city, including the supervision of all appointed officials and employees.

Council powers

In general, it is the council's role to adopt policies for the city and it is the city managers's role to administer or carry out those policies. The council, being legislative, has the power to enact laws and policies, consistent with state law, usually through the enactment of ordinances and resolutions. The council also has specific authority to:

- Enact a city budget.
- Define the powers, functions, and duties of city officers and employees.
- Fix the compensation of officers and employees.
- Establish the working conditions of officers and employees.
- Maintain retirement and pension systems.
- Impose fines and penalties for violation of city ordinances.
- Enter into contracts.
- Regulate the acquisition, sale, ownership, and other disposition of real property.
- Provide governmental, recreational, educational, cultural, and social services.
- Impose taxes, if not prohibited by state law.
- Cause the city to own and operate utilities.
- Approve claims against the city.
- Grant franchises for the use of public ways.
- License, for the purpose of revenue and regulation, most any type of business.

In addition, the council is authorized to enact rules governing its procedures, including for public meetings and hearings.

The blurred line between policy and administration

Of course, things do not always run smoothly between the council and the city administration, and the line between policy and administration in some situations is not very clear.

One frequent source of conflict is personnel matters. The council may not like a city manager's appointment to a particular position or it may be dissatisfied with the performance of certain officers or employees. An employee may complain to, and seek relief from the council about some aspect of employment. On the other hand, the executive may believe that certain personnel policies interfere with his or her supervision of employees and hiring and firing authority.

The city manager may direct that all communications with city staff go through the city managers's office. The council, in response, may feel that the city manager is unlawfully restricting its access to city personnel for information purposes.

Whose role is it?

The remedy for some of these situations may be to review the respective roles of the city manager and the council and to understand the limitations of their respective authorities. For example, if the council is not happy with a city manager appointment, there may be nothing the council can do directly within the bounds of its authority. However, if it has the authority to confirm a particular appointment, it can reject the appointee and force the city manager to choose another. If the council does not have confirmation authority, it can express its dissatisfaction to the city manager, but it can do nothing else with respect to that particular appointment.

The council may, however, provide for a detailed personnel system establishing specific qualifications for positions, requiring publication and public posting of job opening announcements, and the like. Moreover, the city manager, at least in code cities, is required by statute to make appointments "on the basis of ability and training or experience."

Similarly, if the council feels that an officer or employee is performing poorly and should be disciplined or fired, it can say so to the city manager, but it has no power to do anything else. Although it controls the salaries paid to city officers and employees, it may not lower a salary with the purpose of causing the person holding that position to quit.

A rule to follow is that the council may not do indirectly what it cannot do directly.

"The most important single ingredient in the formula of success is knowing how to get along with people."

- Franklin D. Roosevelt

Additional resources:
Directory of Retreat
Facilitators, AWC

Council and staff communication

On the issue of communication between the council and city officers and employees, the city manager may not prevent councilmembers from gaining information although he or she could reasonably regulate the process by which requests or questions are made. If councilmember inquiries of city employees are interpreted as harassing or unreasonable and may take them away from their duties, it may be necessary for the city manager to require those inquiries to be channeled through the city manager's or a department head's office, if that can be done without unduly encumbering council access to information.

Conflict in the finance arena

Finance and budgets is another fertile area for conflict. For example, the city manager may decide not to take full advantage of the budget authorized by the council. The council may authorize a certain position at a certain salary, and the executive may decide either not to fill the position or may do so at half time and half salary. The city manager may cite financial emergencies, such as revenues falling short of projections, and may conclude that the city cannot afford someone filling this position full time. The council, on the other hand, may not agree that the conditions warrant such action or may determine that a different cost saving measure is appropriate and should be instituted.

Resolution of this type of issue may prove particularly tricky. Although the city manager may not pay an employee less than that authorized by the council in the budget or in a separate salary ordinance, he or she, under certain financial circumstances, may be able to partially fill a position, proportionately reducing the salary for the position. Legal authority, however, is hazy on such issues. The best strategy would be for the city manager and the council to work out a mutually agreeable accommodation.

Resolving conflicts

There are other issues that will likely arise (and that have arisen in other cities) where it is not clear who has the ultimate authority to act, the city manager or council. In these situations, the council and the city administration could draw their respective battle swords and charge; or, one or both sides could first analyze the issue, perhaps seeking counsel of the city attorney or the consultants at MRSC. Some cities have also brought in an outside facilitator to help them resolve their conflicts.

When the roles are not clearly defined in a particular situation, and the law is not clear, compromise may be in order. All sides need flexibility to meet the challenges of a well functioning city government. If the focus is on providing good government rather than on turf wars, councilmembers, mayors, and staff can better fulfill their roles as public servants.

The municipal/district court's authority over employees

The presiding judge in municipal or district court is delegated the authority to supervise court employees and control the daily operation of the court in General Rule 29 of the Washington Court Rules (GR 29). Separation of powers issues can arise when the executive branch (i.e., the city manager) desires to terminate, appoint or otherwise discipline a court employee. These types of actions are not within the authority of the executive branch because RCW 3.50.080 and GR 29 reserve this authority for the presiding judge. The city council does retain the authority to set salaries and establish benefits for court employees.

Note however, that courts must engage in good faith collective bargaining with court employees. The Washington State Supreme Court has determined that the requirement to bargain does not take away the court's inherent power to control the daily operation of the court and supervise court employees. *Washington State Council of County and City Employees v. Hahn*, 15 Wn. 2d 13 (2004).

Additional resources:

**Knowing the Territory-
Basic Legal Guidelines for
Washington City, County,
and Special District Officials**
MRSC

**The Authority of the
Legislative Body to Regulate
Admini-stration of City
Business [code cities]**
by Susan Rae Sampson, Legal
Notes, MRSC

Practical advice

Helpful pointers from other elected officials.

Relationships within council ...

- **Keep disagreements from getting too personal.** As one councilmember said, "If we can't sit up here and argue and then go out with the same people and have a cup of coffee, then we have no business being on the council."
- **Always be courteous to other councilmembers**, especially new ones who come on board with an agenda. Keep that door open.
- **Address conflict head on.**

Roles of the city manager and council

Policy making & implementation

City Manager

- Keep council informed on city affairs.
- Propose policy.
- Implement policy adopted by council.
- Report back to council regarding policy implementation and possible improvements.

Council

- Listen to city residents - keep track of their concerns and wishes.
- Discuss, develop, and adopt city policies governing many aspects of city operations.

Personnel matters

City Manager

- Hire, fire, supervise and discipline all city employees (in some cities council confirmation of certain appointments can be required). Civil service rules and labor contracts must be followed, if applicable.
- Negotiate labor contracts (sometimes city manager is not member of negotiating team).

Council

- Adopt personnel policies, establish positions, set wages and benefits - council should not meddle in mayor's supervision of employees or interfere with work of employees.
- Establish bargaining parameters and approve final labor contract.

City budget

City Manager

- Work with staff to develop preliminary budget.
- Lead council in process of establishing goals and priorities for the city.
- Implement budget adopted by council, provide regular financial reports, and present alternatives when council has to deal with budget problems.

Council

- Establish goals and priorities which provide framework for budget - discuss and adopt final budget - amend budget as needed.
- Set city tax rates, to the extent permitted by statutes.
- Set utility rates and other fees as required.

Council meetings

City Manager

- Prepare agenda, preside over meetings, report to council on matters involving city administration, propose policy initiatives or changes.
- Vote on measures to the extent allowed by the statutes. Veto ordinances, as permitted by statutes.
- As presider, facilitate an orderly meeting process.

Council

- Adopt council rules of procedure.
- Participate in preparation of council meeting agenda as provided in council rules.
- Discuss all policy matters and make decisions following the adopted rules.

Land use and planning

City Manager

- Supervise planning staff, who make recommendations to the planning commission and council on a broad range of planning issues.
- Supervise staff who enforce building codes and other development regulations.

Council

- Adopt and amend zoning, development regulations, and comprehensive plan after receiving input from staff, residents, planning commission, and others.
- Act in quasi-judicial capacity to decide land use issues.
- Amend planning documents as necessary.

City expenditures, contracts

City Manager

- Sign contracts, supervise contract performance, enforce contracts.

Council

- Approve contracts and all city expenditures.

Relationships with other entities

City Manager

- Represent city as official spokesman, in accordance with views or goals set by council.
- Act as official head of city for ceremonial events (ribbon cuttings, sister-city contacts, etc.).

Council

- Decide whether city will participate in optional government organizations, provide guidance.
- May serve as city representative on certain intergovernmental bodies where city manager is not designated member.

Policy development processes are most effective and productive when key players work well together. Each party has a role to play and has defined responsibilities. Conflicts often develop when the legitimate needs and roles of one party are not understood by another. Here are some suggestions that might make the policy development process more effective:

What Elected Officials Need to Know about Staff

- **Some key staff belong to national and state associations that hold members to professional and ethical standards.** For example, many city managers belong to the Washington City/County Management Association and are bound by the International City/County Management Association code of ethics. Asking staff to help on certain political matters, such as election and ballot campaigns, puts them in a difficult position. State laws also significantly limit the use of public resources for campaign issues.
- **Explore challenging issues with staff and encourage their creativity.** Staff will sometimes assert that "we can't do this because it violates technical standards." While these standards are legitimate attempts to address important public goals, they often do not fully recognize other community values. For example, street design standards favor the movement of traffic. If the street is not critical for the movement of large traffic volumes, there may be ways to design the street to achieve other community goals by providing wider sidewalks, bike lanes, and space for recreational and social activities.
- **Get to know and trust key staff.** Competent staff can be a tremendous help in developing ideas, structuring good processes, and generally keeping you out of trouble.
- **Treat each other respectfully.** Otherwise, you may not get that extra effort that can make a difference in effectiveness.
- **Avoid public criticism of each other; it only makes for martyrs.** If there is a legitimate concern, discuss the matter privately. If you are a councilmember, remember that you do not have the authority to direct employees. Discuss your concerns with the executive, mayor or city manager. If on the staff, ask for policy clarification if you are not sure what was intended.
- **Show appreciation for good work.** Say "thanks." Share credit. Understanding and appreciating the differing roles of your team members will improve the policymaking and decision-making process.

What Staff Needs to Know about Elected Officials

- **Elected officials have different needs than staff.** To be effective, they must be responsive to the needs of their constituents. Concerns for "fairness" and "minority views" may outweigh issues of effectiveness or efficiency.
- **Elected officials want to know where various groups stand on an issue.** This information is important in attempting to balance the conflicting values that often come into play during the policymaking process.
- **Elected officials do not like surprises.** This is particularly true at the end of a long and arduous process. A staff member's credibility can be seriously undermined if key interests introduce relevant new information at a final public hearing before action is to be taken. Councilmembers will think that the staff has not done their job of providing this information to them for consideration sooner.
- **Elected officials like to have choices.** Nobody likes to feel backed into a corner where there is only one solution. Even a brilliant staff proposal may not carry the day if other choices were not seriously considered.
- **Staff can be an enormous help.** Staff can set an example by showing how compromise can be reached on thorny issues. They can also make everyone on the policy/administrative team look good by sharing credit.

*Excerpt from MRSC's website on
Roles and Responsibilities of Local Government Leaders*

CITY OF MERCER ISLAND
CITY COUNCIL
RULES OF PROCEDURE

ADOPTED
April 19, 2004
AMENDED
August 2, 2004
February 21, 2006
June 19, 2006

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SECTION 1 AUTHORITY

- 1.1** The Mercer Island City Council hereby establishes the following Rules of Procedure (“Rules”) pursuant to the authority set forth in Mercer Island City Code 2.06.050(A), for the conduct of Council meetings, proceedings and business. These Rules shall be in effect upon adoption by the Council and until such time as they are amended or new Rules adopted in the manner provided by these Rules.

SECTION 2. COUNCIL MEETINGS

2.1 TYPES OF MEETINGS

- (1) **Regular Meetings.** Council's regular meetings will be held the first and third Mondays of each month in Council Chambers, City Hall.

Regular Council meetings will begin at the hour of 7:00 p.m., and will adjourn no later than 10:00 p.m. The Council may continue past this time of adjournment by a two-thirds (2/3) vote of the Council members in attendance at the meeting.

If any Monday on which a meeting is scheduled falls on a legal holiday, the meeting shall be held at 7:00 p.m. on the first business day following the holiday, or on another day designated by a majority vote of the Council.

- (2) **Special Meetings.** A special meeting is any Council meeting other than a regular council meeting. Notice shall be given at least 24 hours in advance specifying the time and place of the meeting and the business to be transacted. A special council meeting may be scheduled by the Mayor, City Manager or at the request of a majority of the Council members.
- (3) **Study Sessions.** Study sessions will be held at 6:00 p.m., when needed and may be called by the Mayor, City Manager or by a majority of the Council members.

Study sessions will be informal meetings for the purpose of reviewing forthcoming programs, receiving progress reports on current programs or projects, or receiving other similar information.

No final decisions can be made at a study session. Decisions on those issues will be scheduled for a regular or special council meeting.

- (4) **Emergency Meetings.** An emergency meeting is a special council meeting called without 24 hour notice. An emergency meeting may only be called as a result of an emergency involving injury or damage to persons or property or the likelihood of such injury or damage or when time requirements of a 24 hour notice would make notice impractical and increase the likelihood of such injury or damage. Emergency meetings may be called by the City Manager or the Mayor. The minutes will indicate the reason for the emergency.
- (5) **Executive Session Meetings.** An executive session is a Council meeting that is closed except to the Council, City Manager, City Attorney and staff members and/or consultants authorized by the City Manager. The public is restricted from attendance. Executive sessions may be held during regular or special council meetings and will be announced by the Mayor or the Chair of a council committee, respectively. Executive session subjects are limited pursuant to Chapter 42 RCW, including considering real property acquisition and sale, public bid contract performance, complaints against public officers and employees, review of collective

bargaining agreements, public employment applications and evaluations, and certain attorney-client discussions. Before convening an executive session, the Mayor or Chair shall announce the purpose of the meeting.

2.2 ORDER OF REGULAR COUNCIL MEETING AGENDA

- (1) **Call Meeting to Order & Roll Call.** The Mayor calls the meeting to order. The City Clerk will take roll call. The Mayor will announce the attendance of Council members and indicate any Council Member who is not in attendance and whether or not the Council Member has an excused absence.

- (2) **Agenda Approval/Amendment.** Agenda items may be added to a regular Council meeting agenda after the meeting notice is published, if a Council Member or City Manager explains the necessity and receives a majority vote of the Council. The Mayor may, with the concurrence of the Council members, take agenda items out of order.

- (3) **Proclamations and Presentations.** A Proclamation is defined as an official announcement made by either the City Council or the Mayor.

City Council Proclamations are defined as those non-controversial events which have a major citywide impact. City Council Proclamations shall be publicly read at a City Council meeting and presented to a representative of the event during the Council meeting.

Mayor's Proclamations are defined as those non-controversial events which are requested by and for a special interest group within the City. Mayor's Proclamations are signed by the Mayor and forwarded to a representative of the event.

The Mayor and City Manager shall determine if the Proclamation request is for a City Council Proclamation or a Mayor's Proclamation.

Controversy is defined as a dispute, especially a lengthy and public one, between sides holding opposing views.

- (4) **Citizen Comment/“Appearances”.** Members of the audience may comment on any matter. Comments are limited to three (3) minutes, except that for a person speaking on behalf of a group, comments are limited to five (5) minutes. The Mayor will announce these time periods at the commencement of Appearances. No speaker may convey or donate his or her time for speaking to another speaker. The Mayor may grant additional time for citizen comments. Persons addressing the Council will be requested to step up to the podium and give their name and address for the record.

The Mayor may allow citizens to comment on individual agenda items at times during any regularly scheduled City Council meeting other than the regularly scheduled Citizen Comment period.

All remarks will be addressed to the Council as a whole, and not to individual City Council or staff members. Any person making personal, impertinent, or slanderous remarks, or who becomes boisterous, threatening, or personally abusive while addressing the Council, may be requested by the Mayor to leave the meeting.

The City Clerk will record all citizen comments. At the next scheduled regular Council meeting, the City Manager will report on such citizen comments and advise the Council whether the matter was referred to City staff, a Council Committee, placed on a future City Council meeting or other City response. Citizen comments that do not request City staff action but merely are advising the City Council of the citizen's position on a policy matter will not be included in the City Manager's report.

- (5) **Minutes.** The City Clerk will keep an account of all proceedings of the Council in accordance with the statutory requirements, and proceedings will be entered into a minute book constituting the official record of the Council. The City Council will approve minutes from prior Council meetings by majority affirmative vote. Council meeting minutes will not be revised without a majority affirmative vote of the Council.
- (6) **Consent Calendar.** Consent Calendar items have either been fully considered by a City Council Committee or are considered to be routine and non-controversial and may be approved by one motion. Items on the Consent Calendar include without limitation, minutes, resolutions and ordinances discussed at a previous City Council meeting, bid awards and previously authorized agreements. A Council member may remove a consent agenda item from the consent calendar for separate discussion and action. If removed, that item will become the first item of business under Regular Business of the same meeting.
- (7) **Public Hearings.** There are two types of public hearings: legislative and quasi-judicial. The Mayor will state the public hearing procedures before each public hearing. Citizens may comment on public hearing items.
 - (i) **Legislative Public Hearings.** The purpose of a legislative public hearing is to obtain public input on legislative or policy decisions, including without limitation, review by the City Council of its comprehensive land use plan or biennial budget.
 - (ii) **Quasi-Judicial Public Hearings.** The purpose of a quasi-judicial public hearing is to decide issues involving the rights of specific parties including without limitation, certain land use matters such as site specific rezones, preliminary plats, and variances.

The City Council's decision on a quasi-judicial matter must be based upon and supported by the "record" in the matter. The "record" consists of all testimony or comment presented at the hearing and all documents and exhibits that have been submitted.

In quasi-judicial hearings, Council members shall comply with all applicable laws including without limitation the appearance of fairness doctrine (Chapter 42.36 RCW). The appearance of fairness doctrine prohibits ex parte (outside the hearing) communications; prohibits a Council members from making a determination on the matter in advance of the hearing; requires the hearing to be fair and impartial; and prohibits the participation of any Council member who has a conflict of interest or financial interest in the outcome of the hearing.

A Council member shall consult with the City Attorney to determine whether or not he or she should recuse themselves from the quasi judicial hearing discussion and decision.

- (8) **Regular Business.** Regular Business items are all other regular Council business, including resolutions and ordinances requiring Council action.
- (9) **Other Business.** The Council will discuss the Planning Schedule, Board and/or Commission appointments and Council reports. During Council reports, Council members may report on significant activities since the last meeting; provided, however, that Council members may not enter into debate or discussion on any item raised during a Council report.
- (10) **Adjournment.** With no further business to come before the Council, the Mayor adjourns the meeting.

2.3 **COUNCIL MEMBER SEATING**

A Council member's seat at the dais will be determined as follows:

- (1) The Mayor shall sit in Chair #4, the center seat at the dais, the Deputy Mayor shall sit to the Mayor's right, in Chair #3 and the City Manager shall sit to the Mayor's left, in Chair #5.
- (2) The Mayor will determine the seats of the remaining Council members.

(Section 2.1(1) Updated June 19, 2006)

SECTION 3. AGENDA PREPARATION

3.1 The City Manager in consultation with the Mayor and Deputy Mayor will prepare an agenda for each Council meeting setting forth a brief general description of each item to be considered by the Council.

3.2 An item may be placed on a Council meeting agenda by any of the following methods:

- (1) By the City Manager;
- (2) By two (2) or more Council members; or
- (3) By the Mayor.

Preparation of any agenda bill and supporting documents will be limited by the one (1) hour rule set forth in Rule 7.8 herein.

3.3 Agenda materials will be available at City Hall for the Council, City staff, media and public by 5:00 p.m. on the Thursday before the meeting.

3.4 The Council may use the agenda bill "Recommendation" language for making a motion.

SECTION 4. COUNCIL PROTOCOLS

- 4.1 Roberts Rules/Council Rules.** All Council discussion shall be governed by Roberts Rules of Order, Newly Revised or by these Rules. Examples of parliamentary rules and motions are shown in appendix A to these Rules. In the event of a conflict, these Rules shall control. The City Attorney shall decide all questions of interpretations of these Rules and other questions of a parliamentary nature which may arise at a Council meeting.
- 4.2 Citizen Comment Protocols.** Council agrees to adhere to the following protocols during Citizen Comment:
- (1) Council shall listen attentively to the citizen comments.
 - (2) Council shall avoid discourteous behavior such as lengthy or inappropriate sidebar discussions or nonverbal, disparaging actions when citizens are speaking.
 - (3) Council shall not engage in debate or discussion with any individual citizen but may be recognized by the Mayor in order to ask the citizen clarifying questions.
 - (4) The Mayor will summarize at the end of citizen comment that the City Manager will be responding to comments requesting staff action at the next regularly scheduled Council meeting or that Council appreciates the citizen input on the other policy matters.
- 4.3 Discussion Protocols.** Council agrees to adhere to the following protocols for Council discussion and debate:
- (1) Be courteous and professional at all times.
 - (2) Avoid discourteous behavior such as lengthy or inappropriate sidebar discussions or nonverbal disparaging actions when colleagues or staff are speaking.
 - (3) Be recognized by the Mayor before speaking.
 - (4) Be respectful of the City Manager and staff.
 - (5) Speak in turn after being recognized.
 - (6) Do not personally criticize other members who vote against or disagree with you.
 - (7) Do not be repetitive in your arguments or discussion.
 - (8) Respect each others differences, honor disagreements, vote and move on.
- 4.4 Council Decisions.** Council members recognize that they are part of a legislative or corporal body. As such, when the Council has voted to approve or pass an agenda item, the members agree not to contact staff to encourage actions inconsistent with such Council action or take other action adversely impacting staff resources. Council members may not bring any approved action up for reconsideration following Council review and approval of such agenda item except by majority vote. The City Council's goal is to make final decisions and not to revisit or reconsider such decisions.
- 4.5 No Surprise Rule.** Council members should call each other and the City Manager on key issues to advise of emerging issues.

Council members agree not to propose substantial amendments and/or revisions to any agenda item unless they provide each other and City staff 24 hours notice to review any

written proposal. If this 24 hour rule is not met, a Council member may present his or her proposal at a Council meeting, but the Council shall not vote, discuss, debate or take other action on such proposal until the following regular City Council meeting.

To provide staff the necessary preparation time, Council members will use best efforts to provide staff advance notice of any questions or concerns they may have regarding an agenda item prior to a public meeting, if possible.

- 4.6 Council Representation.** If a Council member appears on behalf of the City before another governmental agency, a community organization, or through the media, for the purpose of commenting on an issue, the Council member must state the majority position of the Council, if known, on such issue. Personal opinions and comments which differ from the Council majority may be expressed if the Council member clarifies that these statements do not represent the Council's position. Council members must obtain other Council member's concurrence before representing another Council member's views or positions with the media, another governmental agency or community organization.

SECTION 5. ORDINANCES/CITY DOCUMENTS

5.1 All ordinances, resolutions, contracts, motions, amendments and other City documents shall be reviewed by the City Attorney. An individual Council member may contact the City Attorney to request the preparation of motions for a Council meeting. No ordinance, resolution or contract shall be prepared for presentation to the Council, unless requested by a majority of the Council or by the City Manager.

5.2 **Ordinances.** The following rules shall apply to the introduction, adoption and/or amendment of all ordinances:

(1) **First Reading of Ordinances.** An ordinance shall be scheduled for first reading at any regular or special City Council meeting. First reading of any ordinance shall be amending Title 19 of the Mercer Island City Code shall be advertised as a public hearing consistent with MICC 19.14.010(D)(4) and shall be listed on the Council's agenda as a public hearing. All other ordinances shall be listed on the Council's agenda as regular business. The City Council will consider all public testimony and any Council member may direct the City Manager/City Attorney to prepare any amendments to the ordinance for consideration during second reading and adoption.

(2) **Second Reading/Adoption.** An ordinance that has previously been introduced for first reading may be scheduled for second reading and adoption at any regular or special City Council meeting. Second reading and adoption of an ordinance may be advertised as a public hearing if the City Council has directed staff to continue the public hearing to second reading. If the public hearing has not been continued, the City Council may still consider public testimony prior to adoption. The ordinance shall be listed on the Council's agenda as either regular business or as a part of the consent calendar.

Any amendments that any Council member has directed the City Manager/City Attorney to prepare will be included as proposed amendments in the Council packet for the Council's consideration. In the event that further amendments (other than clerical, punctuation or other non-substantive amendments) are requested at second reading, the ordinance shall be continued to the next regular City Council meeting for adoption.

(3) **Exceptions.** This Rule shall not apply to any housekeeping ordinances that the City Manager recommends be adopted at first reading or any ordinances that Council determines require an effective date precluding a second reading, so long as Council suspends this Rule pursuant to Section 11. This Rule shall not apply to public emergency ordinances, necessary for the protection of public health, public safety, public property or public peace consistent with RCW 35A.11.12.

(Section 5.2 Updated August 2, 2004)

SECTION 6. MAYOR AND DEPUTY MAYOR

6.1 The Presiding Officer at all meetings of the Council shall be the Mayor, and in the absence of the Mayor, the Deputy Mayor will act in that capacity. If both the Mayor and Deputy Mayor are absent, the Mayor will appoint another Council member as acting Mayor. If the Mayor fails to appoint an acting Mayor, the Council members present shall elect one of its members to serve as Presiding Officer until the return of the Mayor or Deputy Mayor.

6.2 The Presiding Officer shall:

- (1) Preserve order and decorum in the Council chambers;
- (2) Observe and enforce these Rules;
- (3) Recognize Council members in the order in which they request the floor. The Presiding Officer, as a Council Member, shall have only those rights, and shall be governed in all matters and issues by the same rules and restrictions as other Council members;
- (4) Appoint Council members to serve on City Council Committees, ad hoc committees and to serve as liaisons to advisory boards and commissions; Recommend appointment of citizens to serve on advisory boards and committees; and
- (5) Impose Council member sanctions for violation of these Rules consistent with Section 12 of these Rules.

6.3 Mayor and Deputy Mayor Elections

- (1) Any Council Member may nominate a candidate; no second is needed.
- (2) Nominations are closed by a motion, second and 2/3 vote of Council.
- (3) If only one (1) nomination is made, it is appropriate to make a motion and obtain a second to instruct the City Clerk to cast a unanimous ballot for that nomination. Approval is by majority vote of Council members present.
- (4) If more than one (1) nomination is made, an open election is conducted by roll call vote.
- (5) To be elected, the nominee needs a majority vote of the Council.
- (6) Elections will continue until a Mayor and Deputy Mayor are elected by a majority vote of the Council.
- (7) The City Clerk shall declare the nominee receiving the majority vote as the new Mayor. The new Mayor shall declare the nominee receiving the majority vote as the new Deputy Mayor. The Clerk shall swear the individuals into office.

SECTION 7. COUNCIL RELATIONS WITH CITY STAFF

- 7.1** Council members will focus primarily on policy matters and not administrative issues.
- 7.2** The City Manager is the primary point of contact between the City Council and the staff.
- 7.3** There will be mutual respect from both City staff and Council members of their respective roles and responsibilities when, and if, expressing criticism in a public meeting.
- 7.4** City staff will acknowledge the Council as policy makers, and the Council members will acknowledge City staff as administering the Council's policies.
- 7.5** All written informational material requested by individual Council members shall be delivered by City staff, after approval by the City Manager, to all Council members with a notation indicating which Council Member requested the information.
- 7.6** Council members shall not attempt to coerce or influence City staff in the selection of personnel, the awarding of contracts, the selection of consultants, the processing of development applications, the granting of City licenses or permits, interpretation and implementation of Council policy, or in any other matter involving the administration of City business.
- 7.7** The Council shall not attempt to change or interfere with the operating rules and practices of any City department.
- 7.8** No Council member shall direct the City Manager or Department Directors to initiate any action or prepare any report that is significant in nature, or initiate any significant project or study without the consent of a majority of the Council. A matter shall be deemed to be “significant” if it would require more than one (1) hour of staff time. Once notified that a request for information or staff support would require more than one (1) hour, the Council member may seek to place the request on an upcoming Council agenda consistent with Section 3.2.
- 7.9** Individual Council requests for information can be made directly to the Department Director unless otherwise determined by the City Manager. If the request would create a change in work assignments or require the Department Director or his or her staff to work in excess of 1 hour, the request must be made through the City Manager.

SECTION 8. CITY BOARDS AND COMMISSIONS

- 8.1** Mercer Island's boards, commissions and ad hoc committees provide an invaluable service to the City. Their advice on a wide variety of subjects aids the Mayor and Council members in the decision-making process. Effective citizen participation is an invaluable tool for local government.
- 8.2** These advisory bodies originate from different sources. Some are established by Title 3 of the Mercer Island City Code while others are established by motion or ordinance of the City Council. It is at the discretion of the Council as to whether or not any advisory body should be established by ordinance. Title 3 of the Mercer Island City Code establishes the following advisory boards and commissions for 2004:
- (1)** Design Commission
 - (2)** Planning Commission
 - (3)** Utility Board
 - (4)** Youth and Family Services Board
 - (5)** Mercer Island Arts Council
- 8.3** The adoption of uniform rules of procedure is necessary to assure maximum productivity for these boards and commissions.
- 8.4** The Council may dissolve any advisory body that, in their opinion, has completed its working function or for any other reason.
- 8.5** Members and alternate members of all advisory bodies are recommended for appointment by the Mayor, following consultation with the Council Liaison and staff, during a regularly scheduled meeting, subject to City Council approval.
- 8.6** Vacancies are advertised so that any interested citizen may submit an application. Applicants must be citizens of the City of Mercer Island if required by the Mercer Island City Code or if required by the Mayor. Councilmembers will be notified of any vacancy in any board or commission. Council members are encouraged to solicit applications from qualified citizens. Applications shall be available from the Office of the City Clerk. The City Clerk will retain completed applications for 2 weeks for City Council review.
- 8.7** Lengths of terms vary from one advisory body to another, but in all cases overlapping terms are intended. On ad hoc committees, where a specific project is the purpose, there will not be terms of office.
- 8.8** All meetings of advisory bodies are open to the public in accordance with Chapter 42.30 RCW, Open Public Meetings Act and require a minimum 24 hour advance notice.
- 8.9** The number of meetings related to business needs of the advisory group may be set by the individual body, unless set forth in a resolution or ordinance or unless the number of meetings adversely impacts City staff resources, as determined by the City Manager.

- 8.10** Members may be removed, from any advisory committee, prior to the expiration of their term of office, by a majority vote of the City Council.
- 8.11** All members of advisory bodies should be aware of the need to avoid any instance of conflict of interest. No individual should use an official position to gain a personal advantage.
- 8.12** The City Council transmits referrals for information or action through the City Manager and the City Council liaison to the advisory groups. These advisory groups transmit findings, reports, etc., to the City Council through the City Manager and City Council liaison.
- 8.13** While the City staff's role is one of assisting the boards and commissions, the City staff members are not employees of that body. The City staff members are directly responsible to his or her Department Director and the City Manager.
- 8.14** Annually, staff shall develop a draft work program for each board and commission based upon the City Council's annual work plan. Staff will present the draft work program to each board and commission for input and revision. All Board and commission work programs will then be presented to the City Council for review, possible amendments and approval. Boards and commissions shall not direct City staff to perform research, gather information or otherwise engage in activities involving projects or matters that are not listed on the work plan unless approved by the City Council or City Manager. Copies of board and commission agendas will be included in City Council regular meeting packets.
- 8.15** **Roles & Duties for Council Liaison.** The Mayor may appoint a Council liaison for any boards or commissions. The Council liaison shall report objectively on the activities of both the City Council and the advisory group. Any member of the Council is allowed to attend advisory committee meetings so long as a quorum is not present. The Council liaison shall report objectively on the activities of both the City Council and the advisory group. The specific duties of a Council liaison are as follows:
- (1) Attend meetings of the board or commission on a regular basis and sit at the table or dais, as applicable.
 - (2) Except in quasi-judicial matters, may participate in discussion and debate of the board or commission but may not vote on any matter.
 - (3) Represent the majority City Council position, if known.
 - (4) Participate in a manner that will not intimidate or inhibit the meetings and operations of the board or commission. Make comments in a positive manner so as to promote positive interaction between Council and the board or commission.
 - (5) Be prepared to give Council regular and timely reports at every regular City Council meeting. Take the lead on discussion items before the Council which pertain to the assigned board or commission.
 - (6) With the Mayor, evaluate potential candidates for appointment to the board or commission. Based upon liaison and Council input, the Mayor will recommend appointment of candidates subject to City Council approval.
 - (7) Schedule with Council an annual presentation by the board or commission and staff on the annual work program, projected goals and funding

requirements. These presentations should be integrated with the annual budget process.

- (8)** Schedule with Council an annual presentation by staff on the annual work program, projected goals and funding requirements. These presentations should be integrated with the annual budget process.

(Section 8 Updated February 21, 2006)

SECTION 9 COUNCIL COMMITTEES

- 9.1** Council committees are policy review and discussion arms of the Council. Committees may study issues and develop recommendations for consideration by the Council. Committees may not take binding action on behalf of the City Council. Council Committee structure shall be as determined by the City Council in January of each year.
- 9.2** Committees shall establish regular meeting schedules as determined by the Chair of the Committee.
- 9.3** Each committee will have staff support assigned by the City Manager. Staff will work with the committee chairs to set agendas, provide support materials and prepare reports.
- 9.4** The City Manager or Mayor may send issues directly to committees for their review or a matter may be referred to a committee by Council vote or consensus.
- 9.5** Committee appointments (chairs and members) shall be made by the Mayor. The Mayor will take into account the interests and requests of individual Council members in making committee assignments.
- 9.6** Membership of each committee will consist of three (3) Council members.
- 9.7** The Mayor will make committee assignments each January in which there is an election of the Mayor and Deputy Mayor.

SECTION 10 COUNCIL WORK PROGRAM

- 10.1** The Council shall attend an annual retreat during the first quarter of each year. During this retreat, Council will agree upon an annual work program.

- 10.2** Any modifications to this work program will require a formal majority affirmative vote; provided, however, that this Rule will not interfere with the City Manager performing his professional administrative duties including, without limitation, implementing additional staff work to improve the operation or functioning of the City and/or Council at any time.

SECTION 11 SUSPENSION AND AMENDMENT OF RULES

- 11.1** Any provision of these rules not governed by state law or ordinance, may be temporarily suspended by a two-thirds (2/3) majority vote of the Council.

- 11.2** These rules may be amended or new rules adopted, by a majority vote of the Council.

SECTION 12

SANCTIONS FOR RULE VIOLATIONS

12.1 Council members may be sanctioned for violation of these Rules in any of the following ways:

- (1)** Two (2) or more Council members may call an executive session under RCW 42.30.110(f) to discuss complaints brought against a public officer;
- (2)** Public censure if a majority of Council supports public censure. During a regular City Council meeting, the Mayor shall state in detail the Rule(s) violated and the Council member's conduct resulting in violation of the Rule. The Council member who is the subject of the sanction shall have the opportunity to rebut;
- (3)** The Mayor may terminate committee, board or liaison assignments; and/or
- (4)** Any other appropriate action decided by a majority of the City Council.

APPENDIX “A”

PARLIAMENTARY RULES AND MOTIONS

- (1) If a motion does not receive a second, it dies. Motions that do not need a second include: nominations, withdrawal of motion, agenda order, request for a roll call vote, and point of order.
- (2) A motion that receives a tie vote is deemed to have failed.
- (3) When making motions, be clear and concise and do not include arguments for the motion within the motion.
- (4) After a motion and second, the Mayor will indicate the names of the Council members making the motion and second.
- (5) No further citizen comments may be heard when there is a motion and a second on the floor and Council should attempt to ask questions of staff prior to such motion and second.
- (6) When the Council concurs or agrees to an item that does not require a formal motion, the Mayor will summarize the agreement at the conclusion of the discussion. Council members may object to such summary if any feel the summary does not reflect the Council consensus.
- (7) A motion may be withdrawn by the maker of the motion, at any time, without the consent of the Council.
- (8) A motion to table is undebatable and shall preclude all amendments or debates of the issue under consideration. If the motion to table prevails, the matter may be "taken from the table" only by adding it to the agenda of a future regular or special meeting at which time discussion will continue; and if an item is tabled, it cannot be reconsidered at the same meeting.
- (9) A motion to postpone to a certain time is debatable as to the reason for the postponement but not to the subject matter of the motion; is amendable; and may be reconsidered at the same meeting. The question being postponed must be considered at a later time at the same meeting, or to a time certain at a future regular or special City Council meeting.
- (10) A motion to postpone indefinitely is debatable as to the reason for the postponement as well as to the subject matter of the motion; is not amendable, and may be reconsidered at the same meeting only if it received an affirmative vote.
- (11) A motion to call for the question shall close debate on the main motion and is undebatable. This motion must receive a second and fails without a two-thirds' (2/3) vote; debate is reopened if the motion fails.
- (12) A motion to amend is defined as amending a motion that is on the floor and has been seconded, by inserting or adding, striking out, striking out and inserting, or substituting.

- (13) Motions that cannot be amended include: Motion to adjourn, agenda order, point of order, reconsideration and take from the table. A motion to amend an amendment is not in order.
- (14) Amendments are voted on first, then the main motion as amended (if the amendment received an affirmative vote).
- (15) The motion maker, Mayor or City Clerk should repeat the motion prior to voting.
- (16) At the conclusion of any vote, the Mayor will announce the results of the vote.
- (17) When a question has been decided, any Council member who voted in the majority may move for reconsideration.
- (18) Roll call votes will be taken if requested by a Council member.

3

EFFECTIVE COUNCIL/COUNCIL AND COUNCIL/STAFF OPERATIONS AND COMMUNICATIONS



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Kirsten Taylor, Assistant City Manager

RE: Effective Council/Council and Council/Staff Operations and Communications

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. How can Council, and Council and staff, work together for optimal operations and communications to best serve the citizens of Mercer Island?

BACKGROUND:

Council and staff communications and working relationships are an essential part of city government. With three new Councilmembers and a new interim City Manager, the Planning Session provides a timely opportunity to revisit this topic. Council will discuss what works well and what could be improved, and identify preferred norms and expectations for getting work done effectively. How Council will choose to work together as an entity and how Council will choose to work with staff are both important aspects of this agenda item.

Consultant Bob Ness will facilitate this conversation and assist with the development of norms and expectations that result in extraordinary teams. Mr. Ness has a 35-year consulting history with hundreds of organizations in business, nonprofits, and government both in the U.S. and abroad. Mr. Ness was a resident of Mercer Island for 20 years. He has training in clinical psychology, counseling psychology, sociology, negotiations, and leadership development.

Bob Ness has had individual conversations with each Councilmember, and a group conversation with senior City staff in preparation for the Planning Session. These conversations were used to identify the strengths and areas of opportunity for improvement related to staff and Council operations and communications, as well as to identify preferred norms for future work together.

Council and staff will begin developing agreed values and positive norms for working together and providing a framework for positive working relationships. This will culminate in a written compact about interaction, behavior, and consequences when values and norms are not followed.

This Planning Session work item will begin Friday afternoon and continue Saturday morning.

4

CITY MANAGER POSITION PROFILE DEVELOPMENT



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Kryss Segle, Human Resources Director

RE: City Manager Position Profile Development

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. Identify key elements to be included in the City Manager recruitment brochure/announcement within the following categories:
 - a. Qualifications, experience, and personality traits of the ideal City Manager candidate.
 - b. Organization priorities, key initiatives, and position responsibilities.
 - c. Community-specific information, description of the environment.

BACKGROUND:

At its regular Council Meeting on Tuesday, January 19, the Council will select a firm to conduct the recruitment of our next City Manager. An essential element of the recruitment process is the development of a position profile. While the consultant will be contacting key stakeholders in its process to develop the position profile, the Council's Planning Session is timely for getting much of this work done while the Council and Leadership Team are all together. Using the attached exhibits, the Council will engage in a facilitated discussion to identify the key elements of the City Manager position profile.

EXHIBITS:

1. Major Council Initiatives for 2016 Identified by Department Directors
2. City Manager Job Description
3. Sample Recruitment Brochures
4. Profile Development Chart

**City Work Plan by Department for City Manager Office and/or Council Related Work
January 2016 – December 2016**

Finance

Finance Dept CM/CC Workplan Items – Dec 2015 – Jul 2016	Staff Prep	Council Meeting
Jan 2016 Council Planning Session:	Dec-Jan	Jan 22-24
<ul style="list-style-type: none"> Financial forecasts for General Fund, YFS Fund & Capital Improvement Fund 		
<ul style="list-style-type: none"> Review need for levy lid lift vote or significant service reductions 		
<ul style="list-style-type: none"> Making the 2017-2018 budget process more useful for Council 		
<ul style="list-style-type: none"> Adding special questions to biennial citizen survey 		
2017-2022 CIP kick-off (revenue forecast, fund balances & major issues)	Feb	Mar 7
Biennial citizen survey results	Jan-Feb	Mar 21
4 th Q 2015 Financial Status Report	Mar	Apr 4
1 st Q 2016 Financial Status Report	May	May 16
Disposition of 2015 General Fund surplus	May	Jun 6
2015 MI Report Card (formerly Dashboard)	Apr-May	Jun 6
Jun 2016 Council Mini-Planning Session:	Jun	Jun 18?
<ul style="list-style-type: none"> 2017-2018 operating budget kick-off (General Fund forecast, YFS Fund forecast & major issues) 		
<ul style="list-style-type: none"> Levy lid lift proposal for Nov 2016 		
Levy lid lift ballot measure (public hearing)	Jul	Jul 4 & 18

Youth & Family Services

YFS CM/CC Work Plan Items – Dec 2015 – Dec 2016	Month	Council
<ul style="list-style-type: none"> Interlocal Agreement for School based Counseling Services 	August	
<ul style="list-style-type: none"> CTC –HYI Update – Youth Report 	October	Planning

Human Resources Office

Human Resources CM/CC Work Plan Items – Dec 2015 – Jul 2016	Staff Prep	Council Meeting
<ul style="list-style-type: none"> Collective Bargaining – Police and Police Support 	Aug - Dec	Jan - Feb
<ul style="list-style-type: none"> City Manager Recruitment Process Collective Bargaining - AFSCME Annual Employee Satisfaction Survey Collective Bargaining – Fire 	Jan – Jun Sep – Feb April May – Sep	Jan - Jun Mar - Apr n/a Nov - Dec

City Attorney’s Office

CITY ATTORNEY’S OFFICE CM/CC WORK PLAN ITEMS: Current – July 2016		
City Council Projects	Staff Prep	Council Meeting
DNR Aquatics Lease for Luther Burbank	Current	January 4
MICA Ground Lease	Current	January 4
Conservation Easements Presentation	Current	January 19
Trellis Townhomes Final Long Plat Approval	Current	February 1
Coval Final Long Plat Approval	Current	February 15
School Bus Cameras ILA & Ordinance	First Quarter	First Quarter
City Council Rules of Procedure Update	First Quarter	TBD
CenturyLink Cable Franchise	First Quarter	First Quarter
Zayo Franchise	First – Second Quarter	Second Quarter
Mobilite Franchise	Second Quarter	Second – Third Quarter
PSE Electric Franchise	Second Quarter	Second – Third Quarter
Town Center Moratorium	May – June	Late May or early June
Town Center Code Update	Third Quarter	Third Quarter
Litigation	Subject Matter/Cause of Action	Dates
Integrated Facilities Mgmt (Sunlighting) v. City	Contract Claims – Div. I	December 21, 2015 – City’s Brief Due
Thompson v. City	LUPA – Div. I	January 19, 2016 – Oral Argument
DuBrowa v. City	LUPA – KCSC	January 29, 2016 – Initial Hearing
Chenoweth v. City	Bike Accident – KCSC	February 8, 2016 – Jury Trial Starts
Fire Station Litigation	Change orders; bond claims	Current and First Quarter
Pugh v. City	Sewer Backup – KCSC	Current and First Quarter
Other Projects	Dates	
Attorney Review of large and complex public records requests	Ongoing throughout 2016	
Cross Connection Control Program Review	Current and First Quarter	

Development Services Group

DEVELOPMENT SERVICES CM/CC WORK PLAN ITEMS: Current – December 2016		
City Council Projects	Staff Prep	Council Meeting
Town Center Visioning & Development Code	Current	Jan – Sep
Comprehensive Plan Amendments	Current	Jan – Sep
Town Center Permitting (following Moratorium)	Apr - Dec	Jul – Dec
Transportation Improvement Plan	Apr – Jun	Apr – Jun
Code Enforcement Rewrite	Jul – Dec	Oct – Dec
Title 19 Rewrite <ul style="list-style-type: none"> - Res Dev Standards & Plats - Code Updates for NPDES - Critical Areas Update - Sign Code Update - Transportation Concurrency - WCF Code Update - Comp Plan Amend Process 	Jan – Dec	Jan – Dec
Planning Comm Rules of Procedure	Aug – Dec	Oct – Dec
Growth Targets	Oct – Dec	Oct – Dec
2015 Construction Code	Jan – Jul	Jun – Jul

Maintenance Department

MAINTENANCE DEPT CM/CC WORK PLAN ITEMS: Current – December 2016		
City Council Projects	Staff Prep	Council Meeting
Water Event Update & Cross Connection Program	Current	January (Study Session)
ICW Road Overlay & Road Diet Discussion	Jan – Feb	February (Study Session)
Water System Plan & General Sewer Plan Updates	Spring/Summer	Summer
Transportation Improvement Plan	Mar – Jun	Apr – Jun
KC Sewer Project	Late 2016	Late 2016

City Manager's Office

CITY MANAGER'S OFFICE WORK PLAN ITEMS: Current – December 2016		
City Council Projects	Staff Prep	Council Meeting
I-90 Loss of Mobility Negotiations		TBD
Employee Survey Follow Up and Work Plan		N/A
Light Rail Station Design Oversight		TBD
Staff Support SCA Regional Transit Committee		N/A
Town Center Code Revision Strategic Planning		
King County Metro Long Range Plan TAC Participant		N/A
PEAK Agreement Update		TBD
King County Project Evaluation Committee		N/A
New Seasons Public Parking Communications and Publicity		Jan 4
Sister City Board Liaison		N/A
Mercer Island Legislative Agenda		Jan 4
City/School District Interface		N/A

No Major CM and/or CC Related Work Reported for 2016 from the Following Departments:

- Police
- Fire
- IGS
- Parks

City of Mercer Island Job Description

JOB TITLE: City Manager
DEPARTMENT: City Manager's Office
CLASSIFICATION/GRADE: City Manager / A-40 (Contract) / Exempt

GENERAL RESPONSIBILITIES

Appointed by the City Council, the City Manager is the chief executive officer for the City and head of the administrative branch of city government. The City Manager, by state law, is responsible for: Assuring all laws and ordinances are faithfully executed as stated in RCW 35A.33; Preparation and submission to the Council a proposed budget for the fiscal year and for its administration upon its adoption by the City Council, as required by RCW 35A. Responsible for the general supervision of the administration of policies, procedures, regulations, ordinances, and programs of the City.

ESSENTIAL JOB FUNCTIONS

- Directly supervises the Assistant City Manager and the department directors.
- Serves as principal advisor to the City Council on a variety of technical and administrative issues regarding budget, funding, development of procedures for effective management, long-range planning, development of goals and appropriate programs and the establishment of open and candid public relations/awareness programs.
- Assists Council in external community affairs activities.
- Frequently represents the City before civic groups, the press, other governmental bodies or the general public.
- Encourages an attitude of cooperation among staff which makes most efficient use of resources and results in a service orientation to the community.
- Ensures the establishment of programs which maintain effective working relationships within the City and with other governmental agencies and civic organizations.
- Directs the formulation and implementation of the City's budget and establishes controls and programs to ensure the financial integrity of the City.
- Oversees the administration of day-to-day operations of the City.
- Plans for the enhancement of policies and procedures.
- Provides liaison with the community, other agencies and organizations, and with City personnel.
- Keeps City Council informed of appropriate information.
- Facilitates decisions of the City Council.
- Supervises the adoption and implementation of the City Comprehensive Plan and any amendments or revisions.
- Develops programs and mechanisms to enhance community relations.
- Reviews, evaluates, and enhances the intergovernmental relationships and financial arrangements for the City's best interests.

QUALIFICATION REQUIREMENTS

- Seven to ten years of experience as an executive-level manager or leader in an organization directly accountable to the community, i.e. City Manager of a city of similar size, or Assistant/Deputy City Manager of a larger city or county government.
- Advanced professional/technical education in municipal management. Masters degree in Public Administration desired.
- Experience demonstrating the ability to make analytical and reasoned judgments on issues of public sensibility.
- Demonstrated ability to develop a team approach to problem solving with City staff and Council.
- Extensive experience and a thorough understanding of the budget process.
- Demonstrated experience and ability to take an active role in community relations and be willing to devote time to establish a positive and responsible City government.
- Supervisory experience for a large staff.
- Experience of a high level for strategic planning, financial and budgetary processes, capital improvement program management, intergovernmental relations, and land use and traffic and transportation issues.
- Certification or recognition by professional associations.

WORKING CONDITIONS and PHYSICAL ABILITIES

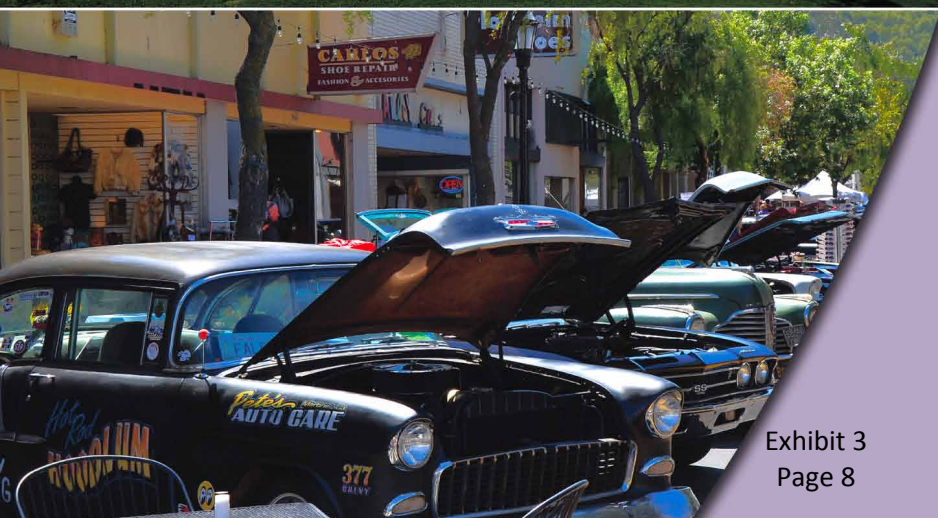
Work is performed in office settings. Attendance at night meetings is required. Some travel to offsite locations may be required. Must be able to perform essential functions of the job. Hand-eye coordination and fine-manipulation skills are necessary to operate computers and various office machinery. This position also requires good listening skills and occasional lifting of 50 pounds.



CITY OF MARTINEZ, CA

INVITES YOUR
INTEREST IN
THE POSITION OF

CITY MANAGER



THE COMMUNITY

Located along the Sacramento and San Joaquin rivers in the central part of Contra Costa County, the City of Martinez is just 35 miles northeast of San Francisco. The City's roots can be traced back to 1824 when the Alhambra Valley was included in the Rancho El Pinole Mexican land grant to Ygnacio Martinez. By the late 1840's, the City served as a ferryboat transit point across the Carquinez Straits on the way to the gold fields of California. By the time of its incorporation, Martinez had evolved into one of the area's most significant trading posts and shipping ports. Today, the City serves as the County Seat and covers 12.5 square miles with approximately 36,700 residents.

As one of California's first towns, Martinez retains a strong sense of history and family. The renowned naturalist John Muir made Martinez his home for nearly a quarter of a century, and a year after his passing in 1915 the legendary baseball great Joe DiMaggio was born here. One of the unique aspects of Martinez is its architecture. Many of the downtown shops still retain their early 20th Century look and charm, and some Martinez homes date back more than 125 years.

Respecting its past but with an eye to the future, Martinez has modernized both its infrastructure and its recreational facilities. The residents of Martinez approved Measure H, a \$30 million Parks, Pool and Library Bond measure in 2008. The first \$15 million in bonds were issued in May 2009 and supported the construction of the Rankin Aquatic Center; renovation and expansion of the City library; renovations to various parks; and improvements to tennis and basketball courts at numerous parks. The Rankin Aquatic Center reopened in 2011 and has achieved record participation rates. The facility received the California Parks and Recreation Services (CPRS) for "Outstanding Aquatic Facility" in 2013. The remaining balance of the \$30 million in bonds is currently supporting a variety of other parks projects throughout the City, including Waterfront Park.

The City is also committed to encouraging public transportation as evidenced by the completion of three important projects. They are an intermodal parking lot near the City's downtown Amtrak station, the Pacheco Transit Hub and Park and Ride Facility that provides 114 parking spaces and 6 bus bays, and the Downtown Bicycle and Pedestrian Safety Improvement project.

Located along the Sacramento and San Joaquin rivers in the central part of Contra Costa County, the City of Martinez is just 35 miles northeast of San Francisco.

The City is also home to the Martinez Marina complex, which provides for recreational activities such as boating and walking along the trails throughout Waterfront Park. The marina is also a regional asset that is home to Sea Scouts programs, eleven oil spill response boats, and launch point for tour and charter fishing boats. Many non-motorized boaters also launch from the marina regularly. A private contractor operates the marina with oversight by City staff. A future ferry service to San Francisco from this location is also anticipated.

With its richness of history, family orientation, and central location in the Northern Bay area, Martinez has much to offer to its residents, businesses, and visitors.

THE ORGANIZATION

Established in 1876, the City strives to provide quality community services, maintain City assets, insure the health and safety of residents, businesses, and visitors, preserve the small town character, and insure a bright future for its historic waterfront community.

Martinez is governed by a Council/Manager form of government. A Mayor and four Council members are directly elected to serve four-year, overlapping terms. The City Clerk and City Treasurer are also elected positions. The Mayor and City Council appoint the City Manager to oversee the operations of a nearly full-service organization of 131 full-time employees. The City Council has a long history of service to the community.

The City is organized into four departments reporting directly to the City Manager. They are Administrative Services, Community



Exhibit 3
Page 9

and Economic Development, Police and Public Works. The City provides a full range of services including police, public works, community and economic development, planning, building, engineering and inspection, parks and recreation. The Finance division is under Administrative Services. The City treats and distributes its own water, however, fire services are provided by the Contra Costa County Fire Protection District. General fund operation expenditures are approximately \$19 million and the total budget is \$50 million.



The City of Martinez invites you to visit its web site at www.cityofmartinez.org.

THE IDEAL CANDIDATE

It is the responsibility of the City Manager to assist the City Council in developing and evaluating policies that meet the needs of Martinez residents and customers, to ensure effective implementation of adopted policies, and to provide direction and leadership to the City staff.

The incoming City Manager will be a dynamic team-oriented manager and leader who understands the nature of a smaller, established community. This will require a self-confident individual who is a clear communicator able to focus on commonalities rather than differences. The ideal candidate will be politically astute, yet apolitical; visible; approachable; and accessible to the Council, community, and staff; and will be personable with a sense of humor as well as an ability to get things done.

The individual selected for this position of City Manager will have experience in development-related approaches to revitalization, economic development, planning, and capital projects. The City Manager will be savvy in forming cooperative working relationships, dealing with private enterprise, and comfortable in an environment that may be resistant to some development-related approaches. In addition, the ideal candidate will have experience in budgeting and financing as well as identifying alternative and creative revenue and funding sources in a built-out community.

The City Council is seeking a seasoned individual who is capable of handling economic development and community development,

while ensuring the financial stability of the City. To do this, the ideal candidate must be a strong manager and leader who is passionate and knowledgeable about being a City Manager and conveys that to the City Council. The ideal candidate must be willing to hold people accountable and lead by example.

Economic development, the Marina, and Downtown Martinez are focuses for the City. It will be a priority for the City Manager to focus on the plans and possibilities for the future. The City Council will review and update the General Plan in early 2015. The City Manager will be a participant in this update.

Working with a relatively lean but hard working staff, the City Manager will have the ability to assess the organization and identify opportunities for training and development as well as enhancements and improvements. While serving as a leader to staff, the City Manager will bring a team approach to problem solving.

This position requires a broad understanding of municipal operations, particularly in the areas of finance, budget, land use, and economic development. A Bachelor's degree from an accredited college or university in public or business administration or a related field is required. A Master's degree is preferred.

The ideal candidate must be willing to hold people accountable and lead by example.

COMPENSATION

The salary range for the City Manager is open, and is dependent upon qualifications. The City also offers an attractive benefits package including:

Retirement – California Public Employees' Retirement System (PERS). Effective 7/1/14, the City contributes 4% of the employees' 7% portion toward retirement for Classic Members and 4% of the employees' 6.25% for New Members. Note: under PEPRAs pension reform laws, City's payment of any portion of the employees' contribution for new members will end at the expiration or the amendment of the current Management Compensation Plan (MCP). The current MCP term is through June 30, 2015. This position participates in Social Security.

Classic Members – Retirement formula of 2% at age 60 with a 3 year final compensation period.

New Members – Retirement formula of 2% at age 62 with a 3 year final compensation period. Under pension reform laws, New Members are not eligible for the reporting of the value of Employer Paid Member Contributions (EPMC).

Deferred Compensation – City contribution of 1.6% gross monthly earnings into a 457 deferred compensation retirement plan.

Life Insurance – Provided in the amount of twice annual gross salary to maximum of \$300,000.

Medical – The City offers Kaiser and Blue Cross PPO. Effective 1/1/14, the City contributes \$691.86 for employee, \$1,383.66 for employee + 1, and \$1,957.86 for family coverage with the employee contributing a portion of the monthly premium. Please see the MCP for complete details. MCP available online at www.cityofmartinez.org.

Dental Insurance – City pays 100% premium for employees and dependents including orthodontic benefit.

Long-Term Disability – Provided by City.

Vacation Leave – Fifteen days vacation for the first four years of service. Maximum 25 days annually after 20 years of service.

Sick Leave – Accrued indefinitely at the rate of one day per month.



Exhibit 3
Page 11

Holidays – Thirteen and one-half days per year and seven days of floating holiday time.

Administrative Leave – 100 hours Management Leave awarded in January each year.

Auto Allowance – \$450 per month.

TO APPLY

To apply for this opportunity please visit our website at:

www.bobmurrayassoc.com

You will be prompted to create an online profile. If you have any questions, please contact our offices at (916) 784-9080. A detailed brochure is available.

**Filing Deadline:
January 29, 2016**

Following the closing date, resumes will be screened according to the qualifications outlined above. The most qualified candidates will be invited to personal interviews with Bob Murray and Associates. A select group of candidates will be asked to provide references once it is anticipated that they may be recommended as finalists. References will be contacted only following candidate approval. Finalist interviews will be held with the City of Martinez. Candidates will be advised of the status of the recruitment following selection of the City Manager.

If you have any questions, please do not hesitate to call Mr. Bob Murray or Mr. Gary Phillips at:

(916) 784-9080





WASHINGTON

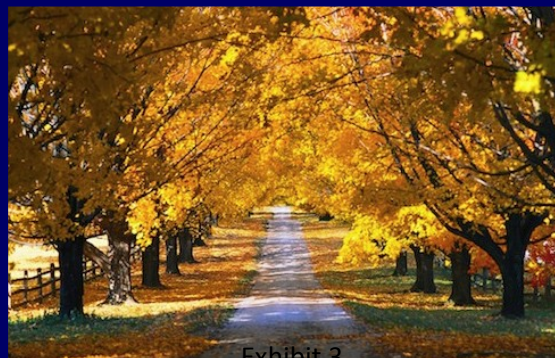
CITY MANAGER

\$135,000 - \$168,000

Plus Excellent Benefits

Apply by
November 15, 2015
(open until filled)

PROTHMAN



WHY APPLY?



Located between Seattle and Bellevue, Woodinville is a convenient home-base to roughly 11,500 residents and is home to some of Washington's top wineries and premier retail shopping areas. With easy access to local highways, Woodinville lets residents enjoy the advantages and convenience of being near several major metropolitan centers while maintaining the livability of all that is great about small town life.

With easy access to local highways, Woodinville lets residents enjoy the advantages and convenience of being near several major metropolitan centers while maintaining the livability of all that is great about small town life.

This is an excellent opportunity for an experienced public sector management professional looking to make a difference in an active and growing community. If you are looking for a challenging and rewarding career opportunity and love the great outdoors, this is the right position for you!

THE COMMUNITY

Located in the heart of the Sammamish River Valley, the area was named for Ira and Susan Woodin, early settlers who arrived in Woodinville in 1871. Like other nearby towns, Woodinville began as a logging community, became a farming center, and then developed into a suburb of Seattle after World War II.



Today, Woodinville flourishes with roughly 1,200 retail centers, restaurants and business services. The city's tourist district draws more than half a million visitors annually to its 21 major wineries, including Chateau Ste. Michelle Winery and Columbia Winery, the Redhook Brewery, and Willows Lodge & The Herbfarm Restaurant.

Woodinville's eleven public parks, multipurpose sports field, variety of paved and unpaved walking and biking trails, and local rivers allow for residents of all ages to enjoy a variety of recreational opportunities, including picnicking, recreational sports, horseback riding, golf, bocce ball, fishing, and kayaking.



Other local attractions include Chateau Ste. Michelle's summer concert series, which has hosted live performances for some of the best artists in jazz, rock, blues and contemporary music including James Taylor, The Beach Boys, Stevie Wonder, John Legend, and Sarah McLachlan, along with a variety of local farms and markets that provide locally grown produce and products.

THE CITY

Incorporated in 1993, Woodinville employs a Council-Manager form of government. The City directly employs 34 FTEs and uses contracts to provide various municipal services. Police services are provided through a contract with the King County Sheriff's Office. Emergency medical and fire services are provided through the independent Woodinville Fire & Life Safety District; and sewer and water service are provided by the independent Woodinville Water District.

The City uses a 2-year Budget that totals about \$46 million, with about \$22 million for operations, \$23 million for capital projects, and \$1 million for debt repayment. The City Manager is responsible for general administrative oversight of the city government consistent with City Council policy and directives. The City Manager also oversees the budget adopted by the City Council and all personnel matters.

Woodinville consists of 5 city departments: Administrative Services, Development Services, Police, Executive, and Public Works and Parks. Human resources, City Clerk, and city communications are all functions of the Executive Department, headed by the City Manager.



THE POSITION

Working under the direction and authority of the City Council, Woodinville's City Manager serves as the City's Chief Executive Officer to plan, organize, direct and/or perform the development, management and administration of City-wide budget, policies, procedures, regulations, ordinances and programs, including long-range planning. The City Manager directs the work activities of employees and contractors directly or through designated supervisors, makes recommendations on all items that come before the City Council, coordinates activities with applicable Council Committees, citizen groups, intergovernmental agencies, and other organizations, appoints and removes all department heads, officers and employees of the City except where provided otherwise by law, and serves as City representative to various municipal and community organizations.

Dick Zais, who retired from the City of Yakima, Washington, after serving 33 years as City Manager, is serving as Interim City Manager. He will not be a candidate for the permanent position.

Other responsibilities include:

- Responsible for the efficient and effective management of the business affairs of the organization and public services provided by the City directly or by contracted services.
- Direct or develop and present recommendations to the City Council on issues coming before them and provide information to the Council that is necessary to the carrying out of the Council's legislative role.
- Responsible to ensure the financial integrity of the City and to develop, implement and manage the City budget after Council adoption.
- Responsible for the management and appointment or removal of the City's work force by planning and providing for sufficient staffing levels, equipment, facilities, motivation, training, discipline, compensation and development opportunities within Council adopted budget appropriations to effectively carry out City services.
- Review all items that come before the City Council and make recommendations on pertinent items to assure the effectiveness of City services, coordination of all functions of City government and determine procedures to comply with applicable laws.
- As defined by Council, maintain active participation in local and regional multi city/county groups whose activities influence the direction of the City and its operations.
- Develop and/or oversee development and implementation of City-wide policies, regulations and procedures as directed by the City Council; analyze impact of actions on budget, staffing levels and legalities.
- Manage and administer the City's human resource management program. Provide direction to Department Heads regarding personnel actions, consistent with established policies, and practices. Develop policies and procedures related to personnel functions.
- Plan, organize, direct and control the work schedules of City employees directly or through designated Department Heads and supervisors.
- As appropriate and required, represent the City on committees and at hearings. Attend Council meetings and any other meetings, as designated.
- Perform or direct investigations, studies and surveys directed by the Council to promote efficient operation of the City and any other assignments or projects as may be developed by the Council.
- Assure the prompt investigation of citizen questions and/or complaints regarding the functions of the City or any department as appropriate. Personally initiate action to resolve complex problems.



CHALLENGES & OPPORTUNITIES

1. Council Retreat with City Management

With the election of two new council members the City Council is considering a retreat to review and update city goals and strategic initiatives for the next year. This will be an important opportunity for the new city manager and Council to begin their working relationship.

2. Completion of the Comprehensive Plan

The Comp Plan has been the subject of intense review, analysis and revision by the city for the past year. While the Plan is targeted to be completed and adopted by the end of 2015, there will be considerable work to follow-up and implement the enabling legislation early in 2016.

3. Property Acquisition by City

There are a number of private properties presently targeted for acquisition by the City for various municipal purposes and needs. Several of these are pending now with others to be negotiated in the next year, depending upon Council priorities and direction.

4. Preparation of 2017-18 Biennial City Budget

The present City Budget encompasses the 2015-2016 years. A mid-term budget adjustment will be presented to the Council in November of 2015 for the 2016 Budget year. In the spring of the 2016, work will begin for the 2017-2018 biennial budget. A number of major capital budget projects are being planned for the next budget cycle. This will, of course, be a high priority for the new city manager.

5. Study on Solid Waste Transfer Station

Woodinville has been concerned for a number of years that a regional solid waste transfer station

could be sited in or near by the City limits. The City Council is on record as opposing the plans. The City will need to vigorously defend its position in this matter along with neighboring communities in King County.

IDEAL CANDIDATE PROFILE

Woodinville is seeking an experienced manager and strong leader who understands all aspects of municipal government and has an appreciation of the challenges currently facing the city. He/she must have a proven track record of responsible budget and financial management and must be politically aware of the ability to work with the council to reach their goals. Communication with Council will be of the highest importance, along with the ability to offer the council multiple options and respectfully debate topics.

The new City Manager will be relied upon to serve as an approachable leader, and must have the ability to foster a strong team environment. Setting individual department goals, based on council goals, and allowing department directors to talk with and work with the council is imperative.

The ideal candidate will have a strong understanding of economic development, and have good organizational development skills. The manager will delegate appropriately, and have a track record of implementing policies and systems that create and maintain a high-performance, organizational culture. The next manager will be approachable by all citizens, staff and Council, and will communicate effectively, with honesty and transparency. He/She will establish and maintain effective working relationships with other employees, the Mayor, the Council, and the public by getting out into the community to meet residents and understand their needs.

The ideal candidate will be approachable, responsive, and down-to-earth, and must be able to embrace community involvement by listening to all voices, not just those most vocal. Reaching out to citizens and inspiring more community involvement will be a priority. The ideal candidate will be collaborative yet can make the hard decisions when necessary by guiding but allowing the council to take the lead. A strong sense of integrity, honesty, and professionalism is required for the new City Manager.

EXPERIENCE & EDUCATION

A bachelor's degree from an accredited college or university in public, business administration, or related field, and at least seven (7) years' management experience in government and administration, budgeting, fiscal management or related fields is required, with a Masters degree preferred. Any combination of experience, training, or education that demonstrates the knowledge, skills, and abilities to do the job may be considered. Candidates must possess or be able to obtain a Washington State Drivers License, and have a driving record acceptable to the City insurance carrier.

COMPENSATION & BENEFITS

- **\$135,000 - \$168,000 DOQ**
- Medical / Dental / Vision
- Life Insurance
- Vacation
- Sick Leave
- 11 Paid Holidays
- PERS and MEPT
- Employee Assistance Program
- Automobile and Technology Allowance

**Please visit:
www.ci.woodinville.wa.us**

The City of Woodinville is an Equal Opportunity Employer. All qualified candidates are strongly encouraged to apply by **November 15, 2015** (first review, open until filled). Applications, supplemental questions, resumes and cover letters will only be accepted electronically. To **apply online**, go to **www.prothman.com** and click on "submit your application" and follow the directions provided. Resumes, cover letters and supplemental questions can be uploaded once you have logged in.



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The City of Mercer Island Washington is seeking a visionary leader for the next

Deputy City Manager

To Lead with Honesty, Integrity, & Excellence



The Community

Just over five miles long and two miles wide, Mercer Island is a true island community consisting of high quality residential areas, preserved parks and open space, as well as miles of developed shoreline. Incorporated in July 1960, "The Island" has its own sense of identity, distinct from its neighbors, Seattle and Bellevue. It is just 10 minutes from downtown Seattle via the Interstate 90 floating bridge, and a similar distance from the burgeoning businesses and high density residential communities of the Eastside.

Mercer Island has been widely recognized as one of the premier residential communities in the State of Washington. The City currently has over 500 acres of City owned park and open space lands, which helps maintain the Island's natural beauty. The result is quiet, forested neighborhoods and parks, which are complemented by stunning views of Seattle, the Cascade Mountains, Mount Rainier and Lake Washington. It is an active community where the

many volunteers, boards, and commissions work closely with the City Council and City staff. The City of Mercer Island is known for providing quality customer service to its 22,650 residents. Mercer Island has experienced small but steady growth since incorporation and has an estimated projection for the population to exceed 25,000 by the year 2015.

Mercer Island is experiencing a residential and retail building boom with the addition of over 1,000 residential units in the Town Center, along with new plazas, public art, shops, and restaurants that have revitalized the Island. Continued redevelopment is expected. Mercer Island is known for providing quality customer service to its residents. In a recent survey, the City received high marks for public safety, roads and parks maintenance, programs for citizens of all ages, and its careful use of taxpayer dollars.

The Mercer Island School District has an outstanding reputation and is a source of community pride. The District serves in excess of 4,100 students on the island. Per capita spending for education, in the all-Island District, also ranks at the highest levels in the State. On statewide exams, Mercer Island students consistently score among the highest. Approximately 90% of the Island's high school graduates continue on to post-secondary education. Mercer Island was recently included in Forbes magazine's top twenty small communities in America for educational attainment.

City Government

The City of Mercer Island has a Council-Manager form of government. This form of government provides for an at-large, non-partisan election of a seven-member City Council elected to staggered four-year terms. From among themselves, the Council elects a Mayor to serve a two-year term. The Mayor and City Council appoint a City Manager who is responsible for the administration of City and Council policy. There are a variety of boards and commissions, including the Disability Board, Arts Council, Civil Service Commission, Planning Commission, Design Commission, Utilities Board, Youth and Family Services Board, Senior Commission, as well as the Open Space Conservancy Trust Board, which all assist in the development and formulation of the City's policy and direction.

The City's 2012 General Fund is approximately \$27 million, with a fully funded 2011-12 biennial capital improvement program of \$42 million. The City employs approximately 180 full-time and 60 part-time employees. 70 of the 180 employees are unrepresented with the remaining employees represented by one of four union groups; Police, Fire, Records, and AFSCME. The current City Manager, Rich Conrad, has served in his position for the past 16 years and has been with the City for over 30 years. The City Manager, Mayor and City Council are dedicated to preserving Mercer Island's unique character, high quality of life and responsiveness to citizen needs and priorities.



Position Profile

The Deputy City Manager's (DCM's) position has three critical functions at the City: That of an internal service consultant and advisor to the Leadership Team, primary contact point for day-to-day administration of the City, and assisting the City Manager with the top policy objectives and initiatives of the City Council. The DCM is the primary individual who, working with the City Manager, develops solutions and implementation of top priority initiatives emanating from the City Manager and City Council. The DCM is the Leadership Team's "Champion of Core Values", provides overall quality control regarding management initiatives, and ensures that details are accurate and relevant for those projects and presentations placed before the City Council for consideration.

The DCM will also serve as the supervisor of the Directors of Human Resources, Maintenance, and Parks & Recreation. The DCM also provides oversight for the City Clerk, Information and Geographical Services, and Public Communications. The DCM serves as a primary advisor to the City Manager and provides a counterbalance and appropriate equilibrium between competing staff recommendations or requests to the City Manager's Office. In effect, the DCM is the City Manager's "alter-ego", confidant, and sounding board.



At times, the DCM will be expected to facilitate Leadership Team (Department Directors) activities in a non-intrusive manner while holding directors accountable for achieving City Council goals. In addition to his/her operating responsibilities, the DCM will be principally responsible for the strategic management of the City's Capital Improvement Program (CIP) Budget, assist the City Manager in maintaining close working liaison with regional organizations such as King County, Sound Transit, the State of Washington, Suburban Cities Association, the e-City Government Alliance and others. The City has a strong commitment to community sustainability. Along with the City Manager, the DCM will provide primary leadership for the City organization and community in advancing adopted sustainability goals.

At the direction of the City Manager, the DCM will establish viable relationships with community interest groups, the media and other organizations with interest in Mercer Island.

In addition, the DCM will:

- Play a key role with the City Manager in developing, encouraging and maintaining organizational values consistent with expressed desires of the City Council and Leadership Team.
- Speak frequently to a wide variety of groups and make presentations to City Council, regional agencies and those organizations conducting business in Mercer Island.
- Participate in the development and monitoring of work plans for the Leadership Team and also participate in evaluating management team members.
- Be perceptive regarding the organization's significant issues and priorities. Be quick to spot balls that have been dropped and ensure they are picked up by the appropriate staff.
- Regularly juggle multiple tasks and projects while managing a complex and demanding workload.
- Be comfortable and proficient with current technological advances, adept at evaluating the costs versus the benefits of applications, and be effective in presenting how technology can be utilized to create efficiencies.
- Contribute to effective administration of City government by fostering an attitude among staff that encourages cooperation, coordination of efforts, efficient use of resources, and a service orientation to the citizenry. Ensure the establishment of programs designed to maintain harmonious relationships with the workforce.
- Professionally and personally share Mercer Island's Mission, Vision, and Values.



Area of Focus

The new DCM must quickly assimilate into a high performance organization where Department Directors and key staff members have been given a great deal of independence and latitude in the conduct of their day-to-day activities. In joining a progressive and leading edge organization, the DCM must work diligently to create a seamless transition of responsibilities. Activities include but are not limited to:

- Assisting Department Directors in transitioning to the new reporting relationships, whereby Directors have been accustomed to a direct reporting relationship to the City Manager.
- Continue to represent the City's interests regarding Interstate 90 including expansion of light rail across Mercer Island.
- Implement the City Council's work plan regarding sustainability. Members of the City Council wish the City to be a leader within the community and the region in sustainable practices and greenhouse gas reductions.
- Continued redevelopment of the City Town Center with new planning efforts related to affordable housing, parking and retail attraction.
- Focus on managing, planning, and implementing the City's biennial CIP.



Candidate Focus

The requirements of this position call for substantial experience in the public sector in a senior level capacity directing a complex, large operation or government unit. It is preferable that candidates have extensive public forum exposure requiring the strongest of communications and management skills, with emphasis on leadership and organizational analysis. Specific experience in managing operating departments is strongly preferred. Candidates must have management and leadership presence, well developed decision-making and follow-up abilities and be able to function in a team-oriented environment. Assistance to and continuous exposure in dealing with City Council, Boards/Commissions, civic and citizens groups will require strong levels of patience and the ability to lead and motivate team members.

The DCM should have the potential and abilities to assume the role of City Manager, as necessary. A strong commitment to public service and continued progress within the discipline must be evident in the candidate's educational and career profile. The successful candidate will have a strong personal image and level of sophistication that will allow him/her to serve in a variety of social and political settings. The DCM will be open to new ideas, be able to transcend political and organizational lines, and produce workable solutions.

A Master of Public or Business Administration, Government, Political Science or closely related fields is preferred. A minimum of a Bachelor's Degree plus five to seven years of senior municipal experience in suburban or urban communities is required. Preferred candidates will have served as City Manager, Assistant/Deputy City Manager or senior Department Director in a progressive suburban/urban environment where growth management, customer service, high ethical standards and open communications are valued. Extensive experience and practical approaches to problem solving in long-range strategic financial planning, technology development, community relations and intergovernmental affairs are required.

Other important attributes include:

- Politically savvy
- Action-oriented, problem-solver
- Creative and a visionary
- Demonstrated success in implementing programs.
- Able to translate vision into clear policy choices for elected officials.
- Executes decisions intelligently and quickly.
- Able to see the entire operational picture and help prioritize or facilitate when necessary.
- Motivator/teacher, excellent communicator—both verbally and in writing.





Compensation and Benefits

The City of Mercer Island has established a starting salary range from \$140,000—\$150,000 dependent upon experience. An attractive package of benefits is also available to the successful candidate, including a \$6,500 annual deferred compensation employer-contribution (pro-rated for partial year of service), 200 annual hours of vacation, excellent insurance benefits, as well as annual pay-for-performance award eligibility.

Application and Selection Process

The closing date for this position is March 9, 2012.

To be considered for this position, please submit a cover letter and resume by applying on line at www.govjobstoday.com. Visit our website for more information about the City of Mercer Island at www.mercergov.org.

Following the filing date, resumes will be screened in relation to the criteria outlined in this brochure. Candidates selected for the interview process will be notified and reference checks will follow after receiving candidates' permission. **A 2-day interview process is expected to occur the week of April 2nd.** Prior to selecting finalists for the interview process, candidates who meet the minimum criteria will be asked to answer a series of supplemental questions. Following the written supplemental questions process, up to 10 semi-finalists will be asked to participate in a telephone interview. Up to 6 finalists will then be identified for the two-day interview process. The City Manager will meet with the top two finalists from that process and make a job offer.

For more information, contact Kryss Segle, Human Resources Director at (206) 275-7792 or kryss.segler@mercergov.org. Please do not send resumes to this email address.

A comprehensive reference check will occur on the top two finalists following the interview process. Prior to being hired, the finalist will be subject to a criminal history/background check.

Application materials will only be accepted through www.govjobstoday.com

Mercer Island Government is a progressive and forward thinking agency, focused on meeting the needs of the community and providing an exceptionally high quality-of-life.

Mercer Island is an Equal Opportunity Employer and values diversity at all levels of its workforce.

City Manager Recruitment Profile Development Chart

City Highlights	The Position	Position-Specific Work	The Ideal Candidate Profile
<p><i>This section should include such things as:</i></p> <ul style="list-style-type: none"> - Description of the Island and its history (see Deputy City Mgr recruitment brochure) - Description of the internal structure (i.e., # of departments, # of FTEs, budget info, etc.) <p><i>Other things this section might include:</i></p> <ul style="list-style-type: none"> - General information about City government 	<p><i>This section should include such things as:</i></p> <ul style="list-style-type: none"> - A general overview & description of the City Manager's responsibilities - Qualifications, experience, education requirements - Compensation and benefits information (NOTE: We are in the process of performing a market study to determine the midpoint of the market for the position of City Manager.) - General details about the interview process and timeline - Will the City Manager be required to live within the City or within a certain distance of the City? 	<p><i>This section should include such things as:</i></p> <ul style="list-style-type: none"> - Using Exhibit 2, identify major work products, initiatives, programs, and projects expected over the next year - See sample brochures for examples to identify under this category - On-going regular position-specific work expected to be performed by the City Manager 	<p><i>This section should include such things as:</i></p> <ul style="list-style-type: none"> - Desired attributes of a City Manager (i.e., leadership style, demeanor, decision-making abilities, etc.) - See sample brochures for examples to identify under this category

5

**CITIZEN OF THE
YEAR DISCUSSION**

CITIZEN OF THE YEAR

The City Council began recognizing outstanding efforts of citizens in 1990.

CRITERIA FOR SELECTION

- Honoree should be someone who is unrecognized for his/her contributions but is obvious to everyone as a good choice.
- Should be someone who has given service to the community either on Mercer Island or in the broader community in such a way as to reflect on Mercer Island.
- Every attempt to de-politicize the nominee and their efforts in the community should be taken, but politics should not exclude a good candidate.
- The nominations are taken at the annual Council retreat. If no one person is an obvious choice, it is better to have no choice than a wrong choice.
- An attempt is made to recognize someone who has given a broad base of community service but has not been recognized in a lot of ways.
- No elected official in office or known to be candidate for elective office may receive the award. [Added 3/2001]
- Honoree should be someone who has had a significant impact on the community in the past year. [Added 1/2009]

PAST RECIPIENTS

1990	Barbara Sweir & Phil Flash
1991	John Nelson
1992	Dr. Floyd Short
1993	Anna Matheson & Delores Erchinger
1994	Pam Eakes
1995	John Steding

1996 Fay Whitney

1997 Pat Braman

1998 MI Clergy Association: Bill Clements, Woody Carlson, Paul Fauske, Wynton Dunford, David Rose, Lisa Gelber, Richard Johnson, John Bowman, Carla Berkedal, Randal Gardner, Jack Olive, Eric Newberg, Jeff Holland, Michael Bush, Frederic Harder, Susan Price, Dale Sewall, Jean Davis, John Fellows, Kimbrough Besheer, and Marlow Schoop.

1999 ANAC - Steering Committee: Ira Appelman, Charlie Barb, Jim Gilchrist, Carol Heltzel, Tom Heltzel, Lorelei Herres, Tom Hildebrandt, Elizabeth Huber, Francoise Martin , Maxine Misselwitz, Ted Misselwitz, Phil Ohringer, Fran Ohringer, Kevin Peck, Sue Stewart, Nick Vedder

2000 Don Cohen

2001 Eugene Ferguson

2002 Jan Deveny

2003 Myra Lupton

2004 Aubrey Davis

2005 Ben Wolfe (given posthumously)

2006 Kenneth & Margaret Quarles

2007 Jim Trombold

2008 MI Farmers Market Committee

2009 Blair Rasmussen

2010 Susan Kaplan and Terry Pottmeyer

2011 Michael K. Copass, M.D.

2012 Fran Call

2013 Mercer Island Preschool Association

2014 Roger and Nancy Page

6

**JOINT
COMMISSION
TOWN CENTER
REPORT**



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Alison Van Gorp, Ombudsman and Administrative Services Manager for DSG

RE: Joint Commission Town Center Report

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. Do you believe the Joint Commission is headed in the right direction with its policy considerations? Do you see any red flags?
2. Are we effectively engaging the community?
3. Do you have any questions on the process to-date or the schedule going forward?

BACKGROUND:

In early 2014, a City Council subcommittee convened 29 community members to brainstorm about the current Town Center vision and compare how development is occurring—is it producing results consistent with the adopted vision or not? Does the vision need to change? Should the Development Code change?

The general assessment was that the Town Center vision continues to be an accurate reflection of the community's values, but that actual development has fallen short in terms of delivering hoped for amenities and other goals for Town Center. The focus then shifted to how to strengthen the Development Code to achieve the desired goals. A consultant team was engaged in late 2014 to review the Development Code and offer suggestions; the consultant report was delivered to the City Council in January 2015.

In February 2015, the City Council launched a community engagement process to work towards reviewing and improving the Development Code. The purpose of the process was to engage the community and develop concepts for how the Development Code should be changed.

A 42 member Stakeholder Group was convened to provide input over a 4 month period (March – June 2015). In addition, a 9-member Liaison Group comprised of members from the City Council, City Planning Commission and City Design Commission was formed to ensure that public input was heard and incorporated into the proposals as they were further developed. To support this work and provide opportunities for broad public engagement, five community meetings were held.

The Stakeholder Group reviewed various Development Code ideas and detailed suggestions were developed in six key areas:

- Retail Frontage Requirements
- Street Frontage Use and Improvement Standards
- Public Open Spaces
- Building Height Limits
- Mid-Block Pedestrian Connections
- Incentives Program: Proposed Mandatory and Elective Building Components

Additionally, the Stakeholder Group generally supported a new single updated vision statement. On August 31, 2015, the City issued the “Town Center Visioning and Development Code Update Interim Report to the Community” (see Exhibit 1). This report summarized the process to update the vision for Mercer Island Town Center and the related Town Center Development Code.

On September 21, 2015, the City Council heard a presentation from Karen Reed, a local communications and public engagement consultant, hired to assist the City with a review of the Town Center Visioning process and advise the City Council on next steps toward completing the process. The City Council approved Karen’s proposed strategic objectives and supporting actions for completing the Town Center Visioning and Development Code Update. A key action recommended in Karen’s report was to convene a “Joint Commission” (Planning and Design Commissions meeting together) to take on the work of developing a development code update for City Council consideration.

JOINT COMMISSION UPDATE

The Joint Commission began meeting in October, 2015, and has met a total of 6 times to-date. Initial meetings served as a “hand-off” of the Interim Report and work of the Stakeholder Group to the Joint Commission. Time was also taken to agree on ground rules, review and recommend a work plan (see Exhibit 2), recommend a budget request and review and discuss a draft vision communications mailer. The work plan and budget request were latter approved by City Council, with minor revisions.

The work plan divides the Commission’s work into 12 meetings between October 2015 and April 2016. Each meeting is devoted to one or more topics or development code sections. There are also three formal public hearings—January 20, March 9 and March 30. This work plan is aggressive, with meetings and hearings stacked closely together. To make the work more efficient, the Joint Commission has established ad hoc subcommittees to discuss specific aspects of the work. Three Joint Commission subcommittees continue to meet periodically: Best Practices (looking at what other cities are doing), Architectural Standards, and Communications. These subcommittees are helping staff and providing input on issues that are then brought to the Joint Commission for discussion. Outside consultant resources are also being secured to aid in certain aspects of this work, including graphics and code drafting, a parking study, transportation analysis, retail analysis and an economic “stress test” of the bonus height requirements/incentives.

Policy and Code Considerations

With the assistance of the Communications Subcommittee, the Joint Commission has developed a proposed set of seven Vision Principles to guide their work. These principles were distilled from the Vision Statement put forward by the Stakeholder group in the Interim Report.

MERCER ISLAND TOWN CENTER SHOULD BE...

1. **THE HEART** of Mercer Island, where residents want to shop, eat, play and relax together.
2. **ACCESSIBLE** to people of all ages and abilities.
3. **CONVENIENT** to enter, explore and leave with a variety of transportation modes.
4. **WELL DESIGNED** with public spaces that offer attractive settings for entertainments, relaxation and recreation.
5. **DIVERSE** with a range of building types and styles that acknowledge both the history and future of the island.
6. **LOCAL** providing businesses and services that meet every day needs on the island.
7. **HOME** to a variety of housing options for families, singles and seniors.

Thus far the Joint Commission has reviewed and discussed the following topics: subareas and building height, land uses, bonus height requirements/incentives, setbacks and massing, street standards, open space, affordable housing, and retail frontages. From these discussions, they have distilled down several options for consideration by the community at the upcoming January 20th Public Hearing. The hearing will include the following four topics: Vision, Subareas and Building Heights, Setbacks and Massing and Affordable Housing. The policy options the Joint Commission is putting forward for consideration are illustrated in the presentation to be delivered by staff at the public hearing (see Exhibit 3). Staff will also review this presentation at the planning session.

To summarize, the commission is evaluating alternatives for how building height is allocated across the different subareas. They are also looking at ways to better regulate building height and massing, including lowering building height maximums by 5' and requiring upper levels to step back from the front of the building. One regulatory tool that is being evaluated is an Average Daylight Plane requirement which would require step backs while also providing some design flexibility.

The Commission is also considering regulations to modulate the facades of large buildings and requiring through-block pedestrian connections in key areas. The Commission is considering requirements or incentives for affordable housing and open space.

Community Outreach and Engagement

Community outreach has been aimed at reaching a broad cross section of Mercer Island residents and encouraging them to "Get Informed and Get Involved" by commenting on the Town Center Vision and/or attending the upcoming public hearings. In early December, two postcards were mailed a week apart to all Mercer Island addresses. We have also improved

the Town Center webpage, making it easier to access the online comment form and providing more up to date information on the process. We have used social media forums such as NextDoor and Facebook to further encourage residents to comment. Beginning last week, we partnered with the Chamber of Commerce to distribute posters promoting the public hearings and the website to businesses in the Town Center. We are working with the local media to further promote the upcoming hearings and will provide email notification to people who have submitted comments online as well as our existing distribution lists. 94 written comments from 82 individuals have been received since the start of the Joint Commission process.

Work Plan and Schedule

The Joint Commission has asked staff to reorganize the Joint Commission's work plan to allow time in the immediate term to craft revised Comprehensive Plan language that lays out the policy framework for the Town Center Development Code revisions. This policy work was originally planned as a part of the discussions for each topic area. The reconfiguration will group the policy discussions across all topics into 1-2 meetings, and more detailed code discussions will follow in subsequent meetings. Staff will present a draft of the Comprehensive Plan language to the Joint Commission on January 27th for review and will provide copies for the City Council at the planning session. We are also reorganizing the agenda items for future meetings to accommodate the work plan revisions and to better align with consultant timelines and deliverables. We believe it is still possible to complete the work laid out for the Joint Commission by late April. However, further changes to the work plan, delays or difficulties in aligning consultant work could make it difficult to achieve this goal.

Consultant Contracts

Staff is working with the following consultants to assist with various pieces of the work:

- Town Center Traffic Analysis: KPG
- Strategic Communications: Karen Reed
- Code and Vision Graphics: Tovar Planning and MAKERS
- Review and Assessment of Proposed Height Incentives, and Retail Requirements: EcoNW

SUMMARY:

Staff is requesting Council discussion and direction on:

1. Policy and code considerations from the Joint Commission;
2. Community outreach and engagement; and
3. Work plan and schedule.

EXHIBITS:

1. Interim Report
2. Joint Commission Work Plan
3. January 20 Public Hearing Presentation



Town Center Visioning and Development Code Update Interim Report to the Community



City of Mercer Island, Washington

August 31, 2015

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Appendices:

Appendix A: Town Center Vision Committee, Town Center Stakeholder Group and Town Center Liaison Group Members

Appendix B: Current Town Center Vision

Executive Summary

This Interim Report (“report”) summarizes the process to update the vision for Mercer Island Town Center and the related Town Center Development Code (“Development Code”). The report does not include final recommendations, rather, it is intended as a comprehensive summary of the work completed to date and is intended to help set the stage for future action on this important subject that will include additional opportunities for public input. Final action on any proposals will follow a formal review process by the Planning and Design Commissions and City Council.

In early 2014, a City Council subcommittee convened 29 community members to brainstorm about the current Town Center vision and compare how development is occurring—is it producing results consistent with the adopted vision or not? Does the vision need to change? Should the Development Code change?

The general assessment was that the Town Center vision continues to be an accurate reflection of the community’s values, but that actual development has fallen short in terms of delivering hoped for amenities and other goals for Town Center. The focus then shifted to how to strengthen the Development Code to achieve the desired goals. A consultant team was engaged in late 2014 to review the Development Code and offer suggestions; the consultant report was delivered to the City Council in January 2015.

In February 2015, the City Council launched a community engagement process to work towards reviewing and improving the Development Code. The purpose of the process was to engage the community and develop concepts for how the Development Code should be changed. The City Council identified the following goals/areas for study through this community engagement process:

- Make the Town Center design guidelines and Development Code language more precise and less ambiguous
- Provide more predictable form-based design standards, rather than relying exclusively on loosely defined incentives to achieve the Town Center vision
- Clarify intentions and expectations by adding graphics to the Development Code
- Consider adoption of a “regulating plan” and related development standards to achieve a core retail area anchored by civic plazas
- Consider use of varying building height and massing to achieve a more diverse building form
- Consider creating new street standards for 77th Avenue SE to improve pedestrian and bicycle connectivity

A 42 member citizen committee (“Stakeholder Group”) was convened to provide input over a 4 month period (March – June 2015). In addition, a 9-member Liaison Group comprised of members from the City Council, City Planning Commission and City Design Commission was formed to ensure that public input was heard and incorporated into the proposals as they were further developed. To support this work and provide opportunities for the broad public engagement, five community meetings were held. Over the course of the public dialogue, three additional goals/areas for study were added to the scope:

- Broader discussion of Town Center building heights
- Consider revisions to Streetscape Standards for all Town Center streets
- Maximize on-street parking where appropriate

The Stakeholder Group also requested a review of the Town Center vision.

This report includes the various Development Code ideas that were reviewed and generally supported by the Stakeholder Group. Detailed suggestions were developed in six key areas:

- Retail Frontage Requirements
- Street Frontage Use and Improvement Standards
- Public Open Spaces
- Building Height Limits
- Mid-Block Pedestrian Connections
- Incentives Program: Proposed Mandatory and Elective Building Components

Additionally, the Stakeholder Group generally supports a new single updated vision statement for Town Center that was developed by pulling together concepts from existing City documents. An updated draft vision statement is presented in this report. It reinforces the conclusion that the Town Center vision as adopted in 1994 continues to reflect the community's values and goals and the basic outlines of that vision do not need to change. The major work ahead, however, is to decide upon and implement changes to the Development Code that will make this vision a reality.

What this means, in broad strokes, is finalizing an updated vision statement and set of proposed Development Code concepts for Town Center. Based on the feedback received from the community, these documents should articulate a strategy for achieving the following outcomes:

- Town Center should retain the small-town feel that many residents love about the Island.
- Building heights should not exceed 5 stories -- and in much of Town Center should be lower.
- Buildings should include more visual interest and setbacks—more of a “wedding cake” effect on buildings higher than 2 stories: avoid “canyons.”
- Town Center should continue to be the heart of Mercer Island, incorporating a mix of uses that help create a vibrant, healthy downtown serving as the City's business, social, cultural and entertainment center.
- Town Center should be pedestrian friendly, with welcoming streetscapes and easy connections across city blocks.
- Outdoor public spaces of various sizes in Town Center are important and should be encouraged.
- Require developers to provide meaningful, significant public amenities with all new Town Center projects.
- Street-level retail requirements should encourage small-scale, varied retail.
- Ensure plenty of convenient and accessible public parking.
- Retain the requirement for “walk-off” parking—so you can park in one place and walk to another property without moving your car.

While a lot of work has been done to date, much work remains. Some areas requiring additional technical work include parking requirements, public plaza design standards, east-west streetscape standards, and landscaping standards. Next steps are discussed in more detail near the end of this report.

The City is indebted to the 42 members of the Stakeholder Group, and the 9 members of the Liaison Group for their commitment to this effort and the many hours they spent reviewing development

concepts and providing ideas. Their input and effort is reflected in every idea presented in this report. The City also thanks the dozens of Mercer Islanders who attended the public meetings or provided online comments.

We encourage all Mercer Island residents, business owners and property owners to review this Interim Report and provide the City with your input. The City is working to refine the next steps in the process, with the ultimate goal being the adoption of a restated vision for Town Center and Development Code changes to make that vision a reality.

For more information, please look at the Town Center Visioning website at <http://www.mercergov.org/TownCenter>

1. Background and Purpose of Interim Report

Interim Report

The primary purpose of this report is to provide Mercer Island residents with a summary of the results of the community engagement process that the City conducted over the last year to review and update the Town Center vision and to identify potential changes to the Development Code that will strengthen the Code to achieve the desired vision.

This report describes: the Town Center visioning process; the “Draft Town Center Vision Statement;” and a set of “Development Code Concepts” developed through discussion with community stakeholders that, with further refinement, could help accomplish the updated vision for Town Center.

This report does *not* include any final recommendations. By issuing this report, the City seeks to provide those directly involved in the community engagement process (the Town Center Stakeholder Group and Town Center Liaison Group¹), as well as the general public, with a comprehensive summary of the work completed to date.

This report is intended to help set the stage for future action on this important subject and will include additional opportunities for public input. Final action on any proposals will follow additional technical review and a formal review process by the Planning and Design Commissions and City Council.

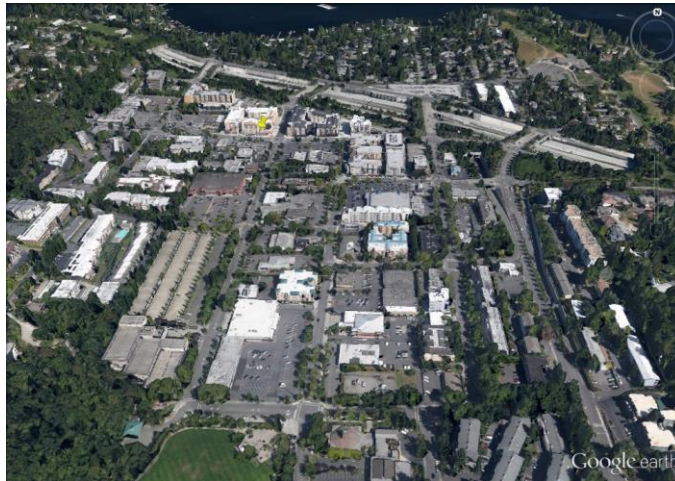


Figure 1: Mercer Island Town Center Looking North (2014)

¹ See Appendix A for the membership of these groups.

Background

In 1994, a year-long process culminated in a set of design guidelines and code requirements for the Town Center area. Interested readers can find the historic 1994 Report available at: www.mercergov.org/files/1994-TC-Plan2.pdf

Since then, the Island's commercial district has seen a number of new development projects built under the current Development Code. The opening of East Link light rail in 2023 presents the likelihood of significant additional development. As a result, the City Council identified a need to analyze whether our current Development Code and design guidelines: 1) are producing development with the look and feel anticipated by the work from the 1990's; and 2) meet the community's needs well into the future. The City Council launched a multi-phase effort to address this need:

- **Phase 1 (2014): Initial Scoping Work**

In early 2014, the City Council formed a Town Center Visioning Subcommittee comprised of three City Councilmembers to develop a Scope of Work and process to review both the effectiveness of the existing vision, and how well the existing design guidelines and code requirements achieved the vision.

The Subcommittee held a vision conversation with a diverse group of 29 engaged community members on May 21, 2014. A list of the community members participating in this initial discussion is included in Appendix A. The community group discussed the existing vision and determined that the vision itself was effective, but implementation of the vision needed improvement. Following that session, the City Council reviewed the suggestions of the community group and the Council Town Center Subcommittee and agreed on a work plan and priorities related to the Town Center. This plan is available online at: www.mercergov.org/files/TC_Phase1-WorkPlan_Draft7-11-2014a.pdf

Later in 2014, the City Council authorized the hiring of a consultant team to address one of the work plan priorities—to review and identify possible changes to the Development Code and design guidelines in support of various ideas about how the Town Center vision could be updated.

The team's work included a three-day design workshop on Mercer Island, culminating in a public presentation to the 29-member community group and other interested persons, including several City Councilmembers, in December 2014. The team also produced a report summarizing their findings and recommendations for Development Code revisions that was presented to the public at the City Council's Planning Session in January 2015.

One key finding was the need for a more specific and prescriptive Development Code, as well as a re-balancing of the incentive structure to ensure public benefits better matched the value of height bonuses.

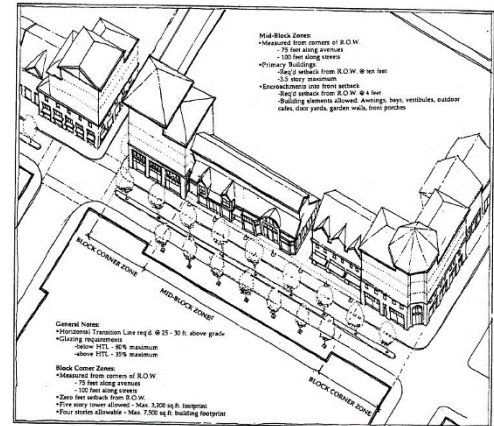


Figure 2: Graphic from 1994 Town Center Report



Figure 3: Phase 1 design sketch depicting major civic amenities and retail focus areas

The report is available online at: www.mercergov.org/files/TownCenter_Visioning_Report_Jan2015.pdf

- **Phase 2 (January – June 2015): Community Engagement**

In February 2015, the City Council approved a community engagement process for the Development Code update and adopted the *Town Center Community Engagement Strategy* to actively seek community input and encourage a collaborative working environment during the Development Code revision process (www.mercergov.org/files/TCCommunityEngagementStrategy.pdf). The consultant team was re-engaged to support this process and to begin outlining Development Code revision concepts with input received from the Stakeholders Group, Liaison Group and other members of the public. More details on the Community Engagement process are provided in the next section.

- **Phase 3 (Fall-Winter 2015/16): Next Steps**

The components of the next phase of work are being refined, and will include further community input culminating in the adoption of an updated Town Center vision and Development Code. This adoption may occur in tandem with the scheduled update of the City's Comprehensive Plan.

2. Community Engagement Process



In February 2015, the City Council launched a community engagement process to work towards reviewing and improving the Development Code. The purpose of the process was to engage the community and develop concepts around how the Development Code should be changed. The Engagement Strategy included the components and timing shown in Figure 4. Since its adoption, the timeline for the Community Engagement Process was extended by approximately six weeks to allow for further discussions and input desired by the community.

The City Council identified the following goals/areas for study through this community engagement process:

- Make the Town Center design guidelines and Development Code language more precise and less ambiguous
- Provide more predictable form-based design standards, rather than relying exclusively on loosely defined incentives to achieve the Town Center vision
- Clarify intentions and expectations by adding graphics to the Development Code
- Consider adoption of a “regulating plan” and related development standards to achieve a core retail area anchored by civic plazas
- Consider use of varying building height and massing to achieve a more diverse building form
- Consider creating new street standards for 77th Avenue SE to improve pedestrian and bicycle connectivity

As a result of the community engagement process, the above list of objectives was expanded. Major topics added to the discussion included review of overall building height limits and consideration of standards for all Town Center streets, including adding more on-street parking.

Review of the current Town Center vision was requested by the Stakeholder Group and was added later in the community engagement process. The City’s currently adopted Town Center vision is scattered throughout the current Comprehensive Plan, Development Code, and visioning documents from the mid-1990’s. The Stakeholder Group worked to create a vision statement that is more succinct and can be located in one place. See Section 3 below.

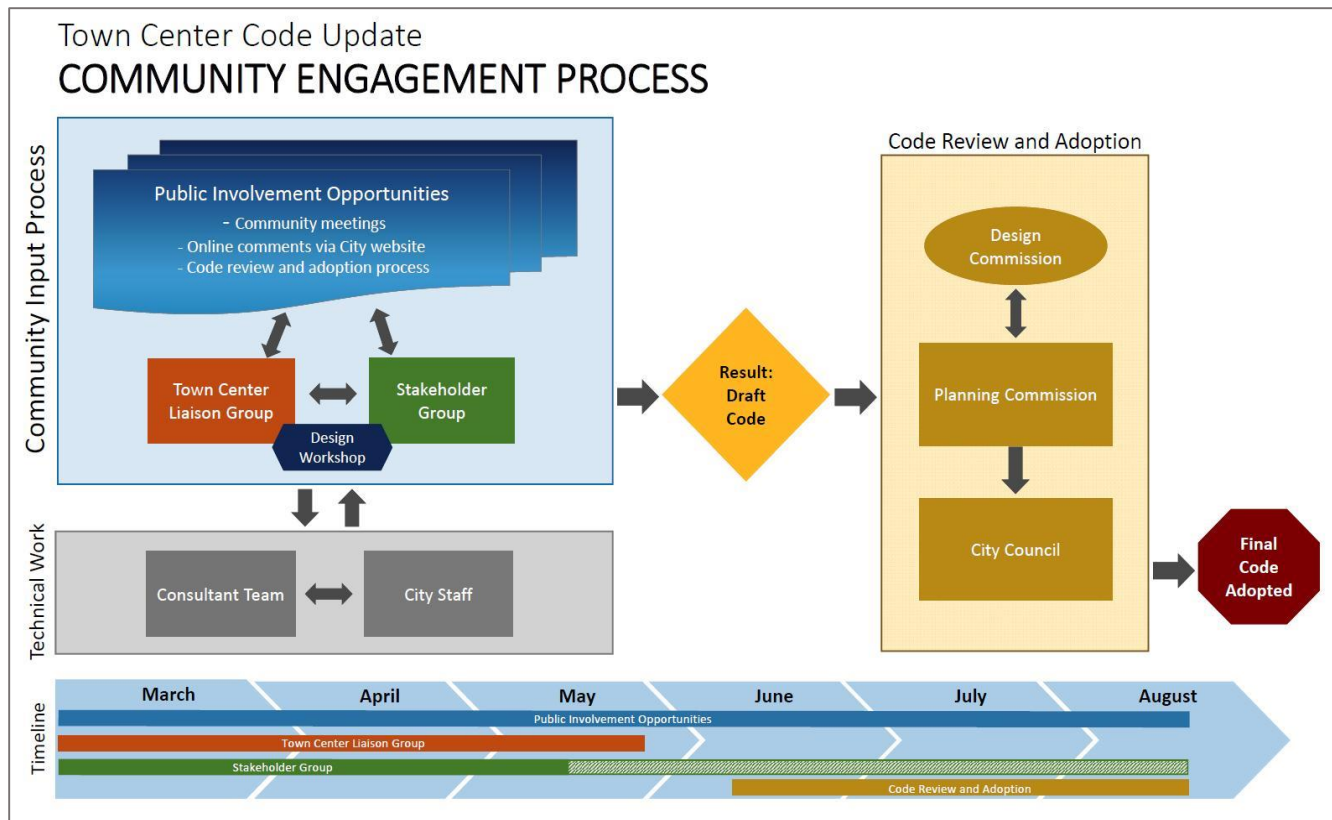


Figure 4: Town Center Code Update Community Engagement Strategy—February 2015

- **Community Engagement Opportunities**

The Community Engagement Process as approved by the City Council offered Mercer Island residents and business owners a wide range of opportunities to provide input.

- 1) **Public Input Meetings**

Five city-hosted meetings occurred during the spring of 2015, along with four other meetings hosted by partner organizations, clubs and associations. All meeting announcements, materials, and subsequent notes, are posted on the City’s website, and can be located by visiting <http://www.mercergov.org/Page.asp?NavID=3063>.

- 2) **Public Comment**

In addition to providing comment at the public input meetings, residents were able to offer comments via an online comment form, postal mail, email, or telephone. This input has also been posted on the City’s website at http://www.mercergov.org/files/MITown_Center_Online_Comments_Feb-Jul2015.pdf.

3) Town Center Stakeholder Group

The 42-member Stakeholder Group was convened in March of 2015 to serve as the core group of committed participants throughout the Phase 2 portion of the Town Center Visioning process. From March through June, the group met six times, including a two-day weekend design workshop. The City Council received 71 applications to serve on the Town Center Stakeholder Group; members were chosen to represent a broad cross section of Island residents and interest groups-- from general public, to community groups, to business people. A list of members of the Stakeholder Group is presented in Appendix A.



4) Town Center Liaison Group (“TCLG”)

A nine-member Town Center Liaison Group (TCLG) was also formed in March 2015 to serve as a liaison between the Stakeholder Group and the general public, City Council, City staff, and consultants. The TCLG is comprised of three Council Members, three Planning Commission members, and three Design Commission members and works to ensure that the public receives sufficient information and ample opportunity to provide public input, and that the input received is properly considered and addressed in the development of any changes to the Development Code. From March through June 2015, the TCLG met eight times. A list of TCLG members is presented in Appendix A.

5) Outreach and Publicity

Throughout the process, City staff added content, materials, and minutes to the main webpage www.mercergov.org/TownCenter. Staff has also provided news stories via the City’s online news page and weekly E-newsletter, and posted updates to social media outlets such as Facebook and NextDoor. In addition, the local Mercer Island Reporter newspaper has maintained ongoing coverage online and in its weekly print edition.

In total, the City held 23 community engagement meetings. Hundreds of written comments were received at public meetings and through the City’s online comment form. City staff and consultants used this input to draft the two primary outputs from this process:

- A Draft Updated Town Center vision (*see Section 3 of this Report*); and
- A set of conceptual proposals for amendment of the Development Code for Town Center (*see Section 4 of this Report*).

• What We Heard

As outlined above, the City received a substantial amount of input from members of the Stakeholder Group and Liaison Group as well as from the public at large. A full set of meeting materials and meeting summaries is available at <http://www.mercergov.org/Page.asp?NavID=3063>. There was a wide breadth of opinions expressed, on all facets of Town Center. On some issues, consensus emerged early on (such as the need for more public open space in the north part of the Town Center) while others were hotly debated throughout the process (such as building height limits). The following objectives emerged from this process as the top priorities for any Development Code revisions going forward.

- Town Center should retain the small-town feel that many residents love about the Island.
- Building heights should not exceed 5 stories -- and in much of Town Center should be lower.
- Buildings should include more visual interest and setbacks—more of a “wedding cake” effect on buildings higher than 2 stories: avoid “canyons.”
- Town Center should continue to be the heart of Mercer Island, incorporating a mix of uses that help create a vibrant, healthy downtown serving as the City’s business, social, cultural and entertainment center.
- Town Center should be pedestrian friendly, with welcoming streetscapes and easy connections across city blocks.
- Outdoor public spaces of various sizes in Town Center are important.
- Require developers to provide meaningful, significant public amenities with all new Town Center projects.
- Street-level retail requirements should encourage small-scale, varied retail.
- Ensure plenty of convenient and accessible public parking.
- Retain the requirement for “walk-off” parking—so you can park in one place and walk to another property without moving your car.

Another conclusion from the community engagement process is that the Town Center vision, as adopted in 1994, continues to accurately reflect the community’s values and the basic outlines of that vision do not need to change. However, the 1994 City Comprehensive Plan didn’t incorporate this vision into a single, succinct statement. Thus there is support for creating a unified, clear vision statement. A draft vision statement, based on Stakeholder Group feedback, is included in this report.

The major work ahead is to decide upon and implement changes to the Development Code that will make this vision a reality. Sections 4 of this report summarizes the Development Code ideas that were reviewed and generally supported by the Stakeholder Group.

3. Town Center Vision

One outcome of the community engagement process is a proposed update to the vision for Town Center. The City's currently adopted Town Center vision is scattered throughout the current Comprehensive Plan, Development Code, and visioning documents from the mid-1990's. The current Town Center vision is summarized in Appendix B.

The following draft updated Vision Statement seeks to unify vision statements about the Town Center in one place. It reflects those concepts that received general support in the community engagement process. As finalized in the next phase of the process, this draft updated Vision Statement will be incorporated into the City's Comprehensive Plan and implemented through adoption of supporting Development Code provisions.

Draft Updated Town Center Vision Statement

We envision a Town Center that will:

Embody the small-town feel that residents love about Mercer Island.

Be the heart of Mercer Island, a place that is beautiful and economically healthy, where residents will want to come to do business, shop, eat together, play and relax.

Be pedestrian-friendly, with tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easy to walk around.

Have ample parking, both on-street and off, and the ability to park once and walk to a variety of retail shops clustered along major streets.

Be convenient and accessible to people of all ages and abilities, including pedestrians, bicyclists, transit users and motorists.

Have inviting outdoor spaces with seating, greenery, water features, and art that offer settings for outdoor entertainment and special events as well as for quiet contemplation.

Have a range of building types, styles and ages that reflect the evolution of the Town Center over time, with human-scaled buildings, varied height, set-backs and step-backs and attractive facades.

Locate taller buildings on the north end and step down through the center to lower heights on the south end, bordering Mercerdale Park.

Have a diversity of uses including retail shops, professional offices, personal and automobile services, lodging, recreational facilities, and a variety of restaurants, cafes, pubs and bakeries, providing the option to meet daily needs without traveling off-island.

Offer a variety of housing options, including townhomes, condominiums and apartments attractive to families, singles, and seniors at a range of price points.

Support public and private investment in existing properties, infrastructure, and marketing to help maintain longstanding businesses and attract new ones.

4. Proposed Development Code Changes

As noted, one of the first goals the City Council identified in this effort was the need for the Development Code to be more precise. As a result, the community discussion has involved review and consideration of many ideas, conceptual representations and maps. This detailed work effort was led by Seth Harry & Associates, a consulting firm specializing in land use visioning and code development processes: they brought forward many specific alternatives and visuals for consideration in response to the identified goals.

This section summarizes changes proposed to the Development Code. These concepts have been reviewed by the Stakeholders Group and TCLG, and many were presented as well in the community public meetings and online. Some of these concepts were specifically proposed by community members.

Although the recommendations presented here were generally supported by the Stakeholder Group, in some cases that support was not unanimous. Areas where a diversity of opinions or a strong minority opinion were expressed by the Stakeholder Group have been noted in each topic section below.

These proposed changes may be amended, added to, or deleted, depending on further public input.

The proposed Development Code changes cover six key areas:

- 1. Retail Frontage Requirements**
- 2. Street Frontage Use and Improvement Standards**
- 3. Public Open Spaces**
- 4. Building Height Limits**
- 5. Mid-Block Pedestrian Connections**
- 6. Incentives Program: Proposed Mandatory and Elective Building Components**

The six key areas of proposed Development Code changes are discussed in turn below. At the beginning of each section, the scope of the issue is briefly defined, and the accompanying portion(s) of the Draft Updated Town Center vision that relates to the specific code area is identified. The major changes proposed are summarized in a short “Overview” section. Then, charts are included which compare the City’s current Development Code requirements with the most current version of the proposed new Development Code language. Note that the proposed Development Code will also contain graphics to help show the meaning of various provisions and assist the City’s Design Commission with their review of new developments in the Town Center. Some of these visuals (as they now exist) are also included below.

Retail Frontage Requirements

“Retail Frontage Requirements” are the amount of a building’s frontage along a street that must be devoted to retail, restaurant or personal service uses.

Draft Updated Town Center Vision Statement Text Related to this Issue:

“Have a diversity of uses including retail shops, professional offices, personal and automobile services, lodging, recreational facilities, and a variety of restaurants, cafes, pubs and bakeries, providing the option to meet daily needs without traveling off-island.”

“Offer a variety of housing options, including townhomes, condominiums and apartments attractive to families, singles, and seniors at a range of price points.”

“Support public and private investment in existing properties, infrastructure, and marketing to help maintain longstanding businesses and attract new ones.”

Overview of Proposed Changes: The current Development Code designates each street as either Type 1 or Type 2. Proposed changes to the Development Code would eliminate those and create three new designations: Primary Retail Frontage, Secondary Retail Frontage or Limited Retail Frontage. This refers to the type of retail that would be permitted on the ground floor level of each building.

The proposed revisions for retail frontage are more prescriptive than what exists in the current Development Code in order to provide greater encouragement for pedestrian-friendly retail, ensure that the retail spaces are appropriately-sized for small retail operators and prevent large (“box store”) development. Figure 5 below shows how a building floor can be designed for smaller retail spaces along a street and also allow for larger non-retail space in the back of the floor. The “maximum continuous frontage” and “maximum width to depth ratio” will both limit the frontage of a retail use. The specific development standards for these concepts need to be written.

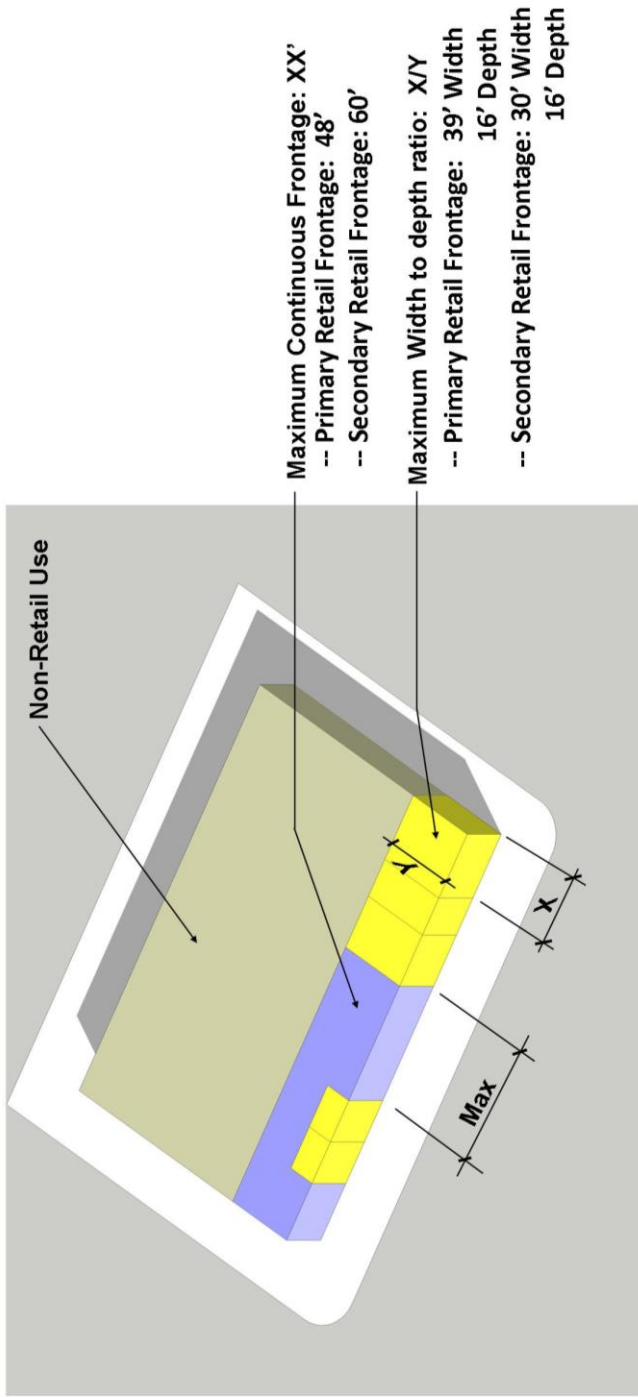


Figure 5: Mandatory Retail Frontage/Maximum Storefront Width

It is important to note that the Limited Retail Frontage designations (on parts of 76th and 80th Avenues) reflect the proposal to change the allowable land use in those areas from mixed-use (retail, residential and/or office) to multi-family residential. As a result of this change, new developments can be created that have no retail frontage whatsoever in those areas. In the Primary Retail Frontage and Secondary Retail Frontage areas, retail would be required although the composition of the permitted retail varies depending on whether a building is located in a Primary Retail Frontage or Secondary Retail Frontage area. The maps after Table 1 show the existing and proposed designations for each street in the Town Center.

One proposed change would limit the amount of personal service uses allowed within a retail frontage area. Personal service uses include but are not limited to hair stylists, spas, fitness centers and nail salons. For example, currently, all of the required retail

frontage area along a Type 1 street can be devoted to personal service uses. The proposed revisions below would limit personal service uses to 40% of the required retail frontage in a Primary Retail Frontage area and 60% of the required retail frontage in a Secondary Retail Frontage area. The proposed Development Code will contain a graphic showing this relationship.

Several Stakeholder Group members felt that the Primary and Secondary Retail Frontage designations are overly expansive, and suggested tightening up the required retail areas so it that can more realistically be supported by the limited demand for retail space in Mercer Island. A few Stakeholder Group members also suggested removing the 40% and 60% limits for personal service uses in the Primary and Secondary Retail Frontage areas. This is an issue that needs further analysis and consideration as the code revisions are drafted.

Table 1. Proposed Retail Frontage Requirements		
	Current Standards	Proposed Revisions
Type 1 Street (current code) Primary Retail Frontage (proposed code)	Type 1 Street- Min. 60% retail, restaurant, and/or personal service use required	Primary Retail Frontage: Min. 60% retail, restaurant, and/or personal service use required. <u>Of that frontage</u> , maximum 40% hotel/motel, personal service, public facility, or office. <u>Of those uses</u> , no continuous linear frontage shall exceed 48 feet in length. Infill retail frontages minimum 16' depth and 30' frontage width, may be used to break up large continuous ground floor uses.
Type 2 Street (current code) Secondary Retail Frontage (proposed code)	Type 2 Street- No minimum street frontage of retail, restaurant, and/or personal service use is required	Secondary Retail Frontage: Min. 40% retail, restaurant, and/or personal service use required. <u>Of that frontage</u> , maximum 60% hotel/motel, personal service, public facility, or office. <u>Of those uses</u> , no continuous linear frontage shall exceed 60 feet in length. Infill retail frontages minimum 16' depth and 30' frontage width, may be used to break up large continuous ground floor uses.
Limited Retail Frontage (proposed code)	No equivalent in current code	Limited Retail Frontage: No minimum retail, restaurant and/or personal service use required. Retail, restaurant, and/or personal service use may occupy up to 40% of street frontage for multi-unit residential buildings, or 80% for individual live-work buildings, whose overall frontage width does not exceed 28' and where the total number of upper floor units does not exceed two in number.

Figure 6 below shows current street classifications (for purposes of determining retail frontage requirements) and Figure 7 below shows proposed retail street frontage types.



Figure 7: Proposed Required Retail Frontage Types

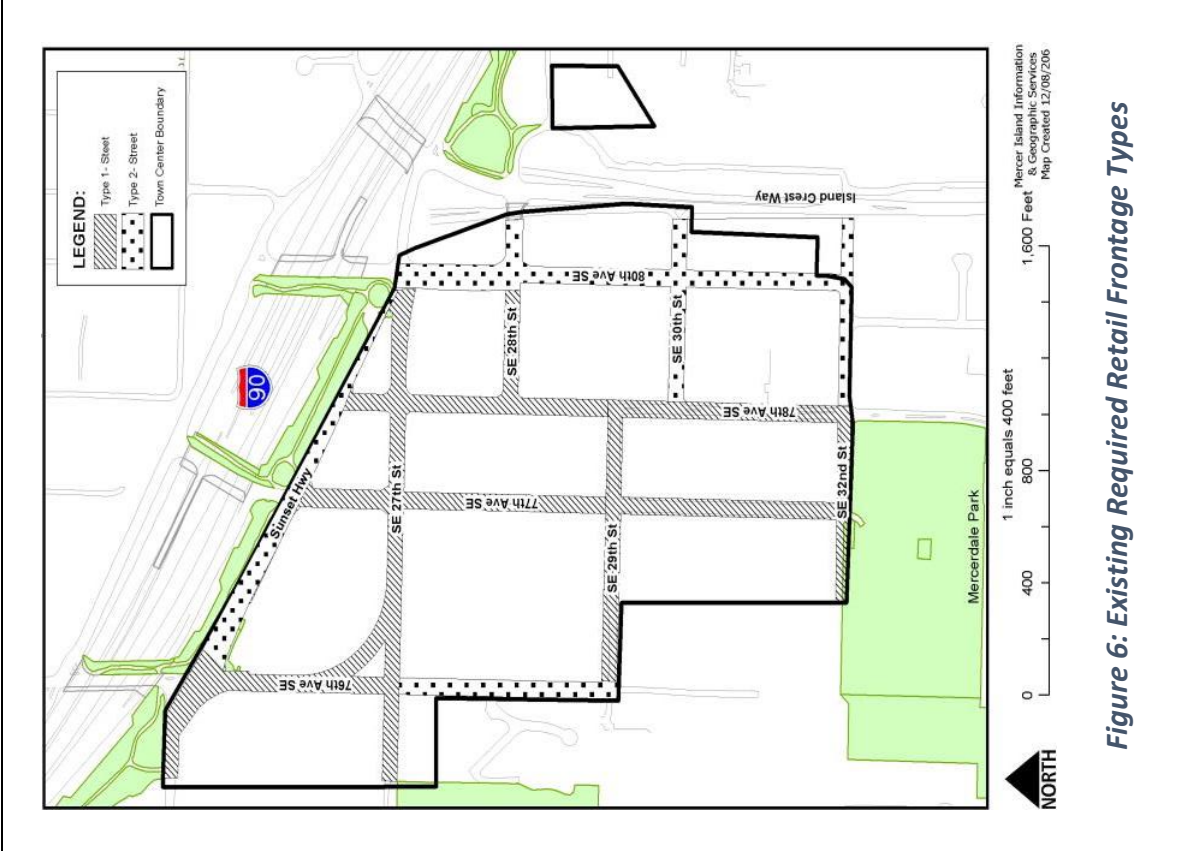


Figure 6: Existing Required Retail Frontage Types

Street Frontage Use and Improvement Standards

“**Street Frontage Use**” refers to the use of that portion of a building or property that abuts a street. “**Improvement Standards**” are requirements for the features of a street, such as vehicle travel lanes, bicycle lanes or paths, sidewalks and on-street parking.

Draft Updated Town Center Vision Statement Text Related to this Issue:

“Be pedestrian-friendly, with tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easy to walk around.”

“Have ample parking, both on-street and off, and the ability to park once and walk to a variety of retail shops clustered along major streets.”

“Be convenient and accessible to people of all ages and abilities, including pedestrians, bicyclists, transit users and motorists.”

Overview of Proposed Changes: The current Development Code identifies two types of streets with different frontage use and improvement standards applicable to each: Type 1 Streets have a minimum of 60% retail, restaurant and/or personal service use required. Type 2 Streets have no minimum required for these uses. Sidewalk requirements vary. Among the proposed changes to the Development Code, all sidewalks would be at least 12’ wide (15’ wide on 78th Avenue SE) and the turn lane and bike lanes on 77th Avenue SE would be replaced with on-street parking.

Both the public and the Stakeholder Group expressed a strong desire for pedestrian-friendly streets, wider sidewalks with attractive landscaping and seating areas, and more on-street parking. There was a preference among members of the Stakeholder Group for “sharrows” as an appropriate way to support bicycling. The term “sharrows” refers to street markings placed in the vehicle travel lane to alert drivers the roadway is to be shared and to indicate the preferred bicycle route.

As a result of this feedback, the proposed changes would identify three different types of streets. The result is a greater level of control over how each street in the Town Center will be developed, what on-street parking will be required, and how it will feel from a pedestrian standpoint.

Table 2 shows how the retail frontage designations discussed in the previous section are assigned to all of the Town Center streets both in the current Development Code and proposed Development Code. Table 2 also shows the City’s current and proposed street improvement

standards. The various proposed street types (Street Type 1, 2 or 3) are also shown on graphics below Table 2, along with proposed street sections for each street type. All proposed street improvements are designed to fit within the City's standard 60' wide right-of-way, with the exception of 78th Avenue SE south of SE 27th Street. 12' sidewalks are required throughout the Town Center, except for on 78th Avenue SE south of SE 27th Street where 15' sidewalks are required. This means that the buildings constructed on most streets can be built to the property line (as is permitted under the existing Development Code) since the City right-of-way is wide enough to accommodate traffic, parking, cyclists (on 77th Avenue SE) and 12' sidewalks that can accommodate pedestrians, benches and street trees. For 78th Avenue SE south of SE 27th Street, sidewalk easements from abutting properties will be required as part of new development to accommodate sidewalks that are 15' wide.

Table 2. Street Frontage Use and Improvement Standards		
76TH AVENUE SE		
76th Avenue SE (North of SE 27th St. and lots south of SE 27th that about SE 27th)		
	Current Standards	Proposed Revisions
Street Frontage Use	Type 1 Street	<ul style="list-style-type: none"> West side of street: Primary and Secondary retail East side of street: Primary and Secondary retail
Street Improvements	Sidewalk both sides (12' wide min.)	No changes proposed unless a public plaza is eventually created in or adjacent to the right of way on SE 27 th . More details on the plaza concept are provided in the Public Open Space section of this report.
76th Avenue SE (South of SE 27th St. but excluding lots south of SE 27th that about SE 27th)		
	Current Standards	Proposed Revisions
Street Frontage Use	Type 2 Street	Limited Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	No changes proposed.
77TH AVENUE SE		
77th Avenue SE (Sunset Highway to SE 27th Street)		
	Current Standards	Proposed Revisions
Street Frontage Use	Type 1 Street	Secondary Retail Frontage
Street Improvements	Traffic lanes (two at 11' wide each), two way left turn lane (11' wide), sidewalk both sides (12' wide min.), street trees.	No changes proposed except that the two outside lanes will be marked with "sharrows"

77th Avenue SE (SE 27th Street to SE 32nd Street)		
	Current Standards	Proposed Revisions
Street Frontage Use	Type 1 Street	<ul style="list-style-type: none"> Between SE 27th & SE 29th: Primary Retail Frontage South of SE 29th: Secondary Retail Frontage
Street Improvements	Bike lanes (5' each side), traffic lanes (two at 11' wide each), two way left turn lane (11' wide), sidewalk both sides (12' wide min.), street trees	Street Type 1: traffic lanes (two at 11' wide each marked with "sharrows"), eliminate two-way left turn lane, sidewalk both sides (12' wide min.), street trees, parallel parking lanes both sides (7' wide)

78th AVENUE SE		
78th Avenue SE (Sunset Highway to SE 27th Street)		
	Current Standards	Proposed Revisions
Street Frontage Use	Type 1 Street	Primary Retail Frontage
Street Improvements	Traffic lanes (two at 13' wide each), sidewalks both sides (15' wide min.), street trees, 7' wide parking pullouts	No changes proposed unless the multi-purpose outdoor event space concept is created (described in more detail in the Public Open Space section).
78th Avenue SE (SE 27th Street to SE 32nd Street)		
	Current Standards	Proposed Revisions
Street Frontage Use	Type 1 Street	Primary Retail Frontage
Street Improvements	Traffic lanes (two at 13' wide each), landscaped median (6' wide), sidewalks both sides (15' wide min.), street trees, 7' wide parking pullouts	Street Type 3. No changes proposed. Minimum 5' building setbacks required if needed to achieve 15' wide sidewalks

80TH AVENUE SE		
80th Avenue SE (SE 27th Street to SE 32nd Street)		
Street Frontage Use	Current Standards	Proposed Revisions
	Type 2 Street	<ul style="list-style-type: none"> • North of SE 30th: Secondary Retail Frontage • South of SE 30th: Limited Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	Street Type 2. Traffic lanes (two at 11' wide each), parallel parking lane both sides (7' wide each side), sidewalk both sides (12' wide min.)

SE 27TH STREET		
SE 27th Street (Approximately 75th Avenue SE to 76th Avenue SE)		
Street Frontage Use	Current Standards	Proposed Revisions
	Type 1 Street	Secondary Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	Street Type 2. Traffic lanes (two at 11' wide each), parallel parking lane both sides (7' wide each side), sidewalk both sides (12' wide min.)
SE 27th Street (76th Avenue SE to 77th Avenue SE)		
Street Frontage Use	Current Standards	Proposed Revisions
	Type 1 Street	Primary Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	No changes proposed unless a public plaza is created in or adjacent to the right of way on SE 27 th . More details on the plaza concept are provided in the Public Open Space section.
SE 27th Street (77th Avenue SE to 80th Avenue SE)		
Street Frontage Use	Current Standards	Proposed Revisions
	Type 1 Street	Primary Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	No changes proposed

SE 28TH STREET		
SE 28th Street (78th Avenue SE to 80th Avenue SE)		
Street Frontage Use	Current Standards	Proposed Revisions
	Type 1 Street	Secondary Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	Street Type 2. Traffic lanes (two at 11' wide each), parallel parking lane both sides (7' wide each side), sidewalk both sides (12' wide min.). More work needs to be done on whether parking should be angled on the north side like it is today, or change to parallel parking on both sides of the street.
SE 28th Street (80th Avenue SE to Island Crest Way)		
Street Frontage Use	Current Standards	Proposed Revisions
	Type 2 Street	Secondary Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	No changes proposed

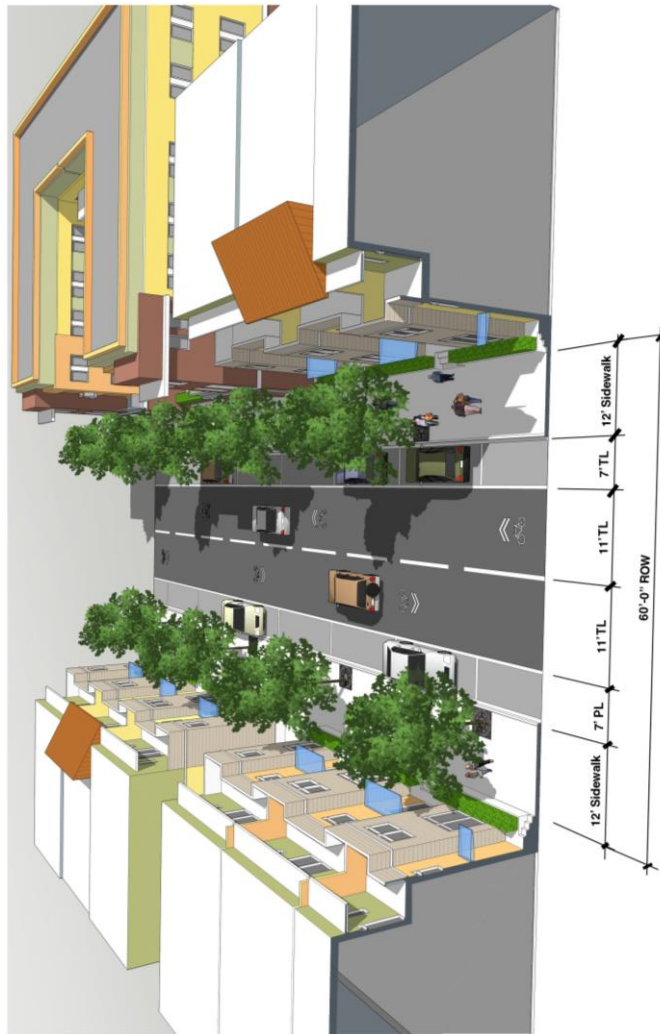
SE 29TH STREET		
SE 29th Street (76th Avenue SE to 78th Avenue SE)		
Street Frontage Use	Current Standards	Proposed Revisions
	Type 1 Street	<ul style="list-style-type: none"> West of 77th Ave.: Secondary Retail Frontage East of 77th Ave.: Primary Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	Street Type 2. Traffic lanes (two at 11' wide each), parallel parking lane both sides (7' wide each side), sidewalk both sides (12' wide min.)

SE 30TH STREET		
SE 30th Street (78th Avenue SE to Island Crest Way)		
	Current Standards	Proposed Revisions
Street Frontage Use	Type 2 Street	<ul style="list-style-type: none"> • North and south sides of street: Secondary Retail Frontage • South side of street east of Island Center: Limited Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	Street Type 2. Traffic lanes (two at 11' wide each), parallel parking lane both sides (7' wide each side), sidewalk both sides (12' wide min.)

SE 32ND STREET		
SE 32nd Street (77th Avenue SE to 80th Avenue SE)		
	Current Standards	Proposed Revisions
Street Frontage Use	Type 1 Street- Min. 60% retail, restaurant, and/or personal service use required	<ul style="list-style-type: none"> • West of 78th Ave.: Primary Retail Frontage • East of 78th Ave.: Limited Retail Frontage
Street Improvements	Sidewalk both sides (12' wide min.)	No changes proposed except that buildings on north side of street between 77 th Avenue SE and 78 th Avenue SE would need to be setback at least 20' from the property line in order to avoid adverse impact on Mercedale Park.

Figure 8: Street Type 1

(77th Avenue SE between SE 27th Street and SE 32nd Street)



Street Types

- Street Type 1 ■
- Street Type 2 ■
- Street Type 3 ■

Figure 9: Street Type 2

- (80th Avenue SE between SE 27th Street and SE 32nd Street)
- (SE 27th Street between 75th Avenue SE and 76th Avenue SE)
- (SE 28th Street between 78th Avenue SE and 80th Avenue SE)
- (SE 29th Street between 76th Avenue SE and 78th Avenue SE)
- (SE 30th Street between 78th Avenue SE and Island Crest Way)

NOTE: Parking style (parallel or angled) and location (one or both sides of street) to be determined in next phase of process. Sketch below shows angled parking on one side of street.



Street Types

- Street Type 1 █
- Street Type 2 █
- Street Type 3 █

Figure 10: Street Type 3

(78th Avenue SE between SE 27th Street and SE 32nd Street)



Street Types

- Street Type 1
- Street Type 2
- Street Type 3

Public Open Spaces

“Public Open Space” refers to plazas, parks or other spaces intended for the use and enjoyment of the public in Town Center. Public open spaces serve as public gathering spaces and, depending on their size, could accommodate a variety of public events, as well as providing space for informal gatherings and quiet activities.

Draft Updated Town Center Vision Statement Text Related to this Issue:

“Be the heart of Mercer Island, a place that is beautiful and economically healthy, where residents will want to come to do business, shop, eat together, play and relax.”

“Have inviting outdoor spaces with seating, greenery, water features, and art that offer settings for outdoor entertainment and special events as well as for quiet contemplation.”

“Support public and private investment in existing properties, infrastructure, and marketing to help maintain longstanding businesses and attract new ones.”

Overview of Proposed Changes: The current Development Code envisions three significant public plazas within the Town Center as shown on Figure 15: Site 1 along the south side of SE 27th Street between 77th and 78th Avenues SE or west side of 78th Avenue SE between SE 27th and 28th Streets; Site 2 along either side of 78th Avenue SE between SE 27th and 28th Streets; and Site 3 along the east side of 76th Avenue SE between SE 24th and SE 27th Streets. Only one significant public plaza is required in each of those three areas. Only one significant public plaza has been constructed, in Site 3, as part of the Aviara development.

For properties not located in the three areas above, the current Development Code requires provision of a “major site feature” for building exceeding two stories in height. A major site feature can be a pedestrian connection, public plaza, water feature or affordable housing.

The proposed changes to the Development Code identify three new “opportunity sites” as potential sites for major public open spaces. These are sites that have been identified through discussion with the consultant and members of the Stakeholder Group and TCLG as places where the creation of potential future public open space is desirable. As described below, each opportunity site, to the extent it is currently private property, would require substantial effort to identify funding for property acquisition or other agreements regarding potential future use of the property as public open space. Each of these concepts present their own challenges and feasibility is unknown. Applicable state laws will be

followed at all times as the City moves forward to implement one or more of these concepts, potentially working to secure private property as public open space. The three new opportunity sites are:

- 1. The public right of way on SE 27th Street along the large curve located just south of Starbucks, with potential for the additional acquisition of the triangular parcel immediately to the South.** Under this proposal, the curved roadway would be eliminated and replaced with a four-way intersection of 76th Avenue SE and SE 27th Street and public plaza in the former curved roadway. With the optional acquisition of the property to the south, the plaza could be expanded to a size adequate for a public “square” and gathering place. This option would require acquisition of the property to the south of SE 27th Street at fair market value consistent with applicable law and a re-routing of traffic along 76th Avenue SE and SE 27th Street, including right of way improvements to create a four-way intersection. The development of this plaza would need to be done in coordination with Starbucks as it would impact access to their property. It is believed that the Starbucks drive-thru can be retained. One additional benefit from this proposal is traffic calming and improved pedestrian crossings along SE 27th Street.
- 2. The property located on the south side of SE 27th Street, between 77th and 78th Avenues SE, where a Walgreens store is currently located.** This option would require acquisition of the property at fair market value consistent with applicable law, OR a development agreement and/or public private partnership aimed at creating both public open space and retail/restaurant space.
- 3. The right of way on 78th Avenue SE north of SE 27th Street, portions of Sunset Highway and a portion of the park space immediately to its north.** This concept would create a multi-function outdoor event space able to accommodate uses such as the farmers market, art fairs and other public events. This area is already used for events such as Art Uncorked, but is underutilized. The proposal could include a permanent structure in Aubrey Davis Park, such as a pergola. This option would require permanent or temporary closure of the right of way on 78th Avenue SE as well as an agreement with the State Department of Transportation regarding placement of a permanent structure within Aubrey Davis Park (because the Park is in the I-90 right of way).

The proposed changes also include an option in the incentive structure for developers to create on-site public plazas as a part of the required elements to receive additional building height. As described in the Town Center Incentive Program section, below, this concept needs further definition and refinement.

Building Height Limits

“Height Limits” refer to how high a building can be built. The challenge arises when a building is on uneven land, such as a hill: where is the base from which the height is measured?

Draft Updated Town Center Vision Statement Text Related to this Issue:

“Embody the small-town feel that residents love about Mercer Island.”

“Have inviting outdoor spaces with seating, greenery, water features, and art that offer settings for outdoor entertainment and special events as well as for quiet contemplation.”

“Have a range of building types, styles and ages that reflect the evolution of the Town Center over time, with human-scaled buildings, varied height, set-backs and step-backs and attractive facades.”

“Locate taller buildings on the north end and step down through the center to lower heights on the south end, bordering Mercerdale Park.”

Overview of Proposed Changes: One of the most complex issues discussed by the Stakeholder Group is building height limits. Both the current Development Code and proposed revisions have a two-story height limit, which can be increased to three, four, or five stories depending on the property’s location and which public amenities are provided. The current Development Code defines two stories as 26’, three stories as 39’, four stories as 52’ and five stories as 65’. The proposed revisions would keep these height definitions. These height limits allow for some floors to be built with a higher ceiling height, which creates attractive retail spaces as well as residential units. The current Development Code allows up to 10 additional feet for rooftop appurtenances such as heating and air conditioning units. The standards for rooftop appurtenances will be reviewed as part of the Development Code update. The differences between the current Development Code and proposed revisions are the height limits on some properties have been either increased or decreased, and more public amenities that better align with community values are required to achieve height above two stories. In addition, certain public amenities are required even for one- or two-story developments in the Town Center.

Currently, height limits are established for each discrete “focus area” within the Town Center: e.g., Gateway, Mid-Rise Office, etc. (See Figure 11). The current Development Code establishes seven focus areas, each with one of three different height limits -- three, four, or five stories (which corresponds to 39’, 52’, or 65’ respectively).

The proposed Development Code revisions would eliminate the current seven focus areas and redraw them as four subareas as shown in Figure 12. The four subareas would each have one of three height limits--three, four, or five stories (39', 52', or 65' respectively); the maximum permitted heights have been increased or decreased in certain locations as explained below (see Figure 13). The four subareas all have numbers in their respective name, which refers to the height limit in stories (TC-3, TCMF-3, TC-4 and TC-5). For example, TC-3 would allow a building up to three stories or 39' tall. The difference in height limit between the current Development Code and proposed revisions is shown in Figure 13. (Note: the subarea map in Figures 12 and 13 was referred to as the "regulating plan" in the Stakeholder Group meetings and materials).

The TCMF-3 subarea designation (on parts of 76th and 80th Avenues SE) would change development standards for the impacted properties. Under the current Development Code, these properties could only go above two stories if they were mixed-used developments (e.g., residential plus retail or office plus retail). Under the proposed changes, these areas could go to three stories with just residential development. Limited retail would be permitted, but not required, on the street level. The Stakeholder Group generally felt that these areas were more suitable for residential development given their location on the fringe of the Town Center and the existing development.

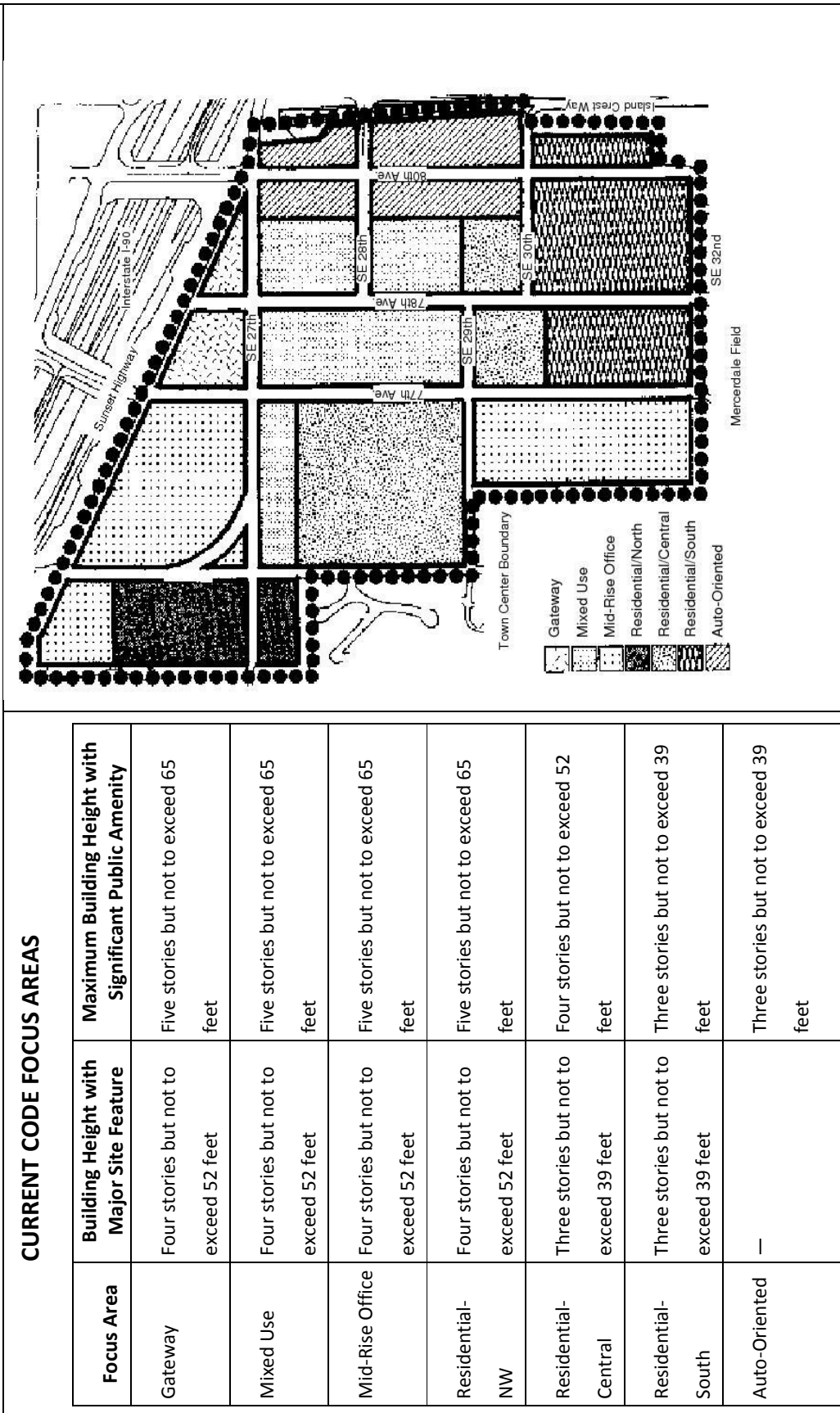
Another issue raised by the Stakeholder Group was that the current method for calculating building height could allow an additional building floor on the lower side of a sloping site. A possible resolution of this issue is shown on Figure 14. Additional setback for the upper floor as well as altering where the number of building stories is measured from, would keep all portions of a building within the intended height limit. More work is needed on the details of this concept.

Table 3 summarizes the current height limits and proposed height limit revisions. It should be noted that the Stakeholder Group had a diversity of opinions regarding building heights. While the proposal shown below represents the majority opinion, some members of the Stakeholder Group would have preferred lower height limits. A small number of members advocated for taller buildings. The height designations for specific sites, like the Rite-Aid and Island Books properties, were also much debated, without a clear consensus. The issue of building height will need further discussion and consideration as the code revision process moves forward.

Table 3. Building Height Limits		
	Current Standards	Proposed Revisions
Base Building Height Allowed	Two stories	Two stories or 26' (no changes proposed)
Maximum Allowable Building Height	Up to 3, 4 or 5 stories total	Up to 3, 4 or 5 stories, or 39', 52' or 65' total (see Figure 12) for proposed height changes
Height on Sloping Sites	No special regulations related to sloping sites	Maximum allowed height and stories calculated on each façade. Additional upper floor setback required on sloping lots (see Figure 14 for an example).

The current Development Code related to building height in each of the seven focus areas is summarized below. A “major site feature” can include a pedestrian connection, public plaza, water feature, or affordable housing. A “significant public amenity” can be a significant public plaza or significant public amenity (depending on the property location) or significant affordable housing. All of these terms are defined and described in more detail in Mercer Island City Code sections 19.11.050 and 060.

Figure 11: Current Code Focus Areas



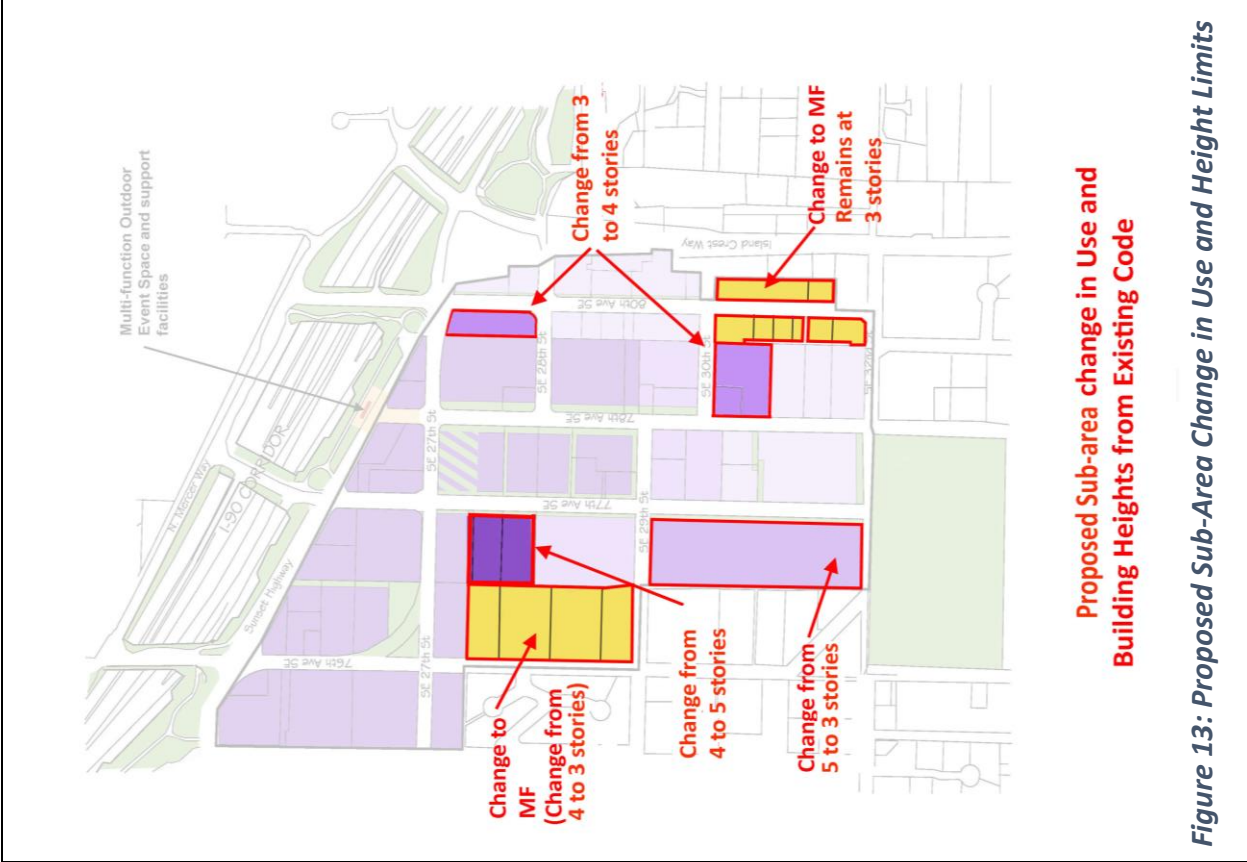


Figure 13: Proposed Sub-Area Change in Use and Height Limits



Figure 12: Proposed Sub-Areas

Building Height & Topography

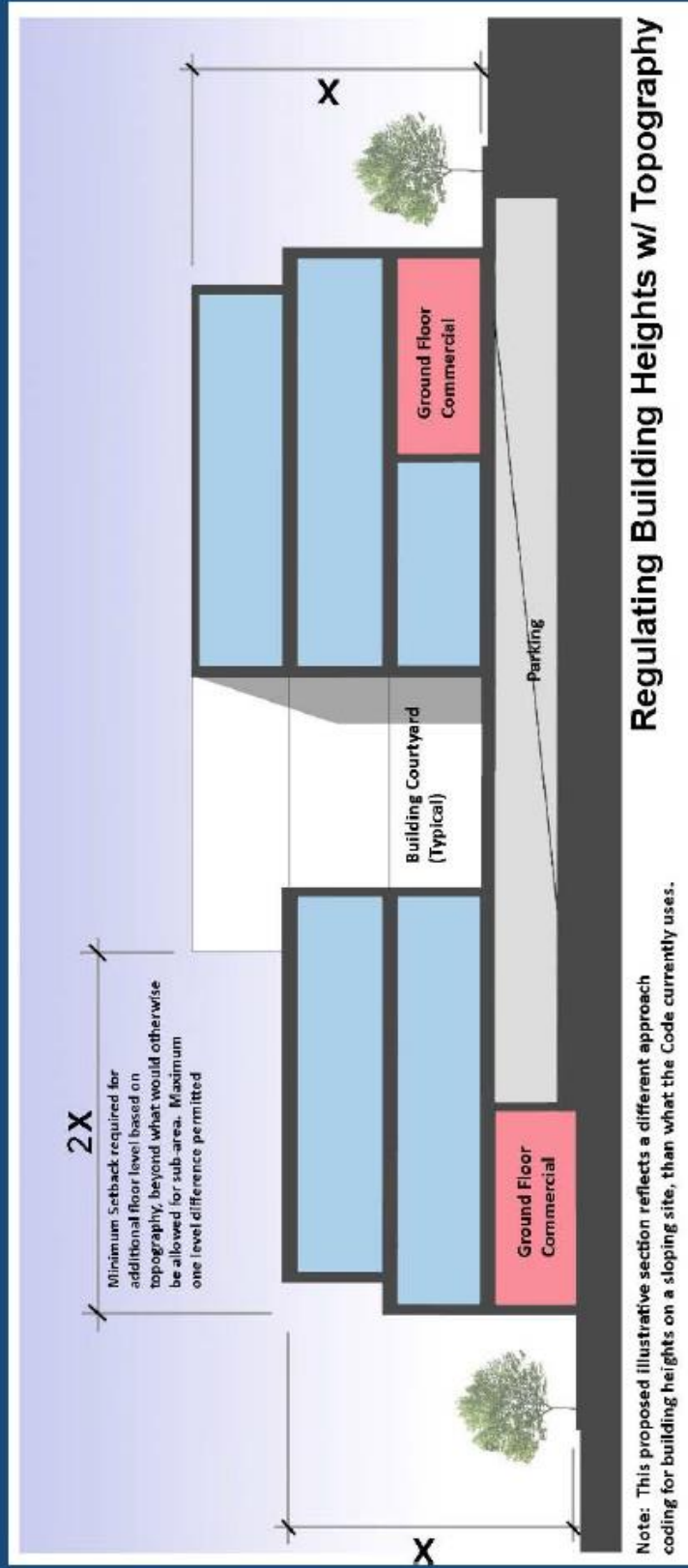


Figure 14: Regulating Building Heights with Topography

This is an example of how buildings on hillsides could be regulated in terms of height. The details of this approach need further exploration.

Mid-Block Pedestrian Connections

“Mid-Block Pedestrian Connections” provide convenient and safe pedestrian routes through larger city blocks. One of the public amenities that can be provided by certain property owners (depending on location) for additional building height in the current Development Code is a mid-block pedestrian connection.

Draft Updated Town Center Vision Statement Text Related to this Issue:

“Be pedestrian-friendly, with tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easier to walk around.”

“Have a range of building types, styles and ages that reflect the evolution of the Town Center over time, with human-scaled buildings, varied height, set-backs and step-backs and attractive facades.”

Overview of Proposed Changes: The current Development Code identifies four mid-block pedestrian connections as possible public amenities for the properties shown in Figure 15. The proposed revisions retain one of the current connections (north of and including the connection built at The Mercer) as well as three pedestrian connections in new locations between 77th Avenue SE and 78th Avenue SE as shown on Figure 16. Another proposed change is to require provision of a mid-block pedestrian connection as part of any new development of properties adjacent to the specified connection location (regardless of building height). These proposed changes are to ensure that these mid-block connections are in fact built as the Town Center continues to develop. This is also described as part of the Town Center incentive structure below.

A few Stakeholder Group members disagreed with the proposal for 4 mid-block connections, either preferring more connections between 77th Avenue SE and 78th Avenue SE, referred to as a “ladder”, or asking for fewer/different placement of the connections.

Table 4. Mid-Block Pedestrian Connections

	Current Standards	Proposed Revisions
Location of Connection	<p>4 shown in code:</p> <ul style="list-style-type: none"> Connecting SE 27th Street with Sunset Hwy., between 76th Avenue SE and 77th Avenue SE (The Mercer) — partially constructed Extension of SE 28th Street between 77th Avenue SE and 78th Avenue SE — brick walkway exists between 77th Avenue SE and 78th Avenue SE on McDonald’s property Extension of SE 29th Street between 78th Avenue SE and 80th Avenue SE Connecting 77th Avenue SE and 78th Avenue SE just south of SE 30th Street -- connection exists on south side of Wells Fargo 	<p>4 proposed:</p> <ul style="list-style-type: none"> Connecting SE 27th Street with Sunset Hwy., between 76th Avenue SE and 77th Avenue SE (The Mercer) — partially constructed Connecting 77th Avenue SE and 78th Avenue SE along south side of the Walgreens property Connecting 77th Avenue SE and 78th Avenue SE along north side of the property south of McDonald’s and along the south side of McDonald’s Connecting 77th Avenue SE and 78th Avenue SE along north side of the Rite Aid property
When is Connection Required?	<p>Connections above must be provided to achieve additional building height.</p> <p>Connections in other locations can be provided as a “major site feature” regardless of building height, but this is optional.</p>	<p>Must provide adequate building setback to allow mid-block connection when adjacent to designated connection. This applies regardless of building height. The size of the setback, as well as requirements for design features such as lighting, canopies, artwork and wayfinding, will be specified in the revised code (to be determined).</p>

Figure 15: Current Code Requirements for Significant Public Plazas and Significant Pedestrian Connections

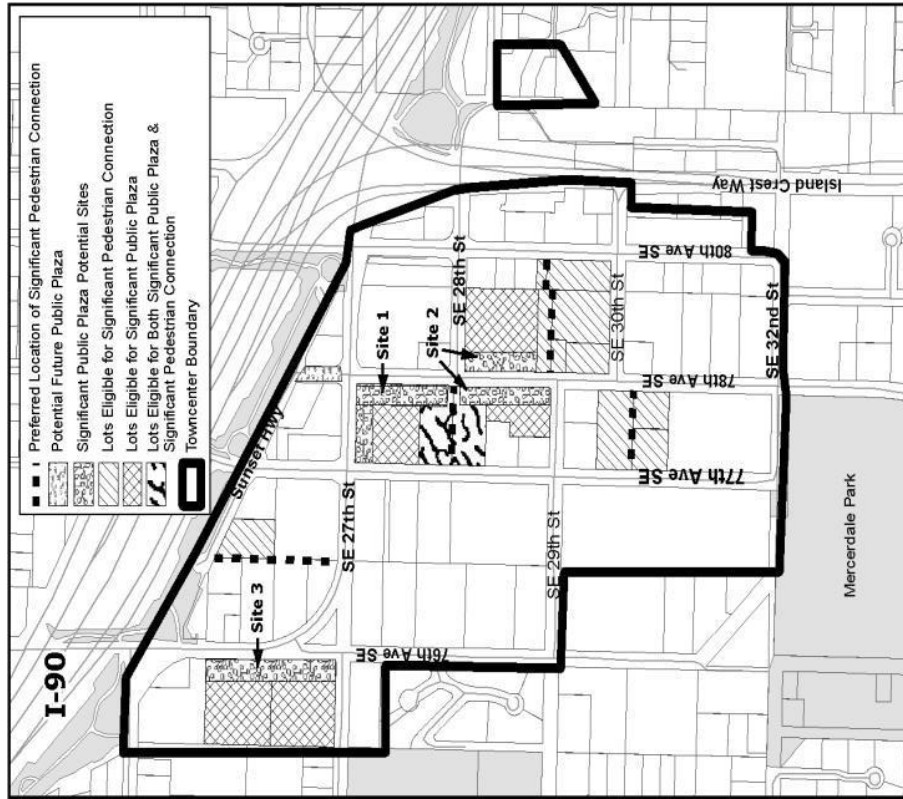


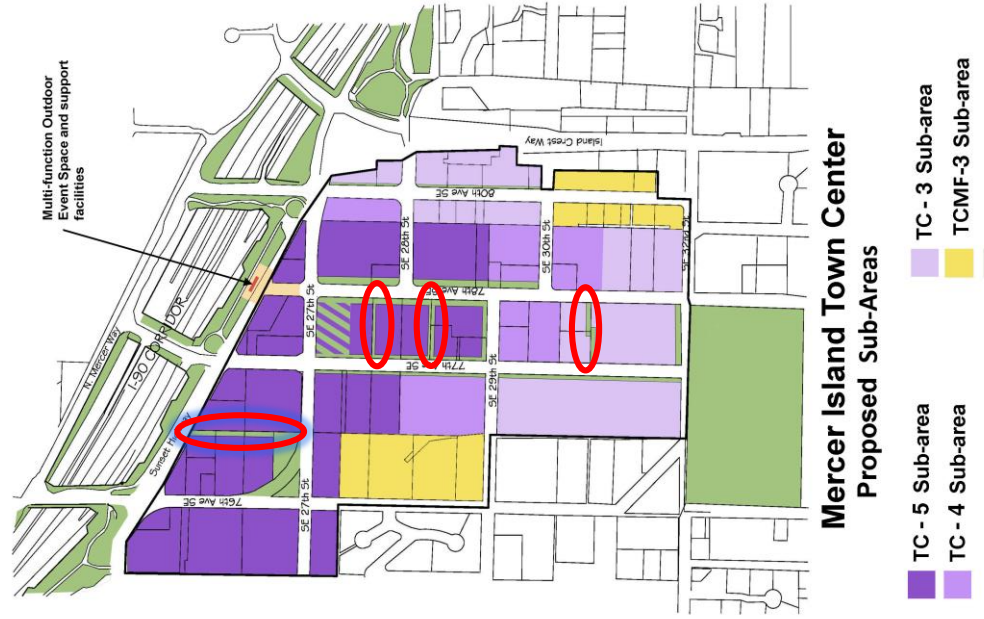
Exhibit 3: Lots Eligible For Significant Public Plazas and Significant Pedestrian Connections

Map Updated 7/23/07

IGS
Innovative Geographic Systems

NORTH
Not To Scale

Figure 16: Proposed Code Requirements for Significant Pedestrian Connections



Mercer Island Town Center Proposed Sub-Areas

- TC - 5 Sub-area
- TC - 4 Sub-area
- TC - 3 Sub-area
- TCMF-3 Sub-area

Town Center Incentive Program

The “**Town Center Incentive Program**” is a conceptual framework designed to create incentives for developers to include a variety of public amenities as part of their development projects.

Draft Updated Town Center Vision Statement Text Related to this Issue:

“Be pedestrian-friendly, with tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easier to walk around the entire Town Center.”

“Have a range of building types, styles and ages that reflect the evolution of the Town Center over time, with human-scaled buildings, varied height, set-backs and step-backs and attractive facades.”

Overview of Proposed Changes: The Incentive Program summarized in Table 5 incorporates a variety of ideas from the Stakeholder Group, TCLG and the general public for improving future development, and would require developers to provide a range of amenities in connection with any Town Center development of any height. For each type of building (based on building height), there would be both mandatory and elective requirements. All of the mandatory requirements must be provided as part of a project’s development. The number and type of electives that must be included is an open issue that will be further discussed as the code update process moves forward. The idea is that a developer could choose a certain number of electives from a possible menu of electives. This is in addition to the mandatory items required for the building. The incentives have not yet been filtered through the lens of technical, market or legal feasibility, so the final incentive structure proposed below may require additional changes.

The current Development Code includes many of the items listed below, but does not make them mandatory. For example, building façade articulation and upper floor step-backs are only encouraged in the current Development Code, but would be mandatory in a revised Development Code for any new buildings taller than two stories.

The bulleted items below provide a basic definition for the set of public amenities included in the proposed incentive program. There is general agreement among the Stakeholder Group members on the incentive structure and the proposed elements. However, many of the concepts need further definition, analysis and refinement. Several Stakeholder Group members remarked that the “devil is in the details” with this part of the proposal. All items are subject to further revision and clarification.

- **Stepped Back Upper Floors and Additional Building Articulation:** This concept requires buildings of three, four, or five stories in height to “step back” their upper floors to avoid the “boxy-building” or “canyon” concerns raised by members of the public. The goal is to not permit buildings that go 65 feet straight up at the property line. Instead, buildings three, four, or five stories in height will have more of a “wedding cake” appearance. Larger parcels (based on frontage length) would be required to provide more variation of the building face to avoid a “canyon” feeling, allow more light and create the appearance of a smaller scale, more organic, village-like development pattern.
- **Walk-Off Requirement for Non-Residential Parking Spaces:** This concept requires that people parking in a building in order to patronize a merchant in that building be allowed to leave their car in the building parking lot for up to two hours while they also patronize merchants in other buildings. This exists under the current Development Code.
- **Green building standards:** Energy-saving measures and other sustainability features above those required by the existing Construction Code.
- **Affordable Housing:** The standard would specify the required percentage of affordable units as well as the percentage of King County median income that residents must meet in order to qualify.
- **Affordable Retail:** The idea is to ensure that rents are maintained at a level that is likely to attract retail tenants, especially small local businesses. This is an innovative concept with few national models that will require additional study and feasibility analysis.
- **Additional Public Parking:** The idea is to address the public concern regarding the lack of convenient and accessible public parking in the Town Center. This would require provision of additional parking spaces for use by the general public. The number of spaces and the terms under which they could be used (such as parking time limits) need to be defined.
- **Public Access to Internal Courtyard:** The idea is to require public access to interior building courtyards. Several Stakeholder Group members suggested this concept is unrealistic and the code revisions should focus on other public amenities.
- **On-site Public Plaza:** The idea is to provide places for the public to gather. More definition is needed in terms of size and orientation of these plazas.
- **Contributions to Town Center Improvements/Amenities Fund:** The idea is that instead of having a developer build a small public plaza and/or providing public access to an internal plaza, it may be more appropriate to have the option for the developer to instead contribute towards the cost of a more substantial City-constructed Town Center amenity project that can be used by both the residents of that development and others.

Table 5: Incentives Program: Proposed Mandatory and Elective Building Components

1 AND 2 STORY BUILDINGS	
MANDATORY	ELECTIVE
<p>All new 1 and 2 story buildings must provide all of the following:</p> <ol style="list-style-type: none"> 1. Building setbacks from sidewalk (on 78th Avenue and SE 32nd St.) 2. Building setback to allow mid-block connection when adjacent to designated connection 3. Walk-Off requirement for non-residential parking spaces 4. Green building standards 5. Street level façade standards to ensure attractive streetscape 6. Site design features (e.g. benches, fountains, public art, etc.) 7. Landscaping features (e.g. greenery, planting areas, trees, etc.) 	<p>Not Applicable</p>

3 STORY BUILDINGS	
MANDATORY	ELECTIVE
<p>All new 3 story buildings must provide all of the following:</p> <ol style="list-style-type: none"> 1. Building setbacks from sidewalk (on 78th Avenue and SE 32nd St.) 2. Building setback to allow mid-block connection when adjacent to designated connection 3. Walk-Off requirement for non-residential parking spaces 4. Green building standards 5. Street level façade standards to ensure attractive streetscape 6. Site design features (e.g. benches, fountains, public art, etc.) 7. Landscaping features (e.g. greenery, planting areas, trees, etc.) 8. Stepped back upper floors 9. Additional building articulation 10. Additional public parking 	<p>In addition to the mandatory items to the left, all new 3 story buildings must provide (# to be determined) of the following items:</p> <ol style="list-style-type: none"> 1. Affordable retail 2. Affordable housing 3. On-site public plaza 4. Contribution to Town Center Improvements/Amenities Fund (for plazas, public parking, indoor public gathering area, etc.)

4 STORY BUILDINGS	
MANDATORY	ELECTIVE
<p>All new 4 story buildings must provide all of the following:</p> <ol style="list-style-type: none"> 1. Building setbacks from sidewalk (on 78th Avenue and 32nd St.) 2. Building setback to allow mid-block connection when adjacent to designated connection 3. Walk-Off requirement for non-residential parking spaces 4. Green building standards 5. Street level façade standards to ensure attractive streetscape 6. Site design features (e.g. benches, fountains, public art, etc.) 7. Landscaping features (e.g. greenery, planting areas, trees, etc.) 8. Stepped back upper floors 9. Additional building articulation 10. Additional public parking 11. Affordable Housing 	<p>In addition to the mandatory items to the left, all new 4 story buildings must provide (# to be determined) of the following items:</p> <ol style="list-style-type: none"> 1. Underground parking 2. On-site public plaza 3. Public access to internal courtyard 4. Affordable Retail 5. Contribution to Town Center Improvements/Amenities Fund (for plazas, public parking, indoor public gathering area, etc.)

5 STORY BUILDINGS	
MANDATORY	ELECTIVE
<p>All new 5 story buildings must provide all of the following:</p> <ol style="list-style-type: none"> 1. Building setbacks from sidewalk (on 78th Avenue and 32nd St.) 2. Building setback to allow mid-block connection when adjacent to designated connection 3. Walk-Off requirement for non-residential parking spaces 4. Green building standards 5. Street level façade standards to ensure attractive streetscape 6. Site design features (e.g. benches, fountains, public art, etc.) 7. Landscaping features (e.g. greenery, planting areas, trees, etc.) 8. Stepped back upper floors 9. Additional building articulation 10. Additional public parking 11. Affordable Housing 12. Underground parking 	<p>In addition to the mandatory items to the left, all new 5 story buildings must provide (# to be determined) of the following items:</p> <ol style="list-style-type: none"> 1. On-site public plaza 2. Public access to internal courtyard 3. Affordable Retail 4. Contribution to Town Center Improvements/Amenities Fund (for plazas, public parking, indoor public gathering area, etc.)

5. Summary of Proposed Changes

The following combines the proposed changes to street improvement standards, required retail frontages and building heights into a single narrative, organized by street.

76th Avenue SE north of SE 27th Street:

- Street/Right-of-Way Changes: No changes are proposed, unless the public plaza is created in or adjacent to the curved portion of SE 27th Street, as described previously. Otherwise, 12' sidewalks would be required on this part of 76th Avenue SE.
- Building Heights: Maximum building heights on both sides of this part of 76th Avenue SE would be five stories or 65' (mixed-use), which is what now exists.
- Retail: The proposed plan envisions primary retail on the west side of 76th Avenue SE with the east side being partially primary retail and partially secondary retail.

76th Avenue SE between SE 27th Street and SE 29th Street:

- Street/Right-of-Way Changes: No changes are proposed. 12' sidewalks would continue to be required.
- Building Heights and Permitted Uses: The properties at the SE and SW corners of the intersection of 76th Avenue SE and SE 27th Street would remain zoned for five-story, 65' mixed-use development. Going south on 76th Avenue SE, all of the properties on the east side of 76th Avenue SE would have reduced height limits (three stories, or 39', instead of the current four stories). Developers would be able to build to the three-story, 39' height with residential only projects, whereas today, residential only projects are limited to two stories (26'). If a developer wanted to include retail on the ground level, they could do so but it is not required.
- Retail: The properties at the SE and SW corners of the intersection of 76th Avenue SE and 27th Street (e.g., Oh Chocolate and Mercer Island Chamber of Commerce) would require primary retail. Retail is otherwise not required on this part of 76th Avenue SE.
- Excluded Area: The property on the west side of 76th Avenue SE is not considered part of the Town Center and therefore is not impacted by these code changes.

77th Avenue SE between Sunset Highway and SE 27th Street:

- Street/Right-of-Way Changes: Existing outside lanes would be marked with "sharrows" for joint use by vehicles and cyclists. No other changes are proposed. 12' sidewalks would continue to be required.
- Building Heights and Permitted Uses: All properties would remain zoned for five-story, 65' mixed-use development.
- Retail: Secondary retail would be permitted in this area.

77th Avenue SE between SE 27th Street and SE 32nd Street:

- Street/Right-of-Way Changes: The roadway would change from three vehicle lanes and two bike lanes to two shared vehicle/bike (sharrow) lanes; the center turn lane is eliminated. This will enable the addition of on-street parking (seven-foot wide parking strips) on both sides of

77th Avenue SE as well as 12' sidewalks.

- **Building Heights:** On the east side of the street, there would be no changes in permitted building height meaning that buildings could go up to five stories (65') north of SE 29th Street, with the area south of SE 29th Street dropping to four stories (52') and then reducing to three stories (39') at the Rite-Aid property. On the west side of the street, Tabit Square would remain at five stories (65') but the Windermere property would increase from three to four stories (52') maximum. The New Seasons Market (formerly Albertsons) property would remain at four stories (52'). The Farmers Insurance property maximum height would be reduced from five stories to three stories (39').
- **Retail:** Primary retail would be required north of SE 29th Street; secondary retail would be allowed south of SE 29th Street.
- **Mid-Block Connections:** There would be three mandated mid-block connections between 77th Avenue SE and 78th Avenue SE: two on the block north of SE 29th Street, and one on the block south of SE 29th Street.

78th Avenue SE between Sunset Highway and SE 32nd Street:

- **Street/Right-of-Way Changes:** Setbacks from property lines would be required to ensure that sidewalks are at least 15' wide. Otherwise, no changes are proposed.
- **Building Heights:** On both sides of the street from SE 29th Street/Baskin & Robbins to Sunset Highway, the maximum permitted height remains at five stories (65'). On the west side of 78th Avenue SE going south from SE 29th Street, there would be no changes in permitted building height (the area south of SE 29th Street being at four stories (52') and then reducing to three stories (39') at the Rite-Aid property). On the east side of the street, the Banner Bank property remains at four stories (52'), the Island Books/Mercer Island Florist property would increase from three stories to four stories (52') and the property south of that would remain at three stories (39'). The Fire Station is not in the Town Center zone and is not subject to the proposed changes.
- **Retail:** Primary retail would be required along all of 78th Avenue SE.
- **Mid-Block Connections:** There would be three mandated mid-block connections between 77th Avenue SE and 78th Avenue SE: two on the block north of SE 29th Street, and one on the block south of SE 29th Street.

80th Avenue SE between SE 27th Street and SE 32nd Street:

- **Street/Right-of-Way Changes:** No changes are proposed. 12' sidewalks would continue to be required.
- **Building Heights and Permitted Uses:** The Chase Bank building property on the west side of 80th Avenue SE between SE 27th Street and SE 28th Street would increase from three to four stories (52'). Otherwise, all properties on both sides of 80th Avenue SE would remain at three stories (39'). South of SE 30th Street, developers would be able to build to the three-story, 39' height with residential only projects, whereas today, residential only projects are limited to two stories (26'). If a developer wanted to include retail on the ground level, they could do so but it is not required.
- **Retail:** The properties between SE 27th Street and SE 30th Street would be zoned for secondary retail. Retail is not required south of SE 30th Street.
- **Excluded Area:** The property on the northeast corner of 80th Avenue SE and SE 32nd Street is not

considered part of the Town Center and therefore is not impacted by these code changes.

SE 27th Street between approximately 75th Avenue SE and 80th Avenue SE:

- Street/Right-of-Way Changes: No changes are proposed other than the public plaza concept between 76th and 77th Avenues. 12' sidewalks would continue to be required.
- Building Heights and Permitted Uses: Properties on both sides of SE 27th Street would keep their current height limit of five stories (65'). The Chase Bank building property on the south side of SE 27th Street at 80th Avenue SE would increase from three to four stories (52'). Possible locations for public plaza/open space are the area in/adjacent to the large curve in the roadway to the South of Starbucks (see description above for 76th Avenue SE) and the current Walgreens property along the south side of the street.
- Retail: The properties along both sides of SE 27th Street between the western Town Center boundary (approximately 75th Avenue SE) and 76th Avenue SE would be zoned for secondary retail. Both sides of SE 27th Street between 76th Avenue SE and 80th Avenue SE would be zoned for primary retail, except the northern frontage of the Chase Bank property abutting SE 27th Street would be designated as secondary retail. Primary retail frontage would also be required along the north and east edges of the proposed Starbucks Square.

SE 28th Street between 78th Avenue SE and Island Crest Way:

- Street/Right-of-Way Changes: The roadway from 78th Avenue SE to 80th Avenue SE would keep two vehicle lanes and on-street parking. More work needs to be done on whether parking should be angled on the north side like it is today, or change to parallel parking on both sides of the street. Sidewalk width of 12' would be required like it is today. No changes east of 80th Avenue SE.
- Building Heights and Permitted Uses: The Chase Bank building property on the north side of SE 28th Street at 80th Avenue SE would increase from three to four stories (52'). The other three properties at the intersection of SE 28th Street and 80th Avenue SE would remain at three stories (39'). The Island Square and QFC properties to the west along both sides of SE 28th Street would remain at five stories (65').
- Retail: The properties along both sides of SE 28th Street would be zoned for secondary retail.

SE 29th Street between 76th Avenue SE and 78th Avenue SE:

- Street/Right-of-Way Changes: Vehicle lanes 11' wide, parallel parking on both sides and 12' wide sidewalks would be required.
- Building Heights and Permitted Uses: Along the north side of SE 29th Street to the west of the New Seasons Market (former Albertsons) property, the height limit would decrease from four to three stories (39'). Developers would be able to build to the three-story, 39' height with residential only projects, whereas today, residential only projects are limited to two stories (26'). If a developer wanted to include retail on the ground level, they could do so but it is not required. The New Seasons Market (former Albertsons) property would retain a four-story height limit (52'). The Farmers Insurance property height limit would decrease from five stories to three (39'). The height limit for the property on the north side of the street between 77th Avenue SE and 78th Avenue SE would remain at five stories (65'). The height limit for the

property on the south side of the street between 77th Avenue SE and 78th Avenue SE would remain at four stories (52’).

- Retail: The property along the north side of SE 29th Street that is west of the New Seasons Market site (formerly Albertsons) would be zoned for limited retail as it is proposed to change to a multi-family Town Center designation. Both sides of SE 29th Street along Farmers Insurance and the New Seasons Market site would be zoned for secondary retail. The north side of SE 29th Street between 77th Avenue SE and 78th Avenue SE is a preferred location for a public plaza or open space. This property frontage would be zoned for primary retail, either partially along the street or along the north side of the plaza/open space (if and when it is built). The south side of SE 29th Street between 77th Avenue SE and 78th Avenue SE would also be zoned for primary retail.
- Excluded Area: The property on the south side of SE 29th Street between 76th Avenue SE and Farmers Insurance is not considered part of the Town Center and therefore is not impacted by these code changes.

SE 30th Street between 78th Avenue SE and Island Crest Way:

- Street/Right-of-Way Changes: Vehicle lanes 11’ wide, parallel parking on both sides and 12’ wide sidewalks would be required.
- Building Heights and Permitted Uses: Along the north side of the street, the Banner Bank and Island House properties would retain a four-story (52’) height limit and properties abutting 80th Avenue SE would retain a three-story (39’) height limit. On the south side of the street, the Island Books/Mercer Island Florist property would increase from three stories to four (52’), and properties abutting 80th Avenue SE would be able to build to the three-story, 39’ height with residential only projects, whereas today, residential only projects are limited to two stories (26’). If a developer wanted to include retail on the ground level, they could do so but it is not required.
- Retail: Both sides of SE 30th Street would be zoned for secondary retail except the properties along the south side of the street abutting 80th Avenue SE would be zoned for limited retail due to its proposed multi-family designation.

SE 32nd Street between approximately 77th Avenue SE and 80th Avenue SE:

- Street/Right-of-Way Changes: No changes are proposed. 12’ sidewalks would continue to be required. 20’ building setbacks along the north side SE 32nd Street would be required.
- Building Heights and Permitted Uses: Along the north side of the street, the Farmers Insurance property would change from five stories to three (39’), and the Rite Aid and Puget Sound Energy properties would remain at three stories (39’). On the property at the NE corner of SE 32nd Street and 80th Avenue SE, developers would be able to build to the three-story, 39’ height with residential only projects, whereas today, residential only projects are limited to two stories (26’). If a developer wanted to include retail on the ground level, they could do so but it is not required.
- Retail: The north side of SE 32nd Street between 77th Avenue SE and 78th Avenue SE (the Rite-Aid property). The north side of SE 32nd Street east of 78th Avenue SE along the Puget Sound Energy property would be zoned for primary retail. The property along the north side of SE 32nd Street abutting 80th Avenue SE would be zoned for limited retail due to its proposed multi-family designation.

- Excluded Area: The property on the south side of SE 32nd Street is not considered part of the Town Center and therefore is not impacted by these code changes.

6. Next Steps

The Community Engagement Process brought out a broad range of ideas for the future of Town Center. While a lot of work has been done to date, much work remains. Some areas requiring additional technical work include parking requirements, green building standards, public plaza design standards, east-west streetscape standards, and landscaping standards.

Some community members raised other important issues and ideas that they feel should also be addressed in the coming months, including a Town Center traffic study, connections to transit, parking supply and a retail strategy.

Issues where the Stakeholder Group and the public expressed a diversity of opinions will be further discussed during the next phase of the public process.

The City is working to refine the next steps in the process, with the ultimate goal being the adoption of an updated Comprehensive Plan including a restated vision for the Town Center, and Development Code changes to make that vision a reality. City Council will review this Interim Report as well as the Town Center vision and direct staff and consultants on a process and schedule for continuing work.

Staff and consultants will do the technical work and writing needed to develop a draft Development Code revision and updated Comprehensive Plan. Consultants will also prepare additional renderings depicting the Town Center vision. The proposed Development Code revisions will then be transmitted to the City's Planning Commission and Design Commission for review and comment. The Planning Commission is formally tasked by City Code with conducting public hearings and the initial review of proposed amendments to the Development Code. These hearings will provide the public with another opportunity to comment upon the proposed amendments.

The City is indebted to the 42 members of the Stakeholder Group, and the 9 members of the TCLG for their commitment to this effort and the many hours they spent reviewing development concepts and providing ideas. Their input and effort is reflected in every idea presented in this report. The City also thanks the dozens of Mercer Islanders who attended the public meetings or provided online comments.

We encourage all Mercer Island residents, business owners and property owners to review this Interim Report. The public may comment on this Interim Report or other aspects of the Town Center visioning process through this online link (<http://www.mercergov.org/FormPage.asp?FormID=73>).

Appendices:

Appendix A: Town Center Visioning Group, Town Center Stakeholder Group and Town Center Liaison Group Members

Appendix B: Current Town Center Vision

APPENDIX A: Stakeholder Group and Town Center Liaison Group Members

2014 Community Group—Listed alphabetically by first name:

Anne Corley	Kathryn Armstrong – Legacy
Bill Shafer	Lara Sanderson
Dr. Bob Lewis	Lesley Bain
Christine Poythress – Christine Face and Body	Mark O’Shea
Dan Hubbell	Mary Ann Flynn
Dana Dewhurst – Hip Zephyr	Myra Lupton
Diane Larson – MI Florist	Nancy Mead – Terra Bella
Ellen Miller-Wolfe	Paulette Bufano
Fred Glick	Rich Conrad
Gary Lewis	Rich Erwin
Greg Asimakoupoulos	Sarah Ford
Jay Azose	Sarah LeClercq
Dr. Jim Pipers	Stephen Meade-Terra Bella
Joel Wachs	Terry Moreman
	Wendy Weiker

2015 Town Center Stakeholder Group--Listed alphabetically by first name:

Amie Fahey	Maryellen Johnson
Anthony I. Perez	Megan McKay
Bart Dawson	Michael J Hart MD
Carrie Holmes	Nancy Lee
Dan Grove	Nate Larson
Don Cohen	Orna Samuelly
El Jahncke	Pete Kangas
Ellen R. Miller-Wolfe	Ralph Jorgenson
Geoff Spelman	Rich Conrad
George Wittman	Roberta Lewandowski
Jason Rogers	Salim Nice
Jennifer Mechem	Scott Shay
Jim Eanes	Steffenie Evans
Julie Barrows	Tamar Mar
Kay Hirai	Terry Moreman
Kirk Griffin	Tim Hunkapiller
Lesley Bain	Tom Acker
Lisa Richardson	Toni Okada
Marc Glasser	Traci Granbois
Mark Meinzingler	Wendy Weiker
Mark O'Shea	Wes Giesbrecht

2015 Town Center Liaison Group--Listed alphabetically by first name with group affiliation:

Benson Wong, City Councilmember

Colin Brandt, Design Commissioner

Craig Olson, Planning Commissioner

Dan Grausz, City Councilmember

Jane Meyer Brahm, City Councilmember

Lara Sanderson, Design Commissioner

Rich Erwin, Design Commissioner

Steve Marshall, Planning Commissioner

Suzanne Skone, Planning Commissioner

APPENDIX B: Current Town Center Vision

The following is a summary of statements about the Town Center found in various City documents including the Comprehensive Plan, Development Code and 1994 Town Center Plan.

Adopted in 1994, the Town Center vision called for focusing growth through targeted capital improvements and zoning standards to foster high quality development. Five distinct “Focus Areas” were mapped for buildings up to five stories with ground level retail and small gathering spaces next to wide sidewalks. Upper stories of new buildings would provide space for offices and residences, increasing economic vitality as well as foot traffic and a lively street scene. Continued reliance on the automobile as well as transit and other forms of access was envisioned, with future parking in structures rather than open surface lots. Ongoing attention to urban design principles, pedestrian needs, traffic considerations and green spaces is essential.

LAND USE

The Town Center is intended to be a place of diverse land uses within an attractive, easily accessible and economically healthy environment. The community-scaled business district will primarily cater to the needs and desires of Island residents and employees. Residential, retail, office, civic, transit and vehicular uses are integrated into a vibrant, healthy, mixed use downtown that serves as the city’s retail, business, social, cultural and entertainment center.

New development provides attractions and pedestrian amenities that bring residents of all ages and abilities to the Town Center, including local shopping, services, offices, specialty retail, lodging, restaurants, residences, community/recreational facilities, festivals, special events, and entertainment.

Outdoor spaces function as social settings for a variety of experiences, adding to the comfort and complexity of life in an urban environment, while maintaining a human scaled sense of place.

DESIGN

New development provides interesting architecture and pedestrian-scale design. Visual interest and identity are provided through appropriate massing and roof forms, and landscaping. Textured high quality materials and colors bring a visually interesting experience into the streetscape. Public amenities such as significant public plazas, significant pedestrian connections and affordable housing are provided for buildings greater than two stories in height.

CIRCULATION AND PARKING

Town Center circulation is convenient and accessible to the pedestrian, motorist and public transit user. New development enhances and supports a range of transportation choices, but favors the pedestrian over the automobile.

Parking structures do not dominate the street frontage, and blend with the building’s architectural theme. Creatively designed, clean and functional pedestrian connections are encouraged to provide access through mid-blocks, between properties and/or from the public right-of-way.

SUBAREAS

A range of multifamily residential densities are allowed in the Town Center. Higher density development is allowed around the core with decreasing density toward the single-family residential neighborhoods to the south.

The Gateway Focus Area provides a commercial core oriented toward pedestrian connections and regional transit access. Open spaces are suitable for informal gathering or public events, such as community events, celebrations, and concerts enhanced by such features as trees and flower displays, fountains, and art.

The Mixed Use Focus Area provides mixed retail, office, and residential uses at a level of intensity sufficient to support transit service.

The Mid-Rise Office Focus Area provides an area for office use with ground floor retail in close proximity to retail, transit and the Interstate 90 corridor.

The Residential Focus Area provides a mix of low-rise, high-density housing around the commercial core. Housing types include townhouses, condominiums, and apartments, while office and retail uses are also encouraged. The area is attractive to the needs of a variety of housing markets including current Mercer Island homeowners.

The Auto-Oriented Focus Area provides for automobile intensive uses on the periphery of the Town Center. Uses respect neighboring residential uses in terms of aesthetics, noise and automobile traffic.

Draft Work Plan

General Approach: (Similar to how Planning Commission developed the update to the Comprehensive Plan)

- (1) Staff brings work forward in packages by topic areas. Recommendations based on Interim Report direction where available.
 - Topics scheduled to hear foundational pieces first (e.g., height and sub-areas), and considering complexity of topics and requirements for outside consultant work.
- (2) Joint Commission discusses and gives staff preliminary direction.
- (3) Staff brings adjusted material back at subsequent meeting for a *preliminary “thumbs up”*; Subcommittees formed to work issues in interim if needed.
- (4) “Thumbs up” material is added to package/list for next public hearing.
- (5) Two public hearings, separate and in addition to Joint Commission “Study Sessions” (which are without public comment), conducted before final Planning Commission recommendation.
- (6) No final recommendations until end of the process.


NOTES:

- *All agenda packets will include copies of public comment received since last meeting, with opportunity to discuss.*
- *Each substantive item briefing will incorporate suggested adjustments to Comprehensive Plan policies.*
- *Staff will keep a running list of information requests and follow up actions/information.*
- *Written monthly updates will be provided to the City Council.*

DRAFT Work Plan Calendar – Meetings, Agenda Items, Public Outreach/Input Opportunities

Month	Joint Commission Meetings, Council Meetings, and Public Outreach/Input	Subcommittees, Other “schedule tools”	Outside Consultant Work
OCTOBER	<p>Meeting #1 (October 7)</p> <ul style="list-style-type: none"> • Introductions • Public Comment • Interim Report <p>Meeting #2 (Oct. 21):</p> <ul style="list-style-type: none"> • Public Comment • Joint Commission Operating Rules • Work Plan Review/recommendation to City Council <ul style="list-style-type: none"> • Council Action Nov. 5 • Town Center Vision <ul style="list-style-type: none"> • Existing visuals, recommended additional visuals • Public communication piece format, messaging <p>Recommendations to Council: Work Plan, Vision Communication piece (preferred formats, additional visuals recommended)</p>	<p>Create subcommittee to work on communications</p>	
	<p>Council action on Work Plan and Requests for Additional Consultant Work (Nov. 2)</p> <p>Meeting #3 (Saturday – Long Meeting) STUDY SESSION</p> <ul style="list-style-type: none"> • Subareas • Building Heights • Setbacks and other architectural building design standards <p>Review and sign-off on Vision Communication Piece (using existing draft updated Town Center vision statement text)</p> <p>Council action to extend Moratorium (Nov. 16)</p> <p>VISION COMMUNICATION PIECE CIRCULATED/PUBLISHED</p> <p>Meeting #4 (December 2) STUDY SESSION</p> <ul style="list-style-type: none"> • Incentives Program: Introductory discussion • Open Space • Follow up discussion/ Prelim. Thumbs up? : Subareas, Building Heights 	<p>Create subcommittee on architectural design standards, and? TCLG to provide input on visuals for vision communications piece.</p>	<p>Firm engaged to do additional visuals (1) for communication piece; (2) for design code.</p>
NOVEMBER			
DECEMBER			
			<p>Visual Piece completed</p> <p>Possible panel discussion with developers/others with low-rise mixed-use development experience</p>

Month	Joint Commission Meetings, Council Meetings, and Public Outreach/Input	Subcommittees, Other "schedule tools"	Outside Consultant Work
	Meeting #5 (December 16) STUDY SESSION <ul style="list-style-type: none"> • <i>Incentives Program: discussion & approve direction to consultant</i> • Street Standards • Land Uses/ Retail Frontages • Re-cap 2015 Traffic Study (completed for comp. plan update) 		Review of Incentives approach initiated. Review of Retail Frontage Requirements initiated
JANUARY	Meeting #6 (January __) STUDY SESSION <ul style="list-style-type: none"> • Review of input on vision communication piece • <i>Follow-up discussion/Prelim Thumbs up?: Land Uses/ Retail Frontage and Street Standards</i> • <i>Follow-up discussion/Prelim Thumbs up?: Setbacks and other architectural building design standards</i> PUBLIC HEARING #1 (January) <ul style="list-style-type: none"> • Vision Statement • Building Heights, subareas • Land Uses/Retail Frontage • Setbacks & architectural design standards • Street standards 	Create Vision Statement Subcommittee	
	Council Retreat – Presentation from/ Discussion with Joint Commission (January __)		
	Meeting # 7 (January __) STUDY SESSION <ul style="list-style-type: none"> • Review of comments from Public Session, Council retreat, direction to staff. • Purpose & Intent language. • <i>Direction on any revisions to vision statement (Subcommittee report)</i> • Incentives Report from Consultant, direction to staff. 		Incentives review Presented
FEBRUARY	Meeting # 8 (February __) STUDY SESSION <ul style="list-style-type: none"> • Retail Frontage Report from consultant presented, direction to staff • Parking standards • Presentation on current traffic analysis/projections. • Other code provisions reviewed 		Retail Frontage Requirements review presented. Presentation on traffic analysis/projections.

Month	Joint Commission Meetings, Council Meetings, and Public Outreach/Input	Subcommittees, Other "schedule tools"	Outside Consultant Work
	Meeting #9 (February __) STUDY SESSION <ul style="list-style-type: none"> • <i>Follow-up and Discussion/Prelim Thumbs up?: Incentives Program requirements</i> • <i>Follow-up and discussion/Prelim Thumbs up?: Retail Frontage requirements</i> • <i>Follow-up and discussion/Prelim Thumbs up?: Parking Standards</i> 		
MARCH	Meeting #10 STUDY SESSION <ul style="list-style-type: none"> • Carryover from Meeting #9 as needed • Review of all draft code provisions • Prepare for Public Hearing #2 PUBLIC HEARING #2 <ul style="list-style-type: none"> • Full code and Town Center-related Comprehensive Plan amendment package (new items: Incentives Program, Retail Frontage, purpose, intent, other code adjustments) 		Traffic analysis initiated
APRIL	Meeting #11 STUDY SESSION <ul style="list-style-type: none"> • Review of input from Public Hearing • Report on traffic study • Direction to Staff on all Code amendments PUBLIC HEARING #3 on formal package to be recommended		Traffic analysis completed
MAY – JUNE	Meeting #12 ACTION MEETING Final recommendations on code amendments and Comprehensive Plan amendment Council review of proposed code, comprehensive plan begins		



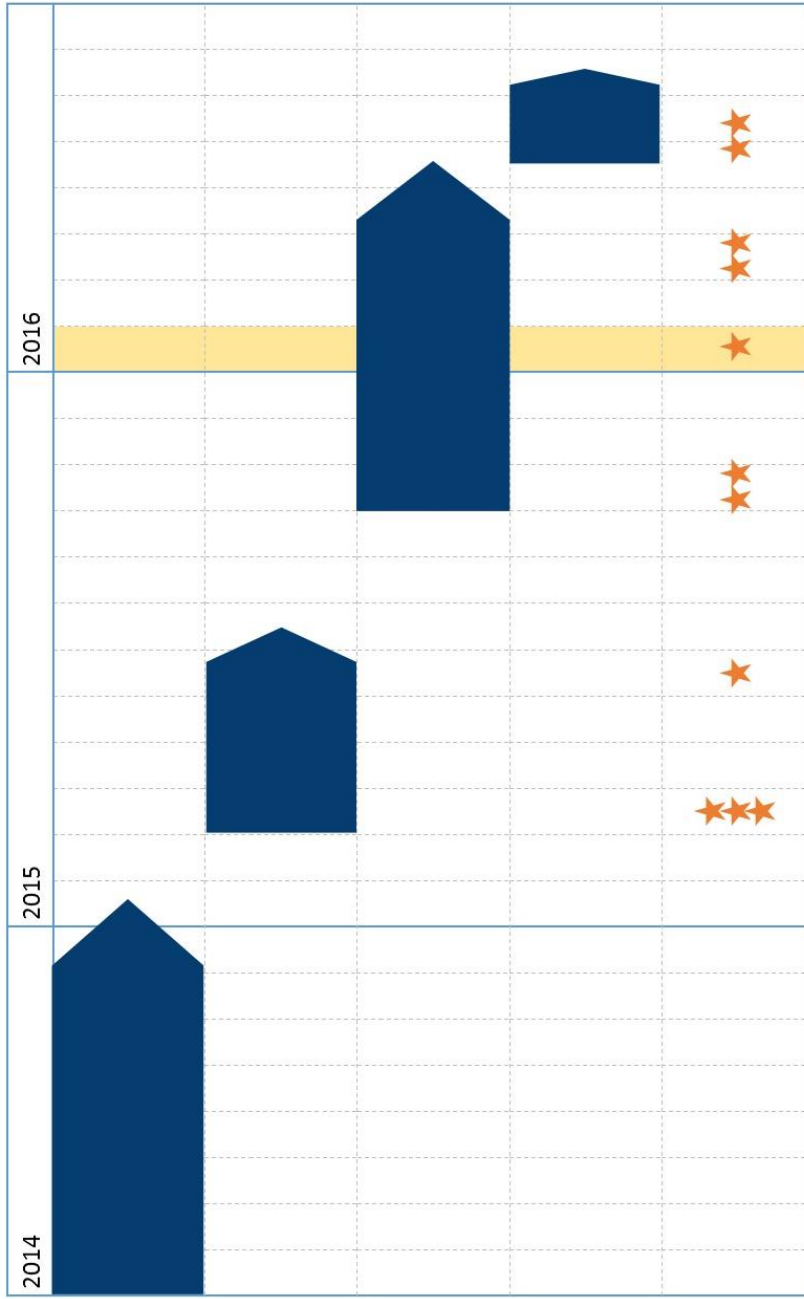
TOWN CENTER

Visioning & Development Code Update

Town Center Joint Commission

Public Hearing #1: January 20, 2015

PROCESS



Initial Community Input and Consultant Analysis

Stakeholder Group Process

- Visioning & direction for code revisions

Joint Commission Process

- Code development

City Council Process

- Review and approval of code update

Public Comment Opportunities



We are here

PUBLIC HEARINGS

Hearing 1

January 20

- Vision
- Building height
- Affordable Housing
- Setbacks and massing

Hearing 2

March 9

- Architectural standards
- Streetscapes
- Retail
- Parking
- Open space
- Bonus height requirements

Hearing 3

March 30

- Draft Code Recommendations (all topics included)
- Comprehensive Plan Policies related to Town Center

VISION



Draft Updated Town Center Vision Statement

We envision a Town Center that will:

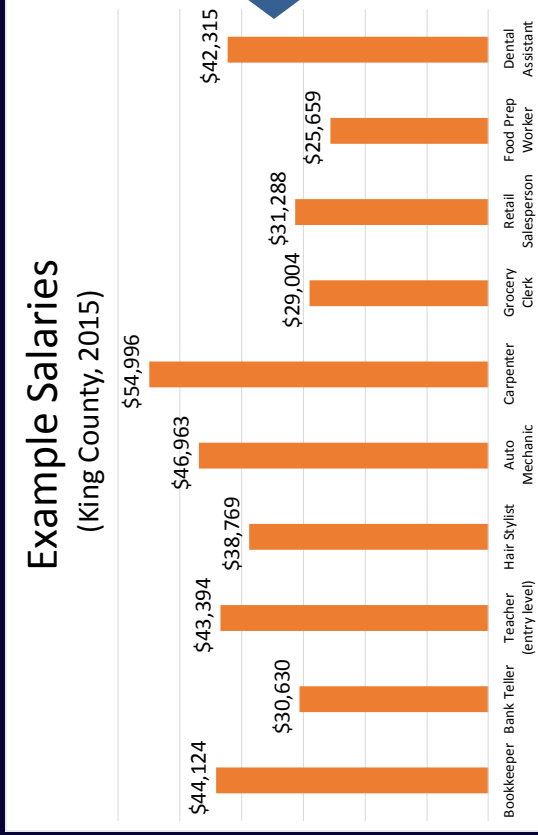
- Embody the small-town feel that residents love about Mercer Island.
- Be the heart of Mercer Island, a place that is beautiful and economically healthy, where residents will want to come to do business, shop, eat together, play and relax.
- Be pedestrian-friendly, with tree-lined streetscapes, wide sidewalks, storefronts with canopies, and cross-block connections that make it easy to walk around.
- Have ample parking, both on-street and off, and the ability to park once and walk to a variety of retail shops clustered along major streets.
- Be convenient and accessible to people of all ages and abilities, including pedestrians, bicyclists, transit users and motorists.
- Have inviting outdoor spaces with seating, greenery, water features, and art that offer settings for outdoor entertainment and special events as well as for quiet contemplation.
- Have a range of building types, styles and ages that reflect the evolution of the Town Center over time, with human-scaled buildings, varied height, set-backs and step-backs and attractive facades.
- Locate taller buildings on the north end and step down through the center to lower heights on the south end, bordering Mercerdale Park.
- Have a diversity of uses including retail shops, professional offices, personal and automobile services, lodging, recreational facilities, and a variety of restaurants, cafes, pubs and bakeries, providing the option to meet daily needs without traveling off-island.
- Offer a variety of housing options, including townhomes, condominiums and apartments attractive to families, singles, and seniors at a range of price points.
- Support public and private investment in existing properties, infrastructure, and marketing to help maintain longstanding businesses and attract new ones.

VISION PRINCIPLES WE HAVE HEARD SO FAR...

- 1. BE THE HEART** of Mercer Island, where residents want to shop, eat, play and relax together.
- 2. BE ACCESSIBLE** to people of all ages and abilities.
- 3. BE CONVENIENT** to enter, explore and leave with a variety of transportation modes.
- 4. BE WELL DESIGNED** with public spaces that offer attractive settings for entertainments, relaxation and recreation.
- 5. BE DIVERSE** with a range of building types and styles that acknowledge both the history and future of the island.
- 6. BE LOCAL** providing businesses and services that meet everyday needs on the island.
- 7. BE HOME** to a variety of housing options for families, singles and seniors.

AFFORDABLE HOUSING

Problem: Many people who work in Mercer Island cannot afford to live here

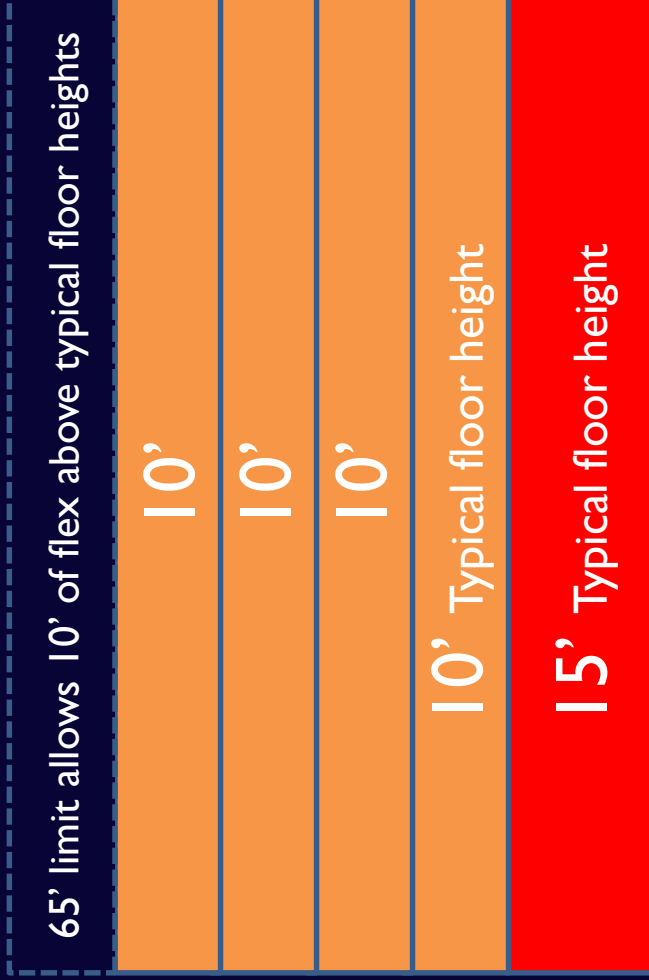


About 50% of Mercer Island jobs pay less than \$35,000, reflecting the heavy focus on retail and services.

The Joint Commission is considering a requirement or incentives for affordable housing.

BUILDING HEIGHT

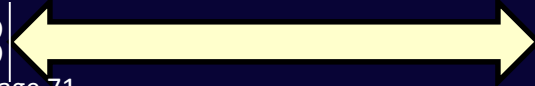
Problem: Current 5 floor and 65' height limit allows too much flexibility.



Consider:

1. Reducing max height from 65' to 60'
2. Prohibiting any single street facing façade taller than 60' (even on sloping site)

55'



Current Example

Approx 75' actual facade height
(when construction is complete)

**60' here – proposed
max facade height**

Base of facade

Measure height from
adjacent sidewalk level



VERTICAL STEPBACKS



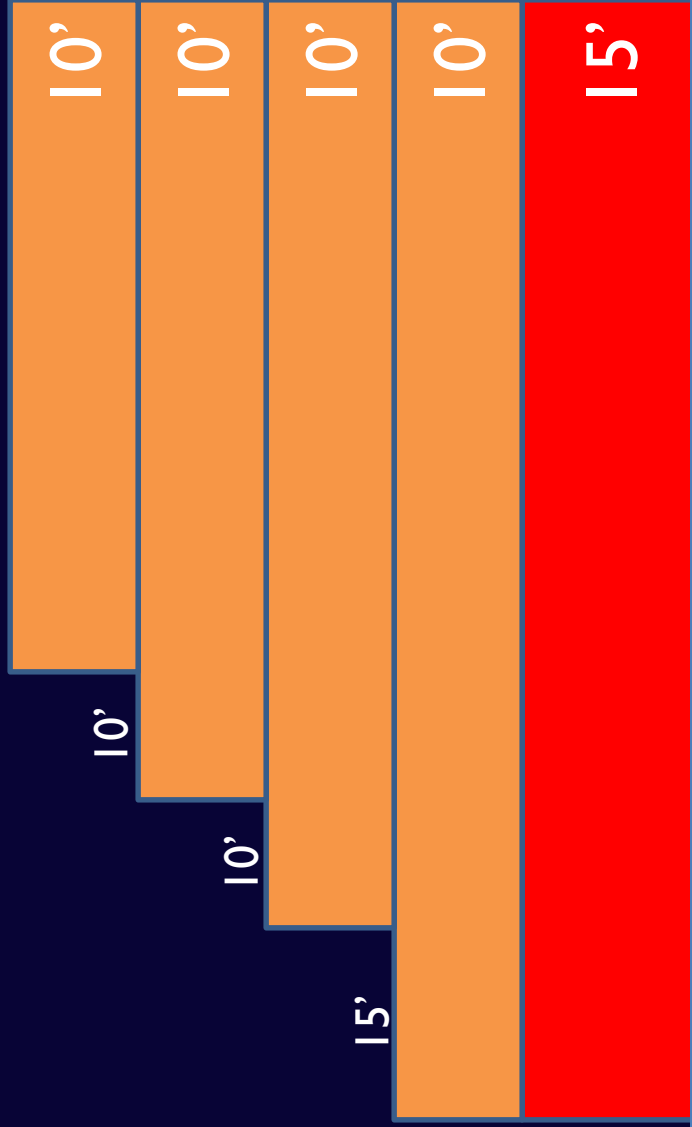
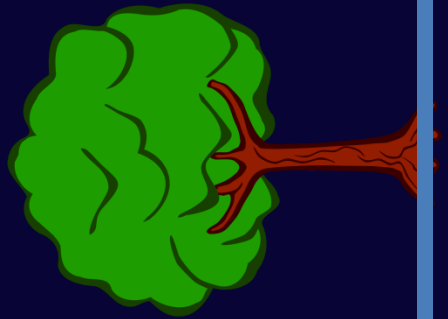
Problem: Current code allows facades with 5 story walls straight up from the sidewalk

Consider: Prohibiting flat 5-story facades and require upper levels to step back

Proposed Hines project – denied by the Design Commission
Does Not Meet Current or Proposed Standard

VERTICAL STEPBACKS

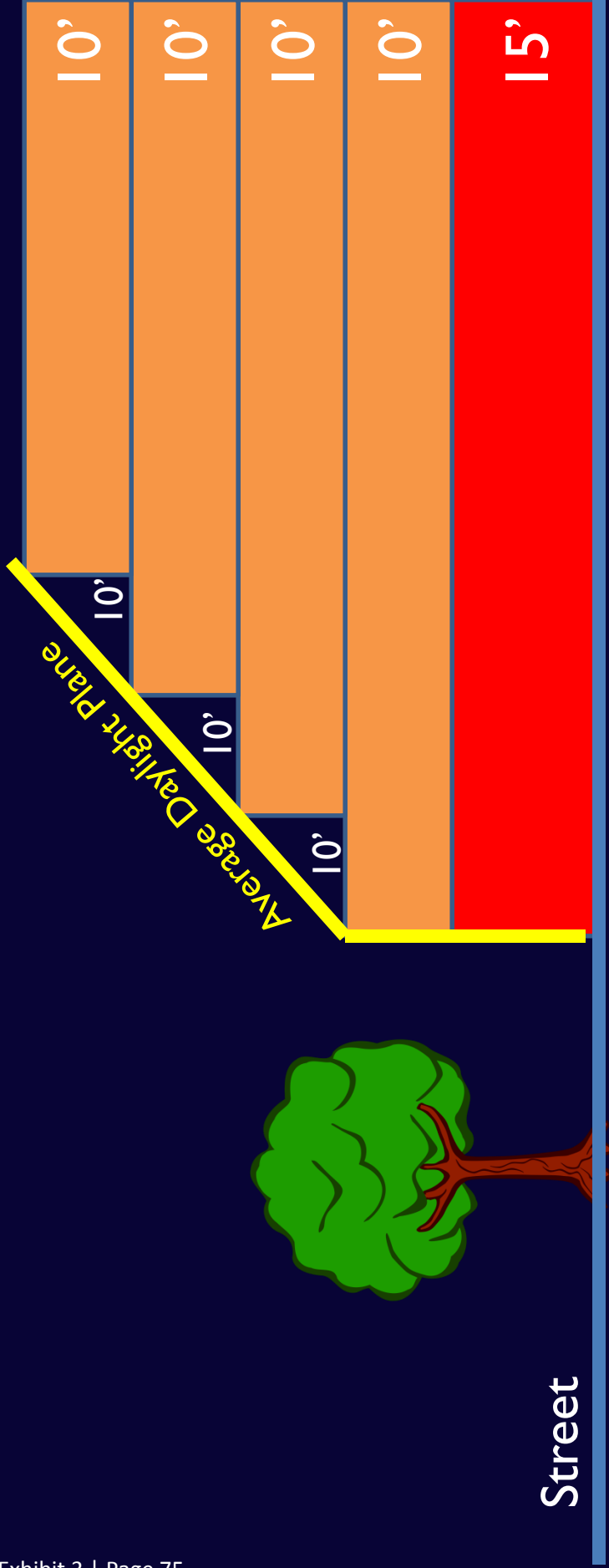
I. Simple Step back requirement



Street

VERTICAL STEPBACKS

2. “Average Daylight Plane” requirement



Examples – What it Looks Like

Meets Standard

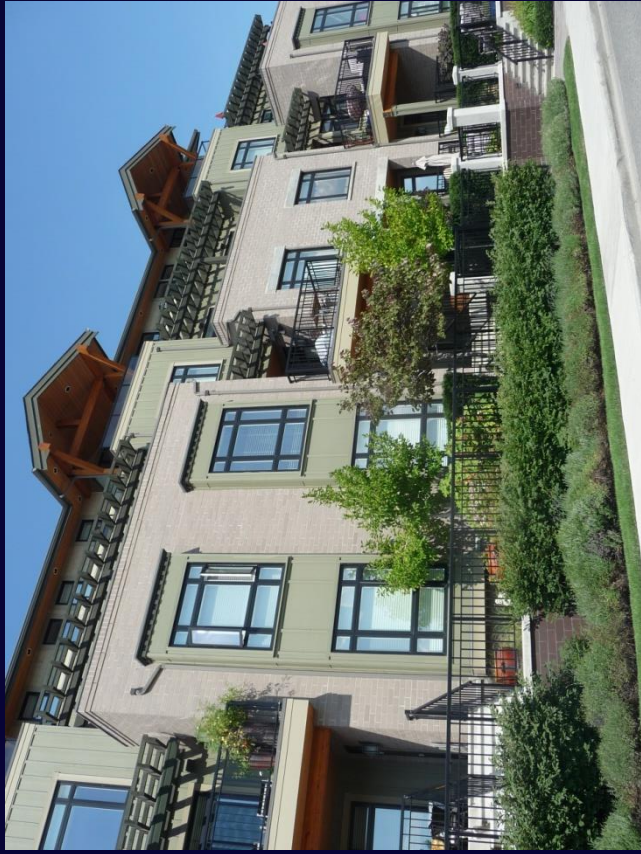


Doesn't Meet Standard



Examples – What it Looks Like

Meets Standard

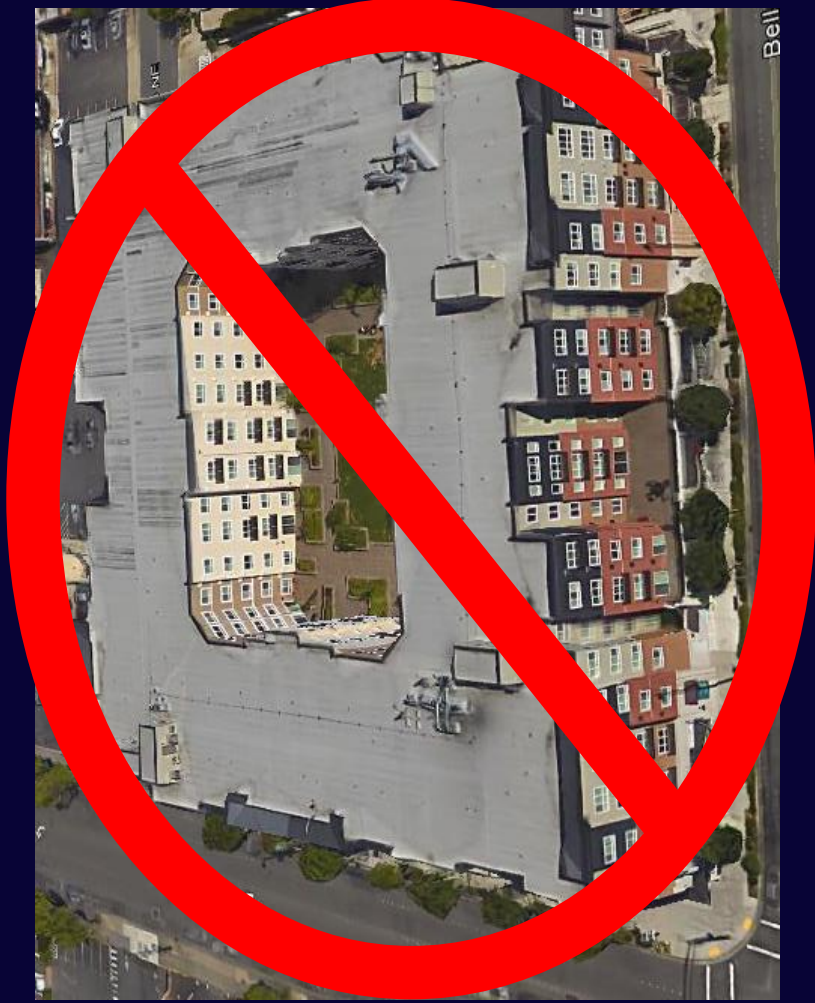


Doesn't Meet Standard



BLOCK FRONTAGE MASSING

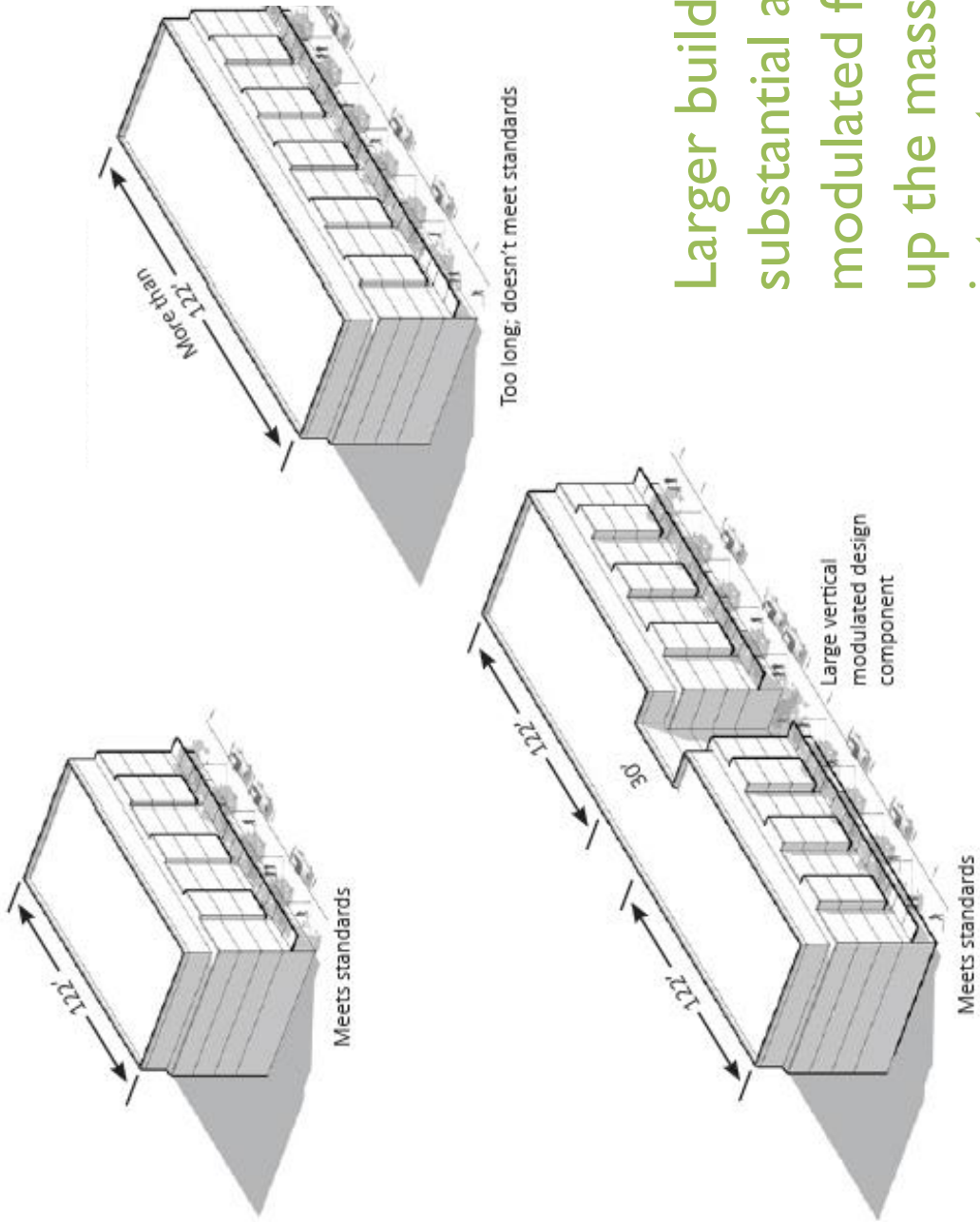
Problem: Large buildings create a solid mass along the sidewalk and green space is obscured from view



Consider:

1. Require modulation of large facades to break up massing and add visual interest
2. Require through-block pedestrian connections in key locations

MAJOR FACADE ARTICULATION

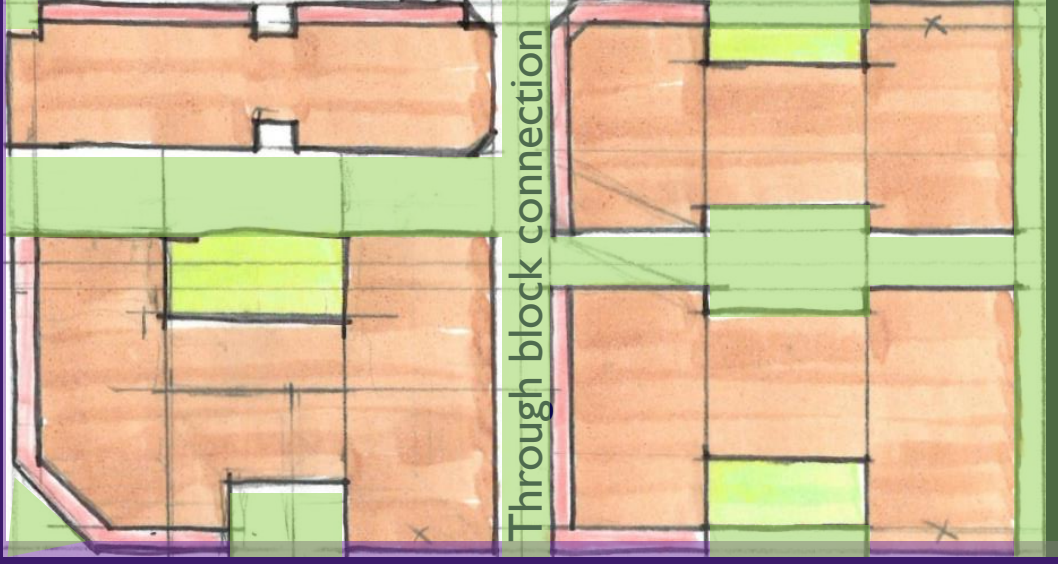


Larger buildings need more substantial articulated/modulated features to break up the massing and add visual interest.

Fig. 4-20. Maximum facade width standards.

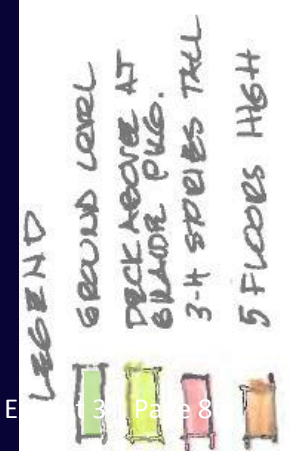
THROUGH BLOCK CONNECTIONS

street



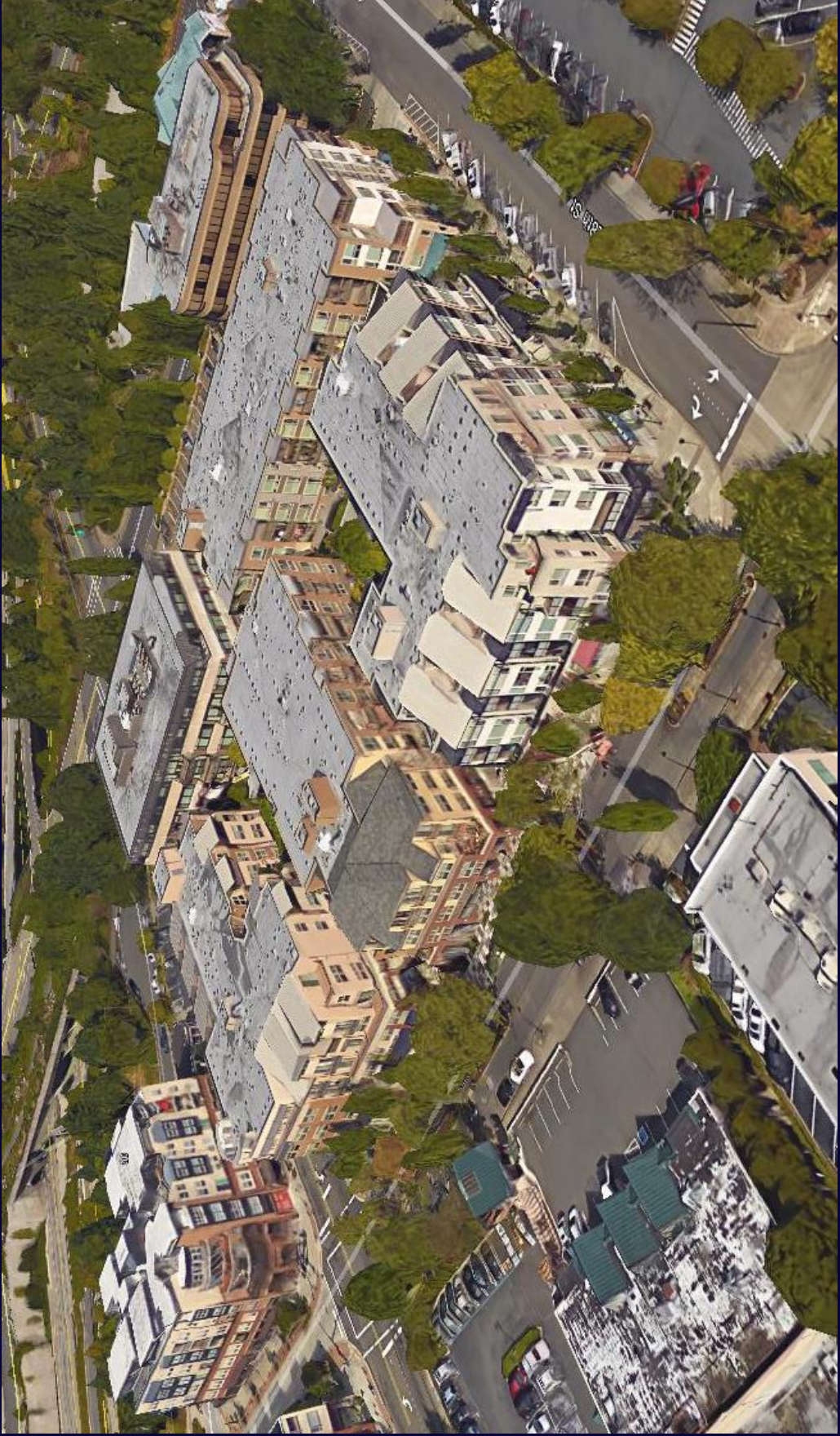
street

- Breaks down mass
- Creates pedestrian circulation
- Ensures light and air



street

Current Example



Ensure through block connections and green space remain open to the public?

7

**DSG WORKPLAN
AND RESIDENTIAL
DEVELOPMENT
STANDARDS**



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Scott Greenberg, Development Services Director

RE: DSG Workplan and Residential Development Standards

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. What are the specific concerns to be considered as part of a revision to the City's single-family development standards?
2. What resources can be provided to work on these issues?
3. Should the proposed moratorium ordinance be re-scheduled for City Council consideration? If so, when?

BACKGROUND:

On November 16, 2015, the City Council conducted the 1st reading of an ordinance for a six-month moratorium on the acceptance of new applications for preliminary short and long plats and lot coverage (impervious surface) deviations of up to an additional 5% in the City's single-family residential zones.

The 2nd reading of the proposed ordinance occurred on December 7, 2015. Agenda Bill 5137 with exhibits is included as Exhibit 1. By a 4-3 vote, the City Council moved to:

1. Set over proposed Ordinance No. 15-28 for further discussion at the Council's 2016 Planning Session in January.
2. Direct staff to prepare a work plan and resource plan for re-writing the single-family residential development standards with particular focus on deviations for discussion at the Council's 2016 Planning Session in January.

DEFINING THE PROBLEM:

Single family development data presented by staff under Agenda Bill 5137 on December 7, 2015 (Exhibit 1) indicates that while platting and impervious surface deviations contribute to concerns regarding the changing character of Mercer Island's neighborhoods, other factors are at work as well. The data suggest that the replacement of older, smaller homes with larger homes is a significant contributor to a perception of increased density. Tree regulations that

may not fully meet community expectations are another source of concern. Prior to preparing the requested work plan and resource plan for council consideration, it will be helpful to obtain additional Council direction regarding the problem to be addressed.

Exhibit 2 shows that over the past three years, the number of permits for new single-family homes has increased over 250% and the number of demolition permits for existing homes has increased over 150%. The number of new single-family home permits issued over the past three years (196) is more than the number of new single-family home permits issued over the previous six years (171). The number of single-family home demolition permits issued over the past three years (116) is more than the number of single-family home demolition permits issued over the previous five years (85).

Exhibit 2 shows that the median square footage of new homes permitted since 2010 is 4,675 square feet. While this is slightly lower than the size of homes permitted from 2000-09 (4,945 square feet), these new homes are nearly 50% larger than the 1960's and 1970's homes they are now replacing.

As discussed in Exhibit 1, the City approved 124 lot coverage (impervious surface) deviations in the past 6 years. The Development Code allows up to 5% additional impervious surface with a deviation. On a 10,000 square foot lot, an approved deviation could result in 500 square feet of additional lot coverage. This could result in additional building square footage of 500-1,500 square feet depending on the number of stories in a house. Deviations can also be used to help account for a long driveway or access easement traversing a property (which are both counted as impervious surface).

Finally, the City's tree retention regulations allow removal of trees on private property for construction, if "it is necessary to enable construction work on the property to proceed and the owner has used **reasonable best efforts** to design and locate any improvements and perform the construction work in a manner consistent with the purposes set forth in MICC 19.10.010" (emphasis added).

The City Arborist, often in consultation with the Development Review Engineer determines whether "reasonable best efforts" have been used. This term is vague and subject to wide ranging interpretation. Staff would eventually like more guidance on the meaning of this term and how to implement it on a daily basis.

SCOPE OF WORK:

A new initiative to re-write single-family development standards can be simple or complex depending on what is included within the scope of work, and whether the approved scope of work is followed. Any changes are likely to be controversial and involve significant effort by City staff, Planning Commission and City Council.

DSG WORK PLAN:

Exhibit 3 is an updated version of the DSG Long Range Planning Work Plan provided as part of Agenda Bill 5137. The red text indicates items that must be completed in 2016. Agenda Bill 5137 describes the additional staff that will be needed to update residential development standards as well as update Title 19.

SUMMARY:

Staff is requesting Council discussion and direction on:

1. Specific concerns to be considered in a revision to single-family development standards;
2. Resources to be provided; and
3. Scheduling of the moratorium ordinance.

EXHIBITS:

1. AB 5137
2. Single-Family Permit Data
3. DSG Draft Work Plan



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

**AB 5137
December 7, 2015
Regular Business**

**PROPOSED MORATORIUM ON NEW
APPLICATIONS FOR PRELIMINARY SHORT
AND LONG PLATS AND LOT COVERAGE
DEVIATIONS (2ND READING)**

Proposed Council Action:
Review proposed moratorium ordinance.

DEPARTMENT OF	Development Services Group (Scott Greenberg)
COUNCIL LIAISON	n/a
EXHIBITS	<ol style="list-style-type: none"> 1. Proposed Ordinance No. 15-28 2. Short Plats 2013-2015 3. Long Plats 2013-2015 4. Deviations 2013-2015 5. DSG Work Plan 2016-2019

APPROVED BY CITY MANAGER

AMOUNT OF EXPENDITURE	\$	218,000
AMOUNT BUDGETED	\$	0
APPROPRIATION REQUIRED	\$	218,000

SUMMARY

On November 16, 2015, Deputy Mayor Dan Grausz introduced an ordinance for a six-month moratorium on the acceptance of new applications for preliminary short and long plats and lot coverage (impervious surface) deviations of up to an additional 5%¹ in the City's single-family residential zones. By a 5-2 vote, the City Council scheduled the proposed ordinance for 2nd reading on December 7, 2015. See Proposed Ordinance No. 15-28 at Exhibit 1.

Exhibit 1 includes changes proposed after further review by the City Attorney and clarifications to the applicability of the lot coverage deviation portion of the moratorium to residential uses only. This would allow non-residential uses such as religious institutions and community clubs to still apply for lot coverage deviations.

Under RCW 35A.63.220 and RCW 36.70A.390, a legislative body that adopts a moratorium without holding a public hearing on the proposed moratorium, shall hold a public hearing on the adopted moratorium within at least sixty days of its adoption. If proposed Ordinance No. 15-28 is adopted, then a public hearing on the proposed moratorium will be held on Tuesday, January 19, 2016 at 7:00 pm in the Mercer Island City Council Chambers.

¹ The total percentage of a lot that can be covered by impervious surfaces (including buildings) varies based on the slope of the lot for all single-family zones, unless an exemption applies. See MICC 19.02.020(D)(1) & (2). For example, a lot coverage deviation of 5% would allow a 10,000 SF lot to obtain an additional 500 SF (50' x 10') of impervious surface.

SCOPE OF MORATORIUM AND PERMIT DATA

The proposed moratorium identifies several problems that it seeks to address with future development code amendments:

- A. Subdivisions and short plats adding increased density and adversely impacting the character of the surrounding neighborhood, including loss of significant trees.
- B. Construction of larger homes resulting from lot coverage deviations that are out of scale with the character of the surrounding neighborhood, including loss of significant trees.

The moratorium would prevent furtherance of these problems as related to subdivisions, short plats and impervious surface deviations, but it should be noted that the proposed ordinance is somewhat limited and will not address other development that might also lead to the identified problems. The proposed moratorium does not, for instance, address the more significant development activity of the demolition of smaller homes that are replaced by larger homes. This “tear down-rebuild” activity, as well as new construction on vacant lots, is fairly common and widespread throughout the Island.

As shown in Table 1 below, from Jan. 2010 to Dec. 2015, the City issued 217 permits for new single-family houses and 164 permits for existing homes to be demolished and replaced by new, presumably larger homes. In addition, 29 of the permits were issued for new homes on vacant lots not associated with a recent subdivision or short plat. As the data indicates, 89% of the new single-family residence construction in the past 6 years was not associated with a subdivision. The permit data shows the development trend over the past 6 years has been to demolish older, smaller houses and replace them with new, larger houses. The proposed moratorium will not halt this trend, as “tear down-rebuild” activity will be allowed to continue. Maps showing the location of short and long plat applications since 2013 are on Exhibits 2 and 3.

TABLE 1: Permit Data Jan. 2010-Dec. 2015

PERMIT TYPE	NUMBER OF PERMITS ISSUED	PERCENT OF TOTAL PERMITS
New home replaced older home	164	76%
New home on vacant lot (not platted within 5 years)	29	13%
New home on lot platted within 5 years	24	11%
TOTALS	217	100%

The City approved 124 lot coverage deviations in the past 6 years. A map showing the location of lot coverage deviations since 2013 is on Exhibit 4. It is unknown how many of these were for new homes or other purposes (e.g., additions to existing houses, patios, driveways, sidewalks, etc.).

The proposed moratorium would not affect approved preliminary short or long plats or fully complete (vested) applications for preliminary short or long plats. As of November 24, 2015, the City had no pending (complete or incomplete) applications for preliminary long plats under review, 5 fully complete applications for preliminary short plats under review and 1 incomplete application, which could be complete prior to the effective date of the proposed moratorium.

The proposed moratorium would not affect approved lot coverage deviations for which fully complete building permit applications have been submitted to the City, as such applications have vested to current regulations. Pursuant to Mercer Island City Code (“MICC”) 19.02.020(D)(3), as of November 24, 2015, the City has 3 complete applications for lot coverage deviations under review and 1 incomplete application, which could be complete prior to the effective date of the proposed moratorium.

In response to several questions to staff, it should also be noted that the proposed moratorium would not affect the following applications where no new lot is being created: lot line revisions, lot line consolidations, lot line mergers, short plat alterations or long plat alterations.

SCOPE OF WORK RELATED TO THE PROPOSED MORATORIUM

Considering and adopting regulatory changes to fully and appropriately address protection of neighborhood character is likely to be significant, time-consuming, costly and controversial. This process should begin with preparation of a proposed scope of work to identify the elements of MICC Title 19 that should be discussed and possibly amended. The scope of work should also include an appropriate public engagement plan. Once these elements are understood, a timeline and a resource plan can be developed and proposed for City Council discussion.

The scope of work should include an analysis of the current (and proposed) Comprehensive Plan to determine the policy basis for any proposed code amendments. If stronger policy is needed, a Comprehensive Plan amendment will be necessary in 2016. This basic policy work should involve broad community outreach so that Island residents have an opportunity to provide input at an early stage.

After the policy bases for regulatory changes are fully understood and accepted by the City Council, then the Development Code should be amended accordingly. At a minimum, the following code sections related to neighborhood character should be discussed and possibly amended:

1. Single-family building height; gross floor area; minimum lot area, width and depth; setbacks; and lot coverage (MICC 19.02)
2. Subdivision and short plat regulations (MICC 19.08)
3. Building pad requirements (MICC 19.09.090)
4. Tree retention and replacement regulations (MICC 19.10)

The scope of work should include defining the problem(s) to be solved more specifically and determining the right solutions to achieve desired outcomes. The list of code sections above may be modified after more work is done on defining the problem(s) to be solved. Overall, the code amendment work will likely take more than the six months allowed under the proposed moratorium and will require significant resources and public engagement.

DEVELOPMENT SERVICES GROUP LONG-RANGE WORK PLAN AND RESOURCE NEEDS

The Development Services Group (“DSG”) is responsible for regulating all development activities on the Island. DSG’s primary responsibility is the processing and review of development permits. The 4-member staff of DSG’s Planning Division are devoted almost exclusively to work related to development permits and providing public information about planning and zoning to residents and builders.

Exhibit 5 provides a snapshot of the projected DSG long-range planning and policy workload for the next 4 years. There are significant workload items on the work plan, many required by state law and/or the City’s insurance provider, Washington Cities Insurance Authority (“WCIA”), to comply with state law and/or minimize legal risk to the City.

There are **no** staff positions currently available to devote the level of effort that will be needed to efficiently and effectively undertake a major project to update the City’s residential development standards, along with completing the already-scheduled work on the work plan.

Accordingly, in order to effectively manage the work involved in re-writing Title 19 with or without a moratorium, an additional full-time, higher-level position in DSG would be needed. Because the body of

work assigned to this new position would be at a higher level, working with the City Council, Planning Commission and the community, the position demands a person with significant experience in long-range planning, working with elected officials and working with communities. The fully loaded cost for this position is estimated to be \$168,000, which includes salary, benefits, supplies, training/travel, and office equipment/furniture.

An additional staff position is proposed rather than a consultant for several reasons. First, there is no capacity on DSG staff to manage the consultant. Second, hiring staff with the technical skills needed to write policy and code language provides greater value to the City than paying a higher priced consultant.

Several DSG staff are currently working on the Town Center visioning and code update and will be unable to support the work on residential development standards until the Town Center work is done. Therefore, work on residential development standards would not be able to start until the new position is filled.

If the City's long-term planning needs are deemed to be short-term (i.e. not ongoing), the City could create a contract position for 2-3 years and use the 2015 General Fund surplus to fund the position. The surplus consists primarily of development fees, construction-related sales tax, and expenditure savings. There is a legal question as to whether the development fee portion of the surplus, which is estimated to be \$500,000-\$600,000, could be used to fund this type of planning position. However, this could possibly be mitigated by adjusting the development fee cost recovery targets for eligible planning and engineering services from 60% to 80-85% (see below for additional information on this option). The balance of the surplus has no limitations on its use. However, there are significant downsides to this funding option:

1. The City has other significant, one-time funding needs, such as increasing the Contingency Fund balance to its 2015 target level and finding additional funding for the EOC project and the Groveland Beach Repair & Renovation project.
2. Continuing to use rather than "bank" the 2015 General Fund surplus will compel the Council to engage the community on the need for a levy lid lift vote in November 2016 to maintain current service levels. This is a significant work plan item that would be on top of at least four other major work plan items: 1) Town Center moratorium, 2) Sound Transit loss of mobility negotiations, 3) MICA lease, and 4) 2017-2018 budget process. If the proposed residential moratorium discussed in this agenda bill is added to the 2016 workplan, one or more other workplan items will need to be directly impacted and either reduced in scope and resources or removed.

Given the downsides of using the 2015 General Fund Surplus as well as the projected General Fund deficit of \$1.0 million in 2017, a new, ongoing revenue source could be considered to fund this position. There are two options:

1. Increasing the development fee cost recovery targets for planning and engineering services from 60% to 80-85%, or
2. Increasing the utility tax rate on the City's water, sewer, and storm water utilities from 5.3% to 6.5%.

The first funding option would recover more development-related staff costs through increases fees, thereby freeing up tax dollars in the General Fund for the new long-range planning position. The primary concern with this option is that it would increase the risk of a legal challenge to the City's development fees. If the Council opted for this funding option, a development cost of service study would need to be conducted in early 2016 (especially given the increase in staffing and the unusual focus on long-range planning issues, which aren't recoverable through fees, in 2014-2015). As a reminder, this study was budgeted in 2015, but had to be pushed out to 2016 due to DSG's heavy workload in 2015. Another concern with this option is that development fees are tied to development activity, which creates significant uncertainty regarding funding for DSG staffing in the future.

The second funding option would increase the bi-monthly City utility bill by \$3.55 on a typical single family residential customer. On the upside, this is a stable, predictable funding source. On the downside, this is the only tax revenue, aside from a property tax levy lid lift, available to the Council to address the projected General Fund deficit in 2017.

Since revising single-family residential development standards will be of great interest to all of the community, staff is also recommending funding \$50,000 for a strategic communications consultant who can work with Council on an outreach plan and then assist with implementation of the outreach plan. Funding would come from the 2015 General Fund surplus. Existing staffing levels cannot accommodate this important element of the work.

PLANNING COMMISSION UNAVAILABILITY UNTIL TOWN CENTER WORK IS COMPLETE

In terms of the timeline for a work plan, it should also be noted that even if DSG staff and consultant resources are fully funded, the Planning Commission is busy with Town Center work at least through the end of April 2016. This means that the Planning Commission would not be involved until May 2016 at the soonest.

NEXT STEPS

There are three possible options for proceeding with the proposed moratorium, with associated motions below.

Option 1 would delay further discussion of the proposed moratorium until the City Council's annual planning session at the end of January. This option would allow the Council to have more time to define the problem(s) to be addressed by a moratorium and would direct staff to prepare a more detailed work plan for Council consideration. Under this option, new applications for preliminary short or long plats or lot coverage deviations in single-family residential zones applications can continue to be accepted, processed and approved and are expected to increase. DSG staff and various Councilmembers, consistent with the Open Public Meetings Act (chapter 42.30 RCW), could meet with various stakeholders to discuss and define the problem and potential solutions. Resource funding could be discussed at the Planning Session. Council action on the proposed moratorium, work plan and resource funding could occur at a Council meeting following the Planning Session, possibly in early February.

Option 2 would adopt the proposed moratorium at the December 7th Council meeting and provide funding for the necessary staff and consultant resources to work on residential development standards. This option would prohibit the acceptance, processing or approval of new applications for preliminary short or long plats or lot coverage deviations in single-family residential zones. This option would also allow hiring of additional staff and consultant resources to be ready to begin work on re-writing the residential development standards as soon as possible after the Council approves a work plan, which could occur in early February.

Option 3 is a hybrid of Options 1 and 2. This option would delay further discussion of the proposed moratorium until the City Council's annual planning session at the end of January. Council action on the proposed moratorium and a work plan would occur at a Council meeting following the Planning Session, maybe in early February. This option would allow the Council to have more time to define the problem(s) to be addressed by a moratorium, allow staff to prepare a more detailed work plan for Council consideration and to allow input from stakeholders. Under this option, new applications for preliminary short or long plats or lot coverage deviations in single-family residential zones applications can continue to be accepted, processed and approved. This option would also provide funding for the necessary staff and consultant resources to work on residential development standards as soon as possible after the Council approves a work plan, which could occur in early February.

RECOMMENDATION

Development Services Director

No recommendation.

The Council may consider the following options:

OPTION 1

- MOVE TO:
1. Set over proposed Ordinance No. 15-28 for further discussion at the Council's 2016 Planning Session in January.
 2. Direct staff to prepare a work plan and resource plan for re-writing the single-family residential development standards for discussion at the Council's 2016 Planning Session in January.

OPTION 2

- MOVE TO:
1. Direct staff to recruit a new, higher-level long-range planning position for the Development Services Group and to fund the \$168,000 total estimated cost of the position by:
 - a) Increasing the development fee cost recovery targets for planning and engineering services from 60% to 80-85% in 2016,

OR

 - b) Preparing a resolution for the January 4, 2016 Council meeting, which increases the utility tax rate on the City's water, sewer, and storm water utilities from 5.3% to 6.5% in 2016.
 2. Appropriate \$50,000 from the 2015 General Fund surplus to hire a strategic communications consultant.
 3. Adopt Ordinance No. 15-28 establishing a six-month moratorium on the acceptance, processing or approval of new applications for preliminary short or long plats or lot coverage deviations in single-family residential zones.
 4. Direct staff to prepare a work plan and resource plan for re-writing the single-family residential development standards for discussion at the Council's 2016 Planning Session in January.

OPTION 3

- MOVE TO:
1. Direct staff to recruit a new, higher-level long-range planning position for the Development Services Group and to fund the \$168,000 total estimated cost of the position by:
 - a) Increasing the development fee cost recovery targets for planning and engineering services from 60% to 80-85% in 2016,

OR

- b) Preparing a resolution for the January 4, 2016 Council meeting, which increases the utility tax rate on the City's water, sewer, and storm water utilities from 5.3% to 6.5% in 2016.
- 2. Appropriate \$50,000 from the 2015 General Fund surplus to hire a strategic communications consultant.
- 3. Set over proposed Ordinance No. 15-28 for further discussion at the Council's 2016 Planning Session in January.
- 4. Direct staff to prepare a work plan and resource plan for re-writing the single-family residential development standards for discussion at the Council's 2016 Planning Session in January.

**CITY OF MERCER ISLAND
ORDINANCE NO. 15-28**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,
RELATING TO LAND USE AND ZONING, ADOPTING A SIX MONTH
MORATORIUM ON THE ACCEPTANCE OF APPLICATIONS FOR
SUBDIVISIONS UNDER ~~CH.~~CHAPTER 19.08 MICC AND LOT
COVERAGE DEVIATIONS UNDER MICC 19.02.020(D)(3) IN THE CITY
OF MERCER ISLAND; AND ESTABLISHING AN ~~IMMEDIATE~~
EFFECTIVE DATE**

WHEREAS, in compliance with the Washington State Growth Management Act, Chapter 36.70A RCW, the City of Mercer Island adopted a Comprehensive Plan in 1994 and has amended the plan on several occasions since that time; and

WHEREAS, in compliance with the Washington State Growth Management Act, Chapter 36.70A RCW, the City of Mercer Island has adopted a zoning code and map (Mercer Island City Code, Title 19, Unified Land Development Code); and

WHEREAS, the City Council has previously recognized the need to update certain provisions of its Development Code involving residential development in order to better protect and enhance the character of the City's single family neighborhoods and protect the City's environment; and

WHEREAS, the City Council had planned on beginning to address the residential provisions of its Development Code initially in 2015 and then more comprehensively in 2016; and

WHEREAS, as a consequence of other work being undertaken in 2015 by the City Council and City staff involving provisions of the Development Code relating to the Town Center, it has not been possible to progress the planned work on the residential provisions of the Development Code; and

WHEREAS, one of the most serious residential density issues that requires attention is the subdivision of property that results in a net increase in the number of single family residences built on a finite piece of real property from what now exists and the resulting impact on the character of the surrounding neighborhood including the loss of significant trees; and

WHEREAS, another serious residential density issue is the larger single family houses that result from lot coverage deviations now permitted under MICC 19.02.020(D)(3) and the resulting adverse impact on the character of the neighborhood including the loss of significant trees; and

WHEREAS, the City Council is committed to reviewing the provisions of the Development Code applicable to residential development and wants to complete that review without further applications for subdivisions being permitted and lot coverage deviations for residential uses under MICC 19.02.020(D)(3) being approved; and

WHEREAS, the City Council may adopt a moratorium for a period of up to six months on the acceptance of subdivision and lot coverage deviation applications for residential uses, provided as

~~long as~~ the City Council holds a public hearing on the proposed moratorium within sixty days after adoption, pursuant to RCW 35A.63.220 and RCW 36.70A.390; and

WHEREAS, in order to fully consider all the options and alternatives for such changes to the Development Code, the City needs time to complete such reviews and put into place such appropriate regulations or to revise and update existing regulations and Comprehensive Plan policies if required; and

WHEREAS, consistent with the provisions of RCW 35A.63.220 and RCW 36.70A.390, it is appropriate for the City Council to hold a public hearing and/or other means to gather information and adopt findings of fact supporting and justifying the moratorium, and to implement a work plan for review of the issues relating to the residential development provisions of the Development Code and potential amendment of Comprehensive Plan policies; and

WHEREAS, allowing subdivisions under ~~Chapter~~ 19.08 MICC and lot coverage deviations under MICC 19.02.020(D)(3) to continue before the City Council can adopt new or revise existing regulations for residential development will result in projects being approved that could cause irreversible damage to the character of the City's neighborhoods and environment.

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

Section 1. Moratorium Established. The Mercer Island City Council hereby imposes a six-month moratorium on the acceptance, processing and approval of new applications for any Preliminary Short Plat Approval or Preliminary Long Plat Approval pursuant to ~~Ch. chapter~~ 19.08 MICC and on the acceptance, processing and approval of new applications for lot coverage deviations for residential uses pursuant to MICC 19.02.020(D)(3). The moratorium shall apply only to real property in the City's single family residential zones, specifically the R-8.4, R-9.6, R-12 and R-15 zones. All such applications shall be rejected and returned to the applicant. This ordinance does not affect any existing and valid vested rights, nor will it prohibit all development in the City's residential zones because it only applies to new applications for subdivisions under chapter 19.08 MICC and for lot coverage deviations for residential uses under MICC 19.02.020(D)(3), and it does not apply to previously approved and vested applications, which may proceed with processing and development, as the case may be.

Section 2. Term of Moratorium. The moratorium imposed by this ordinance shall become effective on the Effective Date of this Ordinance, and shall continue in effect for an initial period of six months, unless repealed, extended or modified by the City Council after subsequent public hearing(s) and entry of appropriate findings of fact pursuant to RCW 35A.63.220 and RCW 36.70A.390, provided that the moratorium shall automatically expire upon the effective date of land use regulations adopted by the City Council to address subdivisions and lot coverage deviations for residential uses in residential zones.

Section 3. Preliminary Findings. The following preliminary findings of fact are hereby adopted:

- A. That the City of Mercer Island desires to maintain and enhance the character of its single family residential neighborhoods in order to meet the needs and desires of its citizens.
- B. Many neighborhoods in the City include a broad mix of housing types and sizes as well as significant differences in lot sizes and shapes, oftentimes with trees and other vegetation that have matured over decades. This mix and variability together with the vegetation are part of what contributes to the livability and residential character of the City.
- C. Subdivisions result in smaller lots while at the same time creating opportunities for developers to oftentimes replace smaller houses with larger houses. Trees and other vegetation are oftentimes at risk in the event of subdivisions as they are located along lot lines that are being changed or need to be removed to accommodate the additional building pad(s). Similarly, lot coverage deviations under MICC 19.02.020(D)(3) for residential uses create the opportunity for larger houses that may not be in scale with other residences in the neighborhood and also can result in adverse impacts on trees and other vegetation.
- D. That allowing subdivisions and lot coverage deviations for residential uses under MICC 19.02.020(D)(3) to continue in the City's single family residential zones before the City Council can fully adopt new or revise existing regulations for such matters could result in irreversible damage to the City's residential neighborhoods and the environment.
- E. Special care and attention needs to be employed in evaluating, considering and developing appropriate legislation that satisfactorily addresses the concerns of the City while also conforming to legal requirements.
- F. Collecting and compiling information, public testimony and statements of concerned citizens of the City and of other persons interested in or familiar with the issues of residential development in the City is appropriate.

Section 4. Conclusion. Based on the above Findings of Fact, the City Council concludes that the City has the authority to establish a moratorium, and that it is necessary to establish a moratorium in order stop the acceptance, processing and approval of subdivision applications under ~~Ch-Chapter~~ 19.08 MICC and lot coverage deviation applications for residential uses under MICC 19.02.020(D)(3) in order to 1) provide the City with an opportunity to more fully engage the citizens and to prepare appropriate revisions to the City's codes and regulations, and 2) to provide the City Manager, the Development Services Group staff, and outside consultants, as needed, to produce revised or new development regulations and potential amendments to the City's Comprehensive Plan for the City's residential zones for City Council consideration as soon as possible.

Section 5. Public Hearing. A public hearing shall be scheduled for 7:00 pm on January 19, 2016 at Mercer Island City Hall, 9611 SE 36th St., during the City Council's regular meeting, or as soon thereafter as the business of the City Council shall

permit, in order to hear and consider the comments and testimony of those wishing to speak at such public hearing regarding the moratorium created by this Ordinance and to consider adopting further findings of fact.

Section 6. Effective Date. This Ordinance shall take effect and be in full force within 305 days after ~~passage~~adoption and publication as provided by law. ~~This Ordinance does not affect any existing and valid vested rights, nor will it prohibit all development in the City's residential zones, because it only applies to subdivisions under Ch. 19.08 MICC and lot coverage deviation applications under MICC 19.02.020(D)(3), and because it does not apply to approvals obtained and applications vested prior to the Effective Date, which may proceed with processing and development, as the case may be.~~

Section 7. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, or its application held inapplicable to any person, property or circumstance, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause or phrase of this ordinance or its application to any other person, property or circumstance.

ADOPTED by the City Council of the City of Mercer Island, Washington at its regular meeting on the ____ day of ~~November~~December 2015 and signed in authentication of its passage.

CITY OF MERCER ISLAND

Bruce Bassett, Mayor

ATTEST:

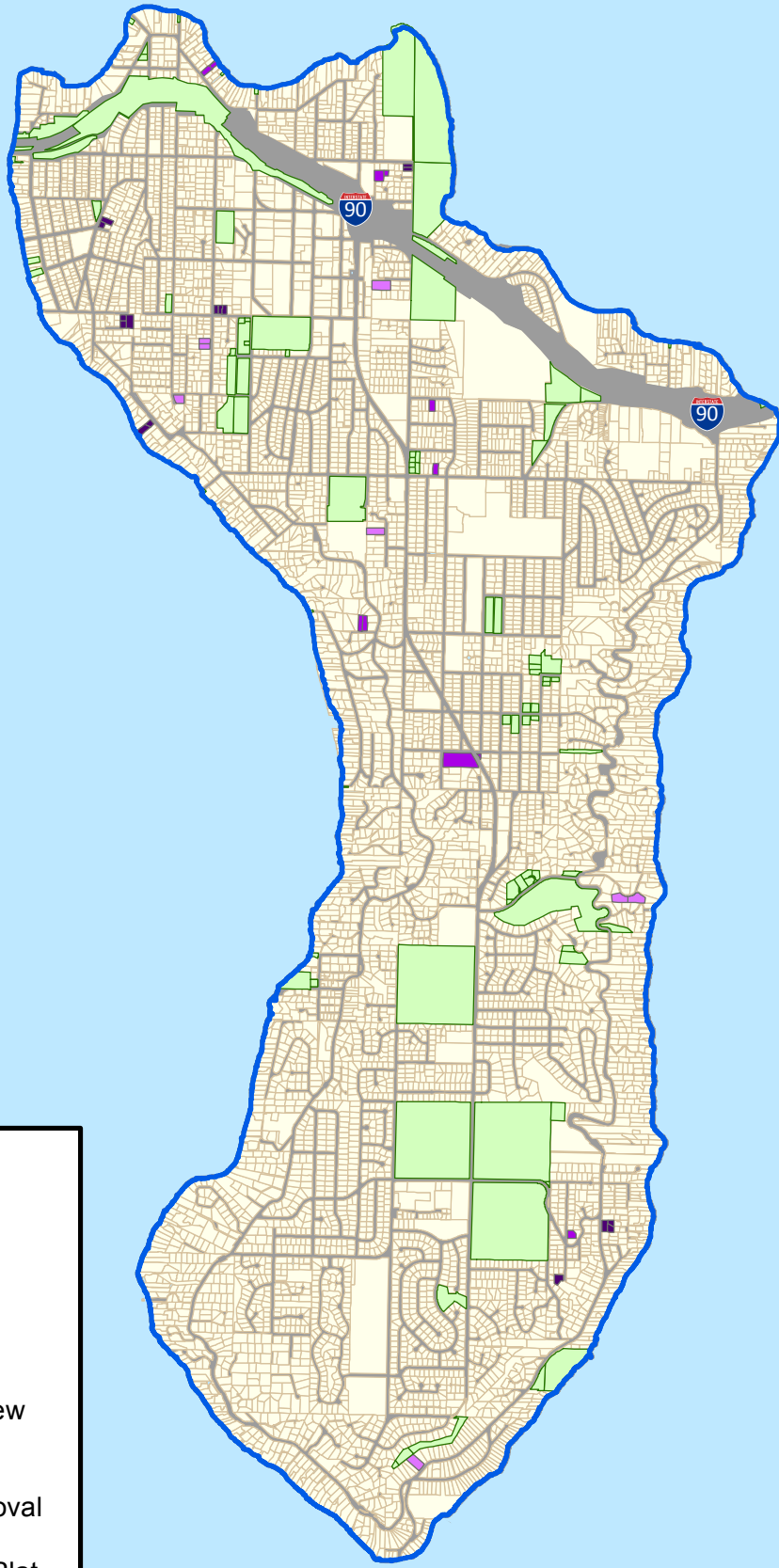
Approved as to Form:

Allison Spietz, City Clerk

Kari Sand, City Attorney

Date of Publication: _____

Short Plats Applications on Mercer Island: 2013 - 2015



Legend

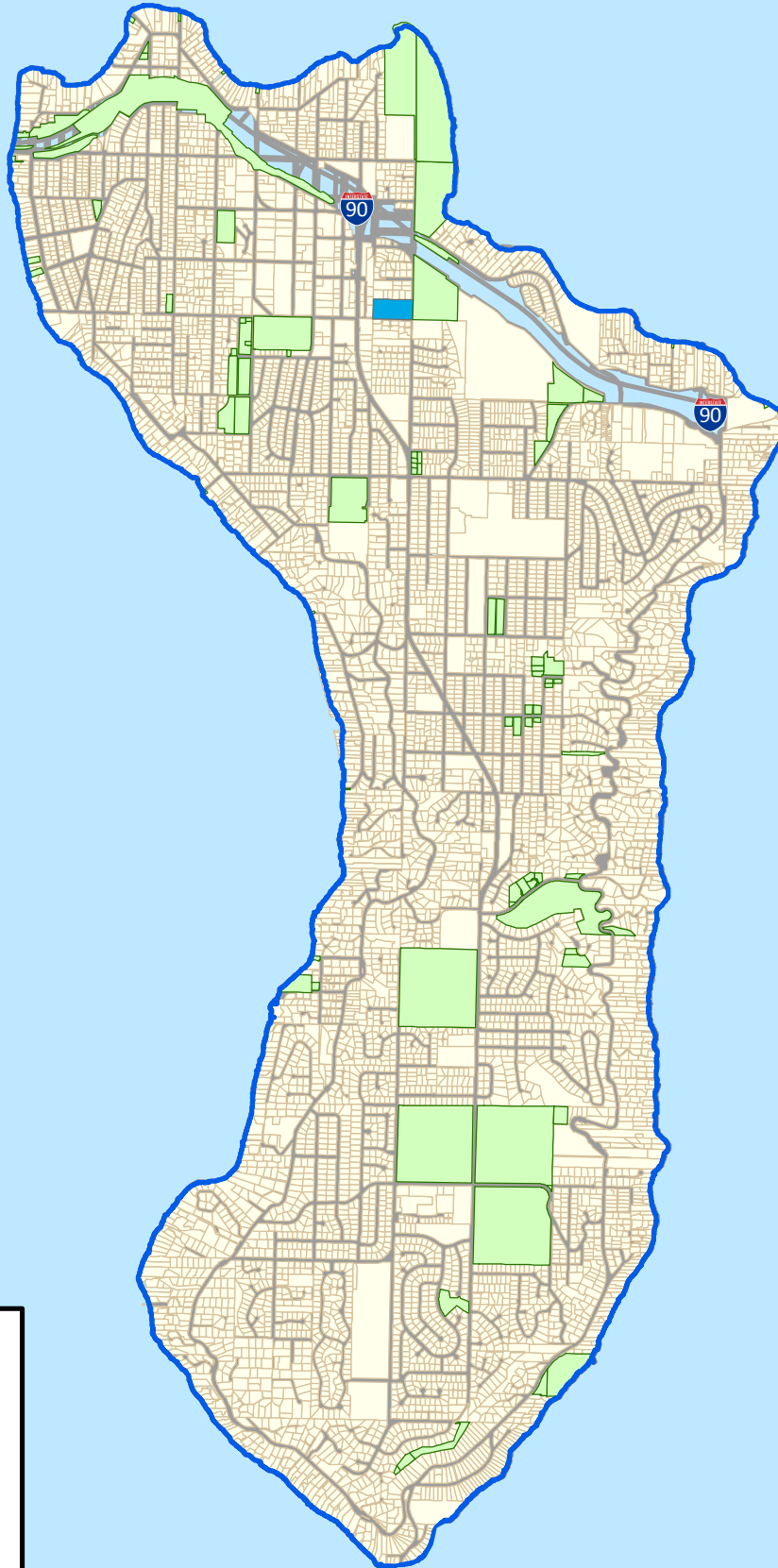
- Shoreline
- Parks
- Short Plat in Preliminary Review
- Short Plat with Preliminary Approval
- Recorded Short Plat with Final Approval



0 1,500 3,000 Feet



Long Plats Applications on Mercer Island: 2013 - 2015



Legend

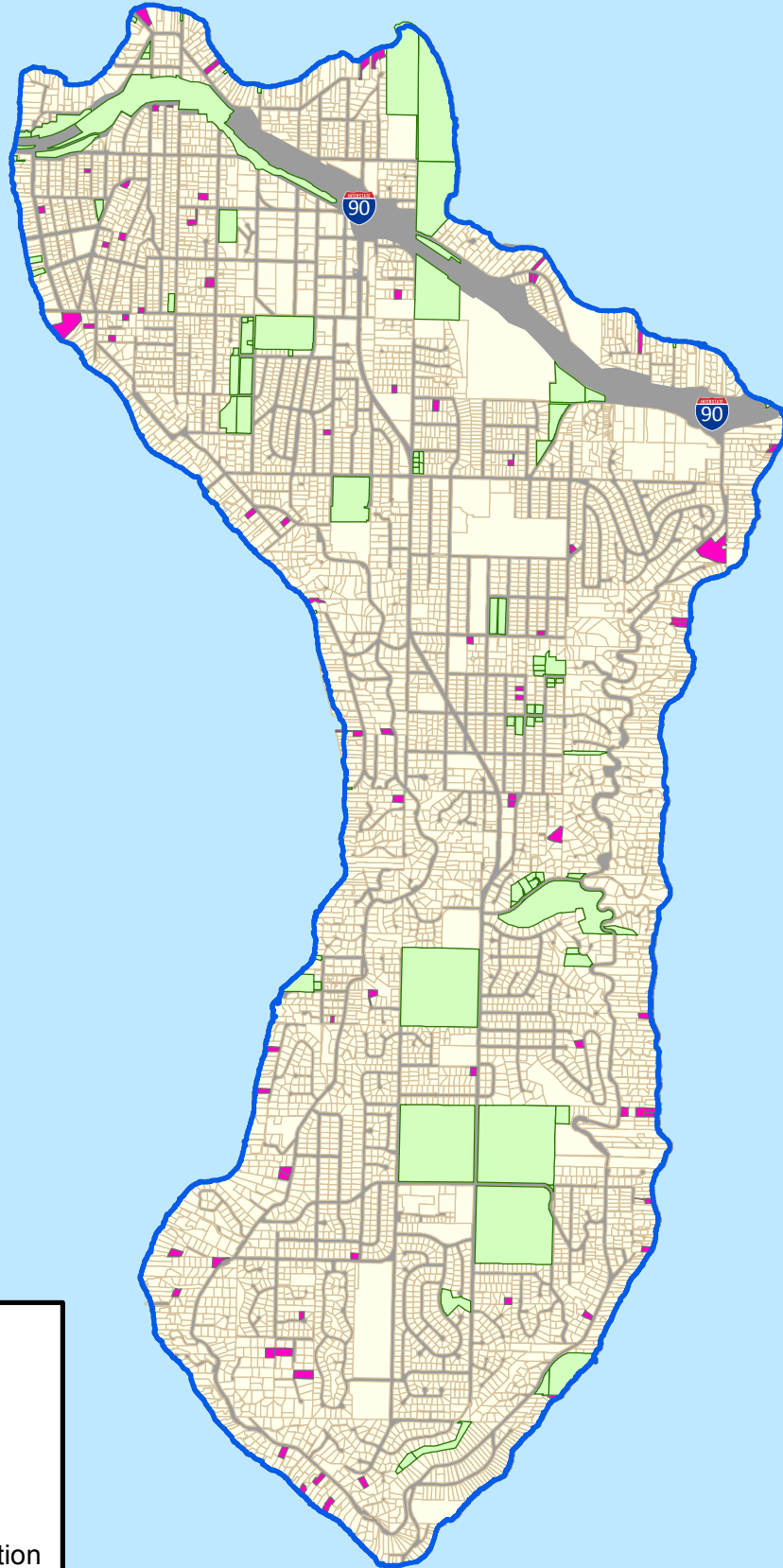
- Shoreline
- Parks
- Long Plat with Preliminary Approval



0 1,500 3,000 Feet



Impervious Surface Deviation Applications on Mercer Island: 2013 - 2015



Legend

— Shoreline

■ Parks

■ Impervious Surface Deviation Application Received

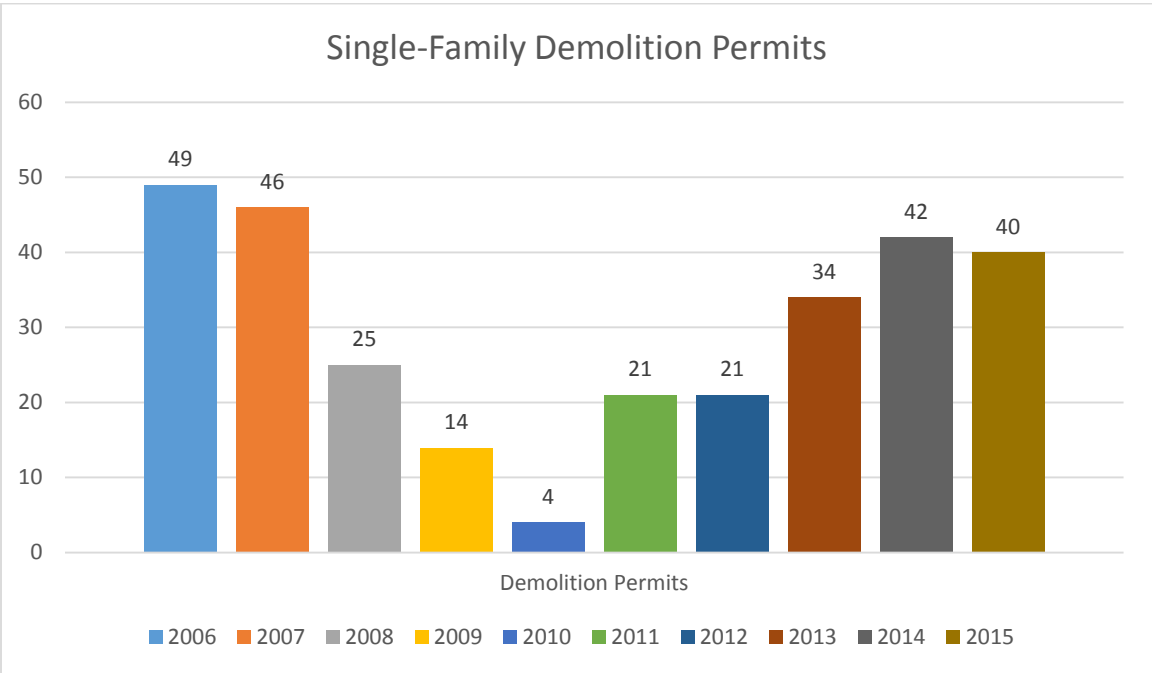
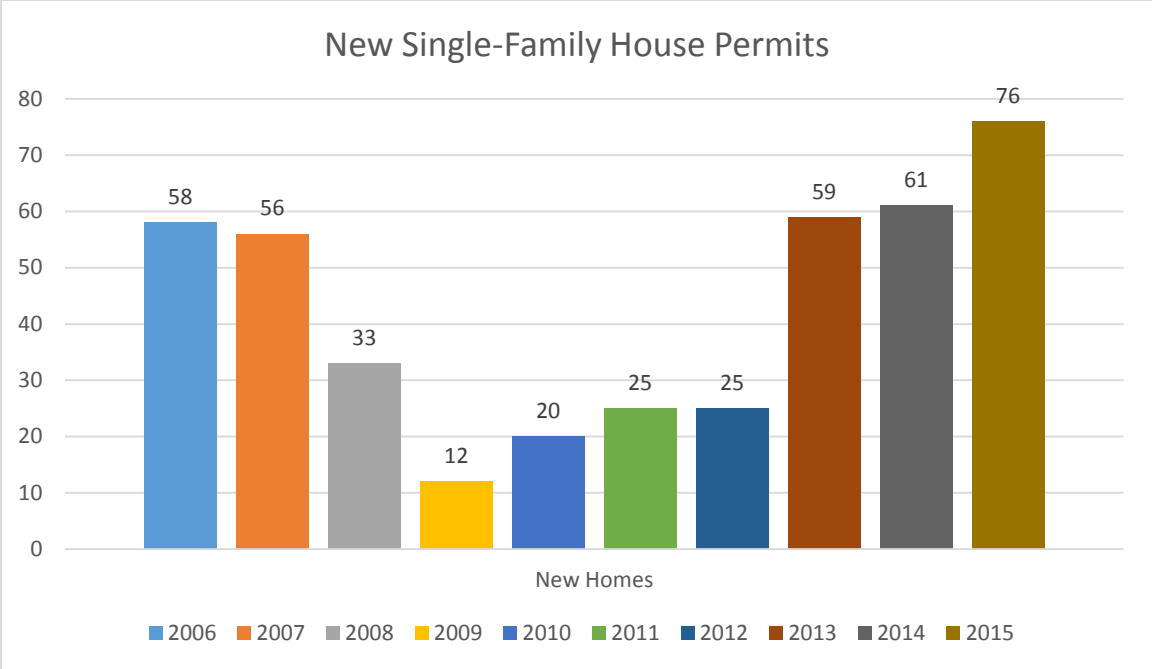


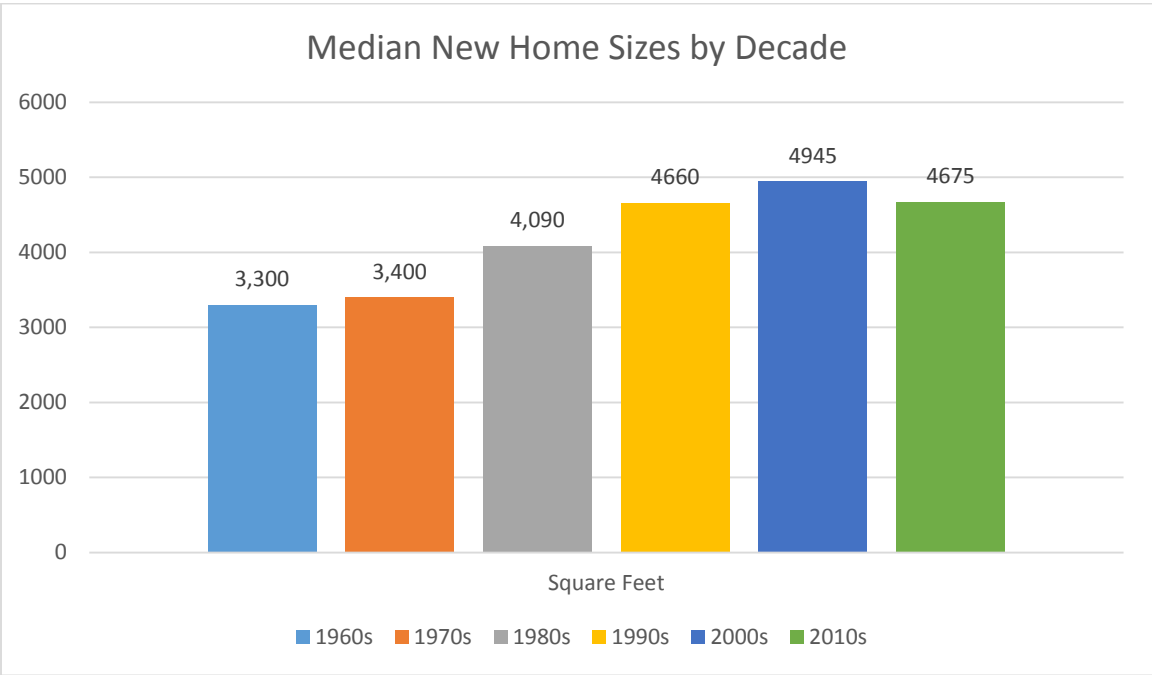
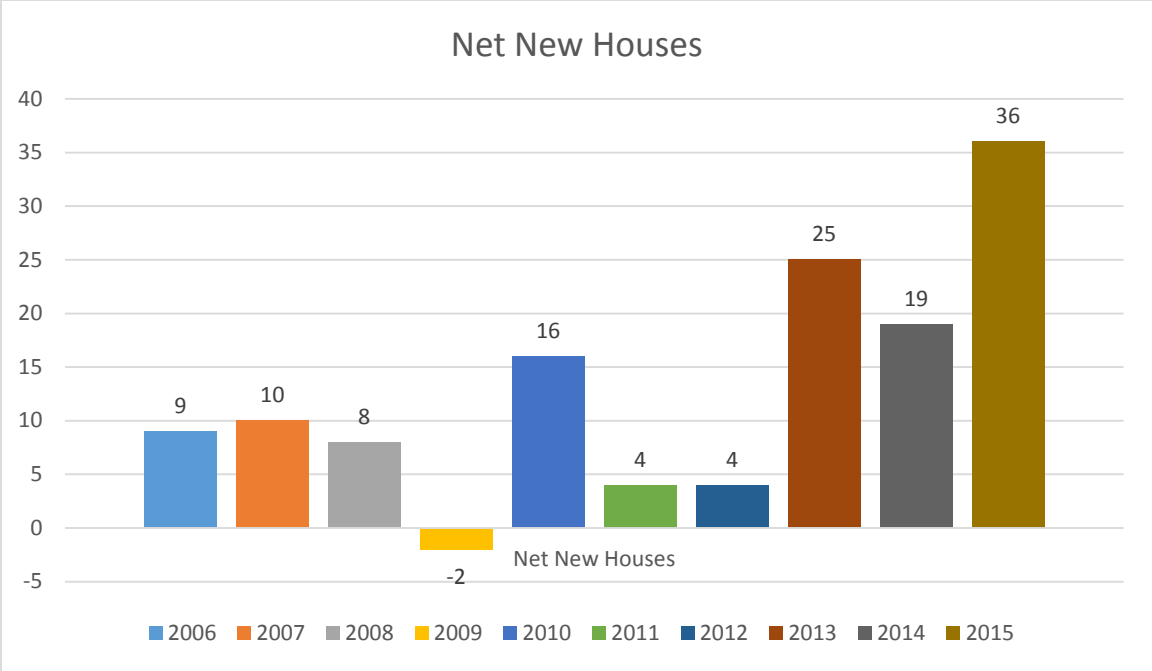
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DEVELOPMENT SERVICES GROUP
LONG-RANGE PLANNING WORKLOAD

	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Town Center Visioning and Development Code																
Comprehensive Plan Amendments*																
Town Center Permitting (after end of moratorium)																
Transportation Improvement Plan																
Code Enforcement Ordinance Rewrite																
Title 19 Rewrite (total re-write, with critical sections called out below)																
Residential Development Standards and Plats																
Code Updates for NPDES* (due 12/31/16)																
Critical Areas Update* (overdue)																
Sign Code Update																
Transportation Concurrence*																
WCF Code Update**																
Add Comp. Plan amendment process** (due 9/30/15)																
Planning Commission Rules of Procedure**																
Growth Targets																
Shoreline Master Program Update*																
2015 Construction Codes* (due 7/1/16)																
Biennial Budget																
*- Items Required by State law																
**.-Items required by WCIA																





**DEVELOPMENT SERVICES GROUP
LONG-RANGE PLANNING WORKLOAD
January 8, 2016**

	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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** -Items required by WCIA																

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2016-2020 FINANCIAL FORECASTS FOR GENERAL, YFS, AND CAPITAL IMPROVEMENT FUNDS



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Chip Corder, Assistant City Manager/Finance Director

RE: 2016-2020 General Fund Forecast

COUNCIL DISCUSSION/QUESTIONS PRESENTED:

1. What is (are) the Council's preferred option(s) for addressing the projected General Fund deficits in 2017-2020?

BACKGROUND:

At the June 2015 Mini-Planning Session, staff presented its 2015-2020 General Fund forecast to the Council, noting projected deficits beginning in 2017. This forecast, which has been updated for the January 2016 Planning Session (see Exhibit 1), is summarized below.

General Fund	2015	2016	2017	2018	2019	2020
Total Resources (\$M)	\$28.64	\$28.38	\$28.29	\$28.96	\$29.81	\$30.69
Less Total Expenditures (\$M)	-27.43	-27.69	-28.91	-30.17	-31.57	-33.04
Less Reserved Resources (\$M)	-0.13	-.09	-.09	-.09	-.09	-.09
Surplus/Deficit (\$M)	\$1.08	\$0.60	-\$0.71	-\$1.30	-\$1.85	-\$2.44

The good news is that the projected deficits in 2017 and 2018 are less than what was projected back in June 2015, which was -\$0.98 million and -\$1.56 million respectively. The bad news is that they are still significant.

The key forecast assumptions are as follows:

- The one-time surpluses of \$1.08 million in 2015 and \$0.6 million in 2016 will be used to address various one-time funding needs rather than to address the ongoing, projected deficits in 2017 and 2018;
- Development activity will begin to slow in the second half of 2016 (with the completion of the Legacy and school district projects); and

- Inflation will remain low through 2017, and employee benefit cost growth will average 7% per year in 2017-2020.

However, if development activity continues at its current level through 2017, it is likely that the \$0.71 million projected deficit in 2017 could be eliminated and the \$1.30 million projected deficit in 2018 could be significantly reduced.

What is driving these projected deficits? Simply put, annual revenue growth is not keeping pace with annual expenditure growth. This is evident in the adopted 2015-2016 General Fund Budget, which needed \$440,675 of the 2014 General Fund surplus to balance the second year of the biennium (2016), and the revenue and expenditure projections for 2016-2020, which are summarized in percentage growth terms in the table below.

General Fund	2016	2017	2018	2019	2020	Avg
Total Revenue Growth	0.0%	1.2%	2.4%	2.9%	3.0%	1.9%
Total Expenditure Growth	2.5%	4.4%	4.4%	4.6%	4.7%	4.1%
Net Expenditure Growth Differential	2.5%	3.2%	2.0%	1.7%	1.7%	2.2%

For the period 2016-2020, the average net expenditure growth differential is 2.2% per year. In other words, total expenditures are projected to grow 2.2% more per year on average than total revenues. Even more concerning is the fact that this differential has an annual compounding effect.

At the root of the revenue growth problem is property tax, which makes up 42% of total budgeted revenues in 2015-2016. By comparison, property tax makes up only 19-27% of total budgeted revenues in the cities of Bellevue, Bothell, Issaquah, Kirkland, and Redmond, which all have significant retail sales tax bases. Per state law, the Council can increase the regular levy by only 1% per year, excluding the use of banked capacity, which the City no longer has. In addition, the City is provided an allowance for new construction, which entitles the City to the property tax revenue generated by newly constructed and improved residential and commercial properties. On average, new construction generates another 1% per year in property tax revenue. Taken together, the effective cap is 2% per year for Mercer Island. This growth limitation on the General Fund’s largest revenue source puts an unrealistic burden for growth on the City’s other major revenues: utility tax (17% of total), sales tax (13% of total), license & permit fees (11% of total), and recreation fees (6% of total).

Further complicating the revenue growth problem is utility tax, which is 8.1%, or \$361,000, below what was budgeted in 2015 (\$4.46 million). Electric/gas utility tax and cellular utility tax, which are down 4.2% and 11.2% respectively compared to 2014, are primarily responsible for this revenue shortfall.

On the expenditure side, personnel costs make up 73% of total budgeted expenditures in 2015-2016. These costs grow faster than inflation. For 2017-2020, salaries & wages are projected to grow 4.0-4.5% per year, and benefits are projected to grow 7.0% per year. Unlike the private sector, these annual cost increases cannot be spread across the number of “widgets” produced and sold or an increasing number of clients served. The 4.0-4.5% annual increase in salaries & wages assumes that annual cost of living increases, which are tied to the CPI-W for the Seattle metro area, will be 2.0% in 2017-2018 and 2.5% in 2019-2020. The 2.0% balance represents step increases for represented employees, pay for performance for unrepresented employees, and market adjustments, which are intended to keep the City’s workforce at the 50th percentile relative to our comparison cities in King County. With respect to medical, dental, and vision insurance benefits, the City’s costs on a per employee basis have been one of the lowest among all King County cities for many years.

Given this structural imbalance between revenue growth and expenditure growth, how did the City manage to balance the General Fund budget in 2015-2016?

- A high level of development activity (i.e. single family residential, Legacy project, and school district projects) occurred in 2014-2015 and will occur in 2016, resulting in spikes in construction-related sales tax and development fees, which have masked the underlying structural imbalance;
- A new utility tax was instituted on the City’s water, sewer, and storm water utilities beginning in 2013;
- \$440,675 in one-time funding from the 2014 General Fund surplus was used to balance the second year of the biennium (2016);
- Low inflation in 2014-2015 kept employee wage growth low in 2015-2016;
- Medical premiums for Fire employees decreased 4.0% in 2015 and increased 0.0% in 2016, keeping benefit cost growth low in 2015-2016; and
- Medical premiums for all other employees increased 5.0% in 2015 and increased 3.1% in 2016, keeping benefit cost growth low in 2015-2016.

Looking forward, how can the City go from a \$1.08 million surplus in 2015 to a \$0.71 million deficit in 2017? Most of the \$1.79 million negative swing relates to the following:

- Of the \$650,000 spike in construction-related sales tax in 2015, a \$450,000 reduction is projected by the end of 2017;
- Of the \$650,000 spike in development fees in 2015, a \$300,000 reduction is projected by the end of 2017 (with another \$150,000 reduction in 2018);
- \$440,675 in one-time funding from the 2014 General Fund surplus was used to balance the second year of the biennium (2016);
- \$249,000 in expenditure savings is estimated in 2015, which equates to 0.9% of the General Fund budget (expenditure savings is not projected in 2016 and 2017); and

- \$109,000 in sales tax was received from a non-classified business in 2015 (this is a one-time receipt).

What are the options for addressing the projected deficits in 2017 and beyond (listed in no particular order)?

1. Utilize one-time General Fund surpluses in 2015 and 2016 to bridge the \$0.71 million projected deficit in 2017.

- This would buy the Council a year. However, there would still be a \$1.30 million deficit to address in 2018, assuming that the \$0.97 million balance of the \$1.68 million surplus in 2015 (\$1.08 million) and 2016 (\$0.60 million) is used to address other one-time funding needs (e.g. the YFS Fund's \$0.34 million projected deficit in 2017). To balance the 2017-2018 General Fund budget, the Council would have to: 1) identify service level cuts that would take effect in 2018; 2) institute a new revenue source in 2018 to maintain current service levels; or 3) do some combination of both. The extent of the service level cuts needed to address the projected deficits in 2017 and 2018 are described below under option 2.
- This option has three advantages in terms of 2016 Council work plan management. One, it recognizes that there are four major work items, which the Council took up in 2015, that have generated significant public input and that will be time consuming for both the Council and staff during the first half of 2016 (i.e. Town Center Visioning & Development Code Update, Comprehensive Plan Update, I-90 Loss of Mobility Negotiations, and MICA). Adding one more major work item to the first half of 2016 would possibly generate significant community fatigue and frustration, if the record setting number of public appearances in 2015 is any indicator. Two, the upcoming 2017-2018 budget process will provide an opportunity to make the public aware of the coming deficits and the options for addressing them during the fourth quarter of 2016 (i.e. after the four major work items noted above have been completed). Three, after adopting the 2017-2018 budget and identifying the service level cuts and/or new revenue that would be required to balance 2018, the City could engage the public on this issue through one or more of the following means in the first quarter of 2017:
 - Send out an Island-wide mailing, which describes the issue, its causes, and the options for bridging the projected deficits and includes a brief survey;
 - Develop a public presentation and hold a series of public meetings at various Island locations to educate the public, field questions, and gather input; and
 - Go on a "road show" tour making the same public presentation noted above to the Rotary Club, the Chamber of Commerce, the League of Women's Voters, and other Island groups to educate them, field questions, and gather input.

2. Reduce the current staffing level beginning in 2017.

- To bridge the \$0.71 million projected deficit in 2017, 7-8 FTEs would have to be cut at the beginning of 2017. To bridge the \$1.30 million projected deficit in 2018, an additional 6 FTEs would have to be cut at the beginning of 2018 for a total of 13-14 FTE reductions, which represent 6.5-7.0% of the City’s total workforce (including contract employees but excluding seasonal employees).
- For a full service city, which typically includes police; fire & emergency medical services; parks & recreation; development services; street maintenance; and water, sewer, and storm water utilities, Mercer Island has one of the lowest total number of FTEs per 1,000 population in King County. This excludes the Youth & Family Services Department (15.5 FTEs), which no other city has except for Seattle. The 2015 FTEs per 1,000 population for each full service city on the Eastside and Bothell are noted in the table below.

Full Service Eastside City	2015 FTEs per 1,000 population		Note
	Total	Excluding Social Services	
Redmond	11.06	11.06	
Bellevue	9.60	9.56	No Municipal Court
Avg excluding MI	8.53	8.51	
Issaquah	7.67	7.64	No Fire Dept
Bothell	7.43	7.43	
Mercer Island	7.97	7.31	
Kirkland	6.88	6.86	Reflects major annexation in 2011

Prior to Kirkland’s annexation of Juanita, Finn Hill, and Kingsgate in 2011, Mercer Island had the lowest FTEs per 1,000 population among this group of cities.

- Based on the results of the April 2014 biennial citizen survey, 85% of Mercer Island residents think the City provides the right amount of services.
- The following positions, which were cut or reduced in 2009-2014 due to the Great Recession, have not been restored to date:
 - Right-of-Way Maintenance Team Member (2.0 FTEs)
 - Parks Manager (1.0 FTE)
 - Police Records Clerk (0.5 FTE)
 - Right-of-Way Arborist (0.5 FTE)

- Unless done on a significant scale, service level reductions do not materially affect the slope of the expenditure growth line (i.e. they do not bend the line downwards). Instead, they shift the expenditure growth line downwards, temporarily reducing or postponing the projected General Fund deficit.

3. Conduct an organizational performance audit of one or more City departments to determine if significant cost saving opportunities can be identified and/or work efficiency and effectiveness improved.

- Such an audit represents an independent assessment of City operations by subject matter experts. Ultimately, the Council needs to be satisfied that the City is run efficiently and effectively before considering a new revenue source.
- At its January 19, 2016 meeting, the Council will review the proposed scope for a performance audit of the Maintenance Department, which has the largest operating budget in the City. With the goal of completing the audit by the end of March 2016 and presenting the results to the Council in April 2016, the audit will focus on the following:
 - Comparing the department’s current staffing level, broken down by work team, to that of other full service cities in King County;
 - Making recommendations, based on industry best practices, on how the productivity of each work team could be significantly improved, focusing on those things that would have the greatest benefit;
 - Evaluating how each work team is organized; and
 - Determining if the City’s vehicle fleet is right-sized and making recommendations on how the City’s fleet could be more effectively managed (including vehicle replacement policy/metrics, purchasing vs. leasing, vehicle maintenance practices, and current fleet staffing model).
- Generally speaking, however, such efforts do not result in staffing reductions or significant personnel cost savings when an organization is leanly staffed. Rather, they help with prioritizing tasks and services, eliminating low value work, and securing productivity gains, thereby reducing or eliminating the need to add more staff in the future.

4. Adjust the City’s compensation policy and practices.

- As noted previously, salaries and benefits comprise 73% of the 2015-2016 General Fund budget.
- At the January 2015 Planning Session, staff briefed the Council on the City’s compensation policy and practices, noting that salaries, which are generally reviewed every three years, have been consistently tied to the mid-point of the market (consisting of 10 King County cities) and that benefits have been consistently at or near the bottom of the market. Based on this information as well as concern about employee morale and retention, the Council decided not to consider any changes to the City’s compensation policy and practices.

5. Go to the voters to form a metropolitan park district with the same boundaries as the City.

- This entails moving the Parks & Recreation function, including parks and other assets, operations and maintenance, and capital projects, from the City to a voter approved special purpose district, which has its own levy and bond issuance authority.
- While this would enable the City to remove annual expenditures of \$5.0M in the General Fund, \$0.7M in the Beautification Fund, and \$1.9M in the Capital Improvement Fund from its budget, thereby freeing up funding to fully address the projected deficits in the General Fund and the Capital Improvement Fund (which is discussed as a separate Planning Session agenda item), taxpayers would end up paying more in property taxes for the same service level. How so? Currently, the City uses real estate excise tax (REET) to fund most of its park and open space capital projects. Because REET is distributed to cities and counties, not metropolitan park districts, the latter would have to include capital projects in its property tax levy.

6. Go to the voters with a property tax levy lid lift request in November 2016 or November 2017.

- Because of the 1% property tax levy growth limitation, many cities are facing the same financial challenges as Mercer Island, in terms of annual revenue growth not keeping pace with annual expenditure growth. This is especially the case if a city has a small sales tax base and is primarily reliant on property tax to fund general government (i.e. non-utility) services. Putting a levy lid lift request on the ballot is the option most commonly pursued to bridge a funding gap and to maintain current service levels on an ongoing basis.
- The City's 2016 property tax levy includes two voter approved levy lid lifts:
 - November 2008 Parks Maintenance & Operations levy lid lift, which was approved for 15 years (2009-2023), for \$926,990; and
 - November 2012 Fire Station & Fire Rescue Truck levy lid lift, which was approved for 9 years (2013-2021), for \$662,000.
- Such a request could be tied to maintaining current service levels in Parks & Recreation and Youth & Family Services (more specifically school counselors), which represent the City's number 5 priority of government. The City's 6 priorities of government are as follows:
 1. Community safety & security
 2. Effective & efficient public service delivery and community sustainability
 3. Reliable public infrastructure
 4. Attractive neighborhoods & business districts
 5. Recreational, cultural, health & educational opportunities

6. Public communication & community involvement

- This option is explored in greater detail in the Levy Lid Lift Scenario agenda item.

RECOMMENDATION:

Given the four major issues the Council, staff, and the community are working through in the first half of 2016 and the magnitude of the projected deficits, staff recommends options 1 and 3. The findings from option 3 will provide useful information to the Council during the 2017-2018 budget review process in the fourth quarter of 2016 and to the community during the public engagement process in the first quarter of 2017. In addition, serious consideration of options 2 and 6 would occur during these two timeframes.

EXHIBITS:

1. 2016-2020 General Fund Forecast

Exhibit I: 2016-2020 General Fund Forecast

Description	2015 Estimate	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
RESOURCES:						
Beginning Fund Balance	716,183	440,675	-	-	-	-
Property Tax	11,261,257	11,535,339	11,766,046	12,001,367	12,241,394	12,486,222
Utility Taxes	4,100,000	4,202,500	4,307,563	4,415,252	4,525,633	4,638,774
Sales Tax	4,157,000	4,088,420	4,174,725	4,425,209	4,690,721	4,972,165
Licenses & Permits	3,655,500	3,340,500	3,162,120	3,132,605	3,257,909	3,388,225
Recreation Programs & Rentals	1,572,331	1,619,501	1,668,086	1,718,129	1,769,672	1,822,763
EMS Revenues	1,251,735	1,262,507	1,287,757	1,313,512	1,339,783	1,366,578
Shared Revenues	576,500	504,600	504,600	504,600	504,600	504,600
Utility Overhead	424,977	440,193	457,801	476,113	495,157	514,964
Court Fines	433,000	433,000	433,000	433,000	433,000	433,000
CIP Overhead	227,787	237,595	247,099	256,983	267,262	277,953
General Government	230,360	237,960	237,960	237,960	237,960	237,960
Interest	37,100	37,100	40,068	43,273	46,735	50,474
Total Resources	28,643,730	28,379,890	28,286,824	28,958,002	29,809,827	30,693,676
% Change (excl. Beg FB)	N/A	0.0%	1.2%	2.4%	2.9%	3.0%
EXPENDITURES:						
Salaries & Wages	14,496,648	14,992,265	15,591,956	16,215,634	16,945,337	17,707,878
Benefits	4,907,708	5,353,148	5,727,868	6,128,819	6,557,836	7,016,885
Contractual Services	2,103,404	1,788,900	1,824,678	1,861,172	1,898,395	1,936,362.89
Internal Service Charges	1,391,612	1,402,573	1,458,676	1,517,023	1,585,289	1,656,627
Intergovernmental	835,062	844,186	886,395	930,715	977,251	1,026,113
Supplies	687,283	718,464	732,833	747,490	762,440	777,689
Utilities	562,624	586,699	610,167	634,574	659,957	686,355
Insurance	446,020	467,433	523,525	565,407	593,677	623,361
Other Services & Charges	338,256	357,688	364,842	372,139	379,581	387,173
Communications	122,285	121,625	121,625	121,625	121,625	121,625
Jail Costs	90,850	90,850	95,393	100,162	105,170	110,429
Interfund Transfers:						
To YFS Fund	520,184	400,000	400,000	400,000	400,000	400,000
To Technology & Equipment Fund	342,000	342,000	342,000	342,000	342,000	342,000
To Street Fund	160,000	-	-	-	-	-
To Water Fund	121,448	113,350	120,151	127,360	135,002	143,102
To Bond Fund (Non-Voted)	95,637	93,911	93,911	93,911	93,911	93,911
To Equipment Rental Fund	80,000	15,000	15,000	15,000	15,000	15,000
To Beautification Fund	76,610	-	-	-	-	-
To Capital Improvement Fund	50,000	-	-	-	-	-
To Self-Insurance Fund	5,000	-	-	-	-	-
Total Expenditures	27,432,632	27,688,092	28,909,020	30,173,030	31,572,472	33,044,510
Total Expenditures (excl. YE Xfr)	27,020,838	27,688,092	28,909,020	30,173,030	31,572,472	33,044,510
% Change (excl. YE Xfr)	N/A	2.5%	4.4%	4.4%	4.6%	4.7%
RESERVED RESOURCES:						
LEOFF I Long-Term Care	86,000	86,000	86,240	86,499	86,779	87,081
Net DSG Technology Fee	40,473	5,000	5,000	5,000	5,000	5,000
Total Reserved Resources	126,473	91,000	91,240	91,499	91,779	92,081
Surplus (Deficit)	1,084,625	600,798	(713,436)	(1,306,528)	(1,854,424)	(2,442,915)

Exhibit I: 2016-2020 General Fund Forecast

GROWTH ASSUMPTIONS:	2017	2018	2019	2020
Revenues:				
Property Tax	1.02	1.02	1.02	1.02
Utility Taxes	1.025	1.025	1.025	1.025
Sales Tax	1.06	1.06	1.06	1.06
Licenses & Permits	1.04	1.04	1.04	1.04
Recreation Programs & Rentals	1.03	1.03	1.03	1.03
EMS Revenues	1.02	1.02	1.02	1.02
Shared Revenues	1.00	1.00	1.00	1.00
Utility Overhead	1.04	1.04	1.04	1.04
Court Fines	1.00	1.00	1.00	1.00
CIP Overhead	1.04	1.04	1.04	1.04
General Government	1.00	1.00	1.00	1.00
Interest	1.08	1.08	1.08	1.08
Expenditures:				
Salaries & Wages	1.04	1.04	1.045	1.045
Benefits	1.07	1.07	1.07	1.07
Contractual Services	1.02	1.02	1.02	1.02
Internal Service Charges	1.04	1.04	1.045	1.045
Intergovernmental	1.05	1.05	1.05	1.05
Supplies	1.02	1.02	1.02	1.02
Utilities	1.04	1.04	1.04	1.04
Insurance	1.12	1.08	1.05	1.05
Other Services & Charges	1.02	1.02	1.02	1.02
Communications	1.00	1.00	1.00	1.00
Jail Costs	1.05	1.05	1.05	1.05
Interfund Transfers:				
To YFS Fund	1.00	1.00	1.00	1.00
To Technology & Equipment Fund	1.00	1.00	1.00	1.00
To Water Fund	1.06	1.06	1.06	1.06
To Bond Fund (Non-Voted)	1.00	1.00	1.00	1.00
To Equipment Rental Fund	1.00	1.00	1.00	1.00



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Chip Corder, Assistant City Manager/Finance Director

RE: 2016-2020 YFS Fund Forecast

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. What is (are) the Council's preferred option(s) for addressing the projected YFS Fund deficits in 2017-2020?

BACKGROUND:

At the June 2015 Mini-Planning Session, staff presented its 2015-2020 YFS Fund forecast to the Council, noting projected deficits beginning in 2016. This forecast, which has been updated for the January 2016 Planning Session (see Exhibit 1), is summarized below.

General Fund	2015	2016	2017	2018	2019	2020
Total Resources (\$M)	\$2.57	\$2.53	\$2.40	\$2.33	\$2.38	\$2.44
Less Total Expenditures (\$M)	-2.49	-2.55	-2.73	-2.76	-2.87	-2.99
Plus General Fund Surplus Distribution (\$M)	0.12					
Less Reserved Resources (\$M)	-0.02		-.01	-.01	-.02	-.01
Surplus/Deficit (\$M)	\$0.18	-\$0.02	-\$0.34	-\$0.44	-\$0.51	-\$0.56

The YFS Fund has a projected deficit of \$20,977 in 2016, \$340,457 in 2017, and \$441,398 in 2018. The following should be noted regarding these projected deficits:

- They include a fourth elementary school counselor (funded 100% by the City) beginning in September 2016. The Council directed staff to add this new position to the YFS Department during the 2015-2016 budget process in 2014.

- They do not include any service level reductions, with the exception of the CTC program beginning in 2018 (which is noted below). An assessment of YFS Department services was conducted in the first quarter of 2015 by Berk Consulting and presented to the Mercer Island City Council and School Board at a special joint meeting on April 30, 2015. None of the focus groups that were interviewed identified any YFS program that should be cut or otherwise replaced with another service provider on Mercer Island.
- Annual General Fund support to the YFS Fund was increased from \$200,000 in 2014 to \$400,000 in 2015. Prior to 2010, annual General Fund support was \$465,000. It had been reduced in 2010 because of the Great Recession and the Thrift Shop's double digit sales growth trajectory, which was able to bridge the gap.
- School District support for YFS Department school counselors was reduced from 42.5% of the total cost to a fixed sum of \$60,000 beginning in 2011. This placed a significantly greater financial burden on the YFS Fund during the same timeframe that annual General Fund support was reduced.
- The estimated surplus of \$181,992 in 2015 includes the transfer of \$120,184 of the 2014 General Fund surplus to the YFS Fund in 2015 (AB 5080, 6/1/15). This was done to address the \$120,184 projected deficit in 2016.
- The projected deficit of \$20,977 in 2016 is directly related to Thrift Shop sales, which are estimated to be \$21,000 below budget in 2015. Projected Thrift Shop revenue growth for 2016-2020 was correspondingly adjusted downward. This amount will need to be transferred to the YFS Fund from the 2015 General Fund surplus.
- The projected deficit in 2017 increases to \$340,457, because: 1) 2017 represents the first full year of having the fourth elementary school counselor; and 2) the remaining available fund balance was used up in 2016.
- The projected deficit in 2018 increases to \$441,398, because federal funding for the CTC program will cease at the end of 2017.

What are the options for addressing the projected deficits in 2017 and beyond?

- 1. Utilize one-time General Fund surpluses in 2015 and 2016 to bridge the \$0.34 million projected deficit in 2017.**
 - This would buy the Council a year. However, there would still be a \$0.44 million deficit to address in 2018. To balance the 2017-2018 YFS Fund budget, the Council would have to: 1) identify service level cuts that would take effect in 2018; 2) institute a new revenue source in 2018 to maintain current service levels; or 3) do some combination of both. The extent of the service level cuts needed to address the projected deficits in 2017 and 2018 are described below under option 3.
 - The advantages of this option are identified in the 2016-2020 General Fund Forecast memo under option 1.

2. Amend the interlocal agreement with the School District to have them pay for a greater percentage of the school-based mental health counselors.

- Under the current agreement, the School District will pay \$60,000, or 9.4%, of the \$637,319 total estimated cost in 2017, which includes a fourth elementary school counselor. To completely erase the projected deficits in 2017-2020, the School District would need to increase its annual contribution as follows:

School Counselors	2017	2018	2019	2020
MISD's current contribution	\$60,000	\$60,000	\$60,000	\$60,000
Plus projected YFS Fund deficit (additional \$ needed from MISD)	340,457	441,398	506,248	564,152
Total MISD contribution	\$400,457	\$501,398	\$566,248	\$624,152
Plus City's contribution	236,862	164,776	130,250	104,223
Total cost of school counselors	\$637,319	\$666,174	\$696,498	\$728,375
MISD's share of total cost	62.8%	75.3%	81.3%	85.7%
City's share of total cost	37.2%	24.7%	18.7%	14.3%

Staff does not know when the School District's six year operating levy is up for renewal, but will find out before the Planning Session. Looking beyond 2020, the School District would eventually need to cover 100% of the cost of the school counselors under this option.

3. Reduce the current staffing level beginning in 2017.

- To bridge the \$0.34 million projected deficit in 2017, the YFS Department budget would need to be reduced by 12.5%. This equals 53.4% of the school counseling program cost. To bridge the \$0.44 million projected deficit in 2018, the YFS Department budget would need to be reduced by an additional 3.5% (the 12.5% reduction in 2017 would be ongoing).

4. Go to the voters with a property tax levy lid lift request in November 2016 or November 2017.

- This funding need, which could be tied to the school counselors, could be added to a General Fund levy lid lift request to maintain current service levels in Parks & Recreation, assuming the Council ultimately determines that a ballot measure is warranted. This option is explored in greater detail in the Levy Lid Lift Scenario agenda item.

RECOMMENDATION:

Staff recommends option 1, which is identical to option 1 in the 2016-2020 General Fund Forecast memo. In addition, staff recommends talking to the School District about the feasibility of option 2. Serious consideration of options 3 and 4 would occur during the 2017-2018 budget review process in the fourth quarter of 2016 and during the public engagement process in the first quarter of 2017.

EXHIBITS:

1. 2016-2020 YFS Fund Forecast

Exhibit I: 2016-2020 YFS Fund Forecast

Description	2015 Estimate	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
RESOURCES:						
Beginning Fund Balance	\$ 235,418	\$ 181,992				
KC Grant & Other Grant Revenues	51,642	36,000	36,000	36,000	36,000	36,000
School Counselor Program Support	60,000	60,000	60,000	60,000	60,000	60,000
Thrift Shop (3.5% annual growth, 2016-2020)	1,338,189	1,385,026	1,433,502	1,483,674	1,535,603	1,589,349
Program Fees & Donations	202,897	190,500	192,405	194,329	196,272	198,235
CTC Grant Funding	125,000	125,000	125,000	-	-	-
MIYFS Foundation Support	155,000	155,000	155,000	155,000	155,000	155,000
Interfund Transfers:						
From YFS Endowment Fund	850	850	850	850	850	850
From General Fund	400,000	400,000	400,000	400,000	400,000	400,000
Total Resources	\$ 2,568,996	\$ 2,534,368	\$ 2,402,757	\$ 2,329,853	\$ 2,383,725	\$ 2,439,434
% Change	N/A	-1.3%	-5.2%	-3.0%	2.3%	2.3%
EXPENDITURES:						
Salaries & Wages	\$ 1,442,551	\$ 1,474,329	\$ 1,559,342	\$ 1,586,466	\$ 1,641,992	\$ 1,699,462
Benefits	579,511	627,246	687,971	722,179	772,731	826,823
Supplies	61,700	62,700	64,268	65,874	67,521	69,209
Contractual Services	113,928	115,622	118,513	80,475	82,487	84,549
Equipment Rental	108,128	109,818	115,309	115,309	121,074	121,074
Utilities & Insurance	10,589	11,127	11,405	11,690	11,983	12,282
Other Services and Charges	101,625	102,101	104,654	107,270	109,952	112,700
Intergovernmental	6,156	6,402	6,752	6,988	7,233	7,486
Interfund Transfers (Thrift Shop CIP)	63,000	46,000	60,000	60,000	60,000	60,000
Total Expenditures	\$ 2,487,188	\$ 2,555,345	\$ 2,728,213	\$ 2,756,252	\$ 2,874,973	\$ 2,993,586
% Change	N/A	2.7%	6.8%	1.0%	4.3%	4.1%
Surplus (Deficit) Before Adjustments	\$ 81,808	\$ (20,977)	\$ (325,457)	\$ (426,398)	\$ (491,248)	\$ (554,152)
Plus 2014 General Fund Surplus Distribution	120,184	-	-	-	-	-
Less Working Capital Build Up (\$75K)	(20,000)		(15,000)	(15,000)	(15,000)	(10,000)
Surplus (Deficit) After Adjustments	\$ 181,992	\$ (20,977)	\$ (340,457)	\$ (441,398)	\$ (506,248)	\$ (564,152)

School Counselors:	2015	2016	2017	2018	2019	2020
Salaries	359,442	399,908	447,317	462,973	479,177	495,948
Benefits	147,443	159,747	187,748	200,890	214,952	229,999
Other Costs	2,200	2,200	2,255	2,311	2,369	2,428
Total	509,085	561,855	637,319	666,174	696,498	728,375

EXPENDITURE ADJUSTMENTS

Inflationary Factors:

Salaries	3.5%
Benefits	7.0%
Other Costs	2.5%

Add 4th Elementary School Counselor in 2017 (Jan-Jun):

Salary	32,282
Benefits	15,718
Total	<u>48,000</u>

Back out CTC Program Costs in 2018:

0.5 CTC Coord. salary	26,525
0.5 CTC Coord. benefits	13,038
CTC contractual services	40,000
Total	<u>79,563</u>



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Chip Corder, Assistant City Manager/Finance Director

RE: 2016-2020 Capital Improvement Fund Forecast

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. What is (are) the Council's preferred option(s) for addressing the projected Capital Improvement Fund deficits in 2017-2020?

BACKGROUND:

At the January 2015 Planning Session, staff presented its 2015-2020 Capital Improvement Fund forecast to the Council, noting projected deficits beginning in 2017. This forecast, which staff has not had a chance to update for the January 2016 Planning Session (see Exhibit 1), is summarized below.

General Fund	2015	2016	2017	2018	2019	2020
Beginning Fund Balance (\$M)	\$2.34	\$1.03	\$1.25	\$0.67	\$0.00	\$0.20
Plus Total Revenues (\$M)	2.23	2.15	2.96	2.36	2.90	2.44
Less Total Expenditures (\$M)	-3.54	-1.93	-3.54	-3.03	-2.70	-2.26
Ending Fund Balance (\$M)	\$1.03	\$1.25	\$0.67	\$0.00	\$0.20	\$0.38
Less Reserves (\$M)	-0.85	-0.85	-0.95	-0.48	-0.58	-0.68
Available Fund Balance (\$M)	\$0.18	\$0.40	-\$0.28	-\$0.48	-\$0.38	-\$0.30

The Capital Improvement Fund accounts for all public building, park, and open space projects. It has a projected deficit of \$0.28 million in 2017 and \$0.48 million in 2018. The following should be noted regarding these projected deficits:

- Staff cut or pushed out \$830,000 in projects beyond 2020 in order to balance the 2015-2016 budget (back in 2014) and to get the deficits under \$0.50 million each year for the period 2017-2020. Specifically, staff:
 - Pushed out City Hall Carpet & Council Chambers Remodel projects (\$260,000);
 - Pushed out MICEC Emergency Lockdown project (\$95,000);
 - Cut Open Space Vegetation Management project (\$300,000), with the Council restoring \$50,000 in 2015-2016 (\$250,000 net reduction); and
 - Pushed out Luther Burbank Park Shoreline Phase IV project (\$225,000).
- The projected deficits in 2017 and 2018 (and beyond) can be attributed mostly to the following two projects in 2015-2016:
 - Groveland Beach Repair & Renovation project (\$990,000 budget)
 - Note: The updated cost estimate, which is not reflected in the forecast, is \$1.48 million. This project is being pushed to 2017 and will be discussed during the 2017-2018 budget process.
 - Island Crest Park Ballfield Lights Replacement project (\$500,000 budget)
 - Note: The updated cost estimate, which is not reflected in the forecast, is \$670,000. Construction is planned for 2016. A study session is scheduled for February, 1, 2016 to discuss the current status of this project as well as the Island Crest Park Improvements (South Field Turf) project, which staff learned in July 2015 had received a \$500,000 state Recreation & Conservation Office (RCO) grant.
- REET has fully recovered from the Great Recession. Currently, the demand for homes is strong but the supply is short, which is driving up prices. While there was a \$265,000 REET surplus in 2015, fewer home sales are expected in 2016, which will offset the increase in home sale prices, in terms of the REET generated. As a result, staff believes it would be unwise to push the 2016-2020 REET forecast any further.
- The annual, ongoing funding need is estimated to be \$250,000 per year.

What are the options for addressing the projected deficits in 2017 and beyond?

1. **Utilize one-time General Fund and REET surpluses in 2015 and 2016 (if any) to bridge the \$0.28 million projected deficit in 2017.**
 - The total projected General Fund surplus in 2015-2016 is \$1.68 million. This could cover the projected 2017 deficits in the General Fund (\$0.71 million), in the YFS Fund (\$0.34 million), and the Capital Improvement Fund (\$0.28 million), leaving \$0.35 million to address other one-time funding needs. However, staff still needs to analyze 2015 DSG revenues and expenditures to determine how much, if any, of the 2015 General Fund surplus needs to be reserved for future

DSG expenditures. As for the 2015 REET surplus, this funding will be needed for the two parks projects noted above.

2. Cut back on planned capital projects absent higher than projected REET receipts.

- Absent a new revenue source or greater than expected growth in REET, staff will have to make significant projects cuts to the 2017-2022 Capital Improvement Program (CIP), as was done two years ago for the 2015-2020 CIP. The CIP is a six-year plan in which the first two years are budgeted and the last four years are planned but not appropriated. Staff will kick-off the 2017-2022 CIP process with the Council in March 2016, will provide a preview of the 2017-2022 Preliminary CIP to the Council in June 2016, and will present the revised 2017-2022 Preliminary CIP to the Council in the fourth quarter of 2016. During each point, the Council will have an opportunity to give direction to staff regarding the 2017-2022 CIP.

3. Increase the Transportation Benefit District (TBD) annual license fee from \$20 to \$40 per vehicle.

- Doing this would allow the Council to redirect \$350,000 in annual REET funding from the Street Fund to the Capital Improvement Fund, fully addressing the annual, ongoing funding need in the Capital Improvement Fund.
- However, given that the Council established a TBD at the end of 2014, with a \$20 annual license fee taking effect in 2015, Island residents might balk at having the fee increased just two years later in 2017.

4. Go to the voters with a property tax levy lid lift request in November 2016 or November 2017.

- This \$250,000 annual funding need, which could be tied to park capital projects, could be added to a General Fund and YFS Fund levy lid lift request to maintain current service levels, assuming the Council ultimately determines that a ballot measure is warranted. This option is explored in greater detail in the Levy Lid Lift Scenario agenda item.

RECOMMENDATION:

Staff recommends option 1, which is identical to option 1 in the 2016-2020 General Fund Forecast memo. Serious consideration of options 2, 3, and 4 would occur during the 2017-2018 budget review process in the fourth quarter of 2016 and during the public engagement process in the first quarter of 2017.

EXHIBITS:

1. 2016-2020 Capital Improvement Fund Forecast

Exhibit I: Capital Improvement Fund Financial Forecast (2016-2020)

Description	2015 Budget	2016 Budget	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
Revenues						
Property Tax - LID Lift for Luther BB and Vege Mgmt	\$ 252,000	\$ 252,000	\$ 252,000	\$ 252,000	\$ 252,000	\$ 252,000
King County Parks Levy	89,000	90,000	91,000	93,000	95,000	-
Real Estate Excise Tax - 1st Quarter Cent	1,502,000	1,573,500	1,648,500	1,727,000	1,809,500	1,896,500
Ballfield User Fees (added SM Field in 2010)	92,810	94,666	96,559	98,491	100,460	102,470
Private Contributions (ICP - Syn Turf, Susp. Bridge)	-	-	400,000	-	-	100,000
Grant - Youth Facil (SM Nets), Street Ends 50%	72,500	-	-	75,000	-	-
Grant - PSE / RCO - ICP Improvements	45,000	-	-	-	-	-
Grant - RCO / LBP Shoreline Phase II	-	-	200,000	-	-	-
Interfund Trsf from 1% for Art (Sculpture Park/ LB Amp)	-	-	150,000	-	151,602	-
Interfund Trsf from Beautification Fund (Sustainability)	16,276	-	-	-	-	-
Interfund Trsf from Beautification Fund (MICEC Landsca	-	45,000	-	-	300,000	-
Interfund Trsf from Tech and Equip (EOC Space)	61,000	-	-	-	-	-
Interfund Trsf from Utilities (for Maint Building)	38,000	48,000	71,000	81,000	153,000	54,000
Interfund Trsf from YFS Fund (for Thrift Shop Repairs)	63,000	46,000	49,000	32,000	37,000	35,000
Total Revenues	\$ 2,231,586	\$ 2,149,166	\$ 2,958,059	\$ 2,358,491	\$ 2,898,562	\$ 2,439,970
Expenditures						
Capital Replacement - Buildings	\$ 763,000	\$ 570,000	\$ 919,000	\$ 702,000	\$ 902,000	\$ 846,000
Capital Replacement - Open Space Vegetation Mgmt	428,000	456,000	444,000	458,000	473,000	488,000
Capital Replacement - Parks	1,800,000	370,000	1,637,000	1,485,000	921,000	617,000
Capital Facilities - General Government	25,000	-	-	-	-	-
Capital Facilities - Parks	89,000	90,000	91,000	93,000	95,000	-
Project Management Expenses	140,076	146,072	153,376	161,044	169,097	177,551
Interfund Transfer - CCMV Debt Service	296,700	296,400	296,000	135,500	138,100	135,600
Total CIP Fund Expenditures	\$ 3,541,776	\$ 1,928,472	\$ 3,540,376	\$ 3,034,544	\$ 2,698,197	\$ 2,264,151
Fund Balance						
Beginning Fund Balance	\$ 2,345,219	\$ 1,035,029	\$ 1,255,723	\$ 673,407	\$ (2,647)	\$ 197,718
Change in Fund Balance	(1,310,190)	220,694	(582,316)	(676,054)	200,366	175,818
Ending Fund Balance *	\$ 1,035,029	\$ 1,255,723	\$ 673,407	\$ (2,647)	\$ 197,718	\$ 373,536
Less: Working Capital Reserve	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Less: Designated KC PR Expansion Levy	(91,630)	-	-	-	-	-
Less: Reserved for All Weather Field Replacement	(510,890)	(605,556)	(702,115)	(800,606)	(331,066)	(433,535)
Use: Reserved for All Weather Field Replacement	-	-	-	570,000	-	-
Working Capital Available	\$ 182,509	\$ 400,167	\$ (278,709)	\$ (483,253)	\$ (383,348)	\$ (309,999)

* Ending Fund Balance includes Working Capital and All Weather Field Replacement Reserves

Exhibit I: Capital Improvement Fund Financial Forecast (2016-2020)

Description of Projects	2015 Budget	2016 Budget	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
Capital Reinvestment - Buildings						
City Hall Building Repairs	\$ 186,000	\$ 143,000	\$ 350,000	\$ 206,000	\$ 128,000	\$ 131,000
City Hall - Dedicated EOC Space	138,000	-	-	-	-	-
Maintenance Building Repairs	50,000	64,000	94,000	108,000	204,000	72,000
South Fire Station Repairs	-	-	30,000	30,000	42,000	42,000
Thrift Shop Repairs	63,000	46,000	49,000	32,000	37,000	35,000
North Fire Station Repairs	56,000	46,000	60,000	77,000	112,000	142,000
Luther Burbank Admin Building	95,000	79,000	145,000	31,000	199,000	78,000
Community Center Building Repairs	175,000	192,000	191,000	218,000	180,000	346,000
Sub-total Capital Reinvestment - Buildings	\$ 763,000	\$ 570,000	\$ 919,000	\$ 702,000	\$ 902,000	\$ 846,000
Capital Reinvestment - Open Space						
Open Space Vegetation Management	\$ 428,000	\$ 456,000	\$ 444,000	\$ 458,000	\$ 473,000	\$ 488,000
Sub-total Capital Reinvestment - Open Space	\$ 428,000	\$ 456,000	\$ 444,000	\$ 458,000	\$ 473,000	\$ 488,000
Capital Reinvestment - Parks						
Recurring Parks Projects	\$ 120,000	\$ 120,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000
Homestead / Groveland	-	-	114,000	-	-	-
Aubrey Davis / I-90 Lid Park	-	-	291,000	165,000	100,000	40,000
Island Crest Park Repairs	500,000	-	400,000	64,000	-	-
Luther Burbank Park - Minor Repairs	110,000	110,000	110,000	110,000	110,000	110,000
Luther Burbank Park - Major Repair/Improvement	35,000	85,000	424,000	52,000	152,000	38,000
Mercerdale Park	-	-	-	134,000	104,000	-
South Mercer Playfields - Park Improvements	100,000	-	112,000	570,000	-	-
Swim Beaches	935,000	55,000	16,000	110,000	-	110,000
Small Parks, Street Ends, Other	-	-	40,000	150,000	325,000	189,000
Sub-total Capital Reinvestment - Parks	\$ 1,800,000	\$ 370,000	\$ 1,637,000	\$ 1,485,000	\$ 921,000	\$ 617,000
Capital Facilities - General Government						
Sustainability Seed Funding	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
Car Port for Patrol Vehicles	-	-	-	-	-	-
Sub-total Capital Facilities - Gen Govt	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Facilities - Parks and Open Space						
King County Levy Trail Projects	\$ 89,000	\$ 90,000	\$ 91,000	\$ 93,000	\$ 95,000	\$ -
Sub-total Capital Facilities - Parks/Open Space	\$ 89,000	\$ 90,000	\$ 91,000	\$ 93,000	\$ 95,000	\$ -
Other CIP Fund Expenditures						
Project Management Expenses	\$ 140,076	\$ 146,072	153,376	161,044	169,097	177,551
Interfund Transfer to Debt Service (CCMV)	296,700	296,400	296,000	135,500	138,100	135,600
Sub-total Other CIP Expenditures	\$ 436,776	\$ 442,472	\$ 449,376	\$ 296,544	\$ 307,197	\$ 313,151
TOTAL PROJECT COSTS	\$ 3,541,776	\$ 1,928,472	\$ 3,540,376	\$ 3,034,544	\$ 2,698,197	\$ 2,264,151

9

**LEVY LID LIFT
SCENARIO**



MEMORANDUM

2016 City Council Planning Session

TO: City Council
FROM: Chip Corder, Assistant City Manager/Finance Director
RE: Levy Lid Lift Scenario

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. Is there any other information that would be useful to the Council in making a decision on whether or not to submit a levy lid lift request to Island voters in 2016 or 2017?
2. If the Council became convinced that a levy lid lift vote is the best path forward to addressing the projected deficits in the General Fund, YFS Fund, and Capital Improvement Fund, when would the Council want to engage the community on this issue and put this on the ballot? 2016 or 2017?

BACKGROUND:

Generally speaking, voter approval is required to increase a jurisdiction’s property tax levy beyond 1% per year, excluding “new construction”. To do this, a levy lid lift or an excess levy must be approved by the voters, which cannot exceed the statutory maximum property tax rate. Following is summary information regarding two types of levy lid lifts.

Type	Purpose	Length of Time	Election Date	Annual Growth Limit	Other Restrictions
“Single bump”	Operating or capital (no debt service)	Any or permanent	Any	Lesser of 1% or IPD	None
	Debt service on bonds for capital project	9 year maximum	Any	Lesser of 1% or IPD	None
“Multiple bumps”	Operating or capital (no debt service)	6 years	Primary or general only	None (must state increase in ballot title)	May not supplant existing funds
	Operating or capital (no debt service)	>6 years	Primary or general only	Lesser of 1% or IPD <u>after</u> 6 years	May not supplant existing funds
	Debt service on bonds for capital project	9 year maximum	Primary or general only	Lesser of 1% or IPD <u>after</u> 6 years	May not supplant existing funds

The voter approval requirement for a levy lid lift is a simple majority (i.e. 50% + 1). By comparison, the voter approval requirement for an excess levy, which is used to pay the debt service on bonds issued to fund a capital project, is a supermajority (i.e. 60%).

In most cases, staff prefers the “multiple bumps” levy lid lift option for a 6 year period. Why? It creates a periodic accountability mechanism, which invites greater voter support (because you have to go back to the voters every 6 years), and it is not subject to the 1% annual growth limit, which is unrealistic given that salaries and benefits make up 73% of the General Fund budget. The only hitch with this type of levy lid lift is the “non-supplanting” clause, which prevents a jurisdiction from using the levy lid lift funding to replace existing funding used for the same purpose. Given the City’s projected deficits beginning in 2017, this should not be an issue.

Process and Timing

Two scenarios are illustrated below based on putting a levy lid lift on the primary election ballot versus the general election ballot in 2017.

Action	2017 Primary Election Scenario	2017 General Election Scenario
Staff recommendation: Hold 3-4 public meetings to educate Islanders about the projected deficits and the options for addressing them, to field questions, and to gather input	Feb-Mar 2017	Feb-Mar 2017
Council meeting: Decide on the type of levy lid lift and finalize the amount	March 20, 2017	June 5, 2017
Finalize levy lid lift ordinance and ballot measure	April 3, 2017	June 16, 2017
Council meetings: Conduct 2 public hearings on the proposed levy lid lift ordinance	April 17, 2017 May 1, 2017	July 3, 2017 July 17, 2017
Due date for submission of levy lid lift ballot measure to King County Elections Office	May 12, 2017	August 1, 2017
Election date	August 1, 2017	November 7, 2017

Funding Needs

In addition to the General Fund, YFS Fund, and Capital Improvement Fund projected deficits beginning in 2017, the City has three other funding needs: 1) a new IT position, 2) fire apparatus replacement, and 3) Maintenance Center renovation/expansion. Both the IT staffing and the fire apparatus replacement issues have been highlighted in the past two biennial budget processes for 2013-2014 and 2015-2016.

The greatest staffing need in the City is in the Information & Geographic Services (IGS) Department, which has 3 dedicated IT FTEs (Helpdesk Technician, Business Systems Analyst, and Senior Systems Administrator) plus the IGS Director, who spends 75% of his time on IT operations. These 3.75 FTEs are responsible for the following four functions, which encompass over 200 network and server systems, 9 major business applications, and over 75 productivity applications: Helpdesk, Equipment Replacements, Network/Server Administration, and Project Management. By adding a second Helpdesk Technician, the more technically proficient IT staff would be freed up to spend more time on the following critical needs within Network/Server Administration:

- Information security;
- Disaster recovery;
- Support and optimization (troubleshooting mid-level issues, replacing legacy systems, and evaluating future solutions and systems); and
- Preventative maintenance and configuration changes.

Adding this position would increase the City's IT staffing ratio (i.e. IT staff divided by total number of FTEs) from 1.9% to 2.4%, which is still significantly below the 3.0-5.0% IT staffing ratio recommended by Gartner, the leading IT industry research organization. The fully loaded cost is \$105,000, which includes salary, benefits, supplies, travel, and training. With the recent development of the Eastside Narcotics Task Force (ENTF) being disbanded in 2016, there is an opportunity to eliminate a police officer position, which Police Chief Ed Holmes fully supports. No layoff would be required, because a police officer recently retired creating a vacancy. However, the cost of the new IT position would still need to be added to the levy lid lift, because the cost savings from eliminating a police officer position is needed to cover the \$143,701 increase in police and fire dispatch services in 2016. Chief Holmes will be at the Planning Session to explain why the ENTF is being disbanded as well as its impact on Mercer Island, which is negligible.

The fire apparatus replacement sinking fund is currently funded only through 2026. The original funding model approved by the Council in 2007 relied on dedicated property tax funding (1.65% levy) and investment earnings. However, the investment market has been abysmal since September 2009, with annual returns below 0.5%. As a result, the City's annual funding contributions have fallen short of the target each year. An additional \$50,000 in annual funding beginning in 2017 (plus a 5% annual growth factor) would keep the sinking fund solvent through 2039.

This is the first time that the need to renovate/expand the Maintenance Center has been identified publicly, though the need has existed for many years. During the Great Recession, the City had to push out a number of public building renovation projects due to the downturn in REET revenue. The replacement of the South Fire Station was the number one priority, which was accomplished in 2015. The Maintenance Center, which is 15,347 square feet,

including a 1,025 square foot warehouse and a 1,000 square foot shop, is up next. It houses all Maintenance Department and Parks Maintenance employees, which include 44.5 FTEs and 17 seasonal employees.

Over the years, two workshop areas and the lunch room have been converted to office space for staff. At this point, the only thing left to do is expand. What is envisioned is the removal of most of the lawn roof above the warehouse and the construction of a second story. To free up needed space at City Hall, the IGS Department staff (7 FTEs) would be moved to the renovated Maintenance Center. The total estimated cost, which represents a very preliminary estimate, is \$3.6-\$3.9 million.

The funding source is the biggest hurdle for this project. Given the other funding needs, the annual financial impact of adding the Maintenance Center renovation/expansion project to a 6 or 9 year levy lid lift is simply too great, with the annual debt service on LTGO bonds issued for a 6 year period being \$645,000-\$698,000 and for a 9 year period being \$450,000-\$487,000. Issuing LTGO bonds for a 20 year period, which is typical for a public building, would reduce the annual debt service to \$236,000-\$255,000. There are two funding source options for the annual debt service, assuming the Council determines through the upcoming 2017-2018 budget process that funding for other planned capital projects should not be reduced:

1. Submit an excess levy to the voters for the Maintenance Center renovation/expansion project, which would require supermajority approval; or
2. Increase the Transportation Benefit District (TBD) annual license fee from \$20 to \$35, which the Council could do at the beginning of 2017, to generate \$262,500 in new revenue, thereby freeing up an equivalent amount of annual REET funding to be redirected from the Street Fund to this project.

Assuming the Council determines that a ballot measure is warranted, staff recommends including the following funding needs in a levy lid lift request to the voters:

- **General Fund deficit**, which could be tied to maintaining current service levels in Parks & Recreation, which represents the City's number 5 priority of government (recreational, cultural, health & educational opportunities);
- **YFS Fund deficit**, which could be tied to maintaining the school counselor program, which represents the City's number 5 priority of government (recreational, cultural, health & educational opportunities);
- **Capital Improvement Fund deficit**, which primarily relates to public building and park capital projects, which represent the City's number 3 priority of government (reliable public infrastructure);
- **Fire apparatus replacement**, which represents the City's number 1 priority of government (community safety & security); and

- **New IT position**, which is tied to the City’s number 2 priority of government (effective & efficient public service delivery).

Note that the Maintenance Center renovation/expansion project is excluded.

6 Year Levy Lid Lift Structure

A 6 year levy lid lift could be structured in two ways. Both approaches are based on going to the voters in November 2016 for illustration purposes only. The first approach simply totals the annual funding needs for the General Fund (including the new IT position), YFS Fund, Capital Improvement Fund, and fire apparatus replacement as shown below.

Funding Need	2017	2018	2019	2020	2021	2022	Annual Avg
General Fund ¹	832,705	1,443,959	2,009,490	2,616,830	3,268,283	3,966,959	2,356,371
YFS Fund ²	347,266	450,226	516,373	575,435	649,929	722,685	543,652
Capital Improvement Fund ³	250,000	262,500	275,625	289,406	303,877	319,070	283,413
Fire Apparatus Replacement ⁴	50,000	52,500	55,125	57,881	60,775	63,814	56,683
Total	1,479,971	2,209,185	2,856,613	3,539,553	4,282,863	5,072,529	3,240,119
\$ Increase Over Prior Year	N/A	729,214	647,429	682,939	743,311	789,665	718,512
% Increase Over Prior Year	N/A	49.3%	29.3%	23.9%	21.0%	18.4%	28.4%

¹ **General Fund:** Based on Jan 2016 Planning Session forecast plus 2% contingency. Also includes \$105,000 for a new IT position beginning in 2017.

² **YFS Fund:** Based on Jan 2016 Planning Session forecast plus 2% contingency.

³ **Capital Improvement Fund:** \$250,000 annual, ongoing funding need + 5% annual growth.

⁴ **Fire apparatus replacement:** \$50,000 annual, ongoing funding need + 5% annual growth would fund through 2039 (currently funded through 2026).

Note that a 2% contingency is added to the General Fund and YFS Fund. What is concerning about this approach are the large percentage levy increases needed in 2018-2022. From a voter perspective, they seem unpalatable.

The second approach, which is shown below, “smoothes” the annual funding needs for the General Fund and YFS Fund, resulting in a much larger levy in 2017 but limiting the annual percentage increase to 5%.

Funding Need	2017	2018	2019	2020	2021	2022	Annual Avg
General Fund	2,080,000	2,184,000	2,293,200	2,407,860	2,528,253	2,654,666	2,357,996
YFS Fund	480,000	504,000	529,200	555,660	583,443	612,615	544,153
Capital Improvement Fund	250,000	262,500	275,625	289,406	303,877	319,070	283,413
Fire Apparatus Replacement	50,000	52,500	55,125	57,881	60,775	63,814	56,683
Total	2,860,000	3,003,000	3,153,150	3,310,808	3,476,348	3,650,165	3,242,245
\$ Increase Over Prior Year	N/A	143,000	150,150	157,658	165,540	173,817	158,033
% Increase Over Prior Year	N/A	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Under this approach, a portion of the levy proceeds in the first three years (2017-2019) would be reserved for use in the last three years (2020-2022). Both levy lid lift structures are financially equivalent over a 6 year period.

Property Tax Impact

Under the second levy lid lift approach, the estimated property tax impact on a typical Mercer Island household (i.e. \$900,000 home assessed value) is \$261 per year, or \$21.75 per month, which is calculated as follows:

Levy lid lift rate: \$2,860,000 levy lid lift / (\$9,858,831,552 total AV / \$1,000) = **\$0.29010 per \$1,000 AV**

Annual tax impact: \$900,000 home AV / \$1,000 x \$0.29010 levy rate = **\$261 per year**

Monthly tax impact: \$261 per year / 12 months = **\$21.75 per month**

Additional Information

In addition to the General Fund, YFS Fund, and Capital Improvement Fund forecasts, the following information would likely be useful to the Council and the public:

- The 2015 property tax levy breakdown by jurisdiction for a Mercer Island home with a \$900,000 assessed value is displayed below.

Taxing Jurisdiction	2015 Levy Rate	2015 Levy Amount	% of Total
Mercer Island School District	\$2.72289	\$2,451	31.1%
State School Fund	\$2.28514	\$2,057	26.1%
King County	\$1.34522	\$1,211	15.4%
City of Mercer Island	\$1.25551	\$1,130	14.4%
King County Library System	\$0.50276	\$452	5.7%
King County EMS	\$0.30217	\$272	3.5%
Port Authority	\$0.18885	\$170	2.2%
Flood Zone	\$0.13860	\$125	1.6%
Total	\$8.74114	\$7,867	100.0%

Of the \$7,867 total property tax bill in 2015, 57.3% was dedicated to school funding: 31.2% for the Mercer Island School District and 26.1% for the State School Fund. By

comparison, \$1,130, or 14.4%, was remitted to the City. It is interesting to note that Islanders paid more to King County (15.4%) than to the City in 2015.

- The 2015 property tax rates for all King County cities with a population greater than 20,000 is noted below.

King County City	City Levy Rate	King County City	City Levy Rate
Bellevue	0.98085	Kent	1.57621
Federal Way	1.24751	Burien	1.59050
Maple Valley	1.24851	Des Moines	1.65253
Mercer Island	1.25551	Shoreline	1.66564
Issaquah	1.27824	Sammamish	2.05130
Kenmore	1.36465	Auburn	2.08085
Kirkland	1.45894	Seattle	2.62352
Redmond	1.48849	Renton	2.83283
Bothell	1.50167	Seatac	3.15753

Mercer Island has the fourth lowest property tax rate, which can be attributed primarily to its high assessed valuation per square mile relative to other King County cities. It should be noted that Bellevue has the lowest rate primarily because of its substantial retail sales tax base, which has made it possible to not take the 1% property tax increase for many years. That streak of no levy increases was broken in 2015. Regarding Federal Way and Maple Valley, neither has a Fire Department.

- The 2015 FTEs per 1,000 population for each full service city on the Eastside and Bothell are noted below. Excluding social services, Mercer Island has one of the lowest number of FTEs per 1,000 population.

Full Service Eastside City	2015 FTEs per 1,000 population		Note
	Total	Excluding Social Services	
Redmond	11.06	11.06	
Bellevue	9.60	9.56	No Municipal Court
Average excluding MI	8.53	8.51	
Issaquah	7.67	7.64	No Fire Department
Bothell	7.43	7.43	
Mercer Island	7.97	7.31	YFS Dept has 15.5 FTEs
Kirkland	6.88	6.86	Major annexation in 2011

Prior to Kirkland’s annexation of Juanita, Finn Hill, and Kingsgate in 2011, Mercer Island had the lowest FTEs per 1,000 population among this group of cities, including and excluding social services.

- The results of the Maintenance Department performance audit will be presented to the Council in April 2016. The Maintenance Department has the largest operating budget in the City.
- To put City taxes and City utility charges into perspective, the following monthly costs, which were incurred by a typical Mercer Island household (i.e. \$900,000 home assessed value and family of four) in 2015, are compared in Exhibit 1: City Taxes vs. City Utility Bill vs. 3 Other Utility Bills (Verizon, Comcast, and Puget Sound Energy). On average, a typical Mercer Island household paid \$167 per month in City taxes (property, utility, sales, gas, and City’s portion of King County EMS levy) and \$145 per month for City utilities (water, sewer, storm water, and EMS). **If the second levy lid lift (i.e. smoothed) structure was submitted to and approved by Island voters in November 2016, the total City taxes paid by a typical Mercer Island household would increase to \$189 per month (\$167 + \$22).**

RECOMMENDATION:

Given the four major issues the Council, staff, and the community are working through in the first half of 2016, staff recommends utilizing one-time General Fund surpluses in 2015 and 2016 to bridge the projected 2017 deficits in the General Fund, YFS Fund, and Capital Improvement Fund. This is a temporary fix that would buy the Council a year. The upcoming 2017-2018 budget process will provide an opportunity to make the public aware of the coming deficits and other funding needs as well as the options for addressing them during the fourth quarter of 2016 (i.e. after the four major work items noted above have been completed). Then, after

adopting the 2017-2018 budget and identifying the service level cuts and/or new revenue that would be required to balance 2018, the City could engage the public on this issue through one or more of the following means in the first quarter of 2017:

- Send out an Island-wide mailing, which describes the issue, its causes, and the options for bridging the projected deficits and includes a brief survey;
- Develop a public presentation and hold a series of public meetings at various Island locations to educate the public, field questions, and gather input; and
- Go on a “road show” tour making the same public presentation noted above to the Rotary Club, the Chamber of Commerce, the League of Women’s Voters, and other Island groups to educate them, field questions, and gather input.

After engaging the public, the Council would make a decision regarding a levy lid lift vote in 2017.

EXHIBITS:

1. 2015 Monthly Cost Comparison: City Taxes vs. City Utilities vs. 3 Other Utility Bills

Exhibit 1

2015 Monthly Cost Comparison: City Taxes vs. City Utilities vs. 3 Other Utility Bills

For a Typical Mercer Island Household (\$900,000 Home AV & Family of 4)

2015 Average Monthly Cost For:	Amount	Note
Verizon (cellular telephone)*	\$234	3 phones on payment plan + 12 GB data
Comcast (cable TV, high speed internet & digital voice)*	\$225	HD Premier XF Triple Play
Puget Sound Energy (electricity & gas)*	\$205	3,000 sf home with air conditioning
City taxes (property, utility, sales, gas & KC EMS levy)	\$167	Only includes taxes remitted to City
City utilities (water, sewer, storm water & EMS)*	\$145	Includes KC sewage treatment cost

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

City taxes fund the following:

- 24/7 police, fire & emergency medical services
- Street, roadside, median & sidewalk maintenance (excluding capital projects)
- Park, path, trail & public building maintenance (excluding capital projects)
- Recreation programs for youth & seniors (supplemented by recreation fees)
- School-based mental health counseling & substance abuse intervention/prevention services
- Public communications, public meetings & records management

City utility charges fund the following:

- Water storage, distribution & maintenance
- Sewer collection, treatment & maintenance
- Storm & surface water management
- Water, sewer & storm water utility capital projects
- Staffing capacity (i.e. 4 firefighters) to respond to simultaneous EMS calls

Exhibit 1

2015 Total Tax Burden Calculation: Typical Mercer Island Household (\$900,000 Home AV & Family of 4)

Property tax (\$1.25551 levy rate x \$900,000 AV ¹ /\$1,000)	1,130
Utility taxes:	
Electric/gas (Puget Sound Energy: \$205/mo average x 12 mo x 6%)	148
Cellular (Verizon: \$160/mo x 12 mo x 6%)	115
Cable TV (Comcast: \$125/mo x 12 mo x 7%)	105
Water, sewer & storm water (COMI: \$140/mo average x 12 mo x 5.3%)	89
Telephone (CenturyLink: \$45/mo x 12 mo x 6%)	32
Garbage (Republic: \$26/mo x 12 mo x 7%)	22
Total utility taxes	511
General sales tax (\$3,975,000 forecast ² x 54% non-construction sales x 85% MI resident sales / 9,104 dwelling units ³)	200
Criminal justice sales tax (\$595,000 forecast ⁴ / 9,104 dwelling units)	65
Motor vehicle fuel tax (\$485,000 forecast ⁵ / 9,104 dwelling units)	53
King County EMS levy (\$.04318 levy rate ⁶ x \$900,000 AV/\$1,000)	39
Total annual City taxes paid by typical MI household (2015)	\$ 1,999
Average monthly City taxes paid by typical MI household (2015)	\$ 166.58
Average daily City taxes paid by typical MI household (2015)	\$ 5.48

Notes

- ¹ Per the King County Assessor's Office, the 2015 median assessed valuation of a Mercer Island residential home is \$900,000.
- ² The 2015 general sales tax forecast is calculated as follows: \$4,084,000 total - \$109,000 one-time receipt from a non-classified business = \$3,975,000 adjusted 2015 forecast. To determine the amount of sales tax paid by a typical resident, both the construction-related sales tax and the estimated sales tax paid by non-residents need to be backed out. Construction-related sales tax equals 46% of total sales tax received per the 3rd Quarter 2015 Financial Status Report. Sales tax paid by non-residents is estimated to be 15% of the total sales tax remitted to the City.
- ³ Per the 2015 EMS cost of service study performed by FCS Group, the number of dwelling units on Mercer Island is: 7,153 single family units + (2,912 multi-family units x 67% single family equivalent factor) = 9,104 dwelling units. The single family equivalent factor is determined by dividing the average multi-family household size by the average single family household size in King County (per the American Community Survey): 1.85 average MF household size / 2.76 average SF household size = 67%.
- ⁴ The criminal justice sales tax (0.1%) is in effect throughout King County. Unlike the general sales tax, it is distributed to King County cities based on population and is restricted to funding criminal justice programs. It is estimated that the City will receive \$595,000 in 2015.
- ⁵ The motor vehicle fuel tax is a state shared revenue that is distributed to cities based on population. It is estimated that the City will receive \$485,000 in 2015.
- ⁶ This accounts only for that portion of the King County EMS levy that is remitted back to the City. The impact on a typical MI resident is determined by converting this levy amount into a levy rate per \$1,000 AV: \$425,736 EMS levy in 2015 / (\$9,858,831.552 AV/\$1,000) = \$.04318 levy rate per \$1,000 AV.

10

**2016 BIENNIAL
CITIZEN SURVEY**



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Chip Corder, Assistant City Manager/Finance Director

RE: 2016 Biennial Citizen Survey

COUNCIL DISCUSSION/QUESTION PRESENTED:

Are there any issue specific questions that the Council would like to add to the biennial citizen survey?

BACKGROUND:

A citizen survey is conducted every two years in an even numbered year. It represents the only statistically valid data the City receives on most of its services. From staff's perspective, the survey is helpful in identifying areas of citizen concern with specific services, in determining public information gaps that need to be bridged, and in getting useful citizen feedback on current and emerging issues. Since 2004 all of the City's citizen surveys have been conducted by EMC Research. The last survey was conducted in April 2014 and cost \$13,400. To keep the cost low, the sample size consists of 300 telephone respondents, and the survey length is limited to 10 minutes. The margin of error is 5.7% for 300 respondents.

The issue specific questions added to the April 2014 survey related to a public gathering place in the Town Center (questions 19-21) and public interest in reducing the community's carbon footprint (questions 22-25). These questions will be deleted from the 2016 survey. Major issues for which the Council might want to ask specific questions in the 2016 survey include:

- MICA ground lease/location at Mercerdale Park
- Town Center visioning and development code
- I-90 loss of mobility negotiations with Sound Transit
- Neighborhood concerns with single family residential development
- Projected General Fund and Youth & Family Services Fund deficits beginning in 2017

EXHIBITS:

1. April 2014 Mercer Island Citizen Survey Results



Telephone Survey in the City of Mercer Island
n=304, Margin of Error = ± 5.7 Points
Conducted April 6th - 9th, 2014
EMC Research #14-5209

When applicable, results are compared to previous Mercer Island budget surveys

N	MoE	Job Number	Field Dates
300	± 5.7%	12-4663	June 24 th - 28 th , 2012
400	± 4.9%	10-4219	February 23 rd - 27 th , 2010
400	± 4.9%	08-3803	January 24 th - 28 th , 2008

Hello, my name is _____. May I speak to **(NAME ON LIST)**. Hello, my name is _____ and I'm taking a survey for EMC Research. We're trying to find out how people on Mercer Island feel about some of the issues facing them. This is not a sales call, and your answers will remain completely anonymous.

1. Gender **[RECORD BY OBSERVATION]**

	2014	2012	2010	2008
Male	47%	47%	47%	47%
Female	53%	53%	53%	53%

2. Do you feel things on Mercer Island are generally going in the right direction, or do you feel things have gotten pretty seriously off on the wrong track?

Right direction	74%	71%	70%	65%
Wrong track	11%	15%	15%	16%
(Don't know)	14%	14%	15%	19%

3. What do you think is the most important problem facing Mercer Island today?
[RECORD ONE RESPONSE ONLY]

Tolling	23%	<1%	--	--
Education/School Funding	19%	29%	13%	9%
Traffic/Transportation/Parking	14%	14%	19%	26%
Overcrowding/Overdevelopment/Overbuilding	10%	5%	11%	24%
High Taxes/High Cost of Living	2%	2%	6%	3%
Public Safety/Crime	2%	2%	1%	--
City Government/Council	2%	5%	2%	3%
Lack of Affordable Housing	1%	2%	1%	3%
Budget/Finances/Overspending	1%	2%	2%	--
Environment/Preserving Parks/Open Space	1%	--	--	3%
Road Conditions/Highways/Infrastructure	1%	8%	7%	2%
None/ DK/ Refused	17%	21%	21%	19%
Other	7%	7%	8%	5%

Using a scale of excellent, good, only fair, or poor, how would you rate... [INSERT Qx]
 [RANDOMIZE]

	Excellent	Good	Only Fair	Poor	(Don't know)	Positive	Negative
4. The job King County is doing using tax dollars responsibly							
2014	3%	35%	33%	13%	16%	38%	46%
2012	2%	29%	31%	18%	20%	31%	49%
2010	3%	25%	34%	26%	13%	28%	60%
2008	2%	26%	37%	21%	14%	28%	58%
5. The job the city of Mercer Island is doing using tax dollars responsibly							
2014	11%	55%	24%	3%	7%	66%	27%
2012	8%	41%	29%	14%	7%	49%	43%
2010	12%	43%	30%	7%	8%	55%	37%
2008	10%	46%	28%	7%	9%	56%	35%

[END RANDOMIZE]

Using a scale of excellent, good, only fair, or poor, please rate the job the city of Mercer Island is doing... [INSERT Qx]
 [AFTER EACH UNTIL UNDERSTOOD: "Would you say the city of Mercer Island is doing an excellent, good, only fair, or poor job..."]

[RANDOMIZE]

6. Maintaining parks, trails, and open space							
2014	42%	46%	6%	3%	3%	88%	9%
2012	38%	48%	10%	1%	3%	86%	11%
2010	40%	50%	6%	3%	2%	90%	9%
2008	38%	48%	9%	1%	4%	86%	10%
7. Maintaining streets							
2014	22%	53%	19%	5%	1%	75%	24%
2012	16%	51%	22%	10%	1%	67%	32%
2010	21%	51%	22%	3%	2%	72%	25%
2008	23%	53%	19%	4%	1%	76%	23%
8. Maintaining sidewalks, pedestrian paths, and bike paths							
2014	23%	49%	17%	8%	3%	72%	25%
2012	17%	48%	22%	10%	3%	65%	32%
2010	21%	44%	21%	10%	4%	65%	31%
2008	22%	44%	20%	9%	6%	66%	29%
9. Providing recreation programs for youth, adults, and seniors							
2014	35%	46%	7%	4%	8%	81%	11%
2012	33%	48%	9%	1%	10%	81%	10%
2010	25%	49%	11%	3%	12%	74%	14%
2008	34%	45%	7%	1%	12%	79%	8%
10. Protecting the environment on the island and the water quality around the island							
2014	25%	47%	14%	5%	9%	72%	19%
2012	27%	48%	11%	3%	11%	75%	14%
2010	36%	46%	8%	2%	8%	82%	10%
2008	25%	47%	11%	4%	14%	72%	15%

	Excellent	Good	Only Fair	Poor	(Don't know)	Positive	Negative
11. Ensuring prompt fire and medical aid call response times							
2014	47%	37%	3%	1%	12%	84%	4%
2012	48%	32%	4%	1%	16%	80%	5%
2010	48%	33%	3%	0%	16%	81%	3%
2008	52%	22%	2%	--	24%	74%	2%
12. Operating the Mercer Island Community and Event Center							
2014	36%	38%	9%	1%	16%	74%	10%
2012	35%	40%	10%	2%	14%	75%	12%
2010	39%	35%	7%	2%	18%	74%	9%
2008	42%	33%	6%	1%	18%	75%	7%
13. Preventing crime and protecting the community							
2014	34%	51%	10%	2%	3%	85%	12%
2012	31%	50%	13%	2%	4%	81%	15%
2010	32%	51%	11%	1%	5%	83%	12%
2008	37%	46%	8%	1%	7%	83%	9%
14. Promoting traffic safety							
2014	25%	47%	20%	4%	4%	72%	24%
2012	14%	42%	26%	14%	5%	56%	40%
2010	14%	41%	27%	11%	7%	55%	38%
2008	16%	46%	22%	10%	6%	62%	32%
15. Providing amenities at the City's parks, such as sports fields, sports courts, playgrounds, and restrooms							
2014	43%	43%	6%	2%	6%	86%	8%
2012	39%	46%	9%	1%	5%	85%	10%

[END RANDOMIZE]

16. And in terms of public services provided by the City of Mercer Island, do you think that overall the city provides too many services, too few services, or about the right amount of services?							
		2014	2012	2010	2008		
Too Many		4%	11%	7%	5%		
About Right		85%	79%	81%	83%		
Too Few		4%	3%	3%	6%		
(Don't Know)		6%	7%	9%	5%		
(Refused)		1%	0%	0%	1%		
17. Moving on, overall how would you rate your satisfaction with the City's Town Center, would you say you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?							
Very Satisfied		22%	36%	33%	28%		
Somewhat Satisfied		49%	40%	44%	43%		
Somewhat Dissatisfied		20%	14%	16%	18%		
Very Dissatisfied		7%	6%	4%	8%		
(Don't Know/Can't Rate)		2%	4%	4%	3%		

18. If you could make one improvement to the City’s town center, what would it be?

[ACCEPT ONE RESPONSE]

Increase Parking	22%
Stop building /overdevelopment	11%
More businesses/ stores	9%
More Restaurants	8%
Pedestrian safety/ accommodations	7%
Beautification	5%
Manage Traffic	3%
Add Performing Arts Center	2%
Too many/ Too few - Stop lights/ Traffic lights	2%
Stop overcrowding	2%
None	12%
Other	8%
Don't Know/Refused	10%

19. Please tell me if you agree or disagree with the following statement. Mercer Island needs a public gathering place such as a public plaza near the Town Center that would serve as the symbolic heart of the City. **(IF AGREE: Would that be strongly or somewhat agree? IF DISAGREE: Would that be strongly or somewhat disagree?)**

Strongly Agree	19%
Somewhat Agree	24%
Somewhat Disagree	26%
Strongly Disagree	22%
No Opinion/ (Don’t Know)	8%
(Refused)	0%

20. A citizens group is currently leading an effort to build a Center for the Arts at the former recycling center next to Mercerdale Park. The City has made a preliminary commitment of land for this Center and some say the site should include a public gathering space. Others say a public gathering space should be built further north in the town center. Which of the following options do you prefer the most? **[ACCEPT ONE RESPONSE]**

A public gathering space located next to Mercerdale Park	44%
A public gathering space located further north in the town center	24%
(Neither Option)	13%
(Both Options)	4%
(Something Else)	3%
(Don’t Know/ Not Sure)	12%

(IF Q20=3 OR 5 ASK FOLLOWUP Q21)

21. Why would you say that? (n=53, MoE= ±13.4%) [ACCEPT ONE RESPONSE]

We don't need it	46%
We have one/enough already	27%
It's too crowded/congested/not enough space	10%
None	2%
Other	13%
Don't Know/Refused	3%

(RESUME ASKING EVERYONE)

The City has launched a sustainability program that includes the installation of electric vehicle charging stations at City Hall and a solar array at the Community Center to reduce the carbon footprint of the entire community. Over the next two years, how likely is your household to do each of the following? How likely are you to *(Insert Qx)...*? [PROMPT AFTER: Would you say that you are Very Likely, Somewhat Likely, Not likely to...?]

[RANDOMIZE]

	Very Likely	Somewhat Likely	Not Likely	(Don't Know)	Likely	Unlikely
22. Participate in Puget Sound Energy's "Green Power" program in the next two years	24%	27%	37%	12%	51%	37%
23. Purchase a hybrid or electric vehicle in the next two years	15%	24%	60%	2%	38%	60%
24. Explore using carpools or vanpools to work in the next two years	8%	13%	73%	6%	21%	73%
25. Install solar panels at your home in the next two years	3%	7%	84%	6%	10%	84%

[END RANDOMIZE]

26. Moving on, I'd like to ask you about your personal safety. Using a scale of one to seven, where 1 is completely unsafe and 7 is completely safe, how you would rate your feeling walking alone in your neighborhood. You can use any number on the scale.

	1 Completely unsafe	2	3	4	5	6	7 Completely Safe	(Don't know)	Mean
2014	0%	1%	1%	3%	8%	23%	64%	1%	6.45
2012	1%	0%	0%	3%	9%	20%	65%	2%	6.46
2010	0%	1%	0%	3%	8%	23%	63%	3%	6.45
2008	0%	0%	1%	3%	8%	23%	63%	1%	6.46

27. If there were an earthquake, and your household lost power and access to the City's water system for seven days, how prepared would you say your household is to be completely self-sustaining for this time period? Would you say you are completely prepared, mostly prepared, mostly unprepared, or completely unprepared?

	2014	2012	2010	2008
Completely Prepared	12%	12%	12%	12%
Mostly Prepared	47%	44%	44%	46%
Mostly Unprepared	31%	33%	33%	31%
Completely Unprepared	6%	10%	10%	10%
(Don't Know)	4%	1%	1%	2%

28. The City tries to keep residents informed through a weekly electronic newsletter, the City website, and the Mercer Island Reporter. How could the City improve its communications efforts with you? **[ACCEPT ONE RESPONSE]**

Satisfied the way it is	22%
Email	9%
Newsletter/Newspaper	6%
Text Message	5%
Direct Mail	4%
Make the Reporter better	4%
Social Media; Twitter, Facebook	3%
Public Announcement/Meeting	2%
No contact/None/Nothing	24%
Other	5%
Don't Know/Refused	14%

29. Finally for statistical purposes only, what year were you born? **[RECORD YEAR - VALID RANGE: 1900-1996: TERMINATE >= 1996] [IF "Refused" ==> "Would you say you are..." READ RESPONSES IN Q29]**

30. **[AGE - CODE AGE FROM PREVIOUS QUESTION]**

	2014	2012	2010	2008
18-24	1%	1%	1%	1%
25-34	4%	4%	5%	4%
35-44	15%	15%	16%	15%
45-59	34%	34%	33%	34%
60+	46%	46%	45%	46%

THANK YOU!

11

**STREAMLINING
COUNCIL
MEETINGS**



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Ali Spietz, City Clerk

RE: Streamlining Council Meetings

COUNCIL DISCUSSION/QUESTION PRESENTED:

What are additional actions that can be taken to streamline Council meetings?

BACKGROUND:

There has been commentary from the Council regarding the length of Council meetings. Occasionally, there will be a marathon meeting due to appearances or Council discussion and debate about a hot topic or pressing issue, but most Council meetings could be finished in three or so hours.

Even the best planned council meetings can deteriorate into endurance contests. These are not always the most productive meetings – exhausted people don't always make the best decisions. Here are some tips on things you can do to "shorten meetings." Too much talking is the most common cause of lengthy meetings. If citizens addressing the council ramble, the mayor might tell them to confine their remarks to the subject at hand and conclude as quickly as possible. Many council procedures limit public comment to 3-5 minutes, and limit the number of speakers on any one topic. Another idea is to include an approximate starting time by each major agenda item. This information also is useful to citizens attending the meeting. If the problem is created by a talkative councilmember, a simple statement to the effect that "it's getting late and we must move along" usually will work, though a private conversation later on may be needed to handle chronic talkers.

From MRSC's publication, Mayor & Councilmember Handbook

APPEARANCES:

In 2004, when the City Council Rules of Procedure were adopted, the practice of limiting a speaker's comments to three minutes during appearances was formally established as follows:

2.2.4 Citizen Comment/“Appearances”. *Citizen Comment/“Appearances”. Members of the audience may comment on any matter. Comments are limited to three (3) minutes, except that for a person speaking on behalf of a group, comments are limited to five (5) minutes. The Mayor will announce these time periods at the commencement of Appearances. No speaker may convey or donate his or her time for speaking to another speaker. The Mayor may grant additional time for citizen comments. Persons addressing the Council will be requested to step up to the podium and give their name and address for the record.*

The Mercer Island City Council welcomes and encourages the public to come to Council meetings. The time dedicated for Appearances during the meeting is important as the Council values hearing from the public on agenda items and other issues of concern. Recently, there has been an increase in the number of speakers during Appearances, thus sometimes Regular Business has not started until well after 8:00 pm.

“While it is not mandatory, the agenda typically provides an opportunity for appropriate public participation. Citizens can be given the opportunity to address the council on other subjects of interest. Occasionally, city councils are criticized for limiting the time allotted for public comments during council meetings, but it should be remembered that the council meeting is a business meeting to conduct the city’s business and not a public forum. Limiting the public comment period is not a violation of the First Amendment. (This is not to be confused with a public hearing in which formal public comment is received on a particular issue.)”

From MRSC’s website

MEETING LENGTH:

The following rule was established in 2004 with the adoption of the City Council Rules of Procedure:

2.1.1 Regular Meetings.

...

Regular Council meetings will begin at the hour of 7:00 p.m., and will adjourn no later than 10:00 p.m. The Council may continue past this time of adjournment by a two-thirds (2/3) vote of the Council members in attendance at the meeting.

Regular Business agenda items that staff estimate should take 30-45 minutes (for presentation, questions, discussion and decision), are sometimes taking 60-90 minutes to complete. This results in meetings lasting until 11:00 pm or 12:00 am.

Ideally, Council meetings could be finished by 10:00 pm, three hours total. From 7:00-8:00 pm the Council can get through Call to Order, Roll Call, Appearances, and Consent Calendar. Then from 8:00-10:00 pm, the Council can focus its efforts on completing the Regular Business items and Councilmember Reports.

There will always be situations that will require the Council to have a longer meeting (e.g. public hearings, closed record hearings, hot topics, etc.), but instituting additional measures to shorten meetings can help reach the goal of a 10:00 pm adjournment.

Here are a few ways that Mercer Island City Council meetings have been streamlined:

- Limiting Appearances to 3 minutes for each speaker
- Approving housekeeping or previously discussed agenda items on the Consent Calendar
- Adding Minutes to the Consent Calendar
- Drafting detailed Agenda Bills for the Council to read in advance of the meeting
- Limiting staff presentations to a few minutes and/or a few PowerPoint slides
- Holding Executive Sessions before the Regular Meeting
- Requiring a motion to extend the meeting past 10:00 pm

These are a few possible options for further streamlining City Council meetings:

- Adding “Meeting Agenda Review and Approval” after Roll Call
- For Appearances
 - Require speakers to sign-up
 - Limit the overall time
 - Limit the number of speakers
 - Reduce the time allotted to each speaker
 - Reduce the time allotted to each speaker to 2 minutes if more than 10 people are signed up to speak
 - Limit to 3 speakers on each side of an issue
 - Ask audience to raise their hands if they agree with the speaker and only allow comments different from the first speaker
 - Encourage speakers with same opinion to say "I agree with previous comments"
 - Encourage speakers to consolidate efforts into one spokesperson
- Putting more items on Consent Calendar
- For Regular Business
 - Set two hours for Regular Business, items not started within the two hour period are moved to the next agenda
 - Schedule four or fewer Regular Business items at each meeting
 - Include an approximate starting time by each agenda item

12

**PARKING LOT
ISSUES**



MEMORANDUM

2016 City Council Planning Session

TO: City Council

FROM: Kirsten Taylor, Assistant City Manager

RE: Parking Lot Issues

COUNCIL DISCUSSION/QUESTION PRESENTED:

1. Determine if there is majority Council interest in addressing any of these issues in 2016.

BACKGROUND:

In preparation for the Council Planning Session, Councilmembers identify items of interest for further discussion or action that do not fit into the Planning Session agenda. Councilmembers may also identify issues during the Planning Session. These items are then placed in a "Parking Lot" list to be addressed before the end of the Planning Session. The agenda allows time for brief discussion of these items. This year staff is proposing a new system for addressing parking lot items. The items will be briefly introduced by the Councilmember(s) proposing them, and then assigned into one of five categories for further action, by majority interest of the Council:

1. 2016 Council Agenda Bill Item
2. 2016 Mini Planning Session Item
3. 2017-2018 Budget Process Item
4. Staff Memo Item
5. No Action in 2016

Exhibit 1 includes a list of items identified prior to the Council Planning Session. Additional items may also be added during the course of the Planning Session.

EXHIBITS:

1. Parking Lot Issues Identified Prior to Council Planning Session

2016 CITY COUNCIL PARKING LOT ISSUES

#	Item	Council Member	Next Step				
			Council AB	2016 Mini Planning Session	2017-18 Budget Process	Staff Memo	No Action in 2016
1	Economic development committee or office of economic development	Wendy, Jeff					
2	Revision to current policy permitting private parties to make street repairs (e.g. following new utility installations)	Dan					
3	Emergency operations command center policy/business continuity/emergency preparedness/drills	Wendy, Dan					
4	City supplied electronic devices (laptop, cell phone) for Council members	Wendy					
5	Thrift Store—Future operations/expansion status	Dan					
6	Council member communication with the public and related social media issues	Dave, Jeff					
7	Bollards post Camicia	Dan					
8	Improving Dashboard (report card)	Dave					
9	City sustainability action plan	Bruce					
10	Preliminary green building standards development	Bruce					
11	MICA update	Dan					
12	Maintenance Department performance audit	Dan					
13	Community Center subsidies	Dan					
14	Future funding of school counselors	Benson					
15	Town Center vision and code Council engagement	Dave, Jeff					
16	Financial recovery plan	Dave					
17	Sound Transit negotiation update	Jeff					
18	Drone regulations	Benson					