



# CITY OF MERCER ISLAND CITY COUNCIL MEETING AGENDA

**Saturday  
June 27, 2015  
8:30 AM**

**Mayor Bruce Bassett  
Deputy Mayor Dan Grausz  
Councilmembers Debbie Bertlin, Jane Brahm,  
Mike Cero, Terry Pottmeyer, and Benson Wong**  
Contact: 206.275.7793, [council@mercergov.org](mailto:council@mercergov.org)  
[www.mercergov.org/council](http://www.mercergov.org/council)

The Mini-Planning Session will be held in the Slater room at the Mercer Island Community & Event Center at 8236 SE 24<sup>th</sup> Street, Mercer Island, WA

## 2015 CITY COUNCIL MINI-PLANNING SESSION

### CALL TO ORDER & ROLL CALL

**8:30 AM**

### SPECIAL BUSINESS

*Times are approximate*

- |  |          |
|--|----------|
| (1) Recap of Council Work Plan and Progress to Date      | 8:35 am  |
| (2) Open Data Solution Briefing                          | 9:00 am  |
| (3) General Fund Forecast                                | 10:00 am |
| Break  | 10:45 am |
| (4) YFS Fund Forecast                                    | 11:00 am |
| (5) Deciding Use of Remaining Banked Capacity (\$88,370) | 11:30 am |
| Lunch  | 12:00 pm |
| (6) Selective Service Level Review Discussion            | 12:30 pm |
| (7) Comp Plan Update and Town Center Engagement Schedule | 1:45 pm  |
| Break  | 3:30 pm  |
| Mercer Island Center for the Arts Update                 | 3:45 pm  |
| Wrap Up  | 4:15 pm  |

### ADJOURNMENT

**4:30 PM**

## 2015 City Council Work Plan

	2015 PLANNED AGENDA ITEMS	STAFF LEAD
✓	<b>Legislative Agenda</b>	Taylor
✓	<b>Public Engagement Process for Town Center Visioning and Commuter Parking</b>	Taylor/Freeman
-----	<b>Town Center Visioning - Phase 1.5 and 2</b>	-----
✓	Town Center Construction Moratorium	Sand
✓	Public Engagement Plan for Town Center Visioning and Comprehensive Plan	Taylor/Freeman
-----	<b>Transportation Issues</b>	-----
○	Commuter Parking	Taylor
✓	Metro Bus Service (Commuter Shuttle Service)	Taylor
-----	<b>I-90 Issues</b>	-----
	WSDOT Tolling	Treat
○	WSDOT Update on R8A	Treat
○	Bus/Light Rail Transit (LRT) Intercept Plan/Sound Transit Loss of Mobility	Treat
-----	<b>Budget/Finance</b>	-----
○	Develop a selected service level review work plan that will identify scope of work and deliverables	Treat
□	Reserves 101 Study Session	Corder
□	New Fire Mini Pumper Lease Purchase	Corder/Heitman
-----	<b>Sustainability Work Plan</b>	-----
	Green building	Freeman/Cole
○	Solar array programs for city buildings	Freeman
□	Sustainability Sub-Committee work on 6-Year Sustainability Plan and Metrics	Freeman
○	Staff prepare info on paid intern/RCM for data entry and tracking	Freeman
-----	<b>Boil Water Advisory Follow-up Action Items</b>	-----
✓	Cross Connection Control Program & Ordinance Update	Lake/Schuck
✓	General update on what's been done to date, what's planned, and the goals	Boettcher
-----	<b>Development Services Group</b>	-----
✓	GMA 101 & Comp Plan 101 Study Session	Greenberg
○	Comprehensive Plan Update	Greenberg
	DSG Cost Recovery and Fee Study	Greenberg
	Coval Final Long Plat Conservation Easement	Sand
	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
	Code amendments streamline the process for upgrading existing wireless cellular facilities (WCFs) in residential areas	Greenberg
	Code amendments re: federal law changes for wireless cellular facilities (WCFs)	Greenberg/Sand
-----	<b>Parks &amp; Recreation</b>	-----
✓	Groveland Beach Dock Repair project scenarios (1. per budget, 2. reduced scope)	Fletcher
✓	<b>Fire Station 92 Project Updates</b>	Boettcher
□	<b>Police Field Fingerprinting Policy Addressing Civil Liberty Issues</b>	Holmes/Sand
✓	<b>Review of YFS Needs Assessment and Funding</b>	Goodwin
✓	<b>Mercer Island Library Renovation Project Status Report</b>	Taylor

✓ = Completed

□ = Scheduled for 2nd Half of 2015

○ = In Process

| = Will move to 2016/No longer relevant



# MEMORANDUM

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*2015 City Council Mini Planning Session*

**TO:** City Council

**FROM:** Chip Corder, Assistant City Manager/Finance Director

**RE:** Open Public Data & Financial Transparency Vendor Presentation

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**COUNCIL DISCUSSION/QUESTIONS PRESENTED:**

Does the Council see any significant value for themselves or Mercer Island residents in making the City's financial information (budget and actual) readily accessible through an open public data application?

**BACKGROUND:**

Mayor Bassett "teed up" this issue at the January 2015 Planning Session, and the Council directed the Finance Director to look into the cost and staff effort required to implement such a tool. To that end, a local vendor (Socrata) has been invited to provide a primer on financial transparency, to show what its Open Budget application can do, and to note the annual cost and staff effort required to implement Open Budget. This vendor presentation is intended as a preview of at least one open public data tool that we will be actively researching and evaluating in 2016-2017.

In the Puget Sound region, the City of Redmond and the Washington State Department of Enterprise Services have implemented Socrata's Open Budget, and the eGov Alliance, of which Mercer Island is a member, has begun looking at this application as well. In addition, the City of Bainbridge Island recently implemented OpenGov, which offers a competing product to Socrata (the Mayor showed a brief demo of OpenGov at the January 2015 Planning Session).



# MEMORANDUM

## *2015 City Council Mini Planning Session*

**TO:** City Council

**FROM:** Chip Corder, Assistant City Manager/Finance Director

**RE:** 2015-2020 General Fund Forecast

### **COUNCIL DISCUSSION/QUESTIONS PRESENTED:**

Does the Council agree with staff's recommendation to revisit the options for addressing the projected General Fund deficits at the January 2016 Planning Session and to engage the public during the first quarter of 2016?

### **BACKGROUND:**

At the January 2015 Planning Session, staff presented its 2015-2020 General Fund forecast to the Council, noting ongoing, projected deficits beginning in 2017. This forecast has been updated for the June 2015 Mini Planning Session (see Exhibit 1), with a \$982,000 deficit projected at the end of 2017 and a \$1,565,000 deficit projected at the end of 2018.

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 2017-2020, which are summarized in percentage growth terms in the table below.

<b>General Fund</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total Revenue Growth	4.4%	2.0%	3.0%	3.0%	3.0%	3.0%
Total Expenditure Growth	4.7%	3.8%	4.9%	4.9%	4.9%	5.0%
<b>Net Expenditure Growth Differential</b>	<b>0.3%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>2.0%</b>

For the period 2016-2020, the average net expenditure growth differential is 1.9% per year. In other words, total expenditures are projected to grow 1.9% more per year 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 19-23% of total budgeted revenues in the cities of Bellevue, Bothell, Issaquah, Kirkland, and Redmond. Per state law, the Council can increase the regular levy by only 1% per year, excluding the use of banked capacity. 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).

So, how has the City managed to balance the budget over the past 10+ years?

- High level of development activity in the Town Center in 2004-2007 and 2013-2015, resulting in spikes in construction-related sales tax and development fees;
- Low inflation in 2009-2014, which has kept cost growth down (especially wages);
- Parks M&O levy lid lift approved by Island voters in November 2008;
- Significant budget cuts in 2009-2012 due to the Great Recession; and
- New utility tax on the City's water, sewer, and storm water utilities beginning in 2013.

What can be done to address the projected deficits in 2017-2020? The options include the following:

- Reduce current service levels.
  - 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.
  - For a full service city, which typically includes police, fire & emergency medical services, parks & recreation, development services, and public works (i.e. street maintenance and water, sewer, and storm water utilities), Mercer Island has one of the lowest total number of employees per 1,000 population in the Seattle metropolitan area. This excludes the Youth & Family Services Department (15.5 FTEs), which no other city has except for Seattle.
  - 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)
    - Legal Assistant (0.5 FTE)
    - Right-of-Way Arborist (0.5 FTE)
    - Assistant City Attorney (0.25 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, thereby temporarily reducing or postponing the projected General Fund deficits.
- Adjust the City's compensation policy and practices regarding salaries and/or benefits.
  - 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 and that benefits have been consistently at or near the bottom of the market. Based on this information as well as concern about employee retention, the Council decided not to consider any changes to the City's compensation policy and practices.
- Conduct an organizational efficiency and effectiveness audit to determine if significant cost saving opportunities can be identified for specific City services.
  - At the January 2015 Planning Session, the Council discussed the idea of a selective service level review of one or more City departments, looking at how specific City services could be provided more efficiently, more effectively, and more inexpensively. The Council directed staff to bring back a specific proposal for Council consideration. This proposal will be presented to the Council at the June 2015 Mini Planning Session.
  - Generally speaking, such efforts do not result in staffing reductions or significant personnel cost savings—especially for organizations that are 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.
- Go to the voters in August or November 2016 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.
  - Because the City would provide administrative support to the park district, like it currently does to the Parks & Recreation Department, an interlocal agreement between the two governmental entities would need to be executed.
  - This option, including the ballot timing required to ensure an effective date of January 1, 2017, has not been fully researched by staff yet.
- Go to the voters with a property tax levy lid lift request in November 2016.
  - The City's 2015 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).
- November 2012 Fire Station & Fire Rescue Truck levy lid lift, which was approved for 9 years (2013-2021).
- Such a request could be tied to maintaining current service levels in Parks & Recreation, which represents the City's number 5 priority of government (along with Youth & Family Services). A Council decision to go this route would need to be made by March 2016. Then, a ballot measure ordinance would need to be approved by July 2016 and submitted to the King County Elections Office by August 2, 2016.

**RECOMMENDATION:**

Given the significant work items on the Council's 2015 workplan (i.e. Town Center Vision, Policies and Code Update and 2015 Comprehensive Plan Update), staff recommends the following process and timeline:

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

**EXHIBITS:**

1. 2015-2020 General Fund Forecast

## Exhibit I: 2015-2020 General Fund Forecast

Description	2015 Budget	2016 Budget	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
<b>RESOURCES:</b>						
Beginning Fund Balance	-	440,675	-	-	-	-
Property Tax	11,309,460	11,585,339	11,817,046	12,053,387	12,294,454	12,540,344
Utility Taxes	4,461,100	4,632,350	4,817,644	5,010,350	5,210,764	5,419,194
Sales Tax	3,487,000	3,731,000	3,917,550	4,113,428	4,319,099	4,535,054
Licenses & Permits	3,003,500	2,836,500	2,949,960	3,067,958	3,190,677	3,318,304
Recreation Programs & Rentals	1,632,331	1,644,095	1,693,418	1,744,220	1,796,547	1,850,443
EMS Revenues	1,231,735	1,262,507	1,287,757	1,313,512	1,339,783	1,366,578
Shared Revenues	511,500	449,600	449,600	449,600	449,600	449,600
Utility Overhead	424,977	440,193	457,801	476,113	495,157	514,964
Court Fines	400,000	400,000	400,000	400,000	400,000	400,000
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	3,100	3,100	3,410	3,751	4,126	4,539
<b>Total Resources</b>	<b>26,922,850</b>	<b>27,900,914</b>	<b>28,279,244</b>	<b>29,127,262</b>	<b>30,005,429</b>	<b>30,914,932</b>
<b>% Change (excluding beg. FB)</b>	<b>N/A</b>	<b>2.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>EXPENDITURES:</b>						
Salaries & Wages	14,475,403	15,083,617	15,837,798	16,629,688	17,461,172	18,334,231
Benefits	5,051,200	5,385,015	5,735,041	6,107,819	6,504,827	6,927,641
Contractual Services	1,777,923	1,700,681	1,751,701	1,804,252	1,858,380	1,914,131.45
Internal Service Charges	1,391,612	1,402,573	1,472,702	1,546,337	1,623,654	1,704,836
Intergovernmental	835,062	869,186	912,645	958,278	1,006,191	1,056,501
Supplies	699,539	718,464	740,018	762,218	785,085	808,638
Utilities	562,624	586,699	610,167	634,574	659,957	686,355
Insurance	446,020	467,433	490,805	515,345	541,112	568,168
Other Services & Charges	323,402	357,688	368,419	379,471	390,855	402,581
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	350,000	350,000	350,000	350,000	350,000	350,000
To Technology & Equipment Fund	302,000	302,000	302,000	302,000	302,000	302,000
To Water Fund	100,100	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	80,000	80,000	80,000	80,000	80,000
<b>Total Expenditures</b>	<b>26,703,657</b>	<b>27,723,092</b>	<b>29,082,375</b>	<b>30,513,040</b>	<b>32,018,941</b>	<b>33,604,148</b>
<b>% Change</b>	<b>N/A</b>	<b>3.8%</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.9%</b>	<b>5.0%</b>
<b>RESERVED RESOURCES:</b>						
Unallocated Banked Capacity	88,370	88,370	88,370	88,370	88,370	88,370
LEOFF I Long-Term Care	85,500	85,500	85,810	86,151	86,526	86,939
Net DSG Technology Fee	18,000	5,000	5,000	5,000	5,000	5,000
<b>Total Reserved Resources</b>	<b>191,870</b>	<b>178,870</b>	<b>179,180</b>	<b>179,521</b>	<b>179,896</b>	<b>180,309</b>
<b>Surplus (Deficit)</b>	<b>27,323</b>	<b>(1,048)</b>	<b>(982,311)</b>	<b>(1,565,299)</b>	<b>(2,193,408)</b>	<b>(2,869,525)</b>



## Exhibit I: 2015-2020 General Fund Forecast

<b>GROWTH ASSUMPTIONS:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Revenues:</b>				
Property Tax	1.02	1.02	1.02	1.02
<b>Utility Taxes</b>	<b>1.04</b>	<b>1.04</b>	<b>1.04</b>	<b>1.04</b>
<b>Sales Tax</b>	<b>1.05</b>	<b>1.05</b>	<b>1.05</b>	<b>1.05</b>
<b>Licenses &amp; Permits</b>	<b>1.04</b>	<b>1.04</b>	<b>1.04</b>	<b>1.04</b>
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	1.10	1.10	1.10	1.10
<b>Expenditures:</b>				
<b>Salaries &amp; Wages</b>	<b>1.05</b>	<b>1.05</b>	<b>1.05</b>	<b>1.05</b>
<b>Benefits</b>	<b>1.065</b>	<b>1.065</b>	<b>1.065</b>	<b>1.065</b>
Contractual Services	1.03	1.03	1.03	1.03
Internal Service Charges	1.05	1.05	1.05	1.05
Intergovernmental	1.05	1.05	1.05	1.05
Supplies	1.03	1.03	1.03	1.03
Utilities	1.04	1.04	1.04	1.04
Insurance	1.05	1.05	1.05	1.05
Other Services & Charges	1.03	1.03	1.03	1.03
Communications	1.00	1.00	1.00	1.00
Jail Costs	1.05	1.05	1.05	1.05
<b>Interfund Transfers:</b>				
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

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## *2015 City Council Mini Planning Session*

**TO:** City Council

**FROM:** Chip Corder, Assistant City Manager/Finance Director

**RE:** 2015-2020 YFS Fund Forecast

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### **COUNCIL DISCUSSION/QUESTIONS PRESENTED:**

Does the Council agree with staff's recommendation to:

- Distribute \$50,000 of the \$88,370 in unallocated banked capacity to the YFS Fund, thereby eliminating the projected deficit of \$100,000 at the end of 2016?
- Revisit the options for addressing the projected YFS Fund deficits at the January 2016 Planning Session and engage the public during the first quarter of 2016?

### **BACKGROUND:**

The YFS Fund has a projected deficit of \$100,000 at the end of 2016, \$361,000 at the end of 2017, and \$460,000 at the end of 2018 (see Exhibit 1). 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.
- 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.
- The projected deficit at the end of 2016 reflects the Council's decision (AB 5080, 6/1/15) to transfer \$120,184 of the 2014 General Fund surplus to the YFS Fund.
- The projected deficit at the end of 2017 increases to \$361,000, because: 1) 2017 represents the first full year of having the 4<sup>th</sup> elementary school counselor; and 2) the remaining available fund balance was used up in 2016.

- The projected deficit at the end of 2018 increases to \$460,000, because federal funding for the CTC program will cease at the end of 2017.

### **RECOMMENDATION:**

Staff recommends taking the following steps to address the projected YFS Fund deficits in 2016 and thereafter:

- Beginning in 2015, increase the General Fund's annual support of the YFS Fund from \$350,000 to \$400,000 by distributing \$50,000 of the \$88,370 in unallocated banked capacity to the YFS Fund. This would provide \$100,000 in new funding in 2015-2016, thereby eliminating the \$100,000 projected deficit at the end of 2016 (see Exhibit 2).
- The above step of adding \$50,000 per year in new funding for the YFS Fund would reduce the projected deficit at the end of 2017 from \$361,000 to \$311,000, which could be addressed in one of three ways:
  - **Option 1:** Reduce service levels. In 2017, a \$311,000 reduction equates to 11% of the YFS Department budget or almost 50% of the YFS school counseling program. The downside to this option is that it would not fully address the projected deficits in 2018-2020 (i.e. additional service cuts would be required).
  - **Option 2:** Amend the interlocal agreement with the School District to have them pay for a greater percentage of the school-based mental health counselors. Under the current agreement, the School District would pay \$60,000, or 9.5%, of the \$635,000 total estimated cost in 2017, which includes a fourth elementary school counselor. To completely erase the \$311,000 projected deficit in 2017, the School District would need to pay \$371,000, or almost 60%, of the total cost going forward (\$60,000 current contribution + \$311,000 additional contribution = \$371,000). Whether or not the School District would be able to absorb this additional cost within its annual operating levy is unclear. The downside to this option is that it would not fully address the projected deficits in 2018-2020 (i.e. the School District would need to pay more than 60% of the total cost).
  - **Option 3:** Submit a levy lid lift request to Island voters in November 2016 to bridge the ongoing, projected deficits beginning in 2017. This could be added to a General Fund levy lid lift request to maintain current service levels in Parks & Recreation, if the Council ultimately determines that a ballot measure in November 2016 is warranted. A Council decision to go this route would need to be made by March 2016. Then, a ballot measure ordinance would need to be approved by July 2016 and submitted to the King County Elections Office by August 2, 2016.
- Follow the same process and timeline recommended in the 2015-2020 General Fund Forecast memo (2015 City Council Mini Planning Session) given the significant work items on the Council's 2015 workplan (i.e. Town Center Vision, Policies and Code Update and 2015 Comprehensive Plan Update).

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

**EXHIBITS:**

1. 2015-2020 YFS Fund Forecast (Excluding Use of \$48,370 in Banked Capacity)
2. 2015-2020 YFS Fund Forecast (Including Use of \$48,370 in Banked Capacity)



**Exhibit I: 2015-2020 YFS Fund Forecast**  
**Excluding Use of \$50,000 in Banked Capacity in 2015**

Description	2015 Budget	2016 Budget	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
<b>RESOURCES:</b>						
Beginning Fund Balance	\$ 235,418	\$ 124,694				
KC Grant Revenue	36,000	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 (4% in 2016 & 3% in 2017-2020)	1,359,280	1,413,651	1,456,061	1,499,742	1,544,735	1,591,077
Program Fees & Donations	190,500	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	500	500	500	500	500	500
From General Fund	350,000	350,000	350,000	350,000	350,000	350,000
<b>Total Resources</b>	<b>\$ 2,511,698</b>	<b>\$ 2,455,345</b>	<b>\$ 2,374,966</b>	<b>\$ 2,295,571</b>	<b>\$ 2,342,507</b>	<b>\$ 2,390,812</b>
<b>% Change</b>	<b>N/A</b>	<b>-2.2%</b>	<b>-3.3%</b>	<b>-3.3%</b>	<b>2.0%</b>	<b>2.1%</b>
<b>EXPENDITURES:</b>						
Salaries & Wages	\$ 1,442,551	\$ 1,474,329	\$ 1,551,809	\$ 1,571,043	\$ 1,618,174	\$ 1,666,719
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	6,858	7,064	7,276	7,494
Interfund Transfers (Thrift Shop CIP)	63,000	46,000	60,000	60,000	60,000	60,000
<b>Total Expenditures</b>	<b>\$ 2,487,188</b>	<b>\$ 2,555,345</b>	<b>\$ 2,720,787</b>	<b>\$ 2,740,904</b>	<b>\$ 2,851,198</b>	<b>\$ 2,960,851</b>
<b>% Change</b>	<b>N/A</b>	<b>2.7%</b>	<b>6.5%</b>	<b>0.7%</b>	<b>4.0%</b>	<b>3.8%</b>
<b>Surplus (Deficit) Before Adjustments</b>	<b>\$ 24,510</b>	<b>\$ (100,000)</b>	<b>\$ (345,821)</b>	<b>\$ (445,333)</b>	<b>\$ (508,691)</b>	<b>\$ (570,040)</b>
Plus 2014 General Fund Surplus Distribution	120,184	-	-	-	-	-
Plus Use of Banked Capacity	-	-	-	-	-	-
Less Working Capital Build Up (\$75K)	(20,000)		(15,000)	(15,000)	(15,000)	(10,000)
<b>Surplus (Deficit) After Adjustments</b>	<b>\$ 124,694</b>	<b>\$ (100,000)</b>	<b>\$ (360,821)</b>	<b>\$ (460,333)</b>	<b>\$ (523,691)</b>	<b>\$ (580,040)</b>

School Counselors:	2015	2016	2017	2018	2019	2020
Salaries	359,442	399,908	445,156	458,510	472,266	486,434
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
<b>Total</b>	<b>509,085</b>	<b>561,855</b>	<b>635,158</b>	<b>661,712</b>	<b>689,587</b>	<b>718,861</b>

**EXPENDITURE ADJUSTMENTS**

**Inflationary Factors:**

Salaries	3.0%
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>

**Exhibit 2: 2015-2020 YFS Fund Forecast  
Including Use of \$50,000 in Banked Capacity in 2015**

Description	2015 Budget	2016 Budget	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
<b>RESOURCES:</b>						
Beginning Fund Balance	\$ 235,418	\$ 174,694				
KC Grant Revenue	36,000	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 (4% in 2016 & 3% in 2017-2020)	1,359,280	1,413,651	1,456,061	1,499,742	1,544,735	1,591,077
Program Fees & Donations	190,500	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	500	500	500	500	500	500
From General Fund	350,000	350,000	350,000	350,000	350,000	350,000
<b>Total Resources</b>	<b>\$ 2,511,698</b>	<b>\$ 2,505,345</b>	<b>\$ 2,374,966</b>	<b>\$ 2,295,571</b>	<b>\$ 2,342,507</b>	<b>\$ 2,390,812</b>
<b>% Change</b>	<b>N/A</b>	<b>-0.3%</b>	<b>-5.2%</b>	<b>-3.3%</b>	<b>2.0%</b>	<b>2.1%</b>
<b>EXPENDITURES:</b>						
Salaries & Wages	\$ 1,442,551	\$ 1,474,329	\$ 1,551,809	\$ 1,571,043	\$ 1,618,174	\$ 1,666,719
Benefits	579,511	627,246	687,971	722,179	772,731	826,823
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<b>% Change</b>	<b>N/A</b>	<b>2.7%</b>	<b>6.5%</b>	<b>0.7%</b>	<b>4.0%</b>	<b>3.8%</b>
<b>Surplus (Deficit) Before Adjustments</b>	<b>\$ 24,510</b>	<b>\$ (50,000)</b>	<b>\$ (345,821)</b>	<b>\$ (445,333)</b>	<b>\$ (508,691)</b>	<b>\$ (570,040)</b>
Plus 2014 General Fund Surplus Distribution	120,184	-	-	-	-	-
Plus Use of Banked Capacity	50,000	50,000	50,000	50,000	50,000	50,000
Less Working Capital Build Up (\$75K)	(20,000)		(15,000)	(15,000)	(15,000)	(10,000)
<b>Surplus (Deficit) After Adjustments</b>	<b>\$ 174,694</b>	<b>\$ -</b>	<b>\$ (310,821)</b>	<b>\$ (410,333)</b>	<b>\$ (473,691)</b>	<b>\$ (530,040)</b>

School Counselors:	2015	2016	2017	2018	2019	2020
Salaries	359,442	399,908	445,156	458,510	472,266	486,434
Benefits	147,443	159,747	187,748	200,890	214,952	229,999
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**EXPENDITURE ADJUSTMENTS**

**Inflationary Factors:**

Salaries	3.0%
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**Add 4th Elementary School Counselor in 2017 (Jan-Jun):**

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Total	<u>48,000</u>

**Back out CTC Program Costs in 2018:**

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Total	<u>79,563</u>



# MEMORANDUM

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## *2015 City Council Mini Planning Session*

**TO:** City Council

**FROM:** Chip Corder, Assistant City Manager/Finance Director

**RE:** Unallocated Banked Capacity Uses

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### **COUNCIL DISCUSSION/QUESTION PRESENTED:**

Does the Council agree with staff's recommendation to use:

- \$50,000 of the \$88,370 in unallocated banked capacity to address the projected YFS Fund deficits in 2016 and beyond?
- \$38,370 of the \$88,370 in unallocated banked capacity to fund the replacement of MICEC equipment, technology & furnishings?

### **BACKGROUND:**

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

Following are the City's most significant, ongoing funding needs:

- The **Youth & Family Services (YFS) Fund** has a projected deficit of \$100,000 at the end of 2016, \$361,000 at the end of 2017, and \$460,000 at the end of 2018.
  - These projected deficits include a 4<sup>th</sup> elementary school counselor beginning in September 2016.
  - The projected deficit at the end of 2016 reflects the Council's decision (AB 5080, 6/1/15) to transfer \$120,184 of the 2014 General Fund surplus to the YFS Fund.

- The **replacement of MICEC equipment, technology & furnishings** is only funded through 2015.
  - New, ongoing funding of \$40,000 per year, beginning in 2015, is needed to fund the projected replacement costs through at least 2029 (and possibly longer).
  - A sinking fund for the replacement of MICEC equipment, technology & furnishings was not created until 2011 (i.e. the 6<sup>th</sup> year of MICEC operations).
  - In 2011-2012, the annual sinking fund contribution was initially set at \$31,000 (funded by MICEC revenues).
  - In 2013-2014, the annual sinking fund contribution was increased from \$31,000 to \$42,500 (\$40,000 from MICEC revenues + \$2,500 annual contribution from Rotary Club).
  - With the exception of the Mercer Island Rotary Club, which receives a heavily discounted rate, staff does not believe that room rental rates can be adjusted upward beyond the cost of inflation.
  - One-time supplemental funding of \$100,000 will be needed in 2016 and periodically thereafter, if new, ongoing funding of \$40,000 per year is not approved in 2015.
- The **Contingency Fund** (the City's "Rainy Day" reserve) is currently funded at the 2013 target level.
  - The current funding practice, which is based on a one year lag, relies on General Fund surplus from the prior year and investment interest in the current year to reach the prior year's target level.
  - One-time funding of \$40,291 is needed to reach the 2014 target level in 2015.
  - New, ongoing funding of \$90,000-\$100,000 per year, beginning in 2015, is needed to fund this reserve at the appropriate target level each year.
- The **General Fund** has a projected deficit of \$982,000 at the end of 2017 and \$1,565,000 at the end of 2018.
  - This funding need is addressed in the 2015-2020 General Fund Forecast memo (2015 City Council Mini Planning Session).
- The **Capital Improvement Fund** has a projected deficit of \$279,000 at the end of 2017 and \$483,000 at the end of 2018.
- The **replacement of fire apparatus** is only funded through 2026.
  - New, ongoing funding of \$45,000 per year, beginning in 2015, is needed to fund the projected replacement costs through 2034 (i.e. the next 20 years).

**RECOMMENDATION:**

Staff recommends using the \$88,370 in unallocated banked capacity as follows:

- Use \$50,000 to address the projected YFS Fund deficits in 2016 and beyond.
  - This would provide \$100,000 in new funding in 2015-2016, thereby eliminating the \$100,000 projected YFS Fund deficit at the end of 2016.
  - The \$50,000 per year in new funding for the YFS Fund would reduce the projected deficit at the end of 2017 from \$361,000 to \$311,000. Three options for addressing this projected deficit are identified in the 2015-2020 YFS Fund Forecast memo (2015 City Council Mini Planning Session).
- Use \$38,370 to fund the replacement of MICEC equipment, technology & furnishings. To round this amount up to \$40,000, staff would increase the annual sinking fund contribution from the General Fund by \$1,630 beginning in 2015.



# MEMORANDUM

## *2015 City Council Mini Planning Session*

**TO:** City Council

**FROM:** Chip Corder, Assistant City Manager/Finance Director

**RE:** Selective Service Level Review Proposal

### **COUNCIL DISCUSSION/QUESTIONS PRESENTED:**

Does the Council agree with staff's recommendation to institute an organizational efficiency and effectiveness audit on a biennial cycle beginning in 2017, with the goal of reviewing all City departments over a 10 year period?

### **BACKGROUND:**

After reviewing the 2015-2020 General Fund forecast at the January 2015 Planning Session, the Council discussed the idea of a selective service level review of one or more City departments. Such a review represents an organizational efficiency and effectiveness audit, which is focused on determining if any significant cost saving opportunities exist for specific City services. The Council directed staff to bring back a specific proposal for Council consideration.

The primary objective of this audit would be to significantly reduce or eliminate, if possible, the projected General Fund deficits in 2017 and beyond. A summary level 2017-2020 General Fund forecast is presented below.

<b>General Fund</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total Resources	28.28M	29.13M	30.01M	30.91M
Total Expenditures	29.08M	30.51M	32.02M	33.60M
Less Reserved Resources	-0.18M	-0.18M	-0.18M	-0.18M
<b>Projected Surplus/Deficit</b>	<b>-0.98M</b>	<b>-1.56M</b>	<b>-2.19M</b>	<b>-2.87M</b>
<b>Deficit Increase vs. Prior Year</b>	<b>N/A</b>	<b>-0.58M</b>	<b>-0.63M</b>	<b>-0.68M</b>

In addition, the 2017-2020 revenue and expenditure projections are summarized in percentage growth terms in the following table.

<b>General Fund</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total Revenue Growth*	3.0%	3.0%	3.0%	3.0%
Total Expenditure Growth	4.9%	4.9%	4.9%	5.0%
<b>Net Expenditure Growth Differential</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>2.0%</b>

\* Excluding beginning fund balance.

The average net expenditure growth differential is 1.9% per year. In other words, total expenditures are projected to grow 1.9% more per year than total revenues. Even more concerning is the fact that this differential has an annual compounding effect.

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

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

**Forming a Regional Fire Authority**

Staff is currently assessing the feasibility and potential cost savings of consolidating all three fire departments into a separate governmental entity with its own levy and bond issuance authority. This assessment will likely continue into 2016. If the respective staff and Councils of Bellevue, Kirkland, and Mercer Island ultimately conclude that a RFA makes operational and financial sense, then a ballot measure would need to go to the voters of all three cities.

In theory, significant cost savings should be achievable, in terms of number of staff, firefighter overtime, administrative overhead, and number of fire apparatus (especially reserve units). However, there are complicating factors, such as whether or not LEOFF I retiree long-term care costs, pre-LEOFF I firefighter pension costs, and fire department-related debt service should be included in the RFA. Also, an agreement on an equitable levy calculation would need to be forged. For example, it would not be in Mercer Island’s interest to agree to a levy calculation that is based primarily on assessed valuation. Historical calls for service, fire loss experience, and multi-storied commercial properties requiring a ladder truck for fire suppression calls should factored into the levy calculation as well.

**Annual cost savings for Mercer Island taxpayers have not been determined yet, but it would likely be in the range of \$200,000-\$400,000, which equates to 3.33%-6.67% of the Fire Department’s average annual budget in 2015-2016.** The midpoint of this range is \$300,000,

which corresponds to 5.00%. This falls significantly short of the projected General Fund deficits in 2017-2020.

### **Converting YFS School Counselors to School District Employees**

Doing this would not improve the efficiency or effectiveness of providing mental health-based services in our public schools, nor would it save Mercer Island taxpayers any money. What it would do is eliminate \$635,000 from the YFS Fund budget in 2017, moving the full financial burden to the School District and erasing the projected YFS Fund deficits in 2017-2020.

**However, such a move would not result in a reduction in General Fund support of the YFS Department, which is currently budgeted at \$350,000 annually.** In addition, the Finance Director would still recommend distributing \$50,000 of the \$88,370 in unallocated banked capacity to ensure that the YFS Fund can be balanced through 2022.

### **Why Are There Not More Opportunities for Cost Savings?**

To help the Council understand why more department opportunities were not identified, a brief explanation is provided for each General Fund department:

- **Maintenance:** At the January 2015 Planning Session, the Maintenance Department was mentioned as a possible candidate, considering the value of the infrastructure it is responsible for maintaining and replacing. However, most of the Maintenance Department budget resides outside of the General Fund in the Street, Water, Sewer, and Storm Water Funds. The Department's average annual General Fund budget in 2015-2016 is \$1.65 million. It includes Right-of-Way (ROW) Maintenance (\$0.78 million), a proportionate share of Support Services (\$0.32 million), which is allocated to the Street, Water, Sewer, and Storm Water Funds as well, and Building Services (\$0.55 million). During the Great Recession, 2.5 FTEs were cut from ROW Maintenance and 1.0 FTE was cut from Building Services. To date, the only position that has been restored is the Facilities Maintenance Technician, which was approved by the Council as part of the 2015-2016 Adopted Budget. If there is an opportunity for greater efficiency and effectiveness, it rests with the implementation of a new maintenance management system in 2017.
- **Police:** The Department's average annual General Fund budget in 2015-2016 is \$6.06 million. It includes Patrol (\$2.91 million); Administration (\$1.01 million); Police Records, Property & Dispatch (\$0.69 million); Marine Patrol (\$0.49 million); Investigations (\$0.46 million); Jail/Other (\$0.29 million); and Emergency Management (\$0.21 million). During the Great Recession, a Police Records Clerk was reduced by 0.5 FTE, which has not been restored. Any attempt to reduce staffing further, especially patrol officers, would negatively impact overtime costs. A change in the patrol shift schedule (to a 12 hour shift) was implemented as an experiment in April 2014. Having been on this new schedule for over a year now, there has been a significant reduction in patrol overtime as well as an increase in the number of patrol officers on each shift, enhancing response capability. In the Finance Director's opinion, there is no significant opportunity for cost savings in the Police Department, which is very lean, highly productive, and frugal.

- Parks & Recreation:** The Department's average annual General Fund budget in 2015-2016 is \$4.77 million. It includes Parks Maintenance (\$1.65 million), MI Community & Event Center (\$1.18 million), Recreation & Special Programs (\$1.09 million), and Administration (\$0.85 million). The Parks Maintenance Team has a long standing history of figuring out more cost effective ways to maintain the City's parks. During the Great Recession, a Parks Maintenance Manager (1.0 FTE) was cut, which has not been restored. Approximately 66% of the MI Community & Event Center budget is funded by room rental and program fees. Since it opened in 2006, staff retention has been an ongoing challenge, requiring the City to increase the hourly wage for casual labor and to convert some casual labor positions to regular (i.e. benefited) employees. Approximately 55% of the Recreation & Special Programs budget is funded by recreation and program fees. These programs are adjusted regularly in response to customer demand or lack thereof. In the Finance Director's opinion, there is no significant opportunity for cost savings in the Parks & Recreation Department.
- DSG:** This department's staffing level is tied to development activity, which is currently very high. Development fees are set based on the City's cost recovery policy: 95% for eligible Building Services, 60% for eligible Planning Services, and 60% for eligible Engineering Services. All of the contract positions that were added to DSG in 2013-2014 and then extended in 2015-2016 are funded by development fees. Also, the Transportation Planner/Engineer position, which was cut back in 2011, was recently approved by the Council to be restored effective October 1, 2015 to address transportation planning, neighborhood traffic control, and traffic engineering needs, which are overwhelming current staff in the DSG and Maintenance Departments. In the Finance Director's opinion, there is no significant opportunity for cost savings in DSG.
- All other departments:** During the Great Recession, the Assistant City Attorney was reduced by 0.25 FTE, the Legal Assistant was reduced by 0.50 FTE, the Court Administrator was reduced by 0.50 FTE, and the Judge was reduced by 0.13 FTE. In terms of staff additions, the Council approved a full-time Deputy City Clerk (contract position) in 2011. In 2013-2014, the Deputy City Clerk was converted to a regular FTE, a full-time Computer Support Technician (1.0 FTE) was approved, and the Communications Coordinator (0.60 FTE) was expanded to include responsibility for Sustainability (0.40 FTE). Both the Deputy City Clerk and the Computer Support Technician were approved to address major workload concerns. In the Finance Director's opinion, there is no significant opportunity for cost savings in the City Manager's Office, City Attorney's Office, Human Resources, Finance, Information & Geographic Services, and Municipal Court, which collectively comprise 26.7 FTEs. All of these departments are very lean relative to other Eastside cities.

## **RECOMMENDATION:**

Achieving 1.9% in annual, ongoing cost savings is not possible without reductions in current service levels. Why not? Because the City is so leanly staffed already, as noted in the 2015-2020 General Fund Forecast memo. In addition, 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, thereby temporarily reducing or postponing the projected General Fund deficits.

Generally speaking, an organizational efficiency and effectiveness audit does not result in staffing reductions or significant personnel cost savings—especially when an organization is so leanly staffed. Rather, it helps 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.

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



# MEMORANDUM

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## *2015 City Council Planning Session*

**TO:** City Council

**FROM:** Scott Greenberg, Development Services Director

**RE:** 2015 Comprehensive Plan Update and Town Center Engagement Schedule

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### **COUNCIL DISCUSSION/QUESTION PRESENTED:**

1. Other than the three remaining items on Exhibit 1, what other issues would City Council like to discuss as part of the 2015 Comprehensive Plan update?
2. Is the proposed engagement plan for the Town Center visioning and code update acceptable?
3. Is the proposed schedule (Exhibit 2) acceptable, or should there be a revised schedule?

### **BACKGROUND:**

#### **2015 Comprehensive Plan Update:**

On May 4, 2015, City Council discussed the 2015 periodic Comprehensive Plan update. Prior to the May 4, 2015 meeting, Councilmembers posed some issues for discussion, which were partially addressed during the meeting. See highlighted rows on Exhibit 1. Due to time constraints, discussion of three issues were delayed to a future date. The proposed review schedule shows Council discussion of item 1 (population growth) as part of the Housing Element on July 20, item 5 (Town Center purpose) as part of the Town Center briefing on September 8 and item 7 (transportation level of service) as part of the Transportation Element on Sept. 21 (see Exhibit 2).

The State-mandated deadline for adopting the periodic Comprehensive Plan update is June 30, 2015. On June 1, 2015, the City Council passed Resolution 1500, delaying adoption of the periodic Comprehensive Plan update to coincide with completion of work on the Town Center visioning and code revision project. The proposed schedule shows adoption of the Comprehensive Plan update and Town Center code revisions occurring on November 16.

#### **Town Center Visioning Schedule:**

Over the past few weeks, Councilmembers and staff have heard concerns from the public and some members of the Town Center Stakeholder and Liaison Groups regarding the current Town Center visioning process. The City Council's Town Center Subcommittee met on June 18, 2015

to discuss process concerns and changes to the proposed Phase 3 plan (see below). Additional details will be provided to Council prior to the mini planning session.

CONCERN	PROPOSED SOLUTION	TIMING
Need to better communicate work done to date	Issue interim report describing work to date and summarizing process to date (February through May)	Complete review draft by date TBD
Need for better communication with Council and public	<ul style="list-style-type: none"> <li>• Reallocate staff resources to provide faster dissemination of information.</li> <li>• Redesign website to be more user-friendly.</li> <li>• Hire strategic communication consultant/professional facilitator</li> </ul>	<ul style="list-style-type: none"> <li>• Underway</li> <li>• By July 13</li> <li>• By July 6</li> </ul>
Process improvement needed	Discuss process improvements with Councilmembers and TCLG members. Coordinate with communication consultant.	By July 13
Deliverables and deadlines unclear	Prepare detailed schedule with tasks, milestones, deliverables and deadlines	By July 6
Councilmembers not receiving timely updates	Provide updates in City Manager’s Report and at Council meetings	Underway

**SUMMARY:**

Staff is requesting Council discussion and direction on:

1. 2015 Comprehensive Plan Update issues for future discussion;
2. The Town Center engagement plan above; and
3. Master Schedule: DSG Long-Range Planning Projects.

**EXHIBITS:**

1. 2015 Comp Plan Update - Council Issues
2. Proposed Schedule (Master Schedule: DSG Long-Range Planning Projects)

## I. DISCUSSION TOPICS

Topic	City Council Direction to Staff
<p>1. <u>Population Growth</u>: Goal 1.6 under Action Plan at Page 50. What are implications of accepting population growth to 25,200 persons by 2030? Should we adopt as part of our CP a statement that the City can no longer plan for continuous population growth increases due to our geography. The second sentence (dealing with build out by 2035) is important and we need to understand what it means, whether it is correct, how other cities have dealt with this, what our options are for dealing with this.</p>	<p><i>This topic will be discussed by Council at a future date.</i></p>
<p>2. <u>Affordable Housing</u>: Page 56 - Housing Element Introduction and Growth Management Act Discussion. Do we want to continue to include in our CP an expressed desire to promote affordable housing on Mercer Island?</p>	<ul style="list-style-type: none"> <li>• Look at the Countywide Planning Policies about affordable housing.</li> <li>• Keep in the Comprehensive Plan a desire to promote affordable housing.</li> </ul>
<p>3. <u>Residential Zoning Outside Town Center</u>: Goal 7 – Land Use Policies Outside the Town Center at page 46 raises this issue as well as discussion of demonstration projects/cottage housing at Pages 70 and 76. CP assumes that most growth will occur in Town Center but we still have many lots in single family zones that are larger than minimum required and could be combined and/or subdivided to create additional buildable lots. We also have some citizens who would prefer we permit denser housing in single family zones. Conflicting goals of smaller/more affordable/diverse housing in Single Family Zones versus less housing units through increasing lot sizes in order to control future population growth. Also there is the issue of allowing houses that are too large on smaller lots (First Hill issue).</p>	<ul style="list-style-type: none"> <li>• Tighten up the existing regulations to address the “low hanging fruit” concerning residential development such as potentially eliminating fence height and impervious surface deviations.</li> <li>• Keep the proposed language for a potential demonstration project in the Housing Element (Policy 3.11).</li> <li>• Consider a policy that would encourage development to better reflect existing lot size rather than what might be allowed under a specific zoning designation.</li> </ul>
<p>4. <u>Historical Homes</u>: do we want to include language recognizing architecturally or historically significant</p>	<p><i>Incentivize people to keep the house they have.</i></p>

<p>homes on the Island, and encouraging that they be remodeled rather than torn down by creating incentive to do so.</p>	<p><i>This topic will be discussed by Council at a future date.</i></p>
<p>5. <u>Town Center Purpose – Economic Development:</u> Goal 6 – Economic Development Policies at Page 45 raises issue of whether Town Center should have as one of its purposes to draw consumers from other areas of Puget Sound.</p>	<p><i>The City should consider a policy regarding the implementation of impact fees so that growth pays for growth.</i></p>
<p>6. <u>Impact Fees for Schools/Parks/Transportation:</u> should we refer to this in CP and, if so, should we include a policy that avoids these adversely impacting affordable housing development.</p> <p>7. <u>Level of Service:</u> do we want to go to a LOS D standard at some or all intersections.</p> <ul style="list-style-type: none"> <li>• What is the significance of going to LOS D and what does it mean to drivers.</li> <li>• Which intersections now operate at LOS D or lower?</li> <li>• What keeping LOS C permit us to charge higher impact fees?</li> <li>• Can we state that LOS C remains our aspirational goal but LOS D would be acceptable when necessary?</li> <li>• If Section 10.3 is intended to give the City some flexibility if the LOS standard cannot be maintained, why not keep Sect. 10.1 at LOS C? Otherwise, 10.3 would seem to give us an excuse to go to LOS E in some areas?</li> </ul>	<p><i>This topic will be discussed by Council at a future date.</i></p>

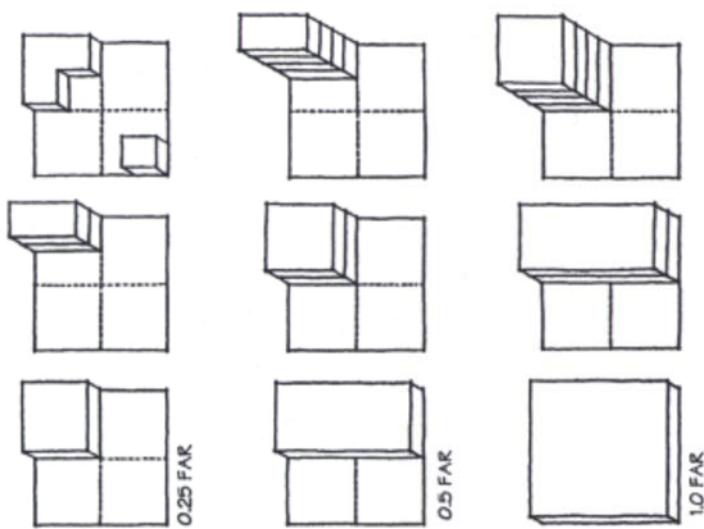
**II. QUESTIONS FOR STAFF TO ANSWER DURING PRESENTATION**

**A. GENERAL.**

Location	Issue	Comments
Page 24- Population	The sentence starting out with "Mercer Islanders..." is incorrect. 23,310 is an estimate by the Office of Financial Management. PSRC has not produced estimate since 2010.	<ul style="list-style-type: none"> <li>• 23,310 is an estimate forecasted by OFM: <a href="#">OFM Forecast - Page 3</a></li> <li>• The PSRC estimates are based on data from 2013. The actual projection for 2030 is 25,243: <a href="#">PSRC Forecast - Page 79</a></li> </ul>
	Do we need a "rural element" in our CP to comply with GMA requirements?	<ul style="list-style-type: none"> <li>• Pursuant to RCW 36.70A.070(5), "Counties shall include a rural element..." Rural elements are not required for cities that are required to plan.</li> <li>• Also, per RCW 36.70A.030(16), "Rural development" refers to development outside the urban growth area and outside agricultural, forest, and mineral resource lands designated pursuant to RCW 36.70A.170." Mercer Island is within King County's Urban Growth Area Boundary: <a href="#">UGA Boundary</a></li> </ul>
	Is there any advantage to including/excluding "optional elements" such as "economic development?"	Land Use Goal 4 contains the City's economic development policies. The commercial area within the City is relatively small. The City could add more economic development policies into the Land Use Element without creating a specific Economic Development Element.

**B. LAND USE ELEMENT**

Location	Issue	Comments
Page 32- New text	Why is "sustainability" discussion included in Land Use element	"Sustainability" is used throughout the Comprehensive Plan.
Page 33- Table 1	Meaning and calculation of Total FAR. Also, can data in this table be updated as they now reflect 2004 information	<ul style="list-style-type: none"> <li>• FAR is an acronym for "floor area ratio." It's a calculation of the gross floor area of a building relative to its net site area. The net site area excludes rights-of-way, critical areas, and land used for public purposes.</li> </ul>

		 <p style="text-align: center;"><b>Examples of floor area ratios</b></p>
Page 34-2 <sup>nd</sup> para	Is it still true that 95% of residential land is developed	<ul style="list-style-type: none"> <li>Staff has updated the information in this table.</li> </ul> <p>The Comprehensive Plan states that approximately 95% of land is developed, which intends to illustrate that Mercer Island is built out. This is likely slightly higher than 95%. However, it is an approximation intended to illustrate the built out status of the Island.</p>
Page 34-3 <sup>rd</sup> para	How much additional capacity do we have from larger lots that can still be subdivided	Staff is presently working on this request. The information will be provided to Council as soon as it is available.
Page 35-1 <sup>st</sup> para	Should Shorewood reference be updated to reflect proposed expansion	No. Shorewood has submitted for land use permits, but they are not vested, as they have not applied for building permits.
Page 36	How does one compute job capacity	After determining which parcels are either redevelopable (based on improvement to land value ratio of 0.5 or less) or vacant, the total net area of the parcels is calculated for each zone that allows commercial uses. For the Town Center, 19.44 acres were determined to be

		<p>redevelopable. No vacant land was included. A market factor of 20% was removed leaving 15.55 redevelopable acres. Based on previous developments, it was determined that 49% of the redevelopable land in the Town Center is usually used for commercial purposes. This leaves 7.62 acres for commercial development. The net land area is multiplied by the assumed future FAR, which is 2.66, based on building area/het lot area in the Town Center for developments constructed between 2006 through 2011. The FAR is multiplied by the land with commercial capacity for a total commercial capacity of 20.27 acres (882,926 sq. ft.). Existing floor area on parcels determined to be redevelopable is subtracted out so that those jobs are not counted twice. 16.83 acres or 733,050 sq. ft. remain. 400 sq. ft. per employee for the new floor area is assumed. 733,050/400 = an employment capacity of 1832.62 in the Town Center. This is added to the additional capacity in the pipeline of 66.96 jobs for a total of 1899.58 jobs.</p>
<p>Page 37-4<sup>th</sup> para</p>	<p>What is basis for saying that 614 new housing units could be accommodated in Single Family zones (vacant lots, ADUs, subdividing?)</p>	<p>This takes into consideration vacant parcels and those properties that can be subdivided in Single Family zones. It is based on achieved densities from subdivisions and permits issued for net new units from 2006 through 2011. The building permits issued for net new units include ADUs, so ADUs factor into the achieved density that informs future capacity.</p>
<p>Page 37-4<sup>th</sup> para</p>	<p>Explain methodology for computing 1,247 additional units in Town Center</p>	<p>Housing capacity in the Town Center, like with single family residential capacity, is based on achieved residential density in the Town Center from 2006 through 2011. The achieved density is 99.16 dwelling units/acre. Approximately 19.44 net acres (excluding public right-of-way) of the Town Center were determined to be redevelopable. A market factor of 20% was excluded, so 15.55 acres remained. Based on previous developments, 51% of that area would likely be residential. The rest would be comprised of other uses. This left 7.93 redevelopable acres. Using the achieved density of 99.16 dwelling units per acre, the housing capacity was assumed to be 786.49 units. Added to that capacity were the 461 units "in the pipeline" in the Town Center at the end of 2011. Pipeline projects are those where the permitting process has commenced, and permits may have been issued, but permits have not finalized. Therefore, the total housing capacity in the Town Center was calculated to be 1247 units (786.49+461).</p>



<p>Page 37-5<sup>th</sup> para</p>	<p>Explain what “improvement to land value ratio of 0.5 or less” means and how it is calculated</p>	<p>Staff looked at the King County property report for parcels in the Town Center. The 2011 Tax Year “Appraised Improvements Value” was divided by the “Appraised Land Value” to come up with a ratio of improvements to land value. For example, the 2011 ratio for the Walgreens property is 0.07 (498,000/6,821,400), which would classify it as redevelopable. To contrast, the Mercer’s ratio is 4.24 (29,590,000/6,964,000). This is a continuation of the threshold used for Mercer Island in previous Buildable Lands reports. This methodology is also consistent with that used for Buildable Lands by other jurisdictions within King County for determining redevelopable parcels.</p>
<p>Page 38</p>	<p>Are the housing and population forecast numbers a more accurate projection than the numbers allocated to Mercer Island by the Growth Management Policy Council in 2009? What is the significance of the fact that the PSRC numbers are lower than the GMPC numbers, if any? Can the lower PSRC numbers be used by the City in 2017 as part of the discussion with the GMPC when it reviews the allocation of housing units that the Island should take?</p>	<ul style="list-style-type: none"> <li>• One set of numbers is not necessarily more accurate than the other. The housing and population forecast numbers provided differ in sources, methodologies, and forecasting horizons.</li> <li>• There is no significance in the PSRC numbers being lower than the GMPC numbers. The PSRC numbers were projected using UrbanSim modeling software.</li> <li>• The PSRC numbers could potentially be used by the City in 2017 in discussions with the GMPC to support reduced housing targets.</li> </ul>
<p>Page 40-Table 4</p>	<p>Is this the current forecast for the build out at the future dates and the actual build out for 2010? Reconcile the numbers in the table with the 1300 additional units we’ve previously discussed. Multi-family shows a very small increase from 2236 to 2261, yet that’s where we’ve said the growth will occur.</p>	<ul style="list-style-type: none"> <li>• The first row of the table is actual data from the 2010 census, except for ADUs, which was the actual number in 2010 according to City records.</li> <li>• The 1,300 units cannot be reconciled due to the differences in the numbers discussed above.</li> <li>• The forecasted multi-family numbers are from PSRC’s UrbanSim model and do not accurately reflect expected growth.</li> </ul>
<p>Page 40-Table 4</p>	<p>The housing forecast is 50% different than the population forecast based upon household size.</p>	<p>The figures were provided by either the PSRC or the Census. They’re not from the City.</p>

Page 40-Notes	Why delete Notes 2-4	The notes are being deleted because they no longer apply. Staff previously calculated the figures in the table. However, the proposed figures were determined using the PSRC's UrbanSim software.
Page 41-1 <sup>st</sup> para	Seems outdated – strip malls no longer constitute the main message	The following text revision was made: Consequently, the Town Center consists of <del>principally</del> <u>many</u> one story strip centers, surrounded by vast parking lots
Page 41-2 <sup>nd</sup> para	Does not reflect last 10 years of growth	The entire section was deleted and renumbered.
Page 50-para 1.6	The second sentence (dealing with build out by 2035) is important and we need to understand what it means, whether it is correct, how other cities have dealt with this, what our options are for dealing with this.	This will be addressed as part of the Council's future discussion topics.
Page 51	What changes were made in new Land Use Plan	No changes were made. A mistake in the designation of Mercedale Park was corrected.

### C. HOUSING ELEMENT

Location	Issue	Comments
Page 77-Para 3.18	What are "Universal Design Improvements"	This is a term found in the Housing Element of the City of Sammamish's Housing Element that deals with accessibility. It is defined as "a broad spectrum of ideas meant to produce products, buildings, or other built environments that are usable to the greatest extent possible by everyone, regardless of their age, ability, or status in life. Wheelchair ramps, essential for people in wheelchairs but also used by all, are a common example. There are also cabinets with pull-out shelves, kitchen counters at several heights to accommodate different tasks and postures, and low floor buses that "kneel" (bring their front end to ground level, rather than on-board lifts).
Page 87-Para 2.6	What is "compact development"	Compact development is the type of development that you would see in the Town Center that includes higher density, multi-story, mixed-use projects with good access to transit.
Page 90-Para 6.4	Why "six years"	Six years is specified regarding concurrency in the Growth Management Act as the period of time a development has to meet the specified level of service.

**D. TRANSPORTATION ELEMENT**

<b>Location</b>	<b>Issue</b>	<b>Comments</b>
Page 115-2 <sup>nd</sup> para	Why include any reference to I-90 tolling	Both references to I-90 tolling in the Transportation Element have been removed.
Page 125-3 <sup>rd</sup> para	What is the meaning of "Combined the City anticipates approximately \$2.3 million to \$2.6 million in annual revenues.	The figures provided add up to \$2.3 million. However, a range was given to anticipate likely increases in real estate excise taxes and/or the gas tax.

**III. OMITTED ITEMS – OUTSIDE SCOPE OF TONIGHT’S DISCUSSION**

<b>Issue</b>	<b>Description</b>
Closure of Center Roadway	While not directly part of the Comp Plan, the closure of the center lanes that are currently scheduled in 2017 should impact the traffic flow on the Island. This impact was never specifically addressed (at least I did not see it). Can Noel and/or Scott state what is the status of the lane closure and also state to the best of our knowledge why closure has to begin in 2017 and not later. I think we all want to better understand the construction schedule to see if it can be adjusted with the least adverse impact on the Island without jeopardizing the 2023 target date. Whether we want to retain our own experts to review the ST/Metro explanation would be a different issue.
Bus Intercept	Page 84 says that the Transportation Element must be consistent with the Land Use Element that discusses housing and economic growth. Does the Transportation Element take into consideration the possible impact due to the bus intercept proposal? If not, won't that proposal have an impact?

**IV. STYLE/TYPO COMMENTS – FOR STAFF REFERENCE ONLY AND NOT FOR COUNCIL DISCUSSION**

<b>Location</b>	<b>Issue</b>	<b>Comments</b>
General	Should GMA goals be shown at the beginning of each CP element	There are many goals that inform the Comprehensive Plan from GMA, Vision 2040 and the Countywide Planning Policies. A reference to these documents will be added to the Introduction chapter.
Grammar-Page 20	"Mercer Islanders expect from their"	Per Council's direction, this correction was made.

Page 23- Housing	Should not delete “diversity” references as that is part of later discussion in Housing Element	“Diversity” references have been added back into the text.
Page 27- Citizen Participation	Should reference current Visioning process	<i>The following text was added, but will be updated as needed to reflect final timing of decisions for the Town Center work:</i>  <u>Concurrent to the Comprehensive Plan update, the City is conducting a Town Center Visioning process to assess growth in the Town Center’s and prepare new design objectives and standards. Public involvement throughout the Town Center Visioning process has incorporated the efforts of a citizen stakeholder group, as well as a liaison group of both Councilmembers and Commissioners. Public input meetings were also held to encourage participation from residents.</u>  <i>Per Council’s direction, this correction was made.</i>
Grammar- Page 31	‘was’ should be ‘were’ in last paragraph	
Page 31-Last Paragraph	Come up with wording other than “are now bearing fruit” as people can disagree as to what that means.	<i>The following changes have been made to the text:</i>  <i>The effects of the City’s efforts to focus growth and revitalize the Town Center through targeted capital improvements, development incentives and design standards to foster high quality development are now <del>bearing fruit</del> materializing.</i>
Page 38	Conflict between 2035 housing target goal of 2,320 new units at 2.54 people/household = 5,893 people compared to a population growth estimate of 2,501 additional population growth by 2030. Note: Switching between 2030 (population) and 2035 (housing) makes comparisons difficult to follow.	<i>The King County Countywide Planning Policies establish the housing target goal via the King County Growth Management Planning Council (GPMC). The Housing and Population Forecast was generated by the PSRC using the UrbanSim land use model. Unfortunately, they each use different methodologies and forecast horizons, so their figures will not be the same.</i>
Page 38- Added Text at End: Suggested Rewrite	Planning staff predict that PSRC’s multifamily unit growth estimates for the period through 2030 are likely to be surpassed as early as 2020. This prediction is based on the established pattern of larger, mixed use developments adding 100-200 units at a time to the City’s multifamily housing supply and projects that	<i>The existing text has been replaced by the proposed text.</i>

	are now in the development pipeline.	
Page 40- Table 4	Suggest doing separate tables for actuals and forecasts and to also specify when forecast was made and the period it applies to	<i>This suggestion has been noted.</i>
Page 41-Para 1 of Outside Town Center	Delete "a relatively small amount of" as people can argue as to whether 6% growth is or is not relatively small for MI. No need to characterize this.	<i>This has been deleted.</i>
Page 44- Goals 3-5	Note that these will need to be reviewed after Visioning Process is completed	<i>The following text has been added: <u>The Town Center focus areas may be revised after completion of the 2015 Town Center Visioning process.</u></i>
Page 58-5 <sup>th</sup> and 6 <sup>th</sup> paras	Reading paragraphs together suggests that 2014 Buildable Lands Report is outdated. Wouldn't it make sense to have one number that reflects current situation? Add "lifestyle choice" to affordability.	<i>Staff moved paragraph 6 up to paragraph 4 so that the order reads more clearly.</i>
Page 66 – Para 3		<i>The text was modified as follows: An accessory unit built into an existing home can provide a separate living unit that provides additional income to the home owner as well as more affordable living or <u>variety in lifestyle choice</u> for renters.</i>
Page 73 – Para 4	Change "young Mercer Islanders" to "young adults."	<i>The text was modified as follows: ... young <del>Mercer Islanders</del>adults wishing to begin home ownership in the community where they grew up.</i>
Page 90-Para 6.5	May need to be adjusted if we adopt Impact Fees	<i>This comment is noted and will be revisited if Impact Fees are adopted.</i>
Page 125-3 <sup>rd</sup> para	Modify to reflect that TBD has been formed.	<i>The text has been modified as follows: In 2014, the City is <del>considering</del><u>established</u> a Transportation Benefit District that <del>will</del> added a \$20 per vehicle fee to provide an estimated \$350,000 annually to support transportation needs.</i>

**MASTER SCHEDULE: DSG LONG-RANGE PLANNING PROJECTS**

<b>DATE</b>		<b>MEETING</b>
<b>TC</b>	To be determined	Additional Stakeholder Group, TCLG and public input meetings to be scheduled
<b>TC</b>	Monday, July 6 (7:00 pm) Council Chambers	City Council Meeting: Consultant Contracts for Phase 3
<b>IF</b>	Wednesday, July 15 (7:00 pm) Council Chambers	Planning Commission Public Hearing and Recommendation: School Impact Fees
<b>CP</b>	Monday, July 20 (7:00 pm) Council Chambers	City Council Meeting: Comprehensive Plan Housing Element
<b>IF</b>	Monday, July 20 (7:00 pm) Council Chambers	City Council Meeting: Report on Parks Impact Fees
<b>CP</b>	Monday, August 3 (7:00 pm) Council Chambers	City Council Meeting: Comprehensive Plan Land Use Element
<b>IF</b>	Monday, August 3 (7:00 pm) Council Chambers	City Council Meeting: Report on Transportation Impact Fees
<b>IF</b>	Monday, August 3 (7:00 pm) Council Chambers	City Council Meeting: School Impact Fees (1 <sup>st</sup> Reading)
<b>TC</b>	Thur. August 6 (5:30 – 8:30 pm) MICEC Mercer Room	Town Center Stakeholder Group Meeting (agenda to be determined)
<b>TC</b>	Week of August 24 (5:00-7:00 pm) Council Chambers and Lobby	Open House <ul style="list-style-type: none"> <li>To provide information on proposed Town Center Vision, Policy and Code revision</li> </ul>
<b>TC</b>	Tuesday, September 8 (4:00-6:00 pm) Council Chambers and Lobby	Open House <ul style="list-style-type: none"> <li>To provide information on proposed Town Center Vision, Policy and Code revision</li> </ul>
<b>TC</b>	Tuesday, September 8 (6:00-7:00 pm) Council Chambers	Report to City Council (Study Session) <ul style="list-style-type: none"> <li>Briefing on proposed Town Center Vision, Policy and Code revision</li> </ul>
<b>CP</b>	Tuesday, September 8 (7:00 pm) Council Chambers	City Council Meeting: Comprehensive Plan Capital Facilities and Utilities Elements
<b>IF</b>	Tuesday, September 8 (7:00 pm) Council Chambers	City Council Meeting: School Impact Fees (2 <sup>nd</sup> Reading)
<b>TC</b>	Wednesday, September 16 (7:00 pm) Council Chambers	Planning Commission/Design Commission Meeting: Town Center Vision, Policies and Code Revisions

**MASTER SCHEDULE: DSG LONG-RANGE PLANNING PROJECTS**

<b>DATE</b>		<b>MEETING</b>
<b>CP</b>	Monday, September 21 (7:00 pm) Council Chambers	City Council Meeting: Comprehensive Plan Transportation Element
<b>TC</b>	Wednesday, September 23 (7:00 pm) Council Chambers	Planning Commission/Design Commission Meeting: Town Center Vision, Policies and Code Revisions
<b>TC</b>	Wednesday, September 30 (7:00 pm) Council Chambers	Planning Commission/Design Commission Public Hearing: Town Center Vision, Policies and Code Revisions
<b>IF</b>	Monday, October 5 (7:00 pm) Council Chambers	City Council Meeting: Report on Rate Studies for Transportation and Parks Impact Fees
<b>TC</b>	Wednesday, October 7 (7:00 pm) Council Chambers	Planning Commission/Design Commission Meeting: Town Center Vision, Policies and Code Revisions
<b>TC</b>	Monday, October 19 (7:00 pm) Council Chambers	City Council Meeting: Town Center Vision, Policies and Code Revisions
<b>IF</b>	Wednesday, October 21 (7:00 pm) Council Chambers	Planning Commission Public Hearing: Transportation and Parks Impact Fees
<b>TC</b>	Monday, November 2 (7:00 pm) Council Chambers	City Council Meeting: Town Center Code Revisions (1 <sup>st</sup> Reading)
<b>CP</b>	Monday, November 2 (7:00 pm) Council Chambers	City Council Meeting: Comprehensive Plan Update (1 <sup>st</sup> Reading)
<b>IF</b>	Wednesday, November 4 (7:00 pm) Council Chambers	Planning Commission Recommendation: Transportation and Parks Impact Fees
<b>TC</b>	Monday, November 16 (7:00 pm) Council Chambers	City Council Meeting: Town Center Code Revisions (2 <sup>nd</sup> Reading)
<b>CP</b>	Monday, November 16 (7:00 pm) Council Chambers	City Council Meeting: Comprehensive Plan Update (2 <sup>nd</sup> Reading)
<b>IF</b>	Monday, November 16 (7:00 pm) Council Chambers	City Council Meeting: <ul style="list-style-type: none"> <li>• Transportation Impact Fees (1<sup>st</sup> Reading)</li> <li>• Parks Impact Fees (1<sup>st</sup> Reading)</li> </ul>
<b>IF</b>	Monday, December 7 (7:00 pm) Council Chambers	City Council Meeting: <ul style="list-style-type: none"> <li>• Transportation Impact Fees (2<sup>nd</sup> Reading)</li> <li>• Parks Impact Fees (2<sup>nd</sup> Reading)</li> </ul>



# TOWN CENTER

## Development & Design Guideline Update

### PHASE 3 PLAN

1. Interim Report: Seth Harry and staff will prepare an Interim Report summarizing what has been done so far with respect to contemplated changes to the Development Code. This would be similar to the Report that he would have presented to the Council at the June 1st meeting. The Report is not intended to represent final proposals but instead will provide the Council, Town Center Stakeholder Group (TCSG), Town Center Liaison Group (TCLG) and public with a specific list of changes that can be further refined during the remainder of the community engagement period. Consideration should be given to using the comparison table of current code requirements and proposed changes reviewed by the TCSG on May 5, 2015 as the starting point for, or a key part of, the Report. TCLG and Council Town Center Subcommittee will review the draft Interim Report before it is finalized by providing written or verbal comments. Stakeholder Group comments on the Interim report (after July 31) will be compiled and provided to the City Council, and will be considered as part of the Phase 3 work.

Draft report due to TCLG and Subcommittee	July 9
Comments due to staff for compilation	July 16
Final report due to TCLG and Subcommittee	July 23
Comments due to staff	July 28
Final report issued to community	July 31

2. Vision Statement: City staff will complete work on a draft Vision Statement based on prior TCSG and public input. The draft will be circulated by email to TCSG and TCLG for comments after which any required additional editing will be undertaken by City staff.

Draft vision sent to TCSG and TCLG for review and comment	June 30
Comments due to staff for compilation	July 7
Draft vision added to interim report	July 9

3. Public Survey: City staff will discuss with Ian Stewart of EMC Research on how best to devise a reliable and statistically valid community survey. The preliminary thinking would be to design the survey around the Interim Report and draft vision to determine community reaction to the recommendations. Until this is discussed further with Ian, it is not possible to say whether a survey will be feasible. There was no interest in conducting a survey unless it was statistically valid. Timing to be determined, based on interim report schedule.



4. Consultants: The next phase of work will require a different skill set than the meeting facilitation work previously done by 3 Square Blocks. Staff will be looking for a consultant with strategic communication experience and strong meeting facilitation, mediation and presentation skills (both in terms of preparing materials for presentation and being able to explain the materials in response to questions). Therefore, the 3 Square Blocks contract should not be extended. The Seth Harry contract should be extended and will include a specific set of deliverables together with a schedule for completing them.

5. Public Outreach: Communications both to the Council and the public have not been sufficient to date and must be improved. The community engagement schedule will be revised to include regular status reports to the full Council. Ross Freeman will be more involved in preparing and disseminating materials for public and Council use. This will include, significant improvements to the relevant City website pages to make the pages more user-friendly, especially for residents just getting involved in the Town Center issues, as well as hard copies of all meeting materials placed at City Hall and the Library. The comparison table that will be part of the Interim Report should be an important element of the public information process. The Town Center Subcommittee may become more involved in working with City staff to make public presentations similar to what Councilmembers did during the I-90 tolling community outreach process.

6. Future TCSG Meetings: Future TCSG meetings will be structured so that the TCSG is asked to respond to a draft deliverable (provided at least a week before the meeting). The deliverable will then be finalized shortly after the TCSG meeting so that the TCSG can see what changes, if any, were made in the draft as a consequence of the TCSG input.

7. Council Updates: Updates on the Town Center visioning process will be provided by staff and/or the Town Center Subcommittee at every Council meeting.

8. Community Engagement Schedule: A revised community engagement schedule (TCSG, TCLG and Public Input) will be finalized following the Council's June mini planning session, decisions are made on the survey and funding for consultant contracts has been appropriated by the Council.