



2025 - 2026 BIENNIAL BUDGET

City of Mercer Island



PRELIMINARY BUDGET



Section A

City Manager Message and Budget Overview



**2025-2026
PRELIMINARY BUDGET**

CITY OF MERCER ISLAND

2025-2026 BIENNIAL BUDGET

The 2025-2026 Budget document serves two distinct purposes:

1. To present the City Council and Mercer Island residents with a clear picture of City services, the funding and cost of those services; and
2. To provide City management with an operating and capital plan that can be implemented and monitored using the City's financial system.

The budget document is divided into six sections:

A. City Manager Message & Budget Overview

In this section, the City Manager transmits the budget document to the City Council and Mercer Island residents in a transmittal letter outlining the budget strategies for the upcoming biennium. The Budget Snapshot provides a high-level summary of the budget, followed by the General Fund summary, personnel, positions by Department, and the overarching budget strategy.

B. Recap by Fund

The City accounts for all its operating and capital activities within different “Funds,” each of which is considered a separate accounting entity with varied rules and requirements. This section is organized by Fund and includes revenues, expenditures, and fund balances.

C. Revenue Sources

This section focuses on the City’s major revenue sources, providing useful background information, historical data, and 2025-2026 projections.

D. Operating Budget by Department

This section distills the City’s operations by department. Each department sub-section is organized to include a department description, organizational chart, work plan, and revenue and expenditure summaries for the upcoming biennium.

E. Capital Improvement Program

The Capital Improvement Program (CIP) encompasses all planned capital projects for a six-year period (2025-2030), with the first two years proposed as part of the 2025-2026 Budget. This section is organized into six subsections:

1. Introduction
2. Program Summary
3. Individual Project Sheets
4. Capital Program by Funding Source

F. Appendix

The section provides information about this history of Mercer Island, a glossary of budget related terms, and an explanation on accounting and budgeting.

CITY MANAGER'S MESSAGE

September 25, 2024

Honorable Mayor and Members of the City Council
Members of the Mercer Island Community

Dear City Councilmembers and Community:

It is my privilege to present a balanced and strategic two-year budget for the City of Mercer Island. While market fluctuations and high inflationary pressure continue nationally and across the globe, Mercer Island is fortunate to stand in a sound financial position due to the prudent investment of federal funds, completion of major policy initiatives, and careful year-over-year fiscal management. These efforts paved the way for a sustainable and efficient City budget.

The City's \$7.2 million award of American Rescue Plan Act (ARPA) funds were largely invested in critical public infrastructure improvements, continuing support for mental health and counseling services, and restarting recreation services. ARPA funds are on track to be fully spent by the end of 2024.

The City Council's effective leadership afforded strategic new opportunities for Mercer Island. The partnership with Eastside Fire and Rescue enhanced fire and emergency medical services and reduced administrative burdens on the City. The Cost Allocation Policy adopted by the City Council and stewarded by the Finance Ad Hoc Committee is already allowing the City to more effectively recover the cost of services provided to partner jurisdictions.

The Finance Ad Hoc Committee also worked closely with staff to establish a new compensation plan and the first-ever position classification system and salary schedule for non-represented employees. These major policy achievements position the City to protect its financial position and attract and retain its most valued resource – its public servants.

The Comprehensive Plan Periodic Update will guide land use, transportation, housing, economic development, and environmental decisions in the decade ahead. This community-wide effort to update the City's long-term vision for growth and development will be completed in November this year.

Budget Assumptions and Financial Forecast

The 2025-2026 biennial budget revenue forecast considers recent economic trends on the local, statewide, and national levels, including changes to inflation rates and the Federal Reserve federal funds rate. Most of the City's revenues assume a return to normal market conditions and reduced inflation and are projected to show moderate growth over the next few years. Real Estate Excise Tax (REET) revenues, which support critical infrastructure investments, reached new lows during the 2023-2024

City Manager's Message

biennium. However, most economic indicators signal that the worst appears to be behind the Island's real estate market as interest rates begin to decline and property values remain high.

City leadership conducted a thoughtful review of current operations and set forth goals that build upon recent achievements and harness the momentum of the previous biennia. These include a continued focus on major infrastructure investments, sustaining critical Youth and Family Services programs, comprehensive planning for Town Center, and protection of the natural environment.

AREAS OF FOCUS

By design, the two-year budget sets priorities as identified through operational processes, community engagement, and City Council feedback while preparing the City to respond to a constantly evolving environment. Several initiatives staff will be executing during the 2025-2026 budget period, listed below, are reiterated throughout department work plan goals and objectives. These initiatives are among the City's highest priorities.

Facilities and Infrastructure

Making once-in-a-generation investments to update and modernize aging facilities is a critical priority. Staff and the City Council are exploring every possible opportunity to safely house City operations after the unanticipated closure of City Hall in 2023. Seismic and safety retrofits to sustain the Public Works Administrative Building are underway while design work has begun for a future public safety and maintenance building.

Aside from the Community and Event Center and Fire Stations, most of the City's buildings are approaching the end of their useful lives and require replacement or significant reinvestment. The City Council has been swift to respond. Shortly after the closure of City Hall, the Council established a Municipal Facility Replacement Fund with a \$10,000,000 funding target to help address future facility needs. Within ten months, nearly \$3,000,000 has been committed to the fund, facilitated by higher than anticipated interest earnings.

Inherent in the budget strategy is the goal to clearly lay out future facility needs and identify fiscally prudent ways in the near- and long-term to meet them. Similarly, the Island's parks, open spaces, streets, and utility systems are undergoing generational levels of reinvestment.

The 2022 Parks Levy renewed funding for the operation and maintenance of City parks, athletic facilities, and open spaces while adding new funding for the replacement of Island playground structures and the completion of most of the remaining Pioneer Park Forest Management Plan projects.

We are in the early stages of this critical period of infrastructure reinvestment and there is still significant work ahead. A competitive low-interest loan from the Washington State Public Works Trust Fund provided critical funding for major investments in the City's water distribution system. The City Council and staff are working together to maintain and enhance the City's infrastructure to ensure continued and quality service for the next generation and beyond.

City Manager's Message

Supporting Youth and Family Services

The Youth and Family Services Department has provided community- and school-based mental health services to the Mercer Island community for decades. These services are generously supported by the Mercer Island Youth and Family Services Foundation, the many volunteers and customers of the Mercer Island Thrift Shop, and the community as a whole.

With one-time federal dollars set to expire at year-end, an annual operating structural deficit of nearly \$700,000 begins in 2025, despite the Thrift Shop reaching revenue targets and returning operations akin to pre-pandemic levels.

Staff is competing for every regional, state, and federal grant opportunity for youth and community mental health services. This work will continue into the next biennium.

To bridge the next two-year budget gap, the funding strategy includes use of General Fund resources and operating reserves in the Youth and Family Services Fund. This investment affords us time to further develop and commit to a financial plan that sustainably funds Youth and Family Services beyond 2026.

2025-2026 BUDGET

Across all Funds, the 2025-2026 Expenditure Budget is \$106.6 million in 2025 and \$112.7 million in 2026. This includes resources for diverse services, projects, and activities provided by the City for investments in public safety, quality of life, infrastructure, transportation, and organizational and development-related services.

The General Fund and the City's Enterprise Funds make up the two largest components of the biennial budget. Much of the balancing work is centered on the General Fund which houses most municipal services. The General Fund expenditure budget is \$36.8 million in 2025 and \$38.6 in 2026. The General Fund is balanced over the next biennium and positioned to meet continued operational needs.

On average, General Fund expenditures are projected to increase 4.7%, while revenues are projected to increase 3.2%, which is largely due to sustained inflation over the past decade. While this presents a budget challenge, the City's current fiscal health and reserves provide time to consider courses of action.

The Enterprise Funds – which include the Water, Sewer, and Storm Water Funds – combined expenditure budget is \$42.6 million in 2025 and \$45.9 million in 2026. Capital improvements over the past two years have accelerated, drawing down fund balances and, for the Water Fund, required the sale of bonds to pay for critical long-term improvements to enhance the water distribution system. Resources are on track to keep pace with operational and infrastructure needs.

The newly established Development Services Fund accounts for all revenues and expenditures tied to development services and permitting. This fund is balanced with \$4.1 expenditures in 2025 and \$4.3 in 2026. The fund's operating reserve to support the Community Planning and Development Department during economic downturns is projected to be \$1.3 going into the next biennium.

City Manager's Message

CONCLUSION

The biennial budget supports everything we do at the City. It's built upon significant progress and a sustained practice to enhance City services and operations with each biennium. City staff is committed to carrying out the City Council's direction encompassed in the budget.

I am confident this blueprint will lead us well in carrying out major investments in our community and sustaining our core services as we set a course for the next two years, and beyond.

Thank you,

Jessi Bon
City Manager
City of Mercer Island

BUDGET OVERVIEW

This section provides an overview of the 2025-2026 Budget for the City of Mercer Island, including summary detail and changes that have occurred since the last budget. The budget overview section is divided into seven sub-sections:

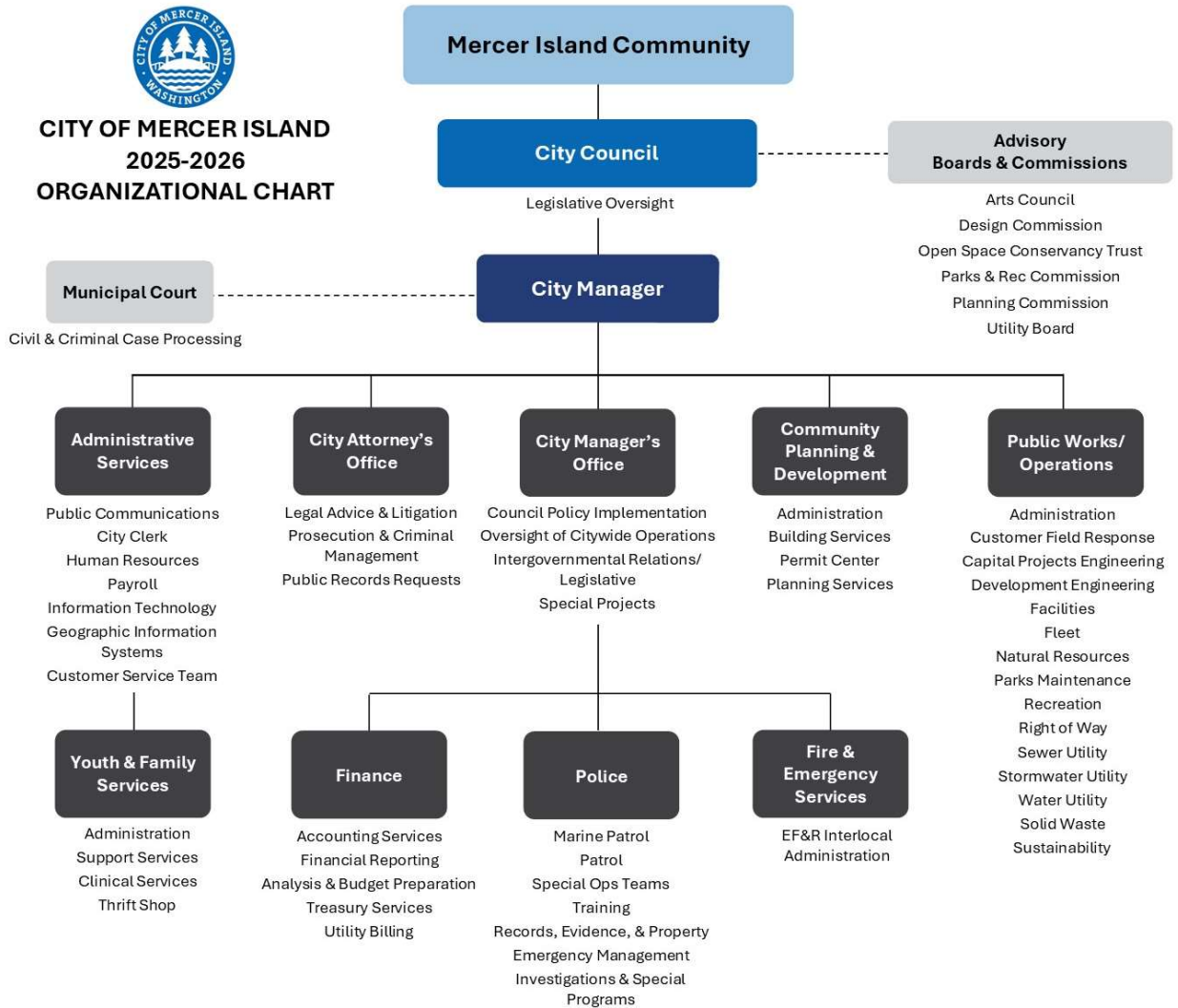
1. City Organization – *how the City is organized.*
2. Budget Strategy – *approach to building the budget.*
3. Budget Snapshot – *overview of revenues and expenditures for all funds.*
4. Staffing – *who provides the services.*
5. Utility Rates – *overview of utility rates.*
6. City Debt – *purpose and status of City debt.*
7. General Fund at a Glance – *high level information about the General Fund.*

For a more in-depth understanding of the budget, continue to the more detailed information found in the *Recap by Fund, Revenues, Operating Budget by Department, and Capital Improvement Plan* sections.

City Organization

The City of Mercer Island has a Council-Manager form of government. In this form, the City Council, comprised of seven elected members, hires a City Manager to serve as the Chief Executive Officer of the City. The City Manager reports directly to the City Council and implements adopted policies. City Council members listen to their constituents, the Mercer Island residents, and receive recommendations on policy matters from the Council-appointed Boards and Commissions.

Managing the day-to-day activities of the City is the responsibility of the City Manager who oversees the nine departments shown on the chart on the following page. For a description of the functions supported by these departments, see Section D (*Operating Budget by Department*) of the budget document.



Budget Overview

Budget Strategy

The 2025-2026 Budget reflects a measured approach to planning for the next biennium. The overall budget strategy uses one-time resources as a bridge to the next biennium while supporting actions to strengthen the City's financial position. Staffing levels remain on par with prior years to tackle a robust work plan that sustains current service levels and commits to significant reinvestment in the City's aging infrastructure. Overall, this two-year budget:

- Maintains core municipal operations and services.
- Funds once-in-a-generation levels of reinvestment in the City's infrastructure.
- Identifies opportunities and resource needs to rehouse City operations.

There is significant work ahead for the capital program. The City will plan for a new civic facility to house Police and Public Works, will replace key components of the water distribution system and sewer conveyance system, while making notable improvements to parks, stormwater, transportation, and facilities. These investments will serve the community for decades to come.

Long-Term Financial Forecast

The City's Biennial Budget is informed by a six-year forecast completed for each of the City's funds. The General Fund forecast serves as a risk assessment tool that contemplates the impact of economic conditions on the City's budget. The forecast accounts for several factors that influence the City's anticipated revenues and expenses, including changes in fiscal and monetary policy, regional socioeconomic pressures, and impacts to the state and national economy.

The six-year forecast incorporates the City Council's adoption of the new compensation plan for non-represented employees, along with baseline increases tied to collective bargaining agreements for salary and benefits, and healthcare costs. The long-term forecast is presented to the City Council for review and consideration annually, and more often when circumstances warrant.

Budget Overview

Fund Summary

Total revenues and total expenditures by fund for the period 2023-2026 are summarized in the tables below.

Summary of Revenues by Fund for 2023-2026

Fund No.	Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
001	General Fund	\$ 41,669,934	\$ 49,227,661	\$ 37,378,590	\$ 38,566,518
037	Self Insurance Fund	5,250	10,000	10,000	10,000
061	Youth Service Endowment Fund	-	-	-	-
Subtotal General Purpose Funds		\$ 41,675,184	\$ 49,237,661	\$ 37,388,590	\$ 38,576,518
104	Street Fund	\$ 4,656,974	\$ 10,431,113	\$ 2,945,896	\$ 4,902,902
130	Contingency Fund	522,423	65,712	-	-
140	1% For the Arts Fund	53,522	55,060	15,000	15,000
160	Youth and Family Services Fund	3,665,938	3,827,062	4,151,438	4,375,174
170	ARPA Fund	1,269,695	4,768,466	-	-
180	Development Services Fund	-	1,285,678	4,200,890	4,340,046
Subtotal Special Revenue Funds		\$ 10,168,551	\$ 20,433,091	\$ 11,313,224	\$ 13,633,122
208	Bond Redemption (Voted)	\$ -	\$ -	\$ -	\$ -
239	Bond Redemption (Non-Voted)	142,800	-	-	-
Subtotal Debt Service Funds		\$ 142,800	\$ -	\$ -	\$ -
342	Town Center Parking Facilities	\$ -	\$ -	\$ -	\$ -
343	Capital Improvement Fund	3,769,437	12,410,165	11,433,279	9,676,902
345	Technology and Equipment Fund	598,201	745,650	450,000	345,922
350	Facility Replacement Reserve Fund	579,808	2,400,000	-	-
Subtotal Capital Funds		\$ 4,947,446	\$ 15,555,815	\$ 11,883,279	\$ 10,022,824
402	Water Fund	\$ 14,800,193	\$ 41,384,539	\$ 22,705,388	\$ 24,887,966
426	Sewer Fund	12,231,315	16,221,157	15,096,406	16,359,832
432	Storm Water Fund	2,801,701	3,791,758	4,849,750	4,622,520
Subtotal Enterprise Funds		\$ 29,833,209	\$ 61,397,454	\$ 42,651,544	\$ 45,870,318
503	Equipment Rental Fund	\$ 1,890,928	\$ 2,705,569	\$ 3,355,378	\$ 3,802,523
520	Computer Equipment Fund	1,389,824	1,558,736	1,705,225	1,785,733
Subtotal Internal Service Funds		\$ 3,280,751	\$ 4,264,305	\$ 5,060,603	\$ 5,588,256
606	Firefighters Pension Fund	\$ 118,630	\$ 130,267	\$ 137,000	\$ 145,000
Subtotal Trust Funds		\$ 118,630	\$ 130,267	\$ 137,000	\$ 145,000
TOTAL REVENUES		\$ 90,166,571	\$ 151,018,592	\$ 108,434,240	\$ 113,836,037

Budget Overview

Summary of Expenditures by Fund for 2023-2026

Fund No.	Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
001	General Fund	\$ 36,250,251	\$ 43,638,774	\$ 36,842,466	\$ 38,566,518
037	Self Insurance Fund	-	10,000	10,000	10,000
061	Youth Service Endowment Fund	-	-	-	-
Subtotal General Purpose Funds		\$ 36,250,251	\$ 43,648,774	\$ 36,852,466	\$ 38,576,518
104	Street Fund	\$ 4,532,541	\$ 10,431,113	\$ 2,945,896	\$ 4,902,902
130	Contingency Fund	217,725	-	-	-
140	1% For the Arts Fund	53,521	45,060	15,000	15,000
160	Youth and Family Services Fund	3,234,791	3,511,053	4,151,438	4,375,174
170	ARPA Fund	1,269,695	4,768,466	-	-
180	Development Services Fund	-	-	4,104,376	4,334,220
Subtotal Special Revenue Funds		\$ 9,308,274	\$ 18,755,692	\$ 11,216,710	\$ 13,627,296
208	Bond Redemption (Voted)	\$ -	\$ -	\$ -	\$ -
239	Bond Redemption (Non-Voted)	142,758	-	-	-
Subtotal Debt Service Funds		\$ 142,758	\$ -	\$ -	\$ -
342	Town Center Parking Facilities	\$ -	\$ -	\$ -	\$ -
343	Capital Improvement Fund	3,337,179	12,410,165	11,433,279	9,676,902
345	Technology and Equipment Fund	598,201	745,650	293,000	305,931
350	Facility Replacement Reserve Fund	-	-	-	-
Subtotal Capital Project Funds		\$ 3,935,380	\$ 13,155,815	\$ 11,726,279	\$ 9,982,833
402	Water Fund	\$ 14,800,192	\$ 34,495,488	\$ 22,705,388	\$ 24,887,966
426	Sewer Fund	12,231,315	16,221,157	15,096,406	16,359,832
432	Storm Water Fund	2,710,827	3,791,758	4,849,750	4,622,520
Subtotal Enterprise Funds		\$ 29,742,335	\$ 54,508,403	\$ 42,651,544	\$ 45,870,318
503	Equipment Rental Fund	\$ 1,379,115	\$ 2,200,428	\$ 2,536,727	\$ 3,003,139
520	Computer Equipment Fund	1,140,546	1,316,488	1,463,979	1,544,174
Subtotal Internal Service Funds		\$ 2,519,661	\$ 3,516,916	\$ 4,000,706	\$ 4,547,313
606	Firefighters Pension Fund	\$ 111,833	\$ 130,267	\$ 137,000	\$ 145,000
Subtotal Trust Funds		\$ 111,833	\$ 130,267	\$ 137,000	\$ 145,000
TOTAL EXPENDITURES		\$ 82,010,491	\$ 133,715,867	\$ 106,584,704	\$ 112,749,278

Staffing

The following chart shows the number of Full Time Equivalent (FTEs) and Limited Term Equivalent (LTEs) positions in 2019-2026. Limited Term Equivalent employees are hired when there is a short-term need for a position. LTEs are just like regular FTEs, except their positions are anticipated to be time limited. For the upcoming biennium, staffing levels will remain unchanged, except that fire services are now provided under contract with Eastside Fire and Rescue. The City also utilizes casual labor and consultants/contractors to support operations and special projects.

Position History by Department

Full Time Equivalents (FTEs)	2019	2020	2021	2022	2023	2024	2025	2026
Administrative Services		3.00	3.00	4.70	4.70	4.70	4.70	4.70
Human Resources	3.00	3.00	3.50	4.00	4.00	4.00	3.50	3.50
Information & Geographic Services	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00
City Attorney's Office	3.30	3.30	2.30	2.30	2.30	2.30	2.30	2.30
City Manager's Office	5.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Community Planning & Development	20.40	20.40	14.00	18.00	18.00	18.00	18.00	18.00
Finance	7.00	7.00	8.00	9.00	9.00	9.00	9.00	9.00
Fire	32.00	32.00	32.00	31.50	31.50	31.50	-	-
Municipal Court	3.30	3.30	3.30	3.30	3.10	3.10	3.10	3.10
Police	35.50	35.50	35.50	37.50	37.50	37.50	37.50	37.50
Public Works								
Capital and Engineering	5.00	5.00	14.05	14.05	16.05	15.05	16.45	16.45
Support Services/Administration	8.00	8.00	14.80	14.80	14.80	14.80	13.65	13.65
Right of Way	4.50	4.50	4.35	4.35	4.35	4.35	4.35	4.35
Utilities	16.50	16.50	19.25	19.25	19.25	19.25	19.25	19.25
Park Maintenance			10.35	10.35	10.35	10.35	10.30	10.30
Parks & Recreation	25.75	25.75	0.75	10.25	10.25	10.25	10.25	10.25
Youth & Family Services	15.63	14.68	13.23	13.43	13.43	13.43	14.93	14.93
Total FTEs	191.88	191.93	187.38	205.78	207.58	206.58	176.28	176.28
Limited Term Equivalents (LTEs)	2019	2020	2021	2022	2023	2024	2025	2026
Administrative Services / Human Resources	-	-	-	2.00	1.00	-	1.00	1.00
City Manager / Non-Departmental	0.50	0.50	-	1.00	0.50	-	1.00	1.00
Community Planning & Development	4.50	4.50	1.00	1.50	-	-	2.00	2.00
Public Works	1.80	1.80	-	3.00	3.00	3.00	2.75	2.75
Parks & Recreation	3.05	3.05	2.00	-	-	-	-	-
Youth & Family Services	11.24	13.24	1.60	10.53	10.53	9.70	9.33	9.33
Total LTEs	21.09	23.09	4.60	16.03	15.03	12.70	16.08	16.08
Total FTEs & LTEs	212.97	215.02	191.98	221.81	222.61	219.28	192.36	192.36

Utility Rates

The Water, Sewer, and Stormwater Funds are completely self-supporting utilities that are operated like a not-for-profit enterprise. They are primarily funded by customer charges, not taxes. The City purchases its water from the City of Seattle as do many neighboring communities. The Wastewater Treatment

Budget Overview

Division of King County provides treatment for all the sewage in the King County area, including Mercer Island.

The 2023-2024 adopted, and 2025-2026 proposed bi-monthly utility charges for water, sewer, storm water, and Emergency Medical Services (EMS) are broken down in the table below for a typical single family residential customer. This table excludes utility taxes, which are a General Fund revenue source.

Utility Rate Component	2023	2024	2025	2026	\$ Change	\$ Change	% Change	% Change
	Adopted	Adopted	Proposed	Proposed	2025	2026	2025	2026
Water	\$132	\$143	\$154	\$166	\$11.40	\$12.31	8.00%	8.00%
Sewer Maintenance (City)	\$65	\$68	\$71	\$75	\$3.08	\$3.22	4.50%	4.50%
Sewer Treatment (King County)	\$104	\$110	\$117	\$125	\$6.34	\$8.16	5.75%	7.00%
Storm Water	\$43	\$46	\$50	\$54	\$3.71	\$4.01	8.00%	8.00%
EMS (estimate)	\$10	\$12	\$12	\$13	\$0.67	\$0.46	5.81%	3.75%
Total	\$355	\$379	\$404	\$432	\$25.20	\$28.16	6.6%	7.0%

City Debt

The City has issued a modest amount of debt over the years, maintaining a sizable debt capacity and consistently following a conservative fiscal management policy. This is reflected in the highest possible bond rating from Moody's: Aaa (“triple A”) rating on the City’s unlimited tax general obligation (UTGO), or voted, bonds and limited tax general obligation (LTGO), or non-voted (i.e., Councilmanic) bonds. A high bond rating enables a city to secure lower interest rates, thereby reducing debt service costs.

The City can issue five types of debt which have legal limits set by the State. The five types of debt include: voted and non-voted general obligation bonds, revenue bonds, lease debt, and loans. For the purposes of the legal limit debt calculations, leases and loans are included with the non-voted general obligation debt limits. A schedule of all the City debt classified by type is included later in this section.

Voted Debt

Voted debt must be approved by registered voters via a ballot measure, with an additional (i.e., excess) property tax levy dedicated to paying the annual debt service costs. Voted debt has typically been used to fund large public buildings and to buy land or open space. The City currently has no outstanding voted debt.

Non-Voted Debt

Non-voted debt must be approved by the City Council, with the general tax revenues of the City used to pay the annual debt service costs. Non-voted debt includes bonds, loans, and lease obligations of the City. The active issues are described below:

- 2011 LTGO First Hill Water Improvements**
 In 2011, the City issued \$1.5 million in LTGO bonds to fund a portion of a water system improvements project in the First Hill neighborhood. Water utility rates are being used to repay the long-term debt. The total principal outstanding at the end of 2026 will be \$395,000.
- 2018 Fire Apparatus Lease (Enforcer Pumper)**
 In 2018, the City Council authorized the purchase of an Enforcer Pumper Fire Truck from Pierce Manufacturing through a 9-year lease purchase financing agreement with Municipal Asset Management for \$732,778. The total principal outstanding at the end of 2026 will be \$93,500.

- **2024 Water System Improvements**

In 2024, the City plans to issue up to \$29 million in limited tax general obligation bonds to fund improvements to the City's aging water distribution system. The City considers projects that have at minimum a 20-year useful life and can be completed within the next three fiscal years as attractive candidates to fund with debt. Project examples that meet these criteria include Water System Improvements, Pressure Reducing Valve Station Replacements, and the Asbestos Cement Main Replacements, among others. Water utility rates are being used to repay long-term debt. Estimates for the total outstanding balance at the end of 2024 may be as high as \$29,000,000, with an estimated average annual debt service payment of \$2,006,000.

Public Work Trust Fund Loans

In addition to the above debt, the City has two outstanding long-term low-interest loans from the Public Works Trust Fund. The first is a \$6.6 million loan from 2005 used to fund a sewer lake line maintenance project. The second is a \$3.3 million loan from 2023 that paid for the booster chlorination system in the water utility.

Public Works Trust Fund loans are low-interest loans (about 1% interest) administered through the State of Washington Department of Commerce. In 1985, the state legislature made provisions for this program using the Public Works Assistance Account, which is funded by the Motor Vehicle Excise Tax (MVET) collected by the State. To qualify, jurisdictions are required to:

1. Impose the ¼ of one percent real estate excise tax.
2. Have developed a long-term plan for financing Public Works' needs.
3. Use all local revenue sources which are reasonably available for funding public works.
4. Have an adopted comprehensive plan.

By July 2026, the sewer lake line maintenance project loan will be fully paid down and \$2.9 million in outstanding principal will remain for the booster chlorination system loan.

Budget Overview

General Fund at a Glance

Fiscal Year 2025 General Fund

Revenues	\$37.37 million
Expenditures	\$36.84 million

Fiscal year 2025 General Fund revenues are projected to be \$37.7 million, which is \$1.63 million, or 4.5%, more than the fiscal year 2024 forecasted actual.

The City receives its General Fund revenues from a variety of revenue sources. Property Taxes, which account for 37.3% of revenues in 2025, are the largest revenue source by a wide margin at \$13.96 million. Sales Tax and Business & Utility Taxes are the second and third largest sources at \$7.64 million and \$5.73 million, or 20.4% and 15.3% of total revenues, respectively.

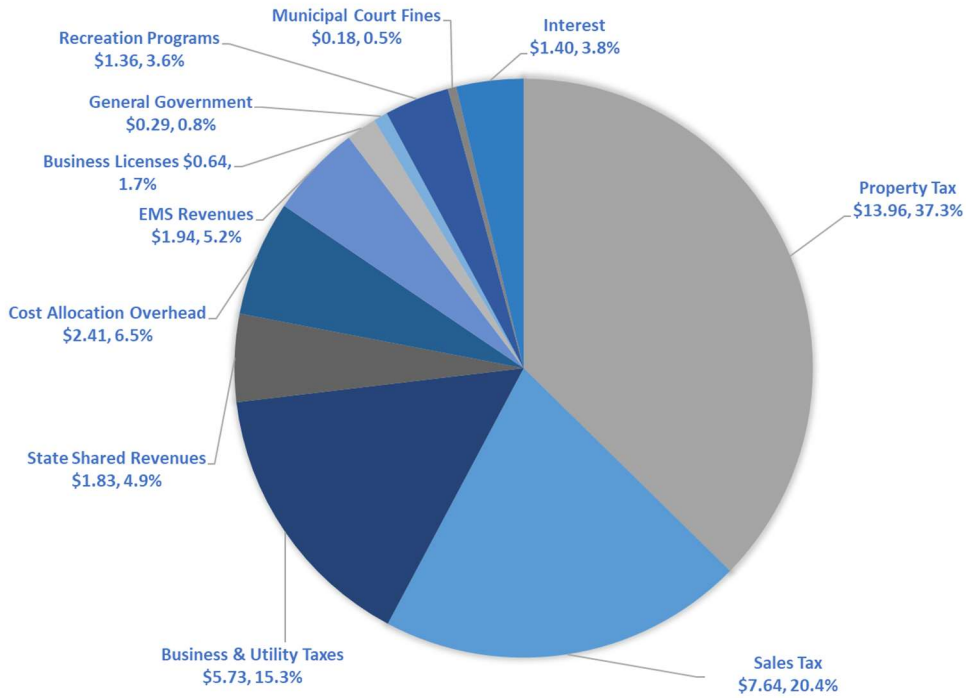
General fund expenditures for fiscal year 2025 are projected at \$36.84 million. Salaries & Wages and Benefits collectively account for 47.2%, or \$17.40 million of total expenditures.

Expenditures are also broken down by respective departments in the table above.

EXPENDITURES	2025
Description	Budget
Administrative Services	\$ 1,143,941
Human Resources	874,188
Information & Geographic Services	203,983
City Attorney's Office	1,078,131
City Council	60,626
City Manager's Office	756,734
Finance	1,502,600
Fire and EMS	8,851,380
Municipal Court	694,875
Non-Departmental/Intergovernmental	4,083,761
Public Works/Operations	5,799,178
Parks and Recreation	2,313,817
Police	9,479,252
Total Budgeted Expenditures	\$ 36,842,466

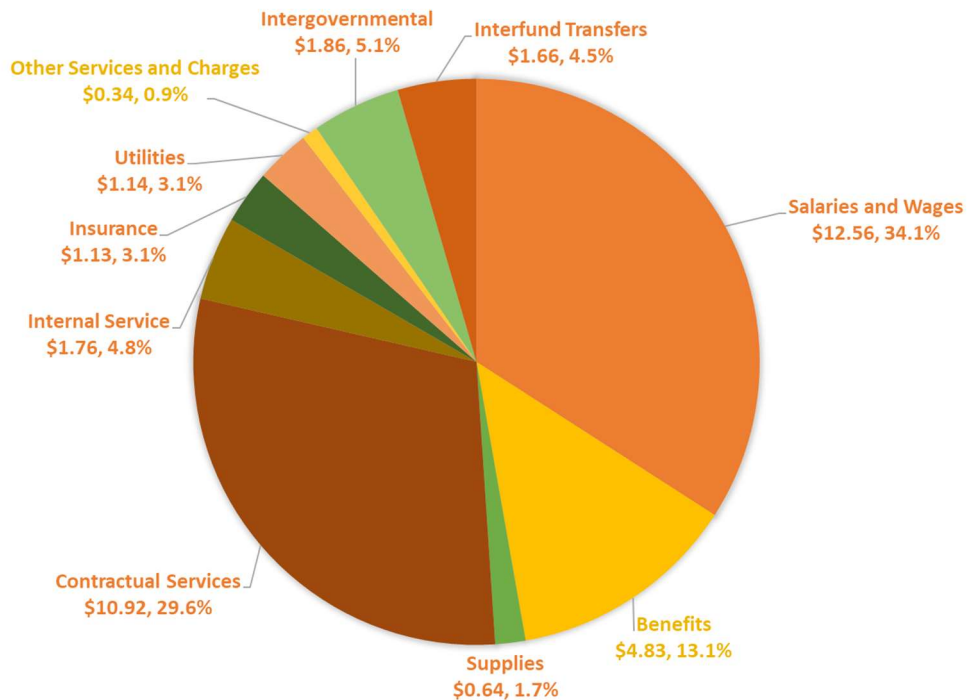
Where does the money come from?

2025 General Fund Revenues Total: \$37.37 (in millions)



Where does the money go?

2025 General Fund Expenses Total: \$36.84 (in millions)



Budget Overview

Fiscal Year 2026 General Fund

Revenues	\$38.56 million
Expenditures	\$38.56 million

Fiscal year 2026 General Fund revenues are projected to be \$38.56 million, or 7.8%, above fiscal year 2024 projected year-end revenues.

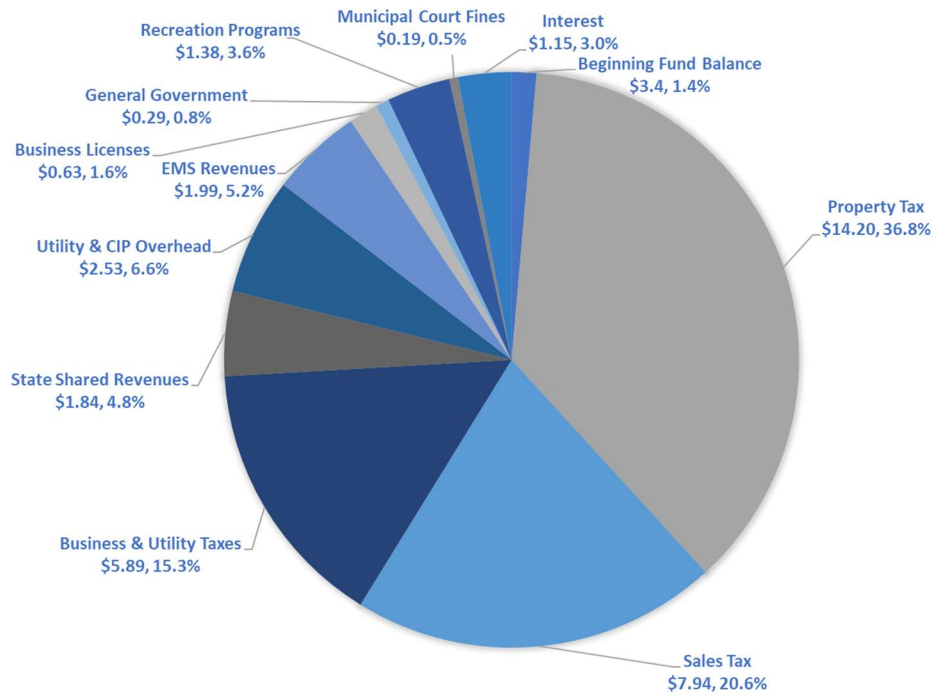
The General Fund expenditure budget for 2026 is \$38.56 million. General Fund expenditures increase 4.6% compared to the 2025 expenditure budget primarily due to cost-of-living adjustments in salaries & wages and market adjustments in benefits.

Expenditures are broken down by their respective departments in the table shown to the right.

EXPENDITURES		2026
Description		Budget
Administrative Services	\$	1,253,100
Human Resources		900,046
Information & Geographic Services		215,646
City Attorney's Office		1,114,022
City Council		61,123
City Manager's Office		802,408
Finance		1,530,964
Fire and EMS		9,269,259
Municipal Court		727,664
Non-Departmental/Intergovernmental		4,292,891
Public Works/Operations		6,050,430
Parks and Recreation		2,423,758
Police		9,925,207
Total Budgeted Expenditures	\$	38,566,518

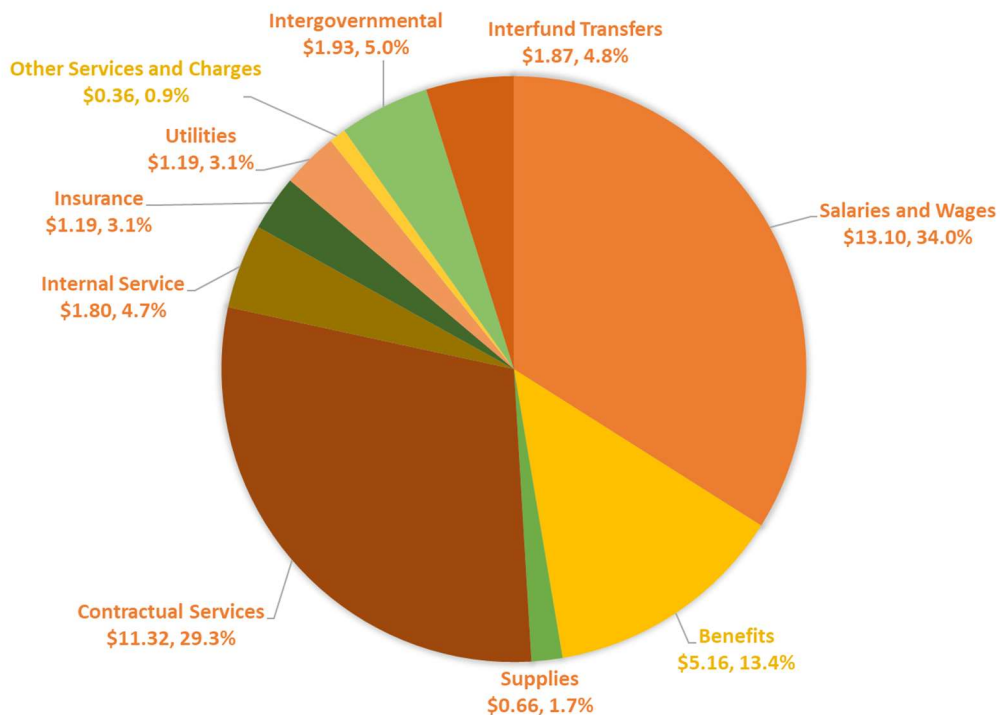
Where does the money come from?

2026 General Fund Revenues Total: \$38.56 (in millions)



Where does the money go?

2026 General Fund Expenses Total: \$38.56 (in millions)





Section B

Recap By Fund



**2025-2026
PRELIMINARY BUDGET**

Section B. Recap By Fund

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SUMMARY

Comparative Actual and Budgeted Revenues Summary for All Funds 2023–2026

Fund No.	Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
001	General Fund	\$ 41,669,934	\$ 49,227,661	\$ 37,378,590	\$ 38,566,518
037	Self Insurance Fund	5,250	10,000	10,000	10,000
061	Youth Service Endowment Fund	-	-	-	-
Subtotal General Purpose Funds		\$ 41,675,184	\$ 49,237,661	\$ 37,388,590	\$ 38,576,518
104	Street Fund	\$ 4,656,974	\$ 10,431,113	\$ 2,945,896	\$ 4,902,902
130	Contingency Fund	522,423	65,712	-	-
140	1% For the Arts Fund	53,522	55,060	15,000	15,000
160	Youth and Family Services Fund	3,665,938	3,827,062	4,151,438	4,375,174
170	ARPA Fund	1,269,695	4,768,466	-	-
180	Development Services Fund	-	1,285,678	4,200,890	4,340,046
Subtotal Special Revenue Funds		\$ 10,168,551	\$ 20,433,091	\$ 11,313,224	\$ 13,633,122
208	Bond Redemption (Voted)	\$ -	\$ -	\$ -	\$ -
239	Bond Redemption (Non-Voted)	142,800	-	-	-
Subtotal Debt Service Funds		\$ 142,800	\$ -	\$ -	\$ -
342	Town Center Parking Facilities	\$ -	\$ -	\$ -	\$ -
343	Capital Improvement Fund	3,769,437	12,410,165	11,433,279	9,676,902
345	Technology and Equipment Fund	598,201	745,650	450,000	345,922
350	Facility Replacement Reserve Fund	579,808	2,400,000	-	-
Subtotal Capital Funds		\$ 4,947,446	\$ 15,555,815	\$ 11,883,279	\$ 10,022,824
402	Water Fund	\$ 14,800,193	\$ 41,384,539	\$ 22,705,388	\$ 24,887,966
426	Sewer Fund	12,231,315	16,221,157	15,096,406	16,359,832
432	Storm Water Fund	2,801,701	3,791,758	4,849,750	4,622,520
Subtotal Enterprise Funds		\$ 29,833,209	\$ 61,397,454	\$ 42,651,544	\$ 45,870,318
503	Equipment Rental Fund	\$ 1,890,928	\$ 2,705,569	\$ 3,355,378	\$ 3,802,523
520	Computer Equipment Fund	1,389,824	1,558,736	1,705,225	1,785,733
Subtotal Internal Service Funds		\$ 3,280,751	\$ 4,264,305	\$ 5,060,603	\$ 5,588,256
606	Firefighters Pension Fund	\$ 118,630	\$ 130,267	\$ 137,000	\$ 145,000
Subtotal Trust Funds		\$ 118,630	\$ 130,267	\$ 137,000	\$ 145,000
TOTAL REVENUES		\$ 90,166,571	\$ 151,018,592	\$ 108,434,240	\$ 113,836,037

Recap by Fund

Comparative Actual and Budgeted Expenditures Summary for All Funds 2023–2026

Fund No.	Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
001	General Fund	\$ 36,250,251	\$ 43,638,774	\$ 36,842,466	\$ 38,566,518
037	Self Insurance Fund	-	10,000	10,000	10,000
061	Youth Service Endowment Fund	-	-	-	-
Subtotal General Purpose Funds		\$ 36,250,251	\$ 43,648,774	\$ 36,852,466	\$ 38,576,518
104	Street Fund	\$ 4,532,541	\$ 10,431,113	\$ 2,945,896	\$ 4,902,902
130	Contingency Fund	217,725	-	-	-
140	1% For the Arts Fund	53,521	45,060	15,000	15,000
160	Youth and Family Services Fund	3,234,791	3,511,053	4,151,438	4,375,174
170	ARPA Fund	1,269,695	4,768,466	-	-
180	Development Services Fund	-	-	4,104,376	4,334,220
Subtotal Special Revenue Funds		\$ 9,308,274	\$ 18,755,692	\$ 11,216,710	\$ 13,627,296
208	Bond Redemption (Voted)	\$ -	\$ -	\$ -	\$ -
239	Bond Redemption (Non-Voted)	142,758	-	-	-
Subtotal Debt Service Funds		\$ 142,758	\$ -	\$ -	\$ -
342	Town Center Parking Facilities	\$ -	\$ -	\$ -	\$ -
343	Capital Improvement Fund	3,337,179	12,410,165	11,433,279	9,676,902
345	Technology and Equipment Fund	598,201	745,650	293,000	305,931
350	Facility Replacement Reserve Fund	-	-	-	-
Subtotal Capital Project Funds		\$ 3,935,380	\$ 13,155,815	\$ 11,726,279	\$ 9,982,833
402	Water Fund	\$ 14,800,192	\$ 34,495,488	\$ 22,705,388	\$ 24,887,966
426	Sewer Fund	12,231,315	16,221,157	15,096,406	16,359,832
432	Storm Water Fund	2,710,827	3,791,758	4,849,750	4,622,520
Subtotal Enterprise Funds		\$ 29,742,335	\$ 54,508,403	\$ 42,651,544	\$ 45,870,318
503	Equipment Rental Fund	\$ 1,379,115	\$ 2,200,428	\$ 2,536,727	\$ 3,003,139
520	Computer Equipment Fund	1,140,546	1,316,488	1,463,979	1,544,174
Subtotal Internal Service Funds		\$ 2,519,661	\$ 3,516,916	\$ 4,000,706	\$ 4,547,313
606	Firefighters Pension Fund	\$ 111,833	\$ 130,267	\$ 137,000	\$ 145,000
Subtotal Trust Funds		\$ 111,833	\$ 130,267	\$ 137,000	\$ 145,000
TOTAL EXPENDITURES		\$ 82,010,491	\$ 133,715,867	\$ 106,584,704	\$ 112,749,278

GENERAL PURPOSE FUNDS

GENERAL FUND – 001

The General Fund is the City’s largest fund and accounts for most of the City’s “general purpose” revenues and “general government” (non-utility) operations.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ 2,628,691	\$ 9,644,066	\$ -	\$ 535,938	-100.0%	N/A
Property Tax	13,429,844	13,724,810	13,960,148	14,199,616	1.7%	1.7%
Sales Tax	7,337,385	7,364,588	7,638,845	7,944,399	3.7%	4.0%
Business & Utility Taxes	5,743,274	5,540,261	5,732,269	5,892,502	3.5%	2.8%
State Shared Revenues	1,937,854	1,977,822	1,833,109	1,840,783	-7.3%	0.4%
Overhead Allocation Charges	1,013,823	1,105,166	2,411,870	2,527,397	118.2%	4.8%
EMS Revenues	1,894,687	1,803,091	1,938,511	1,987,216	7.5%	2.5%
Licenses and Permits	3,986,657	4,350,825	638,541	631,245	-85.3%	-1.1%
General Government	474,277	338,120	291,297	291,297	-13.8%	0.0%
Recreation Programs	1,159,581	1,285,334	1,356,500	1,376,500	5.5%	1.5%
District Court Fines	220,647	149,453	175,000	185,000	17.1%	5.7%
Interest	1,843,214	1,944,125	1,402,500	1,154,625	-27.9%	-17.7%
Interfund Transfers In	-	-	-	-	N/A	N/A
Total Budgeted Revenues	\$ 41,669,934	\$ 49,227,661	\$ 37,378,590	\$ 38,566,518	-24.1%	3.2%
Not Budgeted						
Beginning Fund Balance (Reserved)	10,329,233	6,104,850	11,693,737	11,693,923	91.5%	0.0%
TOTAL REVENUES	\$ 51,999,167	\$ 55,332,511	\$ 49,072,327	\$ 50,260,441	-11.3%	2.4%

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	14-15	15-16
EXPENDITURES						
Budgeted						
Administrative Services	\$ 1,063,782	\$ 1,296,462	\$ 1,347,924	\$ 1,468,746	4.0%	9.0%
City Attorney's Office	955,977	988,464	1,078,131	1,114,022	9.1%	3.3%
City Council	45,251	55,404	60,626	61,123	9.4%	0.8%
City Manager's Office	667,655	681,492	756,734	802,408	11.0%	6.0%
Community Planning & Development	3,068,462	3,809,893	-	-	-100.0%	N/A
Finance	1,145,211	1,445,476	1,502,600	1,530,964	4.0%	1.9%
Fire and EMS	8,503,196	8,829,737	8,851,380	9,269,259	0.2%	4.7%
Human Resources	842,327	861,493	874,188	900,046	1.5%	3.0%
Intergovernmental	446,267	448,650	494,029	511,905	10.1%	3.6%
Municipal Court	451,430	584,249	694,875	727,664	18.9%	4.7%
Non-Departmental	3,268,132	8,038,660	3,589,732	3,780,986	-55.3%	5.3%
Parks and Recreation	1,950,325	2,217,919	2,313,817	2,423,758	4.3%	4.8%
Police	8,484,630	8,978,307	9,479,252	9,925,207	5.6%	4.7%
Public Works	5,357,607	5,402,568	5,799,178	6,050,430	7.3%	4.3%
Total Budgeted Expenditures	\$ 36,250,251	\$ 43,638,774	\$ 36,842,466	\$ 38,566,518	-15.6%	4.7%
Not Budgeted						
Ending Fund Balance	15,748,916	11,693,737	12,229,861	11,693,923	4.6%	-4.4%
TOTAL EXPENDITURES	\$ 51,999,167	\$ 55,332,511	\$ 49,072,327	\$ 50,260,441	-11.3%	2.4%

Recap by Fund

General Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
EXPENDITURES						
Budgeted						
Salaries and Wages	\$ 18,835,675	\$ 19,256,156	\$ 12,563,868	\$ 13,098,649	-34.8%	4.3%
Benefits	6,325,555	7,142,532	4,833,443	5,156,658	-32.3%	6.7%
Contractual Services	3,050,624	4,099,417	10,923,130	11,318,860	166.5%	3.6%
Other Services and Charges	6,830,720	8,957,813	6,866,975	7,122,276	-23.3%	3.7%
Interfund Transfers	1,207,677	4,182,856	1,655,050	1,870,075	-60.4%	13.0%
Total Budgeted Expenditures	\$ 36,250,251	\$ 43,638,774	\$ 36,842,466	\$ 38,566,518	-15.6%	4.7%
Not Budgeted						
Ending Fund Balance	15,748,916	11,693,737	12,229,861	11,693,923	4.6%	-4.4%
TOTAL EXPENDITURES	\$ 51,999,168	\$ 55,332,511	\$ 49,072,327	\$ 50,260,441	-11.3%	2.4%

General Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 12,957,924	\$ 15,748,916	\$ 11,693,737	\$ 12,229,861
Plus Revenues	39,041,243	39,583,595	37,378,590	38,030,580
Less Expenditures	(36,250,251)	(43,638,774)	(36,842,466)	(38,566,518)
Ending Fund Balance	\$ 15,748,916	\$ 11,693,737	\$ 12,229,861	\$ 11,693,923
Consisting of:				
Compensated Absence Reserve	675,299	675,299	675,299	675,299
LEOFF1 Long Term Care Reserve	2,536,484	2,729,138	2,781,589	2,850,777
Inventory of Supplies	120,857	120,857	120,857	120,857
Law Enforcement & CJ	81,793	81,793	81,793	81,793
Petty Cash	1,088	1,000	1,000	1,000
Customer Deposits/Deferred Revenue	1,153,468	442,781	442,781	442,781
CPD permit revenue reserve	1,285,678	-	-	-
Expenditure control reserve	34,588	34,588	34,588	34,588
Sound Transit Settlement	1,525,000	-	-	-
Appropriated for Expenditures Next Year	6,833,388	-	535,938	-
Unassigned	1,501,273	7,608,281	7,556,016	7,486,828
Ending Fund Balance	\$ 16,459,603	\$ 11,693,737	\$ 12,229,861	\$ 11,693,923

SELF-INSURANCE CLAIM RESERVE – 037

The Self-Insurance Claim Reserve Fund accounts for payments of deductibles (\$5,000 per claim) and insurance claims not covered under the City’s property insurance policy through the Washington Cities Insurance Authority (WCIA). Mercer Island Municipal Code section 4.40.130 sets the minimum balance of this fund at \$40,000. Any expenditures from this fund for physical loss to property would be reimbursed to the fund through insurance recoveries.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Interfund Transfers In	5,250	-	-	-	N/A	N/A
Insurance Recoveries	-	10,000	10,000	10,000	0.0%	0.0%
Total Budgeted Revenues	\$ 5,250	\$ 10,000	\$ 10,000	\$ 10,000	0.0%	0.0%
Not Budgeted						
Beginning Fund Balance (Reserved)	54,750	60,000	60,000	60,000	0.0%	0.0%
TOTAL REVENUES	\$ 60,000	\$ 70,000	\$ 70,000	\$ 70,000	0.0%	0.0%
EXPENDITURES						
Budgeted						
Repairs & Maintenance	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	0.0%	0.0%
Interfund Transfer	-	-	-	-	N/A	N/A
Total Budgeted Expenditures	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	0.0%	0.0%
Not Budgeted						
Ending Fund Balance	60,000	60,000	60,000	60,000	0.0%	0.0%
TOTAL EXPENDITURES	\$ 60,000	\$ 70,000	\$ 70,000	\$ 70,000	0.0%	0.0%

Self-Insurance Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 54,750	\$ 60,000	\$ 60,000	\$ 60,000
Plus Revenues	5,250	10,000	10,000	10,000
Less Expenditures	-	(10,000)	(10,000)	(10,000)
Ending Fund Balance	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Consisting of:				
Self Insurance Reserve	60,000	60,000	60,000	60,000
Ending Fund Balance	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000

Recap by Fund

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City of Mercer Island has six Special Revenue Funds: City Street Fund, Contingency Fund, 1% for the Arts Fund, Youth & Family Services Fund, ARPA Fund and the Community Planning & Development Fund.

STREET FUND – 104

The Street Fund is a restricted fund that accounts for revenues and expenditures for street maintenance, preservation, and construction. Major sources of revenue include Real Estate Excise Tax (REET), Fuel Tax, and Federal and State Grants. The Transportation Improvement Plan (TIP) determines the annual expenditures for street and pedestrian facility improvements. For additional detail on the TIP see the Capital Improvement Program section of the budget.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ -	\$ 4,375,647	\$ 80,397	\$ 1,592,755	-98.2%	1881.1%
Real Estate Excise Tax	1,542,594	1,632,948	1,677,633	1,821,094	2.7%	8.6%
Motor Vehicle Fuel Tax	509,389	507,899	509,000	509,000	0.2%	0.0%
General Govt / Grants / Fines	2,096,432	2,963,753	71,000	231,000	-97.6%	225.4%
Vehicle Excise Tax	368,985	367,866	367,866	367,866	0.0%	0.0%
Interfund Transfers In	139,574	583,000	240,000	381,187	-58.8%	58.8%
Total Budgeted Revenues	\$ 4,656,974	\$10,431,113	\$ 2,945,896	\$ 4,902,902	-71.8%	66.4%
Not Budgeted						
Beginning Fund Balance (Reserved)	6,109,357	1,858,143	1,777,746	184,991	-4.3%	-89.6%
TOTAL REVENUES	\$10,766,331	\$12,289,256	\$ 4,723,642	\$ 5,087,893	-61.6%	7.7%
EXPENDITURES						
Budgeted						
Street and Right of Way Maintenance	\$ 547,026	\$ 501,035	\$ 488,633	\$ 502,729	-2.5%	2.9%
Transportation Project Management	358,700	315,527	678,263	709,665	115.0%	4.6%
Transportation Improvement Program	3,626,814	6,317,551	1,699,000	3,690,508	-73.1%	117.2%
Interfund Transfer - to CIP	-	3,297,000	80,000	-	-97.6%	-100.0%
Total Budgeted Expenditures	\$ 4,532,541	\$10,431,113	\$ 2,945,896	\$ 4,902,902	-71.8%	66.4%
Not Budgeted						
Ending Fund Balance	6,233,790	1,858,143	1,777,746	184,991	-4.3%	-89.6%
TOTAL EXPENDITURES	\$10,766,331	\$12,289,256	\$ 4,723,642	\$ 5,087,893	-61.6%	7.7%

Street Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
EXPENDITURES						
Budgeted						
Salaries and Wages	\$ 254,432	\$ 236,672	\$ 184,367	\$ 193,200	-22.1%	4.8%
Benefits	108,342	92,123	68,953	73,911	-25.2%	7.2%
Other Services and Charges	118,802	151,190	188,563	188,868	25%	0.2%
Capital Program	3,985,514	6,633,078	2,377,263	4,400,173	-64.2%	85.1%
Interfund Transfers	-	3,297,000	80,000	-	-97.6%	-100.0%
Total Budgeted Expenditures	\$ 4,532,541	\$ 10,431,113	\$ 2,945,896	\$ 4,902,902	-71.8%	66.4%
Not Budgeted						
Ending Fund Balance	6,233,790	1,858,143	1,777,746	184,991	-4.3%	-89.6%
TOTAL EXPENDITURES	\$ 10,766,331	\$ 12,289,256	\$ 4,723,642	\$ 5,087,893	-61.6%	7.7%

Street Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 6,109,357	\$ 6,233,790	\$ 1,858,143	\$ 1,777,746
Plus Revenues	4,656,974	6,055,466	2,865,499	3,310,147
Less Expenditures	(4,532,541)	(10,431,113)	(2,945,896)	(4,902,902)
Ending Fund Balance	\$ 6,233,790	\$ 1,858,143	\$ 1,777,746	\$ 184,991
Consisting of:				
Town Center street (north) reserve	99,684	99,684	99,684	99,684
Appropriated for Expenditures Next Year	4,375,647	80,397	1,592,755	-
Operating Fund Balance Minimum	87,000	87,000	85,000	85,000
Transportation Impact Fees	232,607	-	-	-
Unreserved	1,438,852	1,591,062	307	307
Ending Fund Balance	\$ 6,233,790	\$ 1,858,143	\$ 1,777,746	\$ 184,991

Recap by Fund

CONTINGENCY FUND – 130

The Contingency Fund accounts for resources that can only be used to address one of the following unanticipated situations in the General Fund or other general government operating fund: 1) a significant revenue shortfall; 2) a significant, non-recurring, expenditure; and 3) a significant increase in service delivery costs. As part of the 2019-2020 budget process, the City Council increased the target funding level from 10% to 12.5% (which equals 1.5 months) of General Fund budgeted expenditures, capped by state law at 37.5 cents per \$1,000 of the City's total assessed valuation.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Interest	522,423	65,712	-	-	-100.0%	N/A
Total Budgeted Revenues	\$ 522,423	\$ 65,712	\$ -	\$ -	-100.0%	N/A
Not Budgeted						
Beginning Fund Balance (Reserved)	4,567,264	4,871,961	4,937,673	4,937,673	1.3%	0.0%
TOTAL REVENUES	\$ 5,089,686	\$ 4,937,673	\$ 4,937,673	\$ 4,937,673	0.0%	0.0%
EXPENDITURE						
Budgeted						
Interfund Transfers	\$ 217,725	\$ -	\$ -	\$ -	N/A	N/A
Total Budgeted Expenditures	\$ 217,725	\$ -	\$ -	\$ -	N/A	N/A
Not Budgeted						
Ending Fund Balance	4,871,961	4,937,673	4,937,673	4,937,673	0.0%	0.0%
TOTAL EXPENDITURES	\$ 5,089,686	\$ 4,937,673	\$ 4,937,673	\$ 4,937,673	0.0%	0.0%

Contingency Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 4,567,264	\$ 4,871,961	\$ 4,937,673	\$ 4,937,673
Plus Revenues	522,423	65,712	-	-
Less Expenditures	(217,725)	-	-	-
Ending Fund Balance	\$ 4,871,961	\$ 4,937,673	\$ 4,937,673	\$ 4,937,673
Consisting of:				
Reserve at 12.5% of General Fund Expenditures	4,531,281	5,454,847	4,605,308	4,820,815
Contingency Reserve (Under)/Over Policy	340,680	(517,174)	332,365	116,858
Ending Fund Balance	\$ 4,871,961	\$ 4,937,673	\$ 4,937,673	\$ 4,937,673

1% FOR THE ARTS FUND – 140

The 1% For the Arts Fund accounts for the 1% contribution from Capital Improvement Program (CIP) projects, excluding utilities, technology, and equipment. As stated in MICC 4.40.200 funds accumulated in the 1% for Arts Fund are restricted to 1) the selection, acquisition, and installation or display of original works of visual art; 2) repairs and maintenance of public art acquired with 1%-for-the-arts funds; and 3) other project-specific expenses of selection and acquisition; provided, that no part of the funds shall be used to pay administrative staffing expenses of the program.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ 22,607	\$ 30,060	\$ 15,000	\$ 13,000	-50.1%	-13.3%
One Percent for Arts	30,915	25,000	-	2,000	-100.0%	N/A
Insurance Proceeds	-	-	-	-	N/A	N/A
Interfund Transfers In	-	-	-	-	N/A	N/A
Total Budgeted Revenues	\$ 53,522	\$ 55,060	\$ 15,000	\$ 15,000	-72.8%	0.0%
Not Budgeted						
Beginning Fund Balance (Reserved)	155,678	125,618	120,618	107,618	-4.0%	-10.8%
TOTAL REVENUES	\$ 209,200	\$ 180,678	\$ 135,618	\$ 122,618	-24.9%	-9.6%
EXPENDITURES						
Budgeted						
Public Art Maintenance	\$ 13,582	\$ 35,000	\$ 15,000	\$ 15,000	-57.1%	0.0%
Luther Burbank Waterfront	39,940	10,060	-	-	-100.0%	N/A
Total Budgeted Expenditures	\$ 53,521	\$ 45,060	\$ 15,000	\$ 15,000	-66.7%	0.0%
Not Budgeted						
Ending Fund Balance	155,678	135,618	120,618	107,618	-11.1%	-10.8%
TOTAL EXPENDITURES	\$ 209,200	\$ 180,678	\$ 135,618	\$ 122,618	-24.9%	-9.6%

1% for the Arts Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 178,285	\$ 155,678	\$ 135,618	\$ 120,618
Plus Revenues	30,915	25,000	-	2,000
Less Expenditures	(53,521)	(45,060)	(15,000)	(15,000)
Ending Fund Balance	\$ 155,678	\$ 135,618	\$ 120,618	\$ 107,618
Consisting of:				
Funding for Expenditures Next Year	30,060	-	-	-
Art in public places reserve	125,618	135,618	120,618	107,618
Ending Fund Balance	\$ 155,678	\$ 135,618	\$ 120,618	\$ 107,618

Recap by Fund

YOUTH & FAMILY SERVICES FUND – 160

The Youth & Family Services Fund was created to account for all revenues and expenditures directly related to the Youth & Family Services (YFS) Department. These programs include the Thrift Shop operations, Individual & Family Counseling, Senior Services, Emergency Assistance, and the School-Based Services program. YFS is largely supported by donations, grants, and the MIYFS Foundation.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Use of Operating Reserves	\$ -	\$ -	\$ 468,657	\$ 499,683	N/A	6.6%
Federal, State & Local Grants	61,011	40,202	44,559	44,559	10.8%	0.0%
Healthy Youth Initiative Grants	263,969	368,693	362,858	357,641	-1.6%	-1.4%
School Counselor Program Support	60,000	60,000	60,000	60,000	0.0%	0.0%
Thrift Shop	1,571,418	1,723,108	1,895,000	2,080,000	10.0%	9.8%
Program Fees & Donations	111,817	118,526	256,923	269,850	116.8%	5.0%
Emergency Assistance Program Support	177,497	112,500	115,000	115,000	2.2%	0.0%
MIYFS Foundation Support	515,000	515,000	515,000	515,000	0.0%	0.0%
Affordable and Supplemental Housing	40,436	40,442	35,441	35,441	-12.4%	0.0%
Opioid Settlement Agreements	-	178,591	48,000	48,000	-73.1%	0.0%
Interfund Transfer	864,790	670,000	350,000	350,000	-47.8%	0.0%
Total Budgeted Revenues	\$ 3,665,938	\$ 3,827,062	\$ 4,151,438	\$ 4,375,174	8.5%	5.4%
Not Budgeted						
Beginning Fund Balance (Reserved)	632,642	1,063,789	911,141	411,458	-14.3%	-54.8%
TOTAL REVENUES	\$ 4,298,580	\$ 4,890,851	\$ 5,062,579	\$ 4,786,632	3.5%	-5.5%
EXPENDITURES						
Budgeted						
YFS Administration	\$ 353,619	\$ 432,258	\$ 510,755	\$ 534,783	18.2%	4.7%
Thrift Shop	997,554	1,171,951	1,272,773	1,372,915	8.6%	7.9%
School Counselor Program	762,646	855,623	1,035,521	1,084,674	21.0%	4.7%
Senior Outreach	53,034	60,311	63,962	69,243	6.1%	8.3%
Family Counseling	297,898	363,019	520,011	563,374	43.2%	8.3%
Emergency Assistance & Food Pantry	443,304	333,910	385,558	392,544	15.5%	1.8%
Healthy Youth Initiative Grants	326,737	293,981	362,858	357,641	23.4%	-1.4%
Interfund Transfers	-	-	-	-	N/A	N/A
Total Budgeted Expenditures	\$ 3,234,791	\$ 3,511,053	\$ 4,151,438	\$ 4,375,174	18.2%	5.4%
Not Budgeted						
Ending Fund Balance	1,063,789	1,379,798	911,141	411,458	-34.0%	-54.8%
TOTAL EXPENDITURES	\$ 4,298,580	\$ 4,890,851	\$ 5,062,579	\$ 4,786,632	3.5%	-5.5%

YFS Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
EXPENDITURES						
Budgeted						
Salaries and Wages	\$ 1,736,676	\$ 1,925,492	\$ 2,272,479	\$ 2,420,642	18.0%	6.5%
Benefits	651,985	852,957	982,343	1,049,291	15.2%	6.8%
Contractual Services	302,503	277,840	395,725	399,026	42.4%	0.8%
Other Services and Charges	543,628	454,764	500,891	506,215	10.1%	1.1%
Interfund Transfers	-	-	-	-	N/A	N/A
Total Budgeted Expenditures	\$ 3,234,791	\$ 3,511,053	\$ 4,151,438	\$ 4,375,174	18.2%	5.4%
Not Budgeted						
Ending Fund Balance	1,063,789	1,379,798	911,141	411,458	-34.0%	-54.8%
TOTAL EXPENDITURES	\$ 4,298,580	\$ 4,890,851	\$ 5,062,579	\$ 4,786,632	3.5%	-5.5%

YFS Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 632,642	\$ 1,063,789	\$ 1,379,798	\$ 911,141
Plus Revenues	3,665,938	3,827,062	3,682,781	3,875,491
Less Expenditures	(3,234,791)	(3,511,053)	(4,151,438)	(4,375,174)
Ending Fund Balance	\$ 1,063,789	\$ 1,379,798	\$ 911,141	\$ 411,458
Consisting of:				
Emergency Assistance & Food Pantry	118,228	118,228	118,228	118,228
Opioid Settlement Funds	42,447	221,038	269,038	317,038
Operating Reserve	903,114	571,875	24,192	(23,808)
Funding for Expenditures Next Year	-	468,657	499,683	-
Unreserved	(0)	(0)	(0)	(0)
Ending Fund Balance	\$ 1,063,789	\$ 1,379,798	\$ 911,141	\$ 411,458

Recap by Fund

AMERICAN RESCUE PLAN ACT (ARPA) FUND – 170

The American Rescue Plan Act (ARPA) is a Federal economic stimulus package that was signed into law on March 11, 2021 in response to the economic and public safety impacts of the COVID-19 pandemic. The ARPA fund was established to account for qualified expenditures funded by ARPA dollars. Based on US Treasury guidelines, ARPA funds must be encumbered no later than December 31, 2024, and fully expended by December 31, 2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
RESOURCES						
Budgeted						
Beginning Fund Balance	\$ 1,269,695	\$ 4,768,466	\$ -	\$ -	-100.0%	N/A
ARPA Distribution	-	-	-	-	N/A	N/A
Total Budgeted Resources	\$ 1,269,695	\$ 4,768,466	\$ -	\$ -	-100.0%	N/A
Not Budgeted						
Beginning Fund Balance (Reserved)	4,768,466	-	-	-	N/A	N/A
TOTAL RESOURCES	\$ 6,038,161	\$ 4,768,466	\$ -	\$ -	-100.0%	N/A
USES						
Budgeted						
Capital Program	\$ 217,209	\$ 2,765,984	\$ -	\$ -	-100.0%	N/A
City Hall Closure Impacts	368,421	1,024,941	-	-	-100.0%	N/A
Climate Action Items	24,103	181,702	-	-	-100.0%	N/A
Gun Buyback program	-	30,000	-	-	-100.0%	N/A
Management Analyst	63,612	137,000	-	-	-100.0%	N/A
ARPA Program Administration	70,007	78,839	-	-	-100.0%	N/A
Utility Grant Program	4,000	-	-	-	N/A	N/A
Youth & Family Svc Programs	522,343	550,000	-	-	-100.0%	N/A
Total Budgeted Expenditures	\$ 1,269,695	\$ 4,768,466	\$ -	\$ -	-100.0%	N/A
Not Budgeted						
Ending Fund Balance	4,768,466	-	-	-	N/A	N/A
TOTAL USES	\$ 6,038,161	\$ 4,768,466	\$ -	\$ -	-100.0%	N/A

ARPA Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 6,038,161	\$ 4,768,466	\$ -	\$ -
Plus Revenues	-	-	-	-
Less Expenditures	(1,269,695)	(4,768,466)	-	-
Ending Fund Balance	\$ 4,768,466	\$ -	\$ -	\$ -
Consisting of:				
Funding for Expenditures Next Year	4,768,466	-	-	-
Unreserved	-	-	-	-
Ending Fund Balance	\$ 4,768,466	\$ -	\$ -	\$ -

DEVELOPMENT SERVICES FUND – 180

The Development Services Fund is established to account for the revenues and expenditures specific to land use, development engineering, and development permitting. Previously accounted for within the General Fund, this new special revenue fund separates these restricted permit and land use functions. The fund is established using prior year restricted development revenue transferred in from the General Fund.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
RESOURCES						
Budgeted						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Permit Fees			2,786,419	2,852,768	N/A	2.4%
Land Use Fees	-	-	501,455	521,113	N/A	3.9%
Interest	-	-	-	-	N/A	N/A
Interfund Transfers In	-	1,285,678	913,016	966,165	-29.0%	5.8%
Total Budgeted Resources	\$ -	\$ 1,285,678	\$ 4,200,890	\$ 4,340,046	226.7%	3.3%
Not Budgeted						
Beginning Fund Balance (Reserved)	-	-	1,285,678	1,382,192	N/A	7.5%
TOTAL RESOURCES	\$ -	\$ 1,285,678	\$ 5,486,568	\$ 5,722,238	326.7%	4.3%
USES						
Budgeted						
Administration	\$ -	\$ -	\$ 1,207,409	\$ 1,261,702	N/A	4.5%
Permit Center	-	-	430,708	454,713	N/A	5.6%
Building Plan Review & Inspection	-	-	923,261	974,260	N/A	5.5%
Planning & Land Use	-	-	1,266,735	1,354,562	N/A	6.9%
Development Engineering	-	-	276,263	288,983	N/A	4.6%
Total Budgeted Expenditures	\$ -	\$ -	\$ 4,104,376	\$ 4,334,220	N/A	5.6%
Not Budgeted						
Ending Fund Balance	-	1,285,678	1,382,192	1,388,018	7.5%	0.4%
TOTAL USES	\$ -	\$ 1,285,678	\$ 5,486,568	\$ 5,722,238	326.7%	4.3%

Recap by Fund

Development Services Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
USES						
Budgeted						
Salaries and Wages	\$ -	\$ -	\$ 2,323,272	\$ 2,453,143	N/A	5.6%
Benefits	-	-	869,963	936,487	N/A	7.6%
Other Services and Charges	-	-	504,738	516,005	N/A	2.2%
City Administration Overhead	-	-	406,403	428,585	N/A	5.5%
Interfund Transfers	-	-	-	-	N/A	N/A
Total Budgeted Expenditures	\$ -	\$ -	\$ 4,104,376	\$ 4,334,220	N/A	5.6%
Not Budgeted						
Ending Fund Balance	-	1,285,678	1,382,192	1,388,018	7.5%	0.4%
TOTAL USES	\$ -	\$ 1,285,678	\$ 5,486,568	\$ 5,722,238	326.7%	4.3%

Development Services Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ -	\$ -	\$ 1,285,678	\$ 1,382,192
Plus Revenues	-	1,285,678	4,200,890	4,340,046
Less Expenditures	-	-	(4,104,376)	(4,334,220)
Ending Fund Balance	\$ -	\$ 1,285,678	\$ 1,382,192	\$ 1,388,018
Consisting of:				
Unreserved	-	1,285,678	1,382,192	1,388,018
Ending Fund Balance	\$ -	\$ 1,285,678	\$ 1,382,192	\$ 1,388,018

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for the payment of principal and interest on general obligation bonds. General obligation bonds are those for which the full faith and credit of the City are pledged. They are payable from property taxes. The City of Mercer Island has two Debt Service Funds: Bond Redemption Fund – Voted, and Bond Redemption Fund – Non-Voted.

BOND REDEMPTION FUND (VOTED) – 208

This fund accounts for “excess” (i.e., voted bond) property tax levies that are dedicated to paying the debt service (i.e., principal and interest) on unlimited tax general obligation (UTGO) bonds. The City currently has no outstanding UTGO Bonds.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Total Budgeted Revenues	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Not Budgeted						
Beginning Fund Balance (Reserved)	18,943	18,943	18,943	18,943	0.0%	0.0%
TOTAL REVENUES	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943	0.0%	0.0%
EXPENDITURES						
Budgeted						
Principal - Voted	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Interest - Voted	-	-	-	-	N/A	N/A
Total Budgeted Expenditures	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Not Budgeted						
Ending Fund Balance	18,943	18,943	18,943	18,943	0.0%	0.0%
TOTAL EXPENDITURES	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943	0.0%	0.0%

Bond Redemption Fund (Voted): Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943
Plus Revenues	-	-	-	-
Less Expenditures	-	-	-	-
Ending Fund Balance	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943
Consisting of:				
Funding for Expenditures Next Year	-	-	-	-
Debt Service Reserve	18,943	18,943	18,943	18,943
Ending Fund Balance	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943

Recap by Fund

BOND REDEMPTION FUND (NON-VOTED) – 239

This fund accounts for revenues that are dedicated to paying the debt service (i.e., principal and interest) on limited (i.e., non-voted) general obligation (LTGO) bonds. The City currently has zero general government LTGO bond issuance outstanding.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUE						
Budgeted						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Property Tax-Lid Lift	-	-	-	-	N/A	N/A
Interfund Transfer In	142,800	-	-	-	N/A	N/A
Total Budgeted Revenues	\$ 142,800	\$ -	\$ -	\$ -	N/A	N/A
Not Budgeted						
Beginning Fund Balance (Reserved)	5,038	5,080	5,080	5,080	0.0%	0.0%
TOTAL REVENUES	\$ 147,838	\$ 5,080	\$ 5,080	\$ 5,080	0.0%	0.0%
EXPENDITURES						
Budgeted						
Debt Payments						
MICEC Building	\$ 142,758	\$ -	\$ -	\$ -	N/A	N/A
Total Budgeted Expenditures	\$ 142,758	\$ -	\$ -	\$ -	N/A	N/A
Not Budgeted						
Ending Fund Balance	5,080	5,080	5,080	5,080	0.0%	0.0%
TOTAL EXPENDITURES	\$ 147,838	\$ 5,080	\$ 5,080	\$ 5,080	0.0%	0.0%

Bond Redemption Fund (Non-voted): Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 5,038	\$ 5,080	\$ 5,080	\$ 5,080
Plus Revenues	142,800	-	-	-
Less Expenditures	(142,758)	-	-	-
Ending Fund Balance	\$ 5,080	\$ 5,080	\$ 5,080	\$ 5,080
Consisting of:				
Debt Service Reserve	5,080	5,080	5,080	5,080
Ending Fund Balance	\$ 5,080	\$ 5,080	\$ 5,080	\$ 5,080

CAPITAL PROJECT FUNDS

Capital Project Funds include financial resources for the acquisition or construction of capital facilities other than those financed by Enterprise or Internal Service Funds. The City of Mercer Island has four Capital Project Funds: Town Center Parking Facilities Fund, Capital Improvement Fund, Technology & Equipment Fund, and Municipal Facility Replacement Reserve Fund.

TOWN CENTER PARKING FACILITIES FUND – 342

The Town Center Parking Facilities Fund accounts for revenues and expenditures associated with purchasing or constructing parking facilities in the Town Center.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Interfund Transfers	-	-	-	-	N/A	N/A
Total Budgeted Revenues	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Not Budgeted						
Beginning Fund Balance (Reserved)	708,593	708,593	708,593	708,593	0.0%	0.0%
TOTAL REVENUES	\$ 708,593	\$ 708,593	\$ 708,593	\$ 708,593	0.0%	0.0%
EXPENDITURES						
Budgeted						
Town Center Parking	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Total Budgeted Expenditures	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Not Budgeted						
Ending Fund Balance	708,593	708,593	708,593	708,593	0.0%	0.0%
TOTAL EXPENDITURES	\$ 708,593	\$ 708,593	\$ 708,593	\$ 708,593	0.0%	0.0%

Town Center Parking Facilities Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 708,593	\$ 708,593	\$ 708,593	\$ 708,593
Plus Revenues	-	-	-	-
Less Expenditures	-	-	-	-
Ending Fund Balance	\$ 708,593	\$ 708,593	\$ 708,593	\$ 708,593
Consisting of:				
Funding for Expenditures Next Year	-	-	-	-
Unreserved	708,593	708,593	708,593	708,593
Ending Fund Balance	\$ 708,593	\$ 708,593	\$ 708,593	\$ 708,593

Recap by Fund

CAPITAL IMPROVEMENT FUND – 343

The Capital Improvement Fund accounts for revenues that can only be spent on the following types of general government capital projects: parks, open spaces, and buildings. The projects planned for 2025 and 2026 are described in detail in the Capital Improvement Program.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUE						
Budgeted						
Beginning Fund Balance	\$ -	\$ 1,829,869	\$ 3,868,845	\$ 1,290,015	111.4%	-66.7%
Property Tax	891,400	902,868	911,897	921,016	1.0%	1.0%
Real Estate Excise Tax	1,888,964	1,995,825	2,050,440	2,225,781	2.7%	8.6%
General Govt / Grants / Fines	874,427	1,872,061	4,581,492	5,219,485	144.7%	13.9%
Sound Transit Mitigation	-	50,000	-	-	-100.0%	N/A
GMA Impact Fees	60,730	545,734	20,605	20,605	-96.2%	0.0%
REET 2 Reserves - Transfer from Streets	-	3,297,000	-	-	-100.0%	N/A
Interfund Transfer - ARPA Funding	-	1,745,000	-	-	-100.0%	N/A
Interfund Transfers - Utility Funds	53,916	171,808	-	-	-100.0%	N/A
Total Budgeted Revenues	\$ 3,769,437	\$ 12,410,165	\$ 11,433,279	\$ 9,676,902	-7.9%	-15.4%
Not Budgeted						
Beginning Fund Balance (Reserved)	7,411,107	6,013,497	2,144,652	854,636	-64.3%	-60.2%
TOTAL REVENUES	\$ 11,180,544	\$ 18,423,662	\$ 13,577,931	\$ 10,531,538	-26.3%	-22.4%
EXPENDITURES						
Budgeted						
Capital Improvement Program	\$ 2,827,889	\$ 12,054,959	\$ 10,811,031	\$ 9,024,533	-10.3%	-16.5%
Project Management Expenses	366,490	355,206	622,248	652,369	75.2%	4.8%
Debt Service CCMV	142,800	-	-	-	N/A	N/A
Total Budgeted Expenditures	\$ 3,337,179	\$ 12,410,165	\$ 11,433,279	\$ 9,676,902	-7.9%	-15.4%
Not Budgeted						
Ending Fund Balance	7,843,366	6,013,497	2,144,651	854,637	-64.3%	-60.2%
TOTAL EXPENDITURES	\$ 11,180,544	\$ 18,423,662	\$ 13,577,931	\$ 10,531,538	-26.3%	-22.4%

Capital Improvement Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
Beginning Fund Balance	\$ 7,411,107	\$ 7,843,366	\$ 6,013,497	\$ 2,144,651
Plus Revenues	3,769,437	10,580,296	7,564,434	8,386,887
Less Expenditures	(3,337,179)	(12,410,165)	(11,433,279)	(9,676,902)
Ending Fund Balance	\$ 7,843,366	\$ 6,013,497	\$ 2,144,651	\$ 854,637
Consisting of:				
RCO Property sale proceeds	28,400	28,400	28,400	28,400
Freeman Landing Reserve	329,891	329,891	329,891	329,891
King Count Parks Levy reserve	569,790	-	-	-
Parks Impact Fee reserve	36,793	36,793	36,793	36,793
All Weather Field Repl Reserve	755,162	955,162	1,155,162	1,355,162
Operating Fund Balance Minimum	114,000	114,000	114,000	114,000
Unreserved	6,009,330	4,549,251	480,405	(1,009,609)
Ending Fund Balance	\$ 7,843,366	\$ 6,013,497	\$ 2,144,651	\$ 854,637

Recap by Fund

TECHNOLOGY & EQUIPMENT FUND – 345

The Technology & Equipment Fund accounts for general government capital investments in technology software, furnishings, and equipment. An interfund transfer from the General Fund is the main revenue source for this Fund. Other Funds may contribute resources for specific projects when shared by multiple operating departments. The projects planned for 2024 through 2026 are described in detail in the Capital Improvement Program.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ 318,201	\$ 465,650	\$ -	\$ -	-100.0%	N/A
Interfund Transfers	280,000	280,000	450,000	345,922		
Total Budgeted Revenues	\$ 598,201	\$ 745,650	\$ 450,000	\$ 345,922	-39.6%	-23.1%
Not Budgeted						
Beginning Fund Balance (Reserved)	1,240,122	774,471	774,471	931,471	0.0%	20.3%
TOTAL REVENUES	\$ 1,838,323	\$ 1,520,121	\$ 1,224,471	\$ 1,277,393	-19.4%	4.3%
EXPENDITURES						
Budgeted						
Technology Improvements	\$ 598,201	\$ 745,650	\$ 293,000	\$ 305,931	-60.7%	4.4%
Interfund Transfers	-	-	-	-	N/A	N/A
Total Budgeted Expenditures	\$ 598,201	\$ 745,650	\$ 293,000	\$ 305,931	-60.7%	4.4%
Not Budgeted						
Ending Fund Balance	1,240,121	774,471	931,471	971,462	20.3%	4.3%
TOTAL EXPENDITURES	\$ 1,838,323	\$ 1,520,121	\$ 1,224,471	\$ 1,277,393	-19.4%	4.3%

Technology & Equipment Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
Beginning Fund Balance	\$ 1,558,323	\$ 1,240,121	\$ 774,471	\$ 931,471
Plus Revenues	280,000	280,000	450,000	345,922
Less Expenditures	(598,201)	(745,650)	(293,000)	(305,931)
Ending Fund Balance	\$ 1,240,121	\$ 774,471	\$ 931,471	\$ 971,462
Consisting of:				
Federal and State seizure funds	41,345	41,345	41,345	41,345
MICEC Equipment Replacement Reserve	81,154	-	-	-
Police In-car Cameral Replacement Reserve	67,170	79,170	91,170	103,170
Funding for Expenditures Next Year	465,650	-	-	-
Unreserved	584,802	653,956	798,956	826,947
Ending Fund Balance	\$ 1,240,121	\$ 774,471	\$ 931,471	\$ 971,462

Recap by Fund

MUNICIPAL FACILITY REPLACEMENT RESERVE FUND – 350

The Municipal Facility Capital Replacement Reserve Fund was established to account for resources accumulated to address short- and long-term municipal facility needs in the wake of closing City Hall in April 2023.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Interfund Transfer	579,808	2,400,000	-	-	-100.0%	N/A
Total Budgeted Revenues	\$ 579,808	\$ 2,400,000	\$ -	\$ -	-100.0%	N/A
Not Budgeted						
Beginning Fund Balance (Reserved)	-	579,808	2,979,808	2,979,808	413.9%	0.0%
TOTAL REVENUES	\$ 579,808	\$ 2,979,808	\$ 2,979,808	\$ 2,979,808	0.0%	0.0%
EXPENDITURES						
Budgeted						
Transfer to CIP Fund	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Total Budgeted Expenditures	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Not Budgeted						
Ending Fund Balance	579,808	2,979,808	2,979,808	2,979,808	0.0%	0.0%
TOTAL EXPENDITURES	\$ 579,808	\$ 2,979,808	\$ 2,979,808	\$ 2,979,808	0.0%	0.0%

Municipal Facility Replacement Reserve Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ -	\$ 579,808	\$ 2,979,808	\$ 2,979,808
Plus Revenues	579,808	2,400,000	-	-
Less Expenditures	-	-	-	-
Ending Fund Balance	\$ 579,808	\$ 2,979,808	\$ 2,979,808	\$ 2,979,808
Consisting of:				
Unreserved	579,808	2,979,808	2,979,808	2,979,808
Ending Fund Balance	\$ 579,808	\$ 2,979,808	\$ 2,979,808	\$ 2,979,808

ENTERPRISE FUNDS

Enterprise Funds account for government activities that are financed and operated in a manner similar to private business. Costs of providing services to the community are primarily financed by user fees. The City of Mercer Island has three Enterprise Funds: Water Fund, Sewer Fund, and Stormwater Fund.

WATER FUND – 402

The Water Fund, which encompasses the City’s water utility, accounts for all activities (i.e., administration, operations, maintenance, and capital investment) related to the provision of water services to the City’s residential, commercial, and public customers.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ 2,675,533		\$ 9,396,569	\$ 10,990,513	N/A	17.0%
Sales to Customers	11,159,629	11,663,490	12,596,569	13,604,295	8.0%	8.0%
Proceeds of Debt Issuance	-	29,000,000	-	-	-100.0%	N/A
Interest Earnings	910,113	689,076	712,250	293,158	3.4%	-58.8%
Other Services and Charges	54,918	31,973	-	-	-100.0%	N/A
Interfund Transfer In	-	-	-	-	N/A	N/A
Total Budgeted Revenues	\$ 14,800,193	\$ 41,384,539	\$ 22,705,388	\$ 24,887,966	-45.1%	9.6%
Not Budgeted						
Beginning Fund Balance (Reserved)	17,226,888	17,226,888	14,719,370	3,728,857	-14.6%	-74.7%
TOTAL REVENUES	\$ 32,027,081	\$ 58,611,427	\$ 37,424,758	\$ 28,616,823	-36.1%	-23.5%
EXPENDITURES						
Budgeted						
Maintenance and Operations	\$ 3,514,745	\$ 3,740,058	\$ 4,092,764	\$ 4,306,455	9.4%	5.2%
Water Purchased for Resale	2,133,899	2,146,584	2,255,237	2,334,585	5.1%	3.5%
Debt Service	107,070	133,653	2,426,562	2,430,188	1715.6%	0.1%
City Administration	369,533	396,770	714,828	748,134	80.2%	4.7%
Water System Improvements (CIP)	8,373,275	27,122,093	12,649,280	14,409,251	-53.4%	13.9%
CIP Project Overhead	268,695	305,064	422,757	444,649	38.6%	5.2%
Interfund Transfer - CIP	32,976	651,266	143,960	214,704	-77.9%	49.1%
Total Budgeted Expenditures	\$ 14,800,192	\$ 34,495,488	\$ 22,705,388	\$ 24,887,966	-34.2%	9.6%
Not Budgeted						
Ending Fund Balance	17,226,888	24,115,939	14,719,370	3,728,857	-39.0%	-74.7%
TOTAL EXPENDITURES	\$ 32,027,081	\$ 58,611,427	\$ 37,424,758	\$ 28,616,823	-36.1%	-23.5%

Recap by Fund

Water Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
EXPENDITURES						
Budgeted						
Salaries and Wages	\$ 1,171,279	\$ 1,279,424	\$ 1,298,429	\$ 1,359,711	1.5%	4.7%
Benefits	571,156	558,351	549,499	589,698	-1.6%	7.3%
Water Purchased for Resale	2,133,899	2,146,584	2,255,237	2,334,585	5.1%	3.5%
Other Services and Charges	2,141,843	2,299,053	2,959,664	3,105,180	28.7%	4.9%
Debt Service	107,070	133,653	2,426,562	2,430,188	1715.6%	0.1%
Water System Improvements (CIP)	8,373,275	27,122,093	12,649,280	14,409,251	-53.4%	13.9%
CIP Project Overhead	268,695	305,064	422,757	444,649	38.6%	5.2%
Interfund Transfer - CIP	32,976	651,266	143,960	214,704	-77.9%	49.1%
Total Budgeted Expenditures	\$ 14,800,192	\$ 34,495,488	\$ 22,705,388	\$ 24,887,966	-34.2%	9.6%
Not Budgeted						
Ending Fund Balance	17,226,888	24,115,939	14,719,370	3,728,857	-39.0%	-74.7%
TOTAL EXPENDITURES	\$ 32,027,081	\$ 58,611,427	\$ 37,424,758	\$ 28,616,824	-36.1%	-23.5%

Water Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Working Capital Balance	\$ 19,902,421	\$ 17,226,888	\$ 24,115,939	\$ 14,719,370
Plus Revenues	12,124,660	41,384,539	13,308,819	13,897,453
Less Expenditures	(14,800,192)	(34,495,488)	(22,705,388)	(24,887,966)
Ending Working Capital Balance	\$ 17,226,888	\$ 24,115,939	\$ 14,719,370	\$ 3,728,857
Consisting of:				
Operating Fund Balance Minimum	1,034,000	1,034,000	1,164,000	1,221,000
Capital Funding Reserve	651,221	784,000	938,000	938,000
Funding for Expenditures Next Year	-	9,396,569	10,990,513	-
Unreserved	15,541,667	12,901,370	1,626,857	1,569,857
Ending Working Capital Balance	\$ 17,226,888	\$ 24,115,939	\$ 14,719,370	\$ 3,728,857

SEWER FUND – 426

The Sewer Fund, which encompasses the City’s sewer utility, accounts for all activities (i.e., administration, operation, maintenance, and capital investment) related to the provision of sewer services to the City’s residential, commercial, and public customers.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ 392,861	\$ 3,802,458	\$ 2,277,964	\$ 2,918,944	-40.1%	28.1%
Sales to Customers	11,330,079	12,022,731	12,636,827	13,359,815	5.1%	5.7%
Interest Earnings	508,375	395,968	181,615	81,073	-54.1%	-55.4%
Total Budgeted Revenues	\$ 12,231,315	\$ 16,221,157	\$ 15,096,406	\$ 16,359,832	-6.9%	8.4%
Not Budgeted						
Beginning Fund Balance (Reserved)	9,899,201	6,096,743	3,818,779	899,835	-37.4%	-76.4%
TOTAL REVENUES	\$ 22,130,516	\$ 22,317,900	\$ 18,915,185	\$ 17,259,667	-15.2%	-8.8%
EXPENDITURES						
Budgeted						
King County Sewer Treatment	\$ 5,432,155	\$ 5,835,863	\$ 6,171,550	\$ 6,603,600	5.8%	7.0%
Maintenance and Operations	2,326,888	2,656,549	2,897,276	3,039,745	9.1%	4.9%
Debt Service	1,020,762	1,031,829	1,028,615	1,029,611	-0.3%	0.1%
City Admin Charges	287,058	307,901	488,699	511,863	58.7%	4.7%
Sewer System Improvements (CIP)	2,932,666	5,949,854	4,215,000	4,822,696	-29.2%	14.4%
CIP Project Overhead	179,347	183,377	263,584	276,850	43.7%	5.0%
Interfund Transfer - CIP	52,440	255,784	31,682	75,467	-87.6%	138.2%
Total Budgeted Expenditures	\$ 12,231,315	\$ 16,221,157	\$ 15,096,406	\$ 16,359,832	-6.9%	8.4%
Not Budgeted						
Ending Fund Balance	9,899,201	6,096,743	3,818,779	899,835	-37.4%	-76.4%
TOTAL EXPENDITURES	\$ 22,130,516	\$ 22,317,900	\$ 18,915,185	\$ 17,259,667	-15.2%	-8.8%

Recap by Fund

Sewer Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
EXPENDITURES						
Budgeted						
Salaries and Wages	\$ 933,892	\$ 1,101,361	\$ 1,133,088	\$ 1,182,837	2.9%	4.4%
Benefits	460,052	472,192	469,027	502,809	-0.7%	7.2%
King County Sewer Treatment	5,432,155	5,835,863	6,171,550	6,603,600	5.8%	7.0%
Debt Sevice	1,020,762	1,031,829	1,028,615	1,029,611	-0.3%	0.1%
Other Services and Charges	1,220,002	1,390,897	1,783,860	1,865,962	28.3%	4.6%
Capital Program	3,112,012	6,133,231	4,478,584	5,099,546	-27.0%	13.9%
Interfund Transfers	52,440	255,784	31,682	75,467	-87.6%	138.2%
Total Budgeted Expenditures	\$ 12,231,315	\$ 16,221,157	\$ 15,096,406	\$ 16,359,832	-6.9%	8.4%
Not Budgeted						
Ending Fund Balance	9,899,201	6,096,743	3,818,779	899,835	-37.4%	-76.4%
TOTAL EXPENDITURES	\$ 22,130,516	\$ 22,317,900	\$ 18,915,185	\$ 17,259,667	-15.2%	-8.8%

Sewer Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Working Capital Balance	\$ 10,292,062	\$ 9,899,201	\$ 6,096,743	\$ 3,818,779
Plus Revenues	11,838,454	12,418,699	12,818,442	13,440,888
Less Expenditures	(12,231,315)	(16,221,157)	(15,096,406)	(16,359,832)
Ending Working Capital Balance	\$ 9,899,201	\$ 6,096,743	\$ 3,818,779	\$ 899,835
Consisting of:				
Operating Fund Balance Minimum	727,000	727,000	727,000	727,000
Capital Funding Reserve	501,200	501,200	172,835	172,835
Funding for Expenditures Next Year	3,802,458	2,277,964	2,918,944	-
Unreserved	4,868,543	2,590,579	(0)	(0)
Ending Working Capital Balance	\$ 9,899,201	\$ 6,096,743	\$ 3,818,779	\$ 899,835

STORM WATER FUND – 432

The Stormwater Fund, which encompasses the City’s stormwater utility, accounts for all activities (i.e., administration, operations, maintenance, and capital investment) related to the provision of storm and surface water management services to the City’s residential, commercial, and public customers.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ -	\$ 840,478	\$ 1,734,822	\$ 1,343,375	106.4%	-22.6%
Sales to Customers	2,464,030	2,661,152	2,874,045	3,103,968	8.0%	8.0%
Permitting Fee-in-lieu	24,694	50,000	50,000	50,000	0.0%	0.0%
Grant	75,000	50,000	75,000	75,000	50.0%	0.0%
Interest Earnings	237,976	190,128	115,883	50,177	-39.1%	-56.7%
Interfund Transfer	-	-	-	-	#DIV/0!	#DIV/0!
Total Budgeted Revenues	\$ 2,801,701	\$ 3,791,758	\$ 4,849,750	\$ 4,622,520	27.9%	-4.7%
Not Budgeted						
Beginning Fund Balance (Reserved)	4,662,329	3,912,725	2,177,903	834,528	-44.3%	-61.7%
TOTAL REVENUES	\$ 7,464,030	\$ 7,704,483	\$ 7,027,653	\$ 5,457,048	-8.8%	-22.3%
EXPENDITURES						
Budgeted						
Maintenance and Operations	\$ 1,815,819	\$ 1,771,824	\$ 2,102,857	\$ 2,181,371	18.7%	3.7%
City Admin Charges	120,547	127,506	179,821	189,227	41.0%	5.2%
Stormwater System Improvements (CIP)	430,267	1,178,254	2,215,000	1,799,005	88.0%	-18.8%
CIP Project Overhead	199,548	167,638	198,497	208,638	18.4%	5.1%
Interfund Transfer - CIP	144,646	546,536	153,575	244,279	-71.9%	59.1%
Total Budgeted Expenditures	\$ 2,710,827	\$ 3,791,758	\$ 4,849,750	\$ 4,622,520	27.9%	-4.7%
Not Budgeted						
Ending Fund Balance	4,753,203	3,912,725	2,177,903	834,528	-44.3%	-61.7%
TOTAL EXPENDITURES	\$ 7,464,030	\$ 7,704,483	\$ 7,027,653	\$ 5,457,048	-8.8%	-22.3%

Recap by Fund

Storm Water Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
EXPENDITURES						
Budgeted						
Salaries and Wages	\$ 664,538	\$ 726,586	\$ 821,576	\$ 852,391	13.1%	3.8%
Benefits	319,292	296,332	328,802	351,758	11.0%	7.0%
Contractual Services	481,443	428,990	534,750	551,750	24.7%	3.2%
Other Services and Charges	471,093	447,422	597,550	614,699	33.6%	2.9%
Capital Program	629,815	1,345,892	2,413,497	2,007,643	79.3%	-16.8%
Interfund Transfers	144,646	546,536	153,575	244,279	-71.9%	59.1%
Total Budgeted Expenditures	\$ 2,710,827	\$ 3,791,758	\$ 4,849,750	\$ 4,622,520	27.9%	-4.7%
Not Budgeted						
Ending Fund Balance	4,753,203	3,912,725	2,177,903	834,528	-44.3%	-61.7%
TOTAL EXPENDITURES	\$ 7,464,030	\$ 7,704,483	\$ 7,027,653	\$ 5,457,048	-8.8%	-22.3%

Storm Water Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Working Capital Balance	\$ 4,662,329	\$ 4,753,203	\$ 3,912,725	\$ 2,177,903
Plus Revenues	2,801,701	2,951,280	3,114,928	3,279,145
Less Expenditures	(2,710,827)	(3,791,758)	(4,849,750)	(4,622,520)
Ending Working Capital Balance	\$ 4,753,203	\$ 3,912,725	\$ 2,177,903	\$ 834,528
Consisting of:				
Operating Fund Balance Minimum	224,000	224,000	224,000	224,000
Funding for Expenditures Next Year	840,478	1,734,822	1,343,375	-
Unreserved	3,688,725	1,953,903	610,528	610,528
Ending Working Capital Balance	\$ 4,753,203	\$ 3,912,725	\$ 2,177,903	\$ 834,528

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing, on a cost-reimbursement basis, of goods and services provided by one department of the City to another department. The City of Mercer Island has two Internal Service Funds: Equipment Rental Fund and Computer Equipment Fund.

EQUIPMENT RENTAL FUND – 503

The Equipment Rental Fund accounts for the cost of maintaining, operating, and replacing all City owned vehicles, heavy equipment, and radios. This equipment is funded through internal user charges developed for each class of vehicle, heavy equipment, and radio.

Maintenance and operating costs primarily include fuel, parts, insurance, mechanic services, and administrative support. A vehicle replacement reserve within the Fund accumulates the resources needed to replace a vehicle when its useful life has been reached.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ 478,653	\$ 1,167,934	\$ 1,665,908	\$ 1,861,254	42.6%	11.7%
Property Taxes	166,609	168,275	169,958	171,657	1.0%	1.0%
Vehicle Maintenance & Operations	501,092	515,445	562,111	562,111	9.1%	0.0%
Vehicle Replacement Contributions	580,792	580,000	690,000	690,000	19.0%	0.0%
Insurance Proceeds (Fuel Cleanup)	-	103,750	111,250	111,250	7.2%	0.0%
Sale of Assets	24,387	25,000	10,000	10,000	-60.0%	0.0%
Fire Emergency Response Recovery	3,440	8,000	-	-	-100.0%	N/A
Investment Interest	32,205	33,415	34,900	35,000	4.4%	0.3%
Interfund Transfer	103,750	103,750	111,251	361,251	7.2%	224.7%
Total Budgeted Revenues	\$ 1,890,928	\$ 2,705,569	\$ 3,355,378	\$ 3,802,523	24.0%	13.3%
Not Budgeted						
Beginning Fund Balance (Reserved)	3,771,732	3,115,611	1,954,844	912,241	-37.3%	-53.3%
TOTAL REVENUES	\$ 5,662,660	\$ 5,821,180	\$ 5,310,222	\$ 4,714,764	-8.8%	-11.2%
EXPENDITURES						
Budgeted						
Fleet Services	\$ 526,243	\$ 600,048	\$ 551,732	\$ 572,798	-8.1%	3.8%
Pollution Remediation (Fuel Cleanup)	203,972	256,813	222,500	472,500	-13.4%	112.4%
Lease Payments-Fire Fleet	126,525	139,357	96,587	96,587	-30.7%	0.0%
Vehicle Replacements	522,376	1,204,210	1,665,908	1,861,254	38.3%	11.7%
Total Budgeted Expenditures	\$ 1,379,115	\$ 2,200,428	\$ 2,536,727	\$ 3,003,139	15.3%	18.4%
Not Budgeted						
Ending Fund Balance	4,283,545	3,620,752	2,773,495	1,711,625	-23.4%	-38.3%
TOTAL EXPENDITURES	\$ 5,662,660	\$ 5,821,180	\$ 5,310,222	\$ 4,714,764	-8.8%	-11.2%

Recap by Fund

Equipment Rental Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
EXPENDITURES						
Budgeted						
Salaries and Wages	\$ 105,262	\$ 114,742	\$ 105,424	\$ 109,113	-8.1%	3.5%
Benefits	57,114	52,496	47,685	50,815	-9.2%	6.6%
Contractual Services	51,810	105,750	64,000	64,000	-39.5%	0.0%
Debt Service Payments	126,525	139,357	96,587	96,587	-30.7%	0.0%
Other Services and Charges	312,057	327,060	334,623	348,867	2.3%	4.3%
Capital Program	726,348	1,461,023	1,888,408	2,333,754	29.3%	23.6%
Total Budgeted Expenditures	\$ 1,379,115	\$ 2,200,428	\$ 2,536,727	\$ 3,003,139	15.3%	18.4%
Not Budgeted						
Ending Fund Balance	4,283,545	3,620,752	2,773,495	1,711,625	-23.4%	-38.3%
TOTAL EXPENDITURES	\$ 5,662,660	\$ 5,821,180	\$ 5,310,222	\$ 4,714,764	-8.8%	-11.2%

Equipment Rental Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 4,250,385	\$ 4,283,545	\$ 3,620,752	\$ 2,773,495
Plus Revenues	1,412,275	1,537,635	1,689,470	1,941,269
Less Expenditures	(1,379,115)	(2,200,428)	(2,536,727)	(3,003,139)
Ending Fund Balance	\$ 4,283,545	\$ 3,620,752	\$ 2,773,495	\$ 1,711,625
Consisting of:				
800 MHz Radio Replacement	373,610	373,610	373,610	373,610
Fire Apparatus Sinking Fund	658,645	687,563	760,934	836,004
Vehicle Replacement Reserve	3,251,290	2,559,579	1,638,951	502,011
Ending Fund Balance	\$ 4,283,545	\$ 3,620,752	\$ 2,773,495	\$ 1,711,625

COMPUTER EQUIPMENT FUND – 520

The Computer Equipment Fund accounts for the cost of operating, maintaining, and replacing all City owned computer-related hardware and equipment (servers, networks, PCs, laptops, printers, and phones). Computer equipment is funded through internal user charges developed for each type of technology-related device. The computer replacement reserve within the Fund accumulates the resources needed to replace a computer when its useful life has been reached.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ 119,180	\$ 253,200	\$ 225,400	\$ 231,589	-11.0%	2.7%
Computer Support and Replacement	1,270,644	1,305,536	1,479,825	1,554,144	13.3%	5.0%
Interfund Transfers	-	-	-	-	N/A	N/A
Total Budgeted Revenues	\$ 1,389,824	\$ 1,558,736	\$ 1,705,225	\$ 1,785,733	9.4%	4.7%
Not Budgeted						
Beginning Fund Balance (Reserved)	710,962	707,040	723,888	733,545	2.4%	1.3%
TOTAL REVENUES	\$ 2,100,786	\$ 2,265,776	\$ 2,429,113	\$ 2,519,278	7.2%	3.7%
EXPENDITURES						
Budgeted						
Network Administration	\$ 1,021,366	\$ 1,063,288	\$ 1,238,579	\$ 1,312,585	16.5%	6.0%
Capital Replacement - Computers	119,180	253,200	225,400	231,589	-11.0%	2.7%
Total Budgeted Expenditures	\$ 1,140,546	\$ 1,316,488	\$ 1,463,979	\$ 1,544,174	11.2%	5.5%
Not Budgeted						
Ending Fund Balance	960,240	949,288	965,134	975,104	1.7%	1.0%
TOTAL EXPENDITURES	\$ 2,100,786	\$ 2,265,776	\$ 2,429,113	\$ 2,519,278	7.2%	3.7%

Recap by Fund

Computer Equipment Fund: Expenditure Summary

Presented in the table below are expenditures by category for 2023-2026.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
EXPENDITURES						
Budgeted						
Salaries and Wages	\$ 457,856	\$ 489,009	\$ 524,292	\$ 554,050	7.2%	5.7%
Benefits	135,751	183,679	190,856	205,587	3.9%	7.7%
Contractual Services	343,617	306,200	434,000	463,597	41.7%	6.8%
Other Services and Charges	84,142	84,400	89,500	89,500	6.0%	0.0%
Capital Program	119,180	253,200	225,400	231,589	-11.0%	2.7%
Total Budgeted Expenditures	\$ 1,140,546	\$ 1,316,488	\$ 1,464,048	\$ 1,544,323	11.2%	5.5%
Not Budgeted						
Ending Fund Balance	960,240	949,288	965,134	975,104	1.7%	1.0%
TOTAL EXPENDITURES	\$ 2,100,786	\$ 2,265,776	\$ 2,429,182	\$ 2,519,427	7.2%	3.7%

Computer Equipment Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023	2024	2025	2026
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 830,142	\$ 960,240	\$ 949,288	\$ 965,134
Plus Revenues	1,270,644	1,305,536	1,479,825	1,554,144
Less Expenditures	(1,140,546)	(1,316,488)	(1,463,979)	(1,544,174)
Ending Fund Balance	\$ 960,240	\$ 949,288	\$ 965,134	\$ 975,104
Consisting of:				
Computer Replacements Next Year	253,200	225,400	231,589	325,900
Computer Replacement Reserve	707,040	723,888	733,545	649,204
Ending Fund Balance	\$ 960,240	\$ 949,288	\$ 965,134	\$ 975,104

FIDUCIARY TRUST FUND

Trust Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. The City of Mercer Island has one Trust Fund, the Firefighters Pension Fund.

FIREFIGHTERS PENSION FUND – 606

The Firefighters Pension Fund accounts for pension benefits available to all firefighters hired on or before March 1, 1970. On that date the Washington Law Enforcement Officers' and Firefighters' System (the LEOFF Retirement Plan) was established. Each City maintaining a Firefighters Pension Fund retained responsibility for all benefits payable to eligible members (or their survivors). Cities with a Firefighters' Pension Fund receive state-shared fire insurance premium taxes.

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
REVENUES						
Budgeted						
Beginning Fund Balance	\$ -	\$ 10,032	\$ 15,590	\$ 22,845	55.4%	46.5%
Property Tax	26,410	26,410	26,410	26,410	0.0%	0.0%
Insurance Premium Tax	39,913	40,319	41,500	42,745	2.9%	3.0%
Interest	52,307	53,506	53,500	53,000	0.0%	-0.9%
Transfer In - from General Fund	-	-	-	-	N/A	N/A
Total Budgeted Revenues	\$ 118,630	\$ 130,267	\$ 137,000	\$ 145,000	5.2%	5.8%
Not Budgeted						
Beginning Fund Balance (Reserved)	1,032,149	1,028,915	1,013,324	990,479	-1.5%	-2.3%
TOTAL REVENUES	\$ 1,150,780	\$ 1,159,181	\$ 1,150,324	\$ 1,135,479	-0.8%	-1.3%
EXPENDITURES						
Budgeted						
Retirement Benefits	\$ 111,833	\$ 130,267	\$ 137,000	\$ 145,000	5.2%	5.8%
Total Budgeted Expenditures	\$ 111,833	\$ 130,267	\$ 137,000	\$ 145,000	5.2%	5.8%
Not Budgeted						
Ending Fund Balance	1,038,947	1,028,914	1,013,324	990,479	-1.5%	-2.3%
TOTAL EXPENDITURES	\$ 1,150,780	\$ 1,159,181	\$ 1,150,324	\$ 1,135,479	-0.8%	-1.3%

Recap by Fund

Firefighters Pension Fund: Fund Balance

Fund balance consists of the following restricted and unrestricted amounts.

Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
Beginning Fund Balance	\$ 1,032,149	\$ 1,038,947	\$ 1,028,914	\$ 1,013,324
Plus Revenues	118,630	120,235	121,410	122,155
Less Expenditures	(111,833)	(130,267)	(137,000)	(145,000)
Ending Fund Balance	\$ 1,038,947	\$ 1,028,914	\$ 1,013,324	\$ 990,479
Consisting of:				
Funding for Expenditures Next Year	10,032	15,590	22,845	-
Pension Reserve	1,028,915	1,013,324	990,479	990,479
Ending Fund Balance	\$ 1,038,947	\$ 1,028,914	\$ 1,013,324	\$ 990,479



Section C

Revenue Sources



**2025-2026
PRELIMINARY BUDGET**

REVENUE SOURCES

For the 2025-2026 biennium, the City’s total budgeted resources amount to \$222.3 million, which consists of \$108.4 million in 2025 and \$113.8 million in 2026. This section of the budget focuses on the City’s major revenue sources (see Figure 1), the internal and external factors that affect revenue estimates, and the 2025-2026 budgetary impacts.

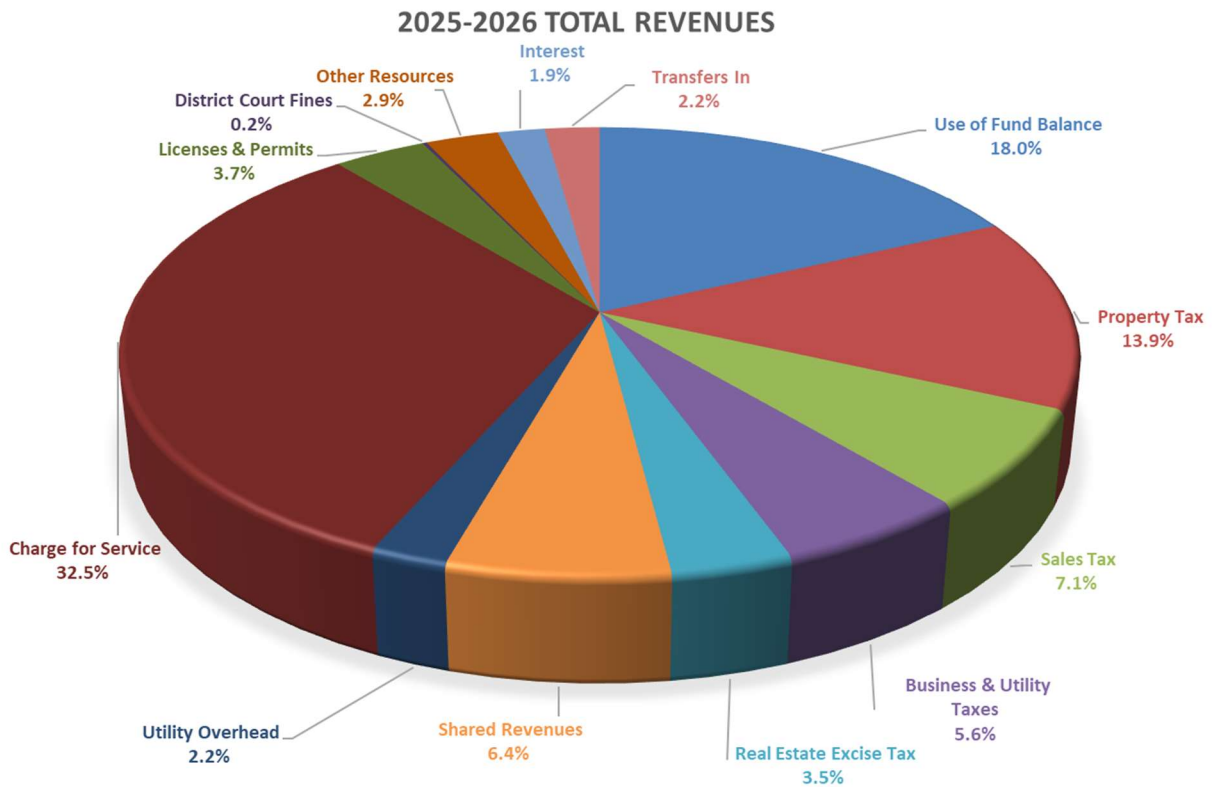


Figure 1

Property Tax

Property tax is the City’s largest single revenue source, accounting for 13.9% of total budgeted resources in 2025-2026. In the General Fund, which encompasses most of the City’s general government services, property tax comprises 37.1% of total budgeted resources in 2025-2026.

Types of Property Tax

There are two types of property tax collected by the City: *regular levy* and *voter approved levy*. The *regular levy* portion may be used for any purpose the City deems necessary. On Mercer Island, as in most cities, the *regular levy* primarily supports the General Fund.

A *voter approved levy* represents a property tax increase over and above the *regular levy* and is typically authorized for a specific purpose. There are two types of *voter-approved levies*: *excess levy* and *levy lid lift*. An *excess levy* is dedicated to paying the principal and interest on debt issued for capital projects or major equipment purchases. The City does not have any excess levies. A *levy lid lift* is usually dedicated to funding specific general government operations and/or capital improvements.

Revenue Sources

The City has one levy lid lift currently in effect, the 2022 Parks Maintenance and Operations levy, also known as the “2022 Parks Levy.” The new Parks Levy passed the November 8, 2022 General Election with a 64.12% majority. The 2022 Parks Levy pays for maintenance and operations of parks and open spaces, playground replacements, and forest restoration. The 16-year 2022 Parks Levy replaced a similar parks levy that was set to expire in 2023. The previous 2008 parks levy ended one year early in 2022 and was replaced by the 2022 Parks levy.

The 2022 Parks levy consists of the same components of the prior levy while also adding capital funding for playground replacement projects and forest management plan projects. The total amount for 2025 and 2026 is \$1,662,082 and \$1,678,702, respectively.

Establishing the Property Tax Rate

Each November, as required by Washington State law, the City Council sets the property tax levy for the coming year. The City’s regular levy and levy lid lifts are annually limited to a 1% increase or the rate of inflation as measured by the Implicit Price Deflator (IPD), whichever is less. The IPD is not the same as the Consumer Price Index for Urban Wage and Clerical Workers (CPI-W). Also included with the annual increase is an allowance for new construction, which includes the property tax revenue generated by newly constructed and improved residential and commercial properties.

Determining the Property Tax Rate

The property tax rate is determined by dividing the total annual levy amount by the assessed valuation per \$1,000. Mercer Island’s levy rate fluctuates based on changes in assessed valuation, taking the 1% optional increase, and voter approved levies. The City’s levy rate in 2014-2024 is provided in Figure 2.

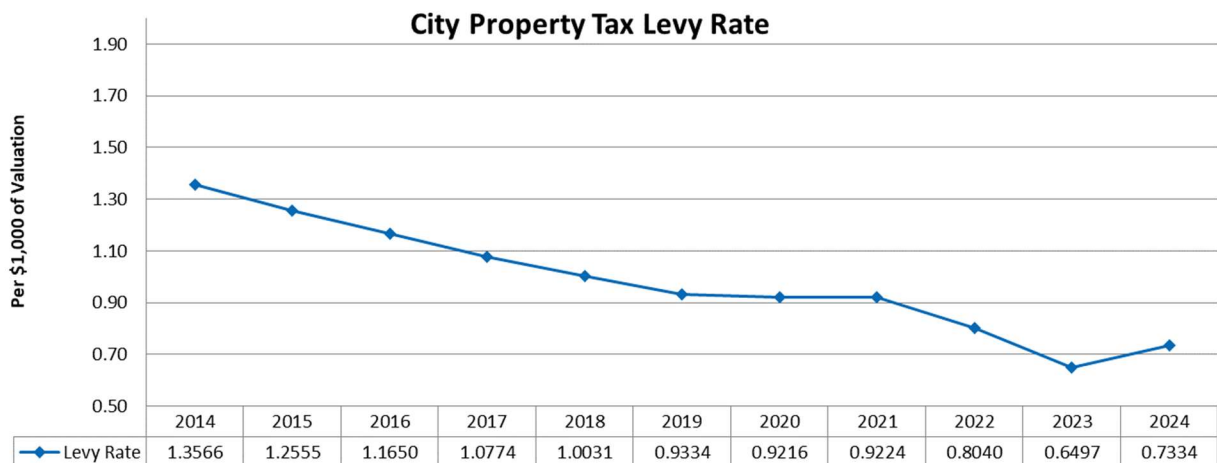


Figure 2

For the owner of a home with a \$1,912,000 assessed value – which is the median assessed value on Mercer Island for the 2024 tax year – the 2024 levy rate (per \$1,000 assessed valuation), the 2024 levy amount, and the percentage breakdown by taxing jurisdiction are presented in Figure 3. The homeowner’s total property taxes in 2024 amount to \$13,154.08.

Revenue Sources

Property Taxes for a Median Assessed Value Household by Taxing Jurisdiction	2024 Levy Rate	2024 Levy Amount	% of Total 2024 Levy
State School Fund	2.5175	4,813	37%
School District	1.4352	2,744	21%
King County	1.3379	2,558	19%
City of Mercer Island	0.7334	1,402	11%
Library	0.2888	552	4%
EMS	0.2268	434	3%
Sound Transit	0.1648	315	2%
Port	0.1047	200	2%
Flood Zone	0.0707	135	1%
Ferry District	-	-	0%
Total	6.8798	\$ 13,154	

Figure 3

A total of ten jurisdictions have taxing authority on Mercer Island, including the City. The largest portion of the levy relates to schools, with 37% going to the State School Fund and 21% to the Mercer Island School District. King County and the City are the next largest taxing jurisdictions. The 12% remaining total levy relates to the King County Library District, the King County Emergency Medical Services (EMS) Levy, the Port of Seattle, the King County Flood Zone District, and the King County Ferry District.

Figure 4 depicts the total property tax revenues the City received from 2014 through 2023, the projected amount for 2024, along with the 2025 and 2026 budget amounts.

Property Tax 2014-2026 (\$ in millions)

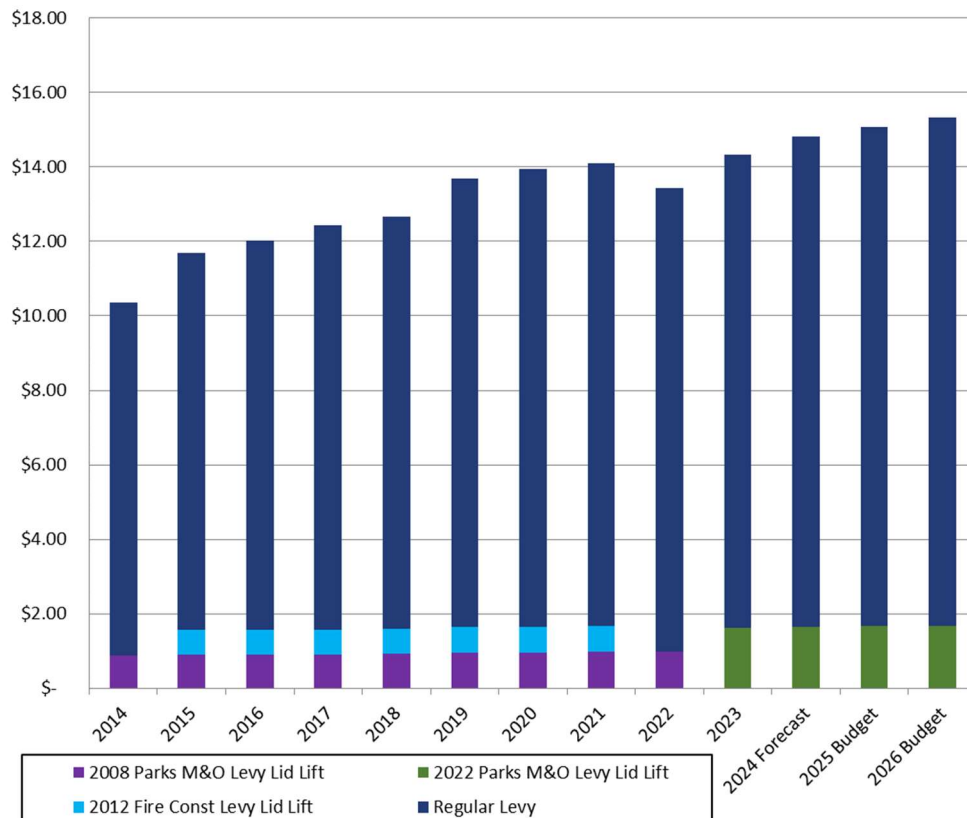


Figure 4

Revenue Sources

Levy Considerations for 2025-2026

- The regular levy for 2025 and 2026 includes a 1% optional increase plus “new construction,” which represents new property tax revenue from newly constructed and improved residential and commercial properties. Most of the regular levy in 2025 and 2026 is distributed to the General Fund. The dedicated portions of the regular levy are for the following:
 - LEOFF I long-term care reserve in the General Fund (\$83,000 in 2025 and 2026);
 - Community Center technology, equipment, and furnishings sinking fund in the Technology & Equipment Fund (\$18,000 is transferred from the General Fund in 2025 and 2026);
 - Fire apparatus sinking fund in the Equipment Rental Fund with \$169,958 in 2025 and \$171,657 in 2026); and,
 - Pension benefits reserve in the Firefighters’ Pension Fund (\$26,410 in 2025 and 2026).
- The 2022 Parks Maintenance and Operations levy lid lift pays for maintaining and operating City open spaces, park, and recreation facilities, and funds playground replacements, operations and maintenance of Luther Burbank Park, and forest restoration at Pioneer Park. The total levy amount for 2025 is \$1,662,082, which includes the 1% optional increase.

Of the total annual levy amount, \$911,897 is budgeted for parks capital projects in the Capital Improvement Fund. The remaining balance is budgeted for parks maintenance and operations in the General Fund.
- The City anticipates receiving \$276,307 in 2025 from the 2020 King County Parks, Trails, and Open Space levy. This levy is set to expire in 2025, pending voter approval to renew.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund				
Regular Levy (General Purpose)	\$12,599,652	\$13,075,738	\$13,305,331	\$13,554,274
Regular Levy (LEOFF 1 Long-Term Care)	83,000	83,000	83,000	83,000
Regular Levy (Community Center Sinking Fund)	18,000	18,000	18,000	18,000
2022 Parks M&O Levy Lid Lift	729,192	742,757	750,185	757,686
Capital Improvement Fund - Parks M&O Levy Lid Lift				
Luther Burbank Small Capital	110,786	112,211	113,333	114,466
Pioneer Park Forest Management	77,550	78,548	79,333	80,127
Open Space & Vegetation Management	65,464	66,307	66,970	67,639
Playground Replacement Funding	413,183	418,499	422,684	426,910
Forest Management Plan Funding	224,417	227,305	229,578	231,873
Equipment Rental Fund				
Regular Levy (Fire Apparatus Sinking Fund)	166,609	168,275	169,958	171,657
2012 Fire Station & Fire Rescue Truck Levy Lid Lift	-	-	-	-
Firefighters Pension Fund - Regular Levy	26,410	26,410	26,410	26,410
Total Levied by City	\$14,514,263	\$15,017,048	\$15,264,780	\$15,532,043
King County Parks Levy	253,249	263,149	276,307	-
Total Property Taxes	\$14,767,512	\$15,280,197	\$15,541,087	\$15,532,043

Figure 5

Utility Taxes

Under Washington State law, cities are granted the authority by a vote of the City Council to levy a business and occupation tax on public and private utilities known as the utility tax. Utility taxes are levied on the gross operating revenues that utilities earn from operations within the boundaries of the

City. The tax applies to electric, natural gas, water, sewer, storm and surface water, solid waste, telephone, and cable television utilities.

Legislation limits the tax rate on electric, natural gas, and telephone utilities to 6% without voter approval. There are no legislative limitations on the tax rates for other public or private utilities. Mercer Island currently levies a 6% utility tax on electric, natural gas, and telephone utilities; a 7% utility tax on solid waste and cable television utilities; and a 5.3% utility tax on the City’s water, sewer, and storm water utilities. For comparison, according to the Association of Washington Cities’ 2024 Tax and User Fee survey, the average utility tax rate is 8.79% for water, 8.7% for sewer, and 8.2% for storm water utilities.

The actual (2014-2023) and projected (2024-2026) utility tax revenues are displayed in the following graph:

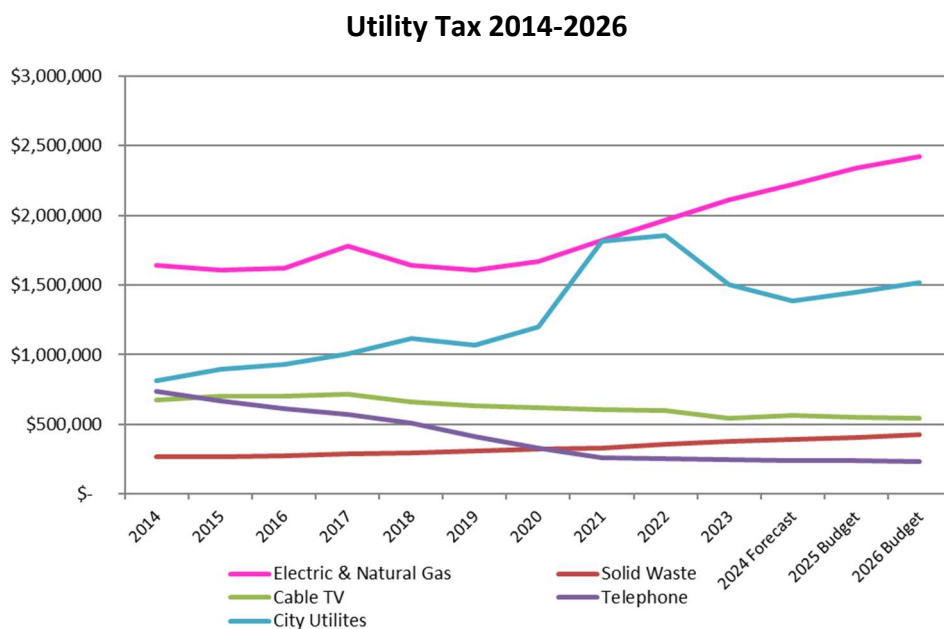


Figure 6

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund				
Electric and Natural Gas	\$2,108,704	\$2,220,254	\$2,337,928	\$2,419,755
Solid Waste	375,012	391,438	407,736	424,712
Cable Television	544,053	563,781	552,506	541,456
Telephone	246,708	240,259	237,137	234,054
City Utilities (Water, Sewer & Storm Water)	1,500,069	1,383,445	1,448,467	1,516,545
Total Utility Taxes	\$4,774,546	\$4,799,177	\$4,983,773	\$5,136,521

Figure 7

Revenue Sources

Sales Tax

Sales tax is levied on the sale of consumer goods (except most food products and some services) and construction. On Mercer Island, the construction sector is the largest generator of sales tax dollars (40.6% of total in 2023), followed by the retail and wholesale trade sector (29.8% of total), the administrative and support services sector (7.8% of total), and the food services sector (4.6% of total). The amount of sales tax revenue fluctuates from year to year due to changes in the economy, consumer buying habits, and the level of construction activity on Mercer Island.

The total general sales tax rate on Mercer Island is 10.20%. Similar to property tax, the City receives only a small portion of the total sales tax revenue generated on Mercer Island. Of the 10.20% tax rate, only 0.85% is remitted to the City, with the remainder distributed to the State (6.5%), King County (1.35%), and other public agencies (1.5%). An additional 0.3% sales tax is collected by Washington State on vehicle sales and leases to fund transportation improvements. The distribution of the sales tax rate is displayed in Figure 8. The 0.85% general sales tax remitted to the City of Mercer Island is accounted for in the General Fund.

Jurisdiction	Rate %
State of Washington	6.50%
King County	1.35%
Regional Transit	1.40%
City of Mercer Island	0.85%
Criminal Justice	0.10%
Total General Sales Tax	10.20%
Auto Sales/Leases	0.30%
Total Auto Sales/Lease Rate	10.50%

Figure 8

The City also receives a portion criminal justice sales tax (0.1%), which is a King County voter approved optional sales tax dedicated to funding criminal justice programs. The State collects this optional tax and retains 1.5% for administration. Of the amount remaining, 10% is distributed to the county and 90% is distributed to cities based on population.

The actual (2014-2023) and projected (2024-2026) sales tax revenues are broken down into general and criminal justice restricted components in Figure 9. Taken together, sales tax revenues are projected to increase by 3.7% in 2025 and 4.0% in 2026 due to an anticipated easing of inflationary pressures on consumer spending.

Sales Tax 2014-2026

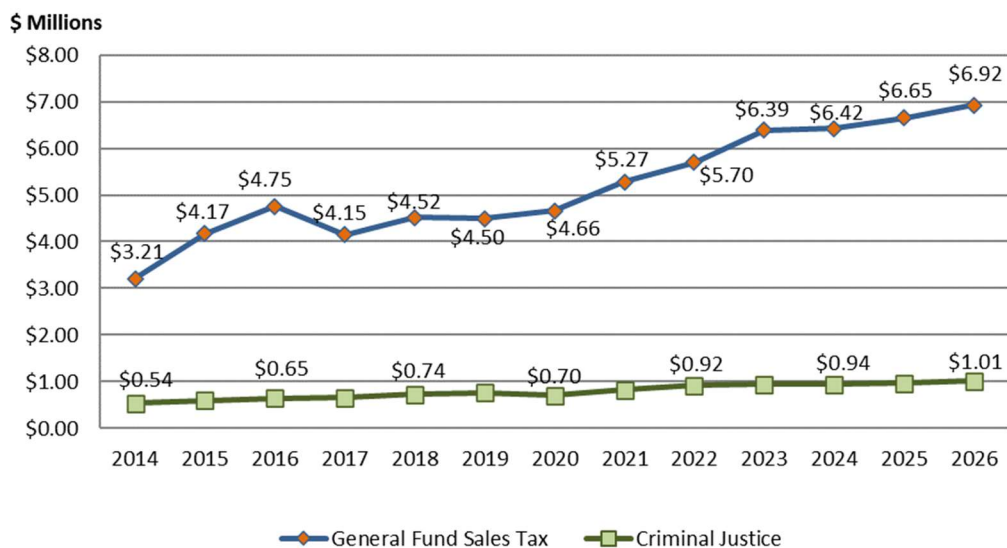


Figure 9

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund (General Sales Tax)	\$6,395,651	\$6,420,029	\$6,659,111	\$6,925,475
General Fund (Criminal Justice Sales Tax)	941,734	944,559	979,734	1,018,924
Total Sales Taxes	\$7,337,385	\$7,364,588	\$7,638,845	\$7,944,399

Figure 10

Real Estate Excise Tax

The Real Estate Excise Tax (REET) is levied on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. The State levies this tax at a rate of 1.28%. Local governments are also authorized to impose a local REET of up to 0.5%. All cities and counties may levy a quarter percent tax, described as the “first quarter percent of the real estate excise tax or REET 1.” In addition, cities and counties planning under the Growth management Act have the authority to levy a second quarter percent tax known as REET 2.

REET 1 (RCW 82.46.010) revenues are restricted to spending for capital projects that are listed in the capital facilities plan element of the City’s comprehensive plan where capital projects are defined as: *public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; parks; recreational facilities; law enforcement facilities; fire protection facilities; trails; libraries; administrative and judicial facilities.*

REET 2 (RCW 82.46.035) revenues provide funding for cities to finance capital improvements required under the Growth Management Act. As amended, REET 2 capital projects are defined as: *public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, and planning, construction, reconstruction, repair, rehabilitation, or improvements of parks.*

REET revenue can vary significantly from year to year because property sales are dependent on economic conditions and interest rates. In 2008, as the “Great Recession” took hold, the nation and the Puget Sound region experienced a major contraction in the housing market. REET revenues declined significantly in 2008, hitting bottom in 2009 as the number of home sales dropped from 608 in 2004, which represented the peak sales year, to 265 in 2008.

Over the past five years (2019-2023), the number of home sales has averaged 397 per year, and the average home sales price from homes sold for less than \$5 million increased from \$1.62 million in 2019 to \$2.13 million in 2023. The actual (2014-2023) and forecasted (2024-2026) REET revenues are shown in the chart below.

Revenue Sources

Real Estate Excise Tax 2014-2026



Figure 11

Over the past few years, home sales have slowly been decreasing from a fifteen year high of 530 sales in 2021, down to 303 and 290 in 2022 and 2023 respectively. Looking forward, it is expected that the number of home sales will increase due to interest rate cuts and the potential reduced costs of borrowing. REET revenue is projected to increase by 2.8% in 2025 and 8.6% in 2026.

The City’s current CIP financing strategy for REET revenues utilizes:

- 100% of REET-1 revenues to fund parks, open space, and public building maintenance projects and to pay the debt service on the construction of the Community Center in the Capital Improvement Fund.
- 90% of REET-2 revenues to fund construction and maintenance of streets and pedestrian and bicycle facilities in the Street Fund, and 10% of REET-2 revenues directed to the Capital Improvement Fund.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
Capital Improvement Fund (REET 1)	\$1,717,564	\$1,814,386	\$1,864,036	\$2,023,437
Capital Improvement Fund (REET 2)	171,399	181,439	186,404	202,344
Street Fund (REET 2)	1,542,593	1,632,948	1,677,633	1,821,094
Total Real Estate Excise Taxes	\$3,431,556	\$3,628,773	\$3,728,073	\$4,046,875

Figure 12

Business and Occupation Tax

The City of Mercer Island collects a Business and Occupation tax from all active Business License holders with gross revenue more than \$150,000 per calendar year. The first \$150,000 of revenue per year is exempt from tax. Revenue of \$150,001 and above are taxed at a rate of .0010 with a \$20.00 minimum payment.

Taxpayers are required to file an annual B&O tax return by April 15th for the prior year. Taxpayers earning more than \$1.0 million a year are required to remit a quarterly B&O tax return. B&O tax revenues go into the General Fund to support general government services.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund	\$935,727	\$741,084	\$748,495	\$755,980
Total B&O Taxes	\$935,727	\$741,084	\$748,495	\$755,980

Figure 13

Utility Rates

The City operates three separate utilities (Water, Sewer, and Storm Water), which are managed like a business, with customer charges funding all operating and maintenance costs as well as capital investments.

The following factors are considered in the 2025-2026 Preliminary Budget:

- **Water Rates** – Customer charges pay for the cost of purchasing water from the City of Seattle and for operating, maintaining, and replacing the City’s water storage and distribution system. An 8.0% increase has been proposed for 2025 and is anticipated for 2026, which equates to a \$11.40 and \$12.31 respectively on a typical single-family residential customer’s bi-monthly water bill. These rate increases are primarily driven by the need to:

 1. Upsize water mains that do not meet the City’s flow capacity standards.
 2. Repair and replace pressure reducing valves throughout the distribution system to maintain flow capacity standards.
 3. Fund multi-generational capital improvements that have reached the end of their useful life.

- **Sanitary Sewer Rates** – Customer charges pay for the cost of operating, maintaining, and replacing the City’s sanitary sewer system. A 4.5% increase has been proposed for 2025 and is anticipated for 2026, which equates to a \$3.08 and \$3.22 increase respectively on a typical single-family residential customer’s bi-monthly sewer bill. These rate increases are primarily driven by the capital reinvestment needs of an aging sanitary sewer system.

- **Sewage Treatment Rate** – This is a “pass through” charge assessed by King County, which provides wastewater treatment services to Mercer Island. A 5.75% increase is anticipated for 2025 and a 7.00% increase for 2026, which equates to a \$6.34 and \$8.16 increase respectively on a typical single-family residential customer’s bi-monthly sewer bill.

- **Storm Water Rates** – Customer charges pay for the cost of operating, maintaining, and replacing the City’s surface and storm water system. An 8.0% increase has been proposed for 2025 and is anticipated for 2026, which equates to a \$3.71 and \$4.01 respectively on every single-family residential customer’s bi-monthly storm water bill. These rate increases are primarily driven by planned watercourse stabilization, drainage system extension, and culvert replacement projects.

Revenue Sources

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
Water Fund	\$11,159,630	\$11,663,490	\$12,596,569	\$13,604,295
Sewer Fund	11,328,832	12,022,731	12,636,827	13,359,815
Storm Water Fund	2,563,724	2,761,152	2,999,045	3,228,968
Total Utility Rate Revenues	\$25,052,186	\$26,447,373	\$28,232,441	\$30,193,078

Figure 14

Development Fees

The authority for cities in Washington to impose fees for development review and permitting is established and limited by RCW 82.02.020, which allows for “collecting reasonable fees from an applicant for a permit or other government approval to cover the cost to the city...of processing applications, inspecting and reviewing plans, or preparing [SEPA documents].”

In 2024, Finance and the Community Planning and Development Department effectively established a new special revenue fund. All revenues and expenditures tied to development services are tracked to the Development Services Fund, incorporated in the 2025-2026 biennial budget as Fund 180.

In November 2019, the City Council adopted the following target cost recovery levels for eligible CPD costs. These recovery targets have remained in place and are used for revenue projections for development related services through the 2025-2026 biennium.

- 95% for Building Services
- 90% for Planning Services
- 90% for Engineering Services

Actual and forecasted total development fees for the period 2015-2026 are shown in Figure 15.

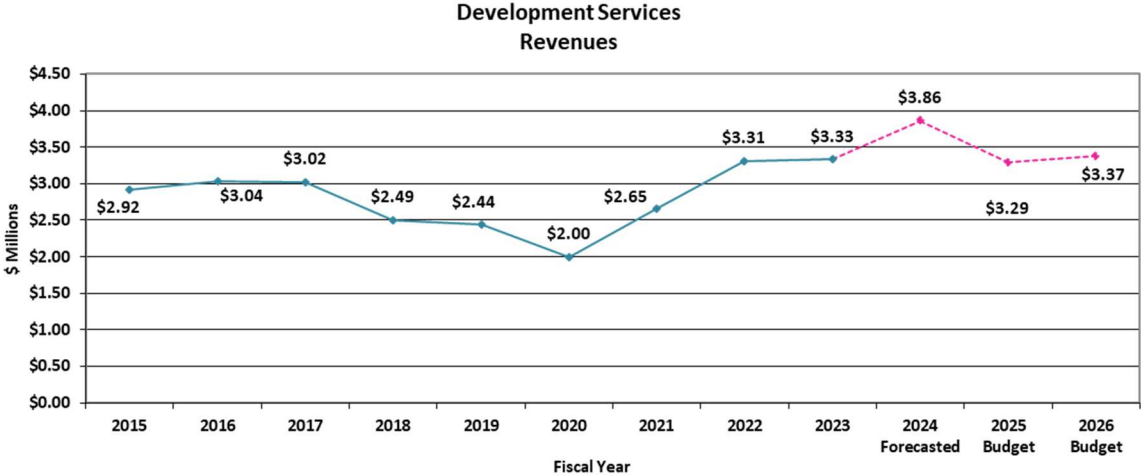


Figure 15

Overall, development fees are projected to decrease 15% in 2025 below 2024 forecasted levels, and to increase 3% in 2026 relative to the prior year. The spike in 2024 is directly related one-time revenues resulting from a mixed used development project in the Town Center.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund	\$ 3,330,630	\$ 3,858,789	-	-
Development Services Fund	-	-	\$ 3,287,875	\$ 3,373,881
Total Development Fees Revenues	\$ 3,330,630	\$ 3,858,789	\$ 3,287,875	\$ 3,373,881

Figure 16

State Shared Revenues

State shared revenues are taxes and fees collected by the State and disbursed to municipalities based on population or other criteria. The primary shared revenues received by the City are the fuel tax (tax on gasoline consumption), marijuana excise tax, liquor excise tax and profits, vessel registration fees, criminal justice distributions, and the fire insurance premium tax.

- Motor Vehicle Fuel Tax (Gas Tax)**
 This is a fixed tax, currently making up 49.4 cents of the per gallon price of gasoline, diesel, and other fuels. It applies to the volume, not the dollar amount, of the fuel sale. The Gas Tax is distributed to incorporated cities and towns based on population. The City’s portion of the motor vehicle fuel tax is budgeted in the Street Fund and is used for street construction projects. The share of the motor vehicle fuel tax distributed to the City of Mercer Island is projected to increase 2.9% in 2025 and 3.0% in 2026.
- Marijuana Excise Tax**
 On November 6, 2012, Washington State voters passed Initiative 502. The initiative makes it legal for businesses holding the appropriate marijuana license(s) to produce, process, or make retail sales of marijuana for recreational use. The Liquor and Cannabis Board (LCB) administers and collects the 37% marijuana excise tax. The State distributes a portion of the tax collected to counties, cities, and towns on a per capita basis. The distribution formula depends not only on population, but also on marijuana retail sales as a proportion of total retail sales, as well as the number/total population of cities and counties that prohibit marijuana, which continues to be in flux as local governments act on regulating or prohibiting marijuana. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed marijuana producer, processor, or retailer (RCW 69.50.540). The share of the marijuana excise tax distributed to the City of Mercer Island is projected to increase 14.3% in 2025 and decrease 32.8% in 2026.
- Liquor Excise Tax and Liquor Profits**
 Initiative 1183 was approved by Washington's voters in November 2011 "privatizing" the distribution and retail sale of liquor and ending the state’s monopoly on liquor sales. Instead of a calculation based upon the profits generated from state run liquor sales, the revenue distribution is now based on the collection of license fees paid by retailers and distributors. In 2012 the state legislature passed a law permanently diverting \$2.5 million per quarter from the state liquor excise tax fund (for distribution to cities and counties) to the state general fund. The 2013-2015 state budget reduced the share of liquor excise taxes collected and remitted to cities and counties from 35% to 22.5%. The share of the liquor excise taxes and profits distributed to the City of Mercer Island are projected to decrease 0.8% in 2025 and increase 3.0% in 2026.
- Vessel Registration Fees**
 Funds are allocated to counties with eligible boating safety programs approved by the State Parks and Recreation Commission. Distribution is based on the number of vessels registered in each

Revenue Sources

county. Counties can also further allocate this money to local jurisdictions with approved boating safety programs. The Mercer Island Marine Patrol division is a qualified boating safety program and receives a portion of the King County vessel registration fees. The share of vessel registration fees distributed to the City of Mercer Island are projected to increase by 1.8% in 2025 and 1.7% in 2026.

- Criminal Justice Distributions**
 The State distributes dollars based on population for criminal justice purposes. These revenues are restricted for: 1) innovative law enforcement strategies; 2) implementation of DUI or other criminal justice statutes; 3) programs to help at risk children or child abuse victim resource programs; and 4) programs designed to reduce the level of domestic violence or to provide counseling for domestic violence victims. Criminal justice distributions are budgeted in the General Fund and are projected to increase 3.6% in 2025 and 0.4% in 2026.
- Fire Insurance Premium Tax**
 The state distributes taxes on fire insurance premiums, which must be deposited in a firefighter’s pension fund to help pay the pension benefits due to pre-LEOFF I firefighter retirees. The fire insurance premium tax is projected to increase by 3% in 2025 and 2026.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund				
Liquor Excise and Profits	\$ 378,591	\$ 362,772	\$ 359,812	\$ 370,606
Marijuana Excise Tax	41,012	41,000	46,881	31,496
Vessel Registration Fees	70,052	84,793	86,327	87,763
Criminal Justice Population based distributions	45,370	42,500	44,039	44,197
Street Fund (Motor Vehicle Fuel Tax)	475,915	474,360	475,000	475,000
Firefighters Pension Fund (Fire Insurance Premium Tax)	39,913	40,319	41,500	42,745
Total State Shared Revenues	\$ 1,050,852	\$ 1,045,744	\$ 1,053,559	\$ 1,051,807

Figure 17

Emergency Medical Service Revenues

The City of Mercer Island receives revenues in support of emergency medical services, which are provided by Eastside Fire and Rescue. Major revenues include that offset the cost for fire and emergency medical services include 1) King County Emergency Medical Services Levy, 2) BLS Ambulance Transport Fee, 3) Ground Emergency Medical Transport Revenues, and 4) Emergency Medical Service (EMS) utility charge.

- King County EMS Levy** – Beginning in 1990, the City began receiving a portion of the 25 cent King County property tax levy that was approved by voters for 911 emergency services. The King County levy was renewed for a six-year period beginning in 2020, with the 2020 levy rate set at \$0.265 per \$1,000 of assessed valuation. Distribution to municipalities is based on a formula that considers the number of calls for service, total assessed valuation, and the consumer price index (CPI-U).
- Ambulance Transport Fee** – Beginning March 2011, the Fire Department began charging a fee for transporting patients requiring non-emergency, basic life support to hospitals. The program was established to create a sustainable revenue source to support the cost of providing emergency medical services. In June 2021, the City Council updated the base transport fee and per mile

Revenue Sources

reimbursement based on the average of the closest neighboring public agencies who provide medical transport services.

- Ground Emergency Medical Transport** – In July 2020, the City enrolled in a Federal Emergency Medical Services (EMS) transportation fee program called Ground Emergency Medical Transport (GEMT) to recover costs associated with transports, specifically from Medicaid. Revenues are calculated annually, based on the number of emergency medical transports of patients covered by Medicaid. Eastside Fire and Rescue also participates in the GEMT program. GEMT revenues resulting from transports that originate on Mercer Island offset the fees for fire and emergency medical services provided by Eastside Fire and Rescue.
- Emergency Medical Service (EMS) Utility Charge** – This utility charge is adjusted each year based on the average cost of four firefighter positions, which were hired in 1996 to provide capacity to handle simultaneous EMS calls. In addition, the utility charges are adjusted every two years based on the EMS call history over the previous 2-year period. Starting in 2011, the demand portion of the rate was adjusted based on revenue expected to be collected from ambulance transport fees, resulting in a flat rate per equivalent service unit (ESU). A 5.81% increase has been proposed for 2025.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund				
King County EMS Levy	\$ 734,167	\$ 809,000	\$ 833,270	\$ 858,268
Ambulance Transport Fee	482,481	247,930	315,000	315,000
GEMT Program	262,967	170,275	175,000	175,000
EMS Utility Charge	678,109	746,235	790,241	813,948
Total EMS Revenues	\$ 2,157,724	\$ 1,973,440	\$ 2,113,511	\$ 2,162,216

Figure 18

Parks and Recreation Fees

The Parks and Recreation Department’s operations have historically been funded from a variety of sources, including user, program and special event fees, grants, sponsorships, donations, and rental and lease fees. The Department’s operations are classified into three functional areas: Recreation, Mercer Island Community and Events Center (MICEC), and Parks Maintenance. Each of the functional areas relies on a mix of revenue sources, which are briefly reviewed below.

- Recreation** – Includes athletics, health and fitness, outdoor aquatics, cultural and arts programming, and senior services, and relies primarily on program fees and community sponsorships.
- Mercer Island Community and Event Center** – The MICEC’s primary source of funding is facility rental fees (short-term room rentals and long-term daycare space in the Annex). Additional revenues are generated through drop-in sports programs and membership passes for the fitness room. Facility rental rates are regularly evaluated and adjusted as needed.
- Sports fields Maintenance** – Includes facility rental fees and special use permit fees. These fees are intended to help offset the cost of maintaining sports fields.

Revenue Sources

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund				
Recreation	\$ 237,082	\$ 298,410	\$ 270,000	\$ 275,000
MI Community & Events Center	718,461	866,881	896,500	911,500
Sport Field Facility Rentals	217,674	138,827	205,000	205,000
Total Parks and Recreation Revenue	\$ 1,173,217	\$ 1,304,118	\$ 1,371,500	\$ 1,391,500

Figure 19

Thrift Shop Sales

The Youth and Family Services Department (YFS) provides a broad range of human and community services to the residents of Mercer Island. The primary mission of the Thrift Shop is to raise money to help support the services of the YFS Department. Services include family and school-based counseling, senior adult outreach, substance abuse prevention and intervention, and emergency family assistance.

Thrift Shop revenues were significantly impacted in 2020 and 2021 by the COVID-19 Pandemic. City Council approved an expenditure budget amendment during the 2021 mid-biennial budget process to increase expenditures in 2022 and rebuild Thrift Shop operations. Staff anticipate revenues will increase 10% each year of the biennium above 2024 projections.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
YFS Fund (Thrift Shop)	\$ 1,571,418	\$ 1,723,108	\$ 1,895,000	\$ 2,080,000
Total Thrift Shop Revenue	\$ 1,571,418	\$ 1,723,108	\$ 1,895,000	\$ 2,080,000

Figure 20

Municipal Court Fines and Forfeits

The revenue that is collected from fines, forfeitures, fees, costs, and penalties associated with the enforcement of ordinances and statutes is allocated to both the City of Mercer Island and the State of Washington. The type of statute violated determines the percentage of each payment that is retained by the City versus remitted to the State.

Court revenues are highly dependent on caseload. It is important to note that the court’s responsibility does not end with the caseload filed in that calendar year. In most cases, the court has jurisdiction over criminal cases for two years. For DUI matters, jurisdiction continues for five years. The Court continues to manage court cases, hold court hearings, and monitor cases for compliance with conditions until the end of the jurisdictional period. Court revenues are anticipated to decrease due to the shift in operations that was required as a result of City Hall’s closure. The Court currently operates out of the neighboring town of Newcastle via a lease.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
General Fund - Municipal Court Fines	\$ 220,647	\$ 149,453	\$ 175,000	\$ 185,000
Total Fines & Forfeits	\$ 220,647	\$ 149,453	\$ 175,000	\$ 185,000

Figure 21

Cost Allocation Charges

An established budgeting best practice in local government involves spreading the costs of internal services, such as attorney services, finance, and human resources, to the various City funds and programs that benefit from those services. This practice is referred to as “cost allocation.” Cost allocation is a long-standing practice in the City of Mercer Island. Every year, the Finance Department uses a systematic approach to assign direct and indirect or “overhead” expenses to the departments, projects, funds, or other cost centers that benefit from them.

This interfund charge is determined through an indirect cost allocation model using various bases of allocation for distributing the overhead costs. Changes in interfund charges from year-to-year are directly related to annual changes in the bases of allocation used to distribute these costs.

In 2023, staff from the City Manager’s Office and Finance Department set out to update the City’s cost allocation methodology, a goal outlined in the 2023-2024 Biennial Budget. Staff evaluated best practices from the Government Finance Officers Association (GFOA), Washington State Auditor’s Office, and the Municipal Research and Services Center (MRSC). Long-standing practices used in Mercer Island were compared to similar cities with recently updated Cost Allocation Plans.

In early 2024, the City Council Ad Hoc Finance Committee met with staff to review findings and discuss potential process improvements. On May 21, 2024, the City Council adopted an updated Cost Allocation Policy, Appendix B of the City’s Financial Management Policies.

Figure 22 below outlines the cost allocation charges for the City’s three Enterprise Funds (Water, Sewer, and Stormwater) and the newly established Special Revenue Fund, known as the Development Services Fund. Charges are associated with internal services paid for by the General Fund and facility-related expenses.

2023-2026 Budgetary Impact

Revenues	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
Cost Allocation Charges to the General Fund				
Water Fund	\$ 369,533	\$ 397,770	\$ 714,828	\$ 748,134
Sewer Fund	287,058	307,901	488,699	511,863
Storm Water Fund	120,547	127,506	179,821	189,227
Development Services Fund	-	-	406,403	428,585
Total Cost Allocation Charges	\$ 777,138	\$ 833,177	\$ 1,789,751	\$ 1,877,809

Figure 22



Section D

Operating Budget by Department



**2025-2026
PRELIMINARY BUDGET**

Section D. Operating Budget by Department

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OPERATING BUDGET BY DEPARTMENT

This section breaks down all the City's operations by department:

- Administrative Services
- City Attorney's Office
- City Council
- City Manager's Office
- Community Planning & Development
- Finance
- Fire & Emergency Services
- Municipal Court
- Non-Departmental
- Police
- Public Works
 - Recreation Division
- Youth & Family Services
 - Thrift Shop

Each department sub-section is organized as follows:

- **Department Introduction and Description:** Includes description and organizational chart by function.
- **Operating Expenditures:** Depicts expenditures for the department by functions, showing the comparison and percentage change between current and future biennia.
- **Work Plan:** Each department has established recommended work plan goals for the 2025-2026 biennium that include specific action items and deadlines where appropriate.
- **Revenue & Expenditure Summary:** Depicts revenues and expenditures for the entire department by categories, showing the comparison and percentage change between current and future biennia.

ADMINISTRATIVE SERVICES

The Administrative Services Department acts as strategic partners to other City departments to provide support in the following areas:

- **Centralized Customer Service:** Provide excellent citywide customer service by phone, email, and in-person.
- **Human Resources:** Plan, organize, develop, and administer uniform Human Resources policies, procedures, and programs.
- **Payroll Services:** Process the City's payroll and issue checks to employees and payment transmittals to various employee benefits vendors, the state, and federal government agencies.
- **Public Communications:** Plan, organize, and supervise the City's community outreach efforts and media relations to educate residents and encourage informed input from Mercer Island residents.
- **City Clerk:** Fulfill the state legal requirements of the City Clerk position, support the City Council and City Manager, and manage essential records.
- **Information Technology:** Procure, implement, maintain, secure, and support all information and technology infrastructure, systems, and software that enables City service delivery to the public.
- **Geographic Information System (GIS):** Maintain geographical inventory of all City infrastructure (over 500 separate layers relating to real property, streets, water, sewer, stormwater, and more) within a geographical information system (GIS).
- **City Website Administration:** Maintain and the City's website and intranet for an enhanced online presence.
- **Risk Management:** Review opportunities for efficiencies and reductions in risk-based insurance costs.
- **Public Defense Services:** Manage contracts for public defense services in criminal misdemeanor citations cases where a criminal defendant cannot afford an attorney.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Admin & Customer Service	614,657	483,807	668,806	712,416	38.2%	6.5%
Human Resources & Payroll	842,327	861,493	874,188	900,046	1.5%	3.0%
Information Technology	1,021,366	1,063,288	1,238,579	1,312,585	16.5%	6.0%
Geographic Information Systems	395,627	414,571	430,339	451,862	3.8%	5.0%
City Clerk	114,686	403,344	269,270	300,935	-33.2%	11.8%
Communications	155,799	214,330	205,865	239,749	-3.9%	16.5%
Total	3,144,462	3,440,833	3,687,047	3,917,593	7.2%	6.3%

2025-2026 Work Plan

1. **Goal: Coordinate and oversee the internal and support services teams for the City of Mercer Island.**
 - 1.1 Work with the City Manager's Office and the Finance Department to develop the 2027-2028 budget recommendation.
 - 1.2 Review and update citywide policies (Purchasing Policies, and Expense and Travel Policy).
 - 1.3 Review and update the Mercer Island City Code for outdated and obsolete references. This work is ongoing.
 - 1.4 Administer contracts for public defense services.
2. **Goal: Provide a single and centralized customer service experience for Mercer Island residents, businesses, and visitors to access City services.**
 - 2.1 Maintain customer relationship management (CRM) software to track and manage customer interactions.
 - 2.2 Track progress through data collection of calls and emails and establish performance objectives. Hold weekly interdepartmental training opportunities to increase response without forwarding to departments percentages by 1-3% over prior year.
 - 2.3 Provide citywide support for special projects and routine records maintenance.
 - 2.4 Meet with work teams and communications staff in advance of major Citywide projects to prepare tools for customer service use and community response.
 - 2.5 Collaborate with the City Manager's Office, IT, and other stakeholders to evaluate and plan for the implementation of AI tools to enhance customer service efficiency and interaction.
3. **Goal: Administer uniform Human Resources policies, procedures, and programs and process the payroll for all City employees.**
 - 3.1 Implement semi-monthly payroll schedule and process by Q2 2025.
 - 3.2 Research recruiting and hiring module in ADP software. If the module meets City needs, prepare a budget proposal for implementation consideration in 2026.
 - 3.3 Negotiate a successor collective bargaining agreement with the Police and Police Support bargaining groups for the years 2027 through 2029.

Administrative Services

- 3.4 Negotiate a successor collective bargaining agreement with the AFSCME bargaining group for the years 2027 through 2029.
- 3.5 Develop and implement succession planning strategies including intentional hire ahead policies, retirement notification incentives, and planning for upcoming retirements for non-represented staff. This work is ongoing.
- 3.6 Administer citywide training programs and develop standardized supervisor training by Q1 2026.
- 3.7 Develop a comprehensive onboarding program for new employees. This work began in 2023-2024 and is in progress. Staff aim to complete the work by Q2 2025.
- 3.8 Create employee benefit statements to communicate the value of employees' total compensation package by Q4 2025.
- 3.9 Manage the citywide performance evaluation process and employee recognition and service award programs. This work is ongoing.
- 3.10 Review and digitize human resources and payroll records, identifying destruction and/or archival requirement. This work is ongoing.
- 4. Goal: Plan, organize, and supervise the City's community outreach efforts and media relations to educate residents and encourage informed input from the Mercer Island community.**
 - 4.1 Develop and manage communications plans and provide support or outreach/engagement management for other departments.
 - 4.2 Maintain range of communications platforms (website, Let's Talk, social media, MI Weekly, news releases, etc.).
 - 4.3 Develop, deploy, and ensure consistent branding across departments and materials.
 - 4.4 Oversee the City's website, adding news and calendar items, updating content, and designing new webpages as needed. Continue citywide partnerships and training to ensure department staff are regularly updating and monitoring website content.
 - 4.5 Collaborate with the City Manager's Office, IT, and others to evaluate the current website and Let's Talk platform for future integration with AI tools.
 - 4.6 Conduct a biennial public opinion survey in 2026 to inform the 2027-2028 budget process; collaborate on promotion and assist with distribution and explanation of results.
- 5. Goal: Serve the public by striving for excellence in preparation of agendas and minutes of meetings and provide complete and accurate information while preserving the records of the City.**
 - 5.1 Coordinate City Council meeting agenda packet creation and distribution and assist with hybrid meeting management.
 - 5.2 Manage the City's municipal code and official City records including ordinances, resolutions, agreements, and minutes.
 - 5.3 Provide administrative support to the City Manager, Chief of Administration, and City Council.
 - 5.4 Advertise, recruit, and fill vacancies for the City's boards and commissions. Update rosters, initiate and track Open Public Meetings Act (OPMA) and Public Records Act (PRA) training needs, ensure Code of Ethics training and compliance, and train support staff.
 - 5.5 Assist with processing public records requests.
 - 5.6 Provide training to employees regarding City Clerk and City Council policies and procedures, including Public Records Act training.

- 5.7 Manage the digitization of City records including indexing, digitizing, preparing for destruction and/or long-term storage.
- 6. Goal: Provide excellent support and management of the City's technology, operations, and initiatives and the City's Geographic Information System and related products and services.**
 - 6.1 Procure, implement, maintain, and support all information and technology infrastructure, systems, and software that enables City service delivery to the public.
 - 6.2 Mitigate and respond to cyber and information security risks, complete cyber security audits, and conduct ongoing training for all technology users (employees, volunteers, City Council, and boards and commissioners) on cyber and information security.
 - 6.3 Collaborate with the City Manager's Office on the comprehensive needs assessment to identify areas of City operations where AI can drive efficiency (e.g. data analysis, project tracking, report generation, language translation, and customer service). Complete by Q3 2026.
 - 6.3.1 Develop a training program for staff to enhance their understanding and effective use of AI tools.
 - 6.3.2 Create ongoing support resources, including FAQs, policies, user manuals, and a helpdesk for technical assistance.
 - 6.3.3 Identify pilot projects within key service areas to test AI applications. Gather feedback and assess outcomes to refine approaches before broader rollout. Implement a feedback loop for continuous improvement.
 - 6.3.4 Conduct an analysis of existing City software systems to evaluate the compatibility with AI tools under consideration for City use. Perform a gap analysis to determine what changes or upgrades are necessary to facilitate AI tool integration. Identify systems that may require replacement or significant upgrades to be compatible with AI technologies.
 - 6.4 Update data for interactive map services (WebGIS, Cityworks, ArcGIS Hub, GeoEvent, Image Server).
 - 6.5 Maintain and enhance mapping software (ESRI and VertiGIS) including procurement, licensing, and administration.
 - 6.6 Consult with staff on implementing projects approved in the Capital Improvement Plan and provide project management support when needed.
 - 6.7 Support citywide technology projects and business system upgrades:
 - 6.7.1 Assist the Finance Department with integration of the new enterprise-wide financial management software system.
 - 6.7.2 Assist the Public Work Department with integrating Cityworks (asset management system) with other City platforms.
 - 6.7.3 Support the Police Department in the development of a recommendation/budget proposal to update the City's digital evidence management system to allow for better storage, ease of indexing and retrieval, and the ability to interface with City operating systems by Q3 2026.
 - 6.7.4 Support the Police Department's recommendation/budget proposal to replace in-car camera systems with an updated system that integrates City operating systems by Q3 2026.

Administrative Services

- 6.7.5 Collaborate with the Recreation Division to explore expand, upgrade, or replace the PerfectMind/Xplore Recreation booking software. Support development of a budget proposal for consideration as part of the 2027-2028 biennial budget.
- 6.8 Assist staff in identifying and prioritizing technology projects for the 2027-2028 biennium.

Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Beginning Fund Balance	-	-	-	-	N/A	N/A
Utility Fees	216,986	219,590	226,356	236,216	3.1%	4.4%
IT M&O Rate Charges	1,021,366	1,063,288	1,238,579	1,312,585	16.5%	6.0%
General Purpose Revenue	1,906,109	2,157,955	2,222,112	2,368,792	3.0%	6.6%
Total Revenues	3,144,462	3,440,833	3,687,047	3,917,593	7.2%	6.3%
Expenditures:						
Salaries & Wages	1,691,202	1,704,198	1,868,340	1,984,024	9.6%	6.2%
Benefits	520,921	665,493	705,204	760,950	6.0%	7.9%
Supplies	43,292	40,520	40,200	40,200	-0.8%	0.0%
Contractual Services	753,356	598,200	763,800	798,397	27.7%	4.5%
Communications	35,373	38,880	34,600	34,600	-11.0%	0.0%
Internal Service Charges	51,915	59,542	87,363	91,222	46.7%	4.4%
Other Services & Charges	30,501	319,000	161,540	182,200	-49.4%	12.8%
Intergovernmental Services	17,904	15,000	26,000	26,000	73.3%	0.0%
Total Expenditures	3,144,462	3,440,833	3,687,047	3,917,593	7.2%	6.3%

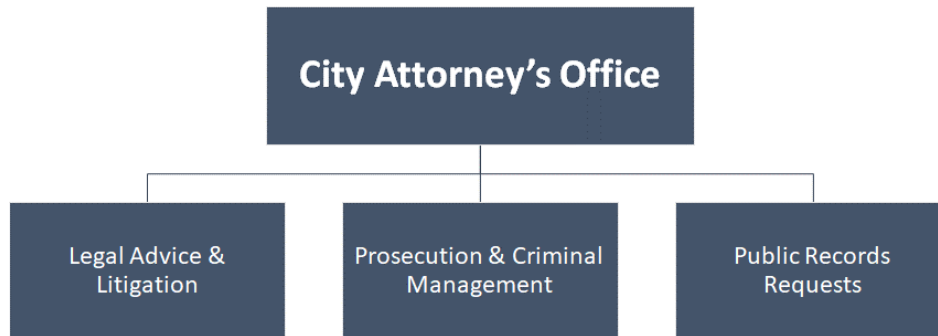
CITY ATTORNEY'S OFFICE

The City Attorney's Office provides legal counsel and representation to the City Manager, City Council, City departments, and as needed to City Council-appointed boards and commissions.

The City Attorney represents the City in civil litigation and administrative hearings in the areas of tort defense, land use, personnel and labor, contract, and municipal law. The City Attorney's Office assists in the preparation of City ordinances, contracts, and legal documents and provides coordinated response to public records requests. The City Attorney's Office budget includes contract costs for prosecution of criminal misdemeanor citations (e.g., driving while under the influence, domestic violence, assaults, and thefts) issued by the Mercer Island Police Department.

Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Legal Advice & Defense	652,903	720,122	717,831	738,914	-0.3%	2.9%
Prosecution & Criminal Mgt	178,839	151,000	207,800	211,000	37.6%	1.5%
Public Records Requests	124,236	143,842	152,500	164,108	6.0%	7.6%
Total	955,977	1,014,964	1,078,131	1,114,022	6.2%	3.3%



City Attorney's Office

2025-2026 Work Plan

- 1. Provide legal advice and guidance to the City Council, City Manager, City departments, and boards and commissions.**
 - 1.1 Conduct legal research for civil matters, and ensure actions taken by the City are consistent with state and federal laws.
 - 1.2 Attend City Council meetings, Executive Sessions, and other meetings as needed; provide legal guidance and advice.
 - 1.3 Prepare draft ordinances for City Council consideration and adoption as City law.
 - 1.4 Negotiate contracts in a variety of areas, including Right of Way (ROW) franchises, real estate and development services, land use, environmental law, public works, and professional services.
 - 1.5 Manage administrative claims and advise the City Manager and departments on risk management. Reviews incident reports City-wide for potential liability. The City receives an average of 20 claims and 30 incident reports per year.
 - 1.6 Continue to assist the City Manager's Office on effectuating and administering the terms of the 2017 Sound Transit Settlement agreement.
 - 1.7 Support the City Manager's Office on real estate matters related to the closure of City Hall.
- 2. Represent the City in civil litigation and prosecution of criminal citations.**
 - 3.1 Advise and represent the City in civil lawsuits, administrative appeals, and employment matters.
 - 3.2 Monitor and enforce terms of the Sound Transit Settlement Agreement.
 - 3.3 Manage representation and work assigned to outside legal counsel.
 - 3.4 Oversee prosecution of misdemeanor citations issued by the Mercer Island Police Department and management of criminal cases and infractions before the City's municipal court.
 - 3.5 Administer contracts for prosecutorial services.
- 3. Respond to public records requests pursuant to Public Records Act.**
 - 4.1 Coordinate timely response to public records requests.
 - 4.2 Ensure compliance with the Public Records Act and proper application of exemptions.
 - 4.3 Stay current with changes to public records laws.
 - 4.4 Review and identify destruction and/or archival requirements for records. Provide support to City departments for records retention.
 - 4.5 Develop a citywide training schedule for employees regarding records storage, retention, and destruction.
 - 4.6 Develop/update policies that identify the minimum requirements to lawfully destroy paper records after conversion to a digital format, ensuring access to, and retrieval of, digital images throughout the minimum retention period.
 - 4.7 Collaborate with the City Manager's Office, IT, Customer Service, and other staff teams on the implementation of citywide AI tools. Review current public records policies to identify necessary updates or changes that accommodate the use of AI technologies in City operations. Consider opportunities to use AI tools in public records management and explore opportunities for pilot projects to test products.

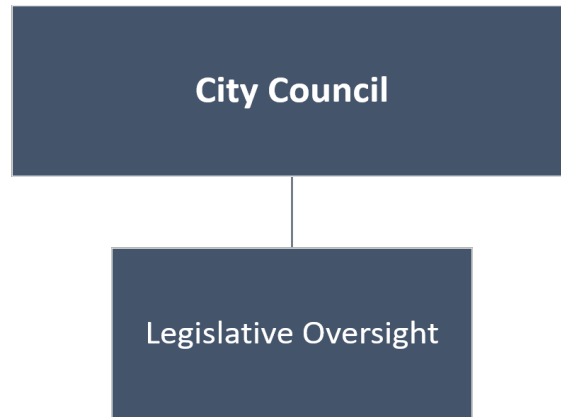
Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues						
Beginning Fund Balance	-	-	-	-	N/A	N/A
General Purpose Revenue	955,977	1,014,964	1,078,131	1,114,022	6.2%	3.3%
Total Revenues	955,977	1,014,964	1,078,131	1,114,022	6.2%	3.3%
Expenditures						
Salaries & Wages	332,306	346,822	385,641	407,630	11.2%	5.7%
Benefits	91,725	119,142	126,436	136,274	6.1%	7.8%
Supplies	2,469	3,750	1,700	1,700	-54.7%	0.0%
Contractual Services	488,699	510,000	534,300	537,500	4.8%	0.6%
Internal Service Charges	18,823	19,450	17,654	18,518	-9.2%	4.9%
Other Services & Charges	21,956	14,600	11,200	11,200	-23.3%	0.0%
Total Expenditures	955,977	1,014,964	1,078,131	1,114,022	6.2%	3.3%

CITY COUNCIL

The City Council is comprised of seven members who are elected on a non-partisan, "at-large" basis to four-year terms. The City Council serves as the legislative branch of the Mercer Island City government, establishing all City policies and passing all ordinances and resolutions.

From its members, the City Council appoints a Mayor and a Deputy Mayor every two years to preside over City Council meetings and serve as the leadership of the Council. The Mayor, Deputy Mayor, and the five Councilmembers serve on a part-time basis. Councilmembers serve as liaisons between the City Council and City advisory boards and commissions, communicating information, policies, and work priorities between the bodies. In addition, Councilmembers may serve on City Council committees, and as liaisons to community, regional, and state groups.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Legislative Oversight	38,492	54,454	58,226	58,723	6.9%	0.9%
Sister City Program	6,760	950	2,400	2,400	152.6%	0.0%
Total	45,251	55,404	60,626	61,123	9.4%	0.8%

2025-2026 City Council Priorities (Adopted March 19, 2024 – AB 6435)

The City of Mercer Island provides outstanding municipal services that enhance and protect the environment, the quality of life, and our community’s health, safety, and welfare. We engage with the community on issues of importance to listen, instill trust, and promote sound decision-making. We strive to create and maintain an environmentally sustainable and inclusive community that is safe and supportive for current and future generations.

In the 2025-2026 biennium, we will continue to provide city services with fiscal sustainability while focusing on the government's effectiveness and efficiency, and the following priorities:

- Priority 1** Engage the qualified expertise necessary to provide the guidance to enable the development of a comprehensive long-range plan for Town Center which recognizes, addresses, and balances business, housing, and parking uses.
- Priority 2** Sustain and enhance our natural environment, especially parks and open spaces, to benefit this generation and others that follow.
- Priority 3** Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.
- Priority 4** Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Beginning Fund Balance	-	-	-	-	N/A	N/A
General Purpose Revenue	45,251	55,404	60,626	61,123	9.4%	0.8%
Total Revenues	45,251	55,404	60,626	61,123	9.4%	0.8%
Expenditures:						
Salaries & Wages	19,200	19,200	19,200	19,200	0.0%	0.0%
Benefits	3,677	1,565	1,565	1,565	0.0%	0.0%
Supplies	3,793	9,500	17,000	17,000	78.9%	0.0%
Contractual Services	6,660	17,000	6,750	6,750	-60.3%	0.0%
Internal Service Charges	5,812	5,989	10,361	10,858	73.0%	4.8%
Other Services & Charges	6,109	2,150	5,750	5,750	167.4%	0.0%
Total Expenditures	45,251	55,404	60,626	61,123	9.4%	0.8%

CITY MANAGER’S OFFICE

Appointed by the City Council, the City Manager serves as the chief executive officer of the City. The City Manager is primarily responsible for the preparation of the City's biennial budget, the enforcement and implementation of all laws and policies, and the efficient and effective delivery of all City services. The City Manager's Office oversees the development and implementation of all policy and program initiatives, including the City Council's top legislative priorities. The City Manager’s Office also oversees all department directors and special projects.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Admin & Intergovt'l Relations	798,917	945,811	756,734	802,408	-20.0%	6.0%
Total	798,917	945,811	756,734	802,408	-20.0%	6.0%

2025-2026 Work Plan

1. **Goal: Engage the qualified expertise necessary to provide the guidance to enable the development of a comprehensive long-range plan for Town Center which recognizes, addresses, and balances business, housing, and parking uses. (Adopted City Council 2025-2026 Priority, see AB 6435)**
 - 1.1 Continue to prepare for the opening of the Sound Transit Light Rail Station. Work with internal teams and other agencies to ensure safe design and implementation. This work is ongoing.
 - 1.2 Administer the Sound Transit Settlement Agreement to include tracking of appropriations and expenditures, contract management, and submission of invoices. This work is ongoing.
 - 1.3 Oversee the construction and activation of the former Tully’s Property for long-term regional transit commuter parking. Construction is scheduled for completion Q2 2025.

- 1.4 Continue to coordinate implementation of the programs and policies identified in the Town Center Parking Plan.
 - 1.4.1 Implement an on-street parking system in Town Center where a motorist would register their vehicle for 2-hours of free parking and have the option to extend this parking up to 4-hours for a paid fee by Q4 2025.
 - 1.4.2 Work with the Community Planning and Development to evaluate Public-Use agreements to use underutilized parking in privately owned parking lots and garages.
2. **Goal: Sustain and enhance our natural environment, especially parks and open spaces, to benefit this generation and others that follow. (Adopted City Council 2025-2026 Priority, see AB 6435)**
Goal: Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks. (Adopted City Council 2025-2026 Priority, see AB 6435)
 - 2.1 In response to the closure of City Hall and functional obsolescence of the existing Public Works building, manage the design of a new Public Safety and Maintenance Building (PSM), prepare for a ballot measure to fund its construction, and re-house other displaced City services.
 - 2.1.1 Proceed to schematic design phase of the PSM building and continue to engage the City Council on space and operational needs of staff teams housed there. Conduct a focused community engagement Complete by Q1 2025.
 - 2.1.2 Prepare a ballot ordinance for the November 2025 election with ballot language, cost estimates, bond financing, and supporting PSM design documents for City Council consideration by Q2 2025.
 - 2.1.3 Continue the comprehensive assessment work on City facilities to identify further opportunities to maintain safe and operationally efficient City buildings.
 - 2.1.4 Conduct a thorough community engagement process related to the design and future operations of the PSM building. Continue work on the long-term vision for the next generation of City facilities.
 - 2.2 Support the Public Works Department in the delivery of capital projects including parks levy initiatives. This work is ongoing.
3. **Goal: Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community. (Adopted City Council 2025-2026 Priority, see AB 6435)**
 - 3.1 Implement the adopted 2025-2026 budget with a continued focus on fiscal sustainability.
 - 3.2 Prepare and transmit a 2027-2028 biennial budget recommendation to include policy revisions and updates at the direction of the City Council.
 - 3.3 Conduct a comprehensive needs assessment to identify areas of City operations where AI can drive efficiency (e.g. data analysis, project tracking, report generation, language translation, and customer service). Develop a plan outlining AI goals and objectives, implementation steps, policy and training needs, and funding strategies. Research potential AI tools and platforms that will enhance and support city services, conduct pilot programs to test products and tools, and actively network with other public entities as to their experiences with AI. Complete by Q3 2026.
 - 3.4 Continue work on long-term financial strategies; including ongoing implementation of policies related to the long-term forecast, reserves, and operating contingencies. This work is ongoing.
 - 3.5 Research and develop a new Parks Zone in coordination with the Community Planning and Development Department and the Recreation Division. Support the Parks and Recreation Commission in developing a recommendation for consideration by the Planning Commission

City Manager's Office

and the City Council and facilitate a community engagement process. Work is anticipated to be completed by Q4 2025.

- 3.6 Complete an overhead cost analysis of the municipal court services interlocal agreement with the City of Newcastle to ensure the agreement is in alignment with the new cost allocation policy. Revise the interlocal agreement based on the findings. Work is anticipated to be complete by Q4 2025.
- 3.7 Track the Washington State Supreme Court's decision regarding the proposed changes to the Standards for Indigent Defense. Collaborate with the Association of Washington Cities (AWC) to participate in the public engagement process and conduct a budget impact analysis of the Supreme Court's decision.
- 3.8 Support the Finance Department and the Police Department to implement a new cost sharing model for marine patrol services with contract cities by Q4 2026 in alignment with the City's cost allocation policy.
- 3.9 Implement the organizational structure as approved in the 2025-2026 budget.
 - 3.8.1 Continue to work towards filling interim/vacant positions.
 - 3.8.2 Provide support to the organization to ensure succession planning remains a priority to address upcoming retirements.
 - 3.8.3 Emphasize building and developing future leaders throughout the organization through continuing education, cross-training, and identifying other opportunities for professional growth

4. Goal: Provide leadership and planning support to the City Council.

- 4.1 Manage the City Council Planning Schedule to ensure timely delivery of work plan items. Evaluate the need for Special Meetings and "Joint Meetings" with other boards or governing bodies.
- 4.2 Provide support to the City Council in setting the agendas and preparing for the Annual Planning Session.
- 4.3 Prepare the annual legislative priorities with direction from the City Council. Conduct research, legislative analysis, and prepare talking points to conduct robust engagement with legislators and other key actors at the State and Federal level.
 - 4.3.1 Coordinate closely with the Association of Washington Cities (AWC), A Regional Coalition for Housing (ARCH), and other regional associations as appropriate to support the City's legislative priorities.
 - 4.3.2 Manage City contract lobbyists and City government relations staff to support the legislative work.

Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Beginning Fund Balance	-	-	-	-	N/A	N/A
ARPA Fund	131,263	264,319	-	-	-100.0%	N/A
General Purpose Revenue	798,917	681,492	756,734	802,408	11.0%	6.0%
Total Revenues	930,180	945,811	756,734	802,408	-20.0%	6.0%
Expenditures:						
Salaries & Wages	509,575	597,735	512,175	542,777	-14.3%	6.0%
Benefits	143,768	157,103	177,589	191,605	13.0%	7.9%
Supplies	13,923	4,000	5,500	5,500	37.5%	0.0%
Contractual Services	87,656	135,000	30,000	30,000	-77.8%	0.0%
Communications	2,091	2,000	2,000	2,000	0.0%	0.0%
Internal Service Charges	37,100	38,473	20,970	22,026	-45.5%	5.0%
Other Services & Charges	4,804	11,500	8,500	8,500	-26.1%	0.0%
Total Expenditures	798,917	945,811	756,734	802,408	-20.0%	6.0%

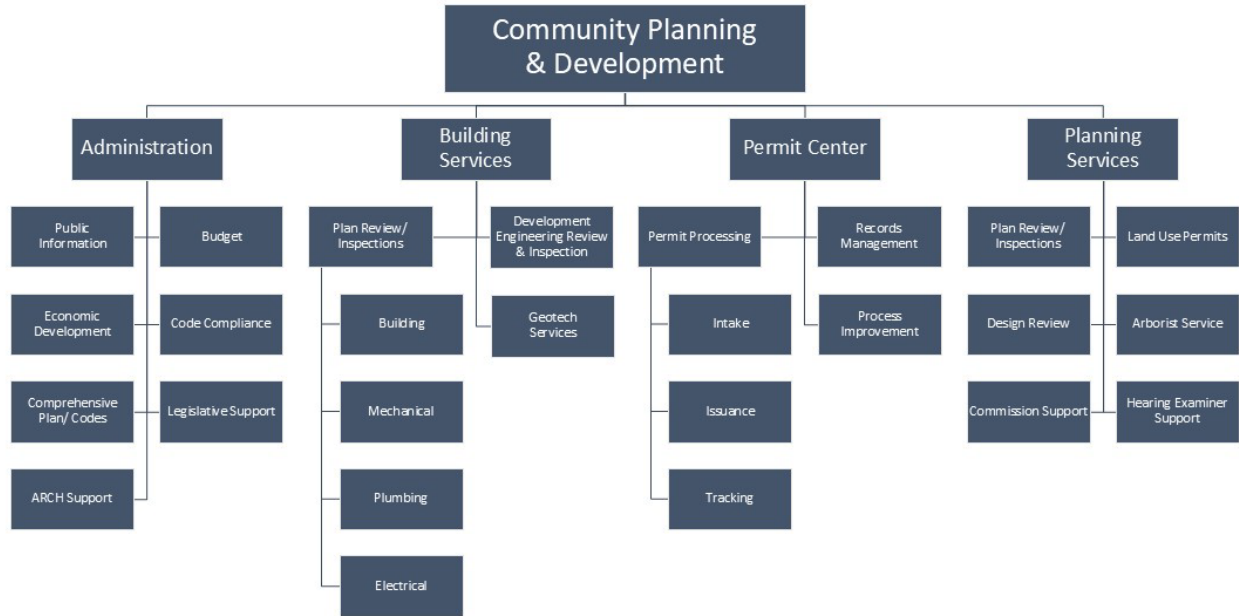
COMMUNITY PLANNING & DEVELOPMENT

The Community Planning and Development Department (CPD) is responsible for ensuring compliance with several State statutes including the Growth Management Act (GMA), Shoreline Management Act (SMA), and the State Environmental Policy Act (SEPA). Compliance is achieved through the adoption, implementation and maintenance of the Comprehensive Plan and sub area plans, capital improvement plans, development and environmental regulations contained within the Mercer Island Municipal Code (MICC), as well as other initiatives and activities including the review and inspection of private and public development projects, the enforcement of construction, environmental and nuisance codes and the activation of economic development efforts.

CPD is comprised of four (4) divisions including Administration, Building Services, Permit Center, and Planning Services. A summary of key functions for each division is provided below:

- **Administration:** Serves as the primary point of contact for public information related to development and as an advocate for customers interested or engaged in development activity on the Island. Provide liaison services for organizations, large projects, and community-wide issues. Maintains the Comprehensive Plan and Development Code while providing staff support to the Planning Commission. Responsible for overall department budgeting as well as supporting the civil code compliance and economic development programs.
- **Building Plan Review and Inspection Services:** Process, review, and complete all private, non-profit, and public (i.e., city, state, regional, and utility entities) development permits, encompassing building plans examination and field inspections.
- **Permit Center:** Coordinate all facets of the permitting process, which encompass permit intake, issuance, and tracking. Leads the department efforts in records management and process improvements.
- **Land Use Planning:** Process all land use and non-single-family design review permit applications consistent with adopted policies in the Comprehensive Plan and Development Code within timeframes required by state law. These include rezones, code amendments, conditional use permits, variances, deviations, subdivision plats, lot line adjustments, shoreline development permits and exemptions, SEPA determinations, accessory dwelling units (ADU's), all land use appeals, major new construction design reviews, and minor revision design reviews, and staff administrative design reviews. Provides staff support to the Design Commission and Hearing Examiner.

Community Planning & Development



Operating Expenditures

Department Function	2021	2022	2023	2024	Percent Change	
	Actual	Forecast	Budget	Budget	22-23	23-24
Administration & Permitting	964,985	1,509,169	1,207,409	1,261,702	-20.0%	4.5%
Building Plan Review and Inspection	888,600	965,470	923,261	974,260	-4.4%	5.5%
Development Engineering	-	-	276,263	288,983	N/A	4.6%
Permit Center	362,859	411,150	430,708	454,713	4.8%	5.6%
Land Use Planning	852,018	924,104	1,266,735	1,354,562	37.1%	6.9%
Total	3,068,462	3,809,893	4,104,376	4,334,220	7.7%	5.6%

Community Planning & Development

2025-2026 Work Plan

1. **Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.** *(Adopted City Council 2025-2026 Priority, see AB 6435)*
 - 1.1 Work with the City Manager's Office and the Finance Department to develop the 2027-2028 budget recommendation.
 - 1.2 Implement state legislation related to changes in the Growth Management Act and affordable housing initiatives by the mandated deadlines.
 - 1.3 Implement the 2024 Comprehensive Plan Periodic Update including economic development and housing strategies.
 - 1.4 Support the City Manager's Office in developing a new Parks Zone for consideration by the Parks and Recreation Commission, the Planning Commission and the City Council to include a community outreach and engagement process. Work is anticipated to be completed by Q4 2025.
 - 1.5 Continue representation on the A Regional Coalition for Housing (ARCH) Executive Board and serve as the liaison between the City Council and ARCH. Support City Council with review and approval of the annual ARCH work program and budget, and the allocation to the Housing Trust Fund.
 - 1.6 Support the City Manager's Office with the development of legislative priorities. Engage with the City Council and lobbyist team to develop strategies for successful implementation, to include providing testimony when legislation is being considered. Coordinate with intergovernmental organizations and other local government jurisdictions on legislative advocacy.
 - 1.7 Complete the annual docket process and work towards completion of work program additions. Compile and analyze potential improvements to the development codes and propose such for the annual docket as appropriate. This work is ongoing.
 - 1.8 Provide administrative support to the Planning Commission as well as staff recommendations for legislative reviews.
 - 1.9 Provide administrative support to the Design Commission as well as staff recommendations for design review permits.
 - 1.10 Provide administrative support to the Hearing Examiner as well as staff recommendations for land use permits and appeals.
 - 1.11 Work with the Mercer Island School District (MISD) to update school impact fees as appropriate in coordination with the annual adoption of its Capital Facilities Plan.
 - 1.12 Update construction permit fees annually and include as part of the Master Fee Schedule (Q4).
 - 1.13 Continue succession planning for staff within the Department to address upcoming retirements within the team. Identify and nurture talent within the Department, cross-train maintenance and operations staff to ensure continuity of services across all lines of business; provide staff opportunities to improve knowledge and skills with an emphasis on leadership development training and strategically position the Department to fill key roles to sustain momentum. This work is ongoing.
 - 1.14 Index and digitize old records to make them easily accessible to the public and continue to provide support for public records requests. This work is ongoing.

Community Planning & Development

2. **Engage the qualified expertise necessary to provide the guidance to enable the development of a comprehensive long-range plan for Town Center which recognizes, addresses, and balances business, housing, and parking uses.** *(Adopted City Council 2025-2026 Priority, see AB 6435)*
 - 2.1 Support implementation of the actions identified in the Town Center Parking Plan. Strengthen the relationship between the City and the local business community by providing transparent and timely information.
 - 2.2 Collaborate with the Mercer Island Chamber of Commerce to continue supporting local businesses.
3. **Provide basic permitting service levels (including construction permit reviews, land use decisions, inspections, code compliance, noticing and public outreach, customer service and data reporting).**
 - 3.1 Analyze and implement measures to reduce building, planning, and land-use permit plan review times through appropriate staffing and on-call support levels. Routinely analyze data and gather feedback from customers to inform decision-making and process improvements.
 - 3.2 Strive to provide responses to all general inquires within one business day. Collaborate with the Customer Service team to improve access to frequently asked questions.
 - 3.3 Maintain current service levels of “next day” inspections through appropriate staffing and on-call support levels.
 - 3.4 Reestablish the OTC (over the counter) permit program when in-person customer services resume.
 - 3.5 Update the construction codes according to state requirements by Q2 2026.
 - 3.6 Continue to participate in and track efforts for online permit software options at the regional and state levels.
4. **Goal: Provide safe, functional, and efficient delivery of public services and ensure preservation and maintenance of critical public infrastructure.**
Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks. *(Adopted City Council 2025-2026 Priority, see AB 6435)*
 - 4.1 Provide support to the City Manager’s Office in the design of the new Public Safety and Maintenance Building.
 - 4.2 Provide support to the Public Works Capital Project team by ensuring collaboration on capital projects and timely issuance of permits.

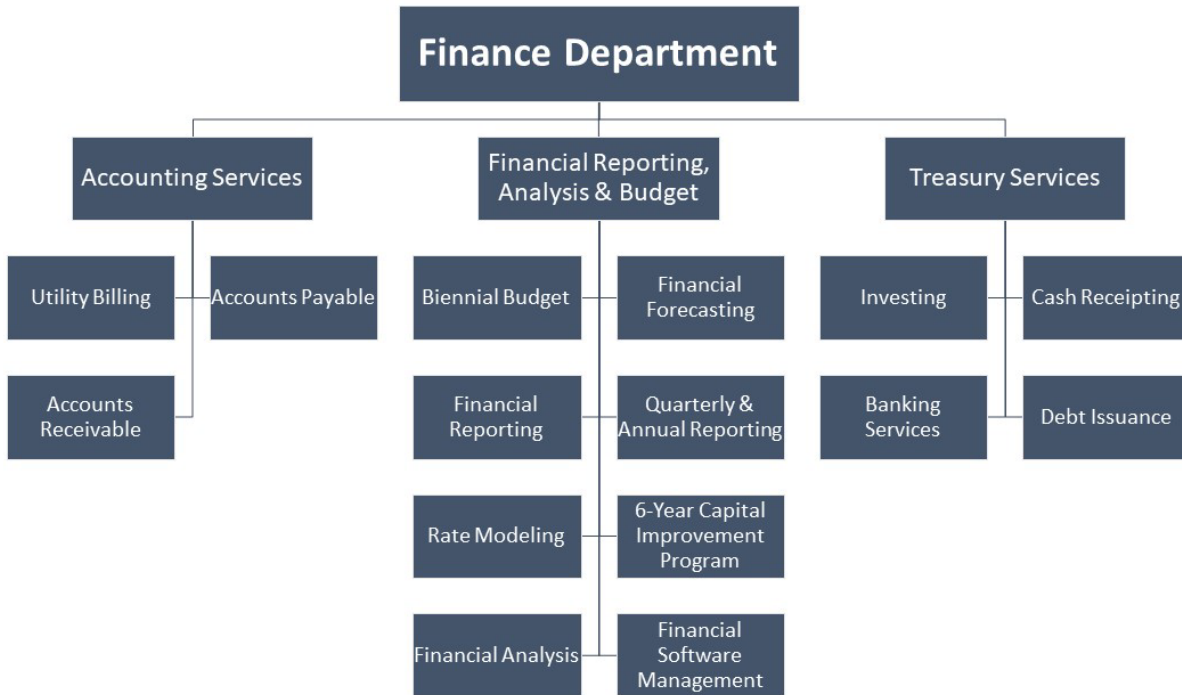
Community Planning & Development

Revenue & Expenditure Summary

Description	2021	2022	2023	2024	Percent Change	
	Actual	Forecast	Budget	Budget	22-23	23-24
Revenues:						
Beginning Fund Balance	-	-	-	-	N/A	N/A
Development Fee Revenue	3,303,857	3,687,027	3,259,124	3,363,881	-11.6%	3.2%
Other Charges for Services	26,773	9,261	10,000	10,000	8.0%	0.0%
Grant		143,750	18,750	-	-87.0%	-100.0%
General Fund Tax Revenue	675,062	838,176	913,016	966,165	8.9%	5.8%
Total Revenues	4,005,692	4,678,214	4,200,890	4,340,046	-10.2%	3.3%
Expenditures:						
Salaries & Wages	2,130,417	2,261,834	2,323,272	2,453,143	2.7%	5.6%
Benefits	623,195	820,304	869,963	936,487	6.1%	7.6%
Supplies	14,819	14,700	31,450	31,450	113.9%	0.0%
Contractual Services	157,770	542,972	293,750	299,250	-45.9%	1.9%
Communications	13,533	10,000	14,000	14,000	40.0%	0.0%
Internal Service Charges	127,109	139,083	140,638	146,405	1.1%	4.1%
Other Services & Charges	1,618	21,000	431,303	453,485	1953.8%	5.1%
Total Expenditures	3,068,462	3,809,893	4,104,376	4,334,220	7.7%	5.6%

FINANCE DEPARTMENT

The Finance Department provides financial planning, analysis and reporting, treasury, accounting, and financial software support services for all City operations. Critical accounting functions include utility billing services for the water, sewer and stormwater utilities, accounts payable processing, business license administration, business tax oversight, capital asset accounting, and external financial reporting. The Finance Department assists operating departments in budget proposals, revenue forecasting, and financial management.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Financial Services	1,145,211	1,445,476	1,502,600	1,530,964	4.0%	1.9%
Utility Billing	549,513	638,468	629,059	692,701	-1.5%	10.1%
Total	1,694,723	2,083,944	2,131,659	2,223,665	2.3%	4.3%

Finance Department

2025-2026 Work Plan

1. **Goal: Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.** (Adopted City Council 2025-2026 Priority, see AB 6435)
 - 1.1 Oversee the mid-biennial budget update and develop the 2027-2028 biennial budget using the new financial management software.
 - 1.2 Complete annual financial reports as specified by the State Auditor's Office each year.
 - 1.3 Implement new financial management software modules to simplify the process of accepting payments for municipal services and streamline business and occupation tax processing by Q4 2025.
 - 1.4 Collaborate with the City Manager's Office, IT, Customer Service and other staff teams to evaluate the financial implications and develop funding strategies to support the analysis, testing, evaluation, and implementation of AI technologies across City operations.
 - 1.5 Complete an audit of the City's account payables and implement best practices to coincide with the implementation of the City's new enterprise-wide financial management software by Q4 2025.
 - 1.6 Track the disposition of the City's American Relief Plan Act (ARPA) funds through Q4 2026 and meet all federal reporting requirements. This work is ongoing through the biennium.
 - 1.7 Work with the City Manager's Office, Administrative Services, and community partners on a stabilization plan for Youth and Family Services revenues. This work is tied to Thrift Shop operations and development of a sustainable long-term funding strategy. This work is ongoing.
 - 1.8 Oversee the State Auditor's Office (SAO) Annual Financial audit, Accountability audit, and in years where the City spends \$750,000+ in Federal dollars, the Federal Single audit, as required. Provide all documentation, resources, and staff support as required. This work is ongoing.
 - 1.9 Review and update the City's financial management policies regarding the following:
 - 1.9.1 Utility billing policies and procedures by Q4 2025.
 - 1.9.2 Equipment surplus policy, including review of the valuation threshold for City Council approval by Q4 2026.
 - 1.9.3 Purchasing and procurement procedures and written policies by Q4 2026.
 - 1.10 Develop a new system to forecast employee compensation costs as part of the biennial budget based on the compensation plan and collective bargaining agreements by Q4 2025.
 - 1.11 Crosstrain staff in utility billing, payroll management, month-end reconciliation, financial reporting, and other internal service workflows within the department. This work is ongoing.
 - 1.12 Support implementation of the actions identified in the Town Center Parking Plan.
2. **Goal: Provide excellent service to internal and external customers.**
 - 2.1 Support Finance staff who are working remotely and on-site while short and long-term plans for City facilities are developed. This work is ongoing.
 - 2.2 Share supervisory responsibilities with Administrative Services to help the Mercer Island Thrift Shop enhance operations.
 - 2.3 Support Public Works with a comprehensive performance review of the Recology solid waste contract relative to the requirements and standards established within the contract by Q4 2026.

- 2.4 Begin quarterly staff trainings in Q3 2025 to develop advanced use of the new financial management software. This work is ongoing through the biennium.
 - 2.4.1 Conduct on-boarding training for new hires using the financial management software. This work is ongoing.
 - 2.4.2 Maintain user permissions in the financial management software with employee turnover. This work is ongoing.
 - 2.5 In concert with Youth and Family Services, connect utility billing customers to financial assistance programs. This work is ongoing.
 - 2.6 Incorporate monthly financial reporting by Q4 2025 into City operations. Implementation of this goal is tied to the use of the new financial software system.
 - 2.7 Provide collective bargaining support for the Administrative Services Department. This work is ongoing.
 - 2.8 Provide regular opportunities for City staff to provide feedback on interdepartmental budget development and financial system trainings throughout the biennium.
 - 2.9 Work with the Police Department and the City Manager's Office to implement a new cost sharing model for marine patrol services with contract cities by Q4 2026 in alignment with the City's cost allocation policy.
 - 2.10 Support the City Manager's Office in completing an overhead cost analysis to ensure the interlocal with the City of Newcastle for municipal court services aligns with the City's cost allocation policy. Revise the Interlocal Agreement based on findings by Q4 2025.
 - 2.11 Support Administrative Services as the City transitions from bi-weekly to semi-monthly payroll processing by Q1 2025.
- 3. Goal: Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks. (Adopted City Council 2025-2026 Priority, see AB 6435)**
- 3.1 Support the City Manager's Office on real estate matters related to the closure of City Hall.
 - 3.2 Assist the City Manager's Office with short and long-term financing strategies for the future Public Safety and Maintenance Building. Provide support for the November 2025 ballot measure. This work is ongoing through the biennium.
 - 3.3 In partnership with Public Works and other operating departments, develop the City's 2027-2032 Capital Improvement Program for City Council review and approval.
 - 3.3.1 Develop a six-year cash flow that balances anticipated resources with future community infrastructure needs.
 - 3.3.2 Evaluate and pursue outside funding as needed to support infrastructure investments that at minimum cost \$2.5 million with a useful life of at least 20 years.
 - 3.3.3 Conduct a utility rate study to inform service rate adjustments for Utility Board review as part of the 2027-2028 biennial budget by Q3 2026.
 - 3.3.4 Explore new long-term funding mechanisms for ongoing technology investments by Q4 2026.
 - 3.3.5 Revisit the funding plan (aka the sinking fund) for the replacement of synthetic turf athletic fields by Q2 2026.
 - 3.4 Assist with the implementation of the Meter Replacement Project, develop new internal business operations, and train staff based on this infrastructure improvement. This work is ongoing.

Finance Department

Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Beginning Fund Balance					N/A	N/A
Business License Fees	114,970	118,370	118,961	119,556	0.5%	0.5%
Utility Charge for Services	545,513	638,468	629,059	692,701	-1.5%	10.1%
ARPA - Utility Relief Grant	4,000	-	-	-	N/A	N/A
General Tax Revenue	1,030,241	1,327,106	1,383,639	1,411,408	4.3%	2.0%
Total Revenues	1,694,723	2,083,944	2,131,659	2,223,665	2.3%	4.3%
Expenditures:						
Salaries & Wages	872,933	1,005,978	1,084,746	1,146,624	7.8%	5.7%
Benefits	284,998	404,146	418,577	450,797	3.6%	7.7%
Supplies	10,913	5,250	11,000	11,000	109.5%	0.0%
Contractual Services	400,062	555,450	448,850	452,950	-19.2%	0.9%
Communications	24,983	22,650	26,450	27,236	16.8%	3.0%
Internal Service Charges	51,971	53,470	85,861	89,883	60.6%	4.7%
Other Services & Charges	44,863	37,000	56,175	45,175	51.8%	-19.6%
Utility Grant Program	4,000	-	-	-	N/A	N/A
Total Expenditures:	1,694,723	2,083,944	2,131,659	2,223,665	2.3%	4.3%

FIRE & EMERGENCY SERVICES

Eastside Fire & Rescue serves Mercer Island by providing the following high-quality fire, rescue, and emergency medical services:

- Community Relations and Events
- Construction Fire Code Plan Reviews
- Disaster Preparedness and Education
- Emergency Medical Aid
- Fire and Life Safety Inspections
- Fire Investigation Services
- Fire Protection and Suppression
- Hazardous Materials and Confined Space Services
- Public Fire Safety and Prevention Education
- Specialized Technical and Swiftwater Services
- Wildland Fire Services

Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Administration	615,370	8,829,737	8,851,380	9,269,259	0.2%	4.7%
Operations	7,397,156	-	-	-	N/A	N/A
Community Risk Reduction	280,848	-	-	-	N/A	N/A
Training	209,822	-	-	-	N/A	N/A
Total	8,503,196	8,829,737	8,851,380	9,269,259	0.2%	4.7%

2025-2026 Work Plan

Developed in collaboration with Eastside Fire & Rescue

1. **Goal: Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.** (Adopted City Council 2025-2026 Priority, see AB 6435)
 - 1.1 Deploy personnel and resources in an efficient and effective manner to remain responsive to community needs.
 - 1.2 Review and provide data driven updates specific to fee collection policies (ambulance transport fee, fire permit fees, GEMT, etc.), new or updated requests for contracts, and/or strategies to the City Manager in September of each year.
 - 1.3 Coordinate with Administrative Services and Finance to update the Master Fee Schedule annually to include all associated fire permit fees.
2. **Goal: Keep the Mercer Island community safe through effective planning, training, response, and mitigation of emergencies.**
 - 2.1 Evaluate turnout and travel times to possibly modify the geographical response boundaries between Station 91, Station 92, and regional partners by Q2 2026.
 - 2.2 Strive to meet the following standards adopted by Eastside Fire & Rescue:

Fire & Emergency Services

2.2.1 **Turnout Time** (the time beginning when units receive notification of the emergency to the beginning point of response time):

- 75 seconds for daytime EMS Incidents
- 90 seconds for nighttime EMS Incidents
- 105 seconds for daytime Fire incidents
- 150 seconds for nighttime Fire incidents

2.2.2 **Travel Time – EMS:**

- Urban response/travel time of 6:30 minutes
- Suburban response/travel time 7:30 minutes

2.2.3 **Travel Time – Fire:**

- Urban response/travel time 7:00 minutes
- Suburban response/travel time 8:00 minutes

2.3 Continue utilization of Mobile Integrated Health (MIH) funds from King County Emergency Medical Services (KCEMS) for CORE Connect (Eastside Fire & Rescue's Mobile Integrated Healthcare response unit). This work is ongoing.

3. **Goal: Emphasize community risk reduction through fire prevention and public education.**

- 4.1 Work with Sound Transit on design, plan review, and installation of fire suppression systems for the light rail station by Q4 2025. This work is ongoing.
- 4.2 Continue work to improve the Washington Surveying & Rating Bureau (WSRB) rating to lower insurance costs for Mercer Island residents.
- 4.3 Work with the Community Planning & Development Department and the City Council to adopt and streamline fire code amendments as needed. This work is ongoing.
- 4.4 Strengthen brand recognition and enhance communications on Mercer Island by improving and standardizing public education and outreach efforts.

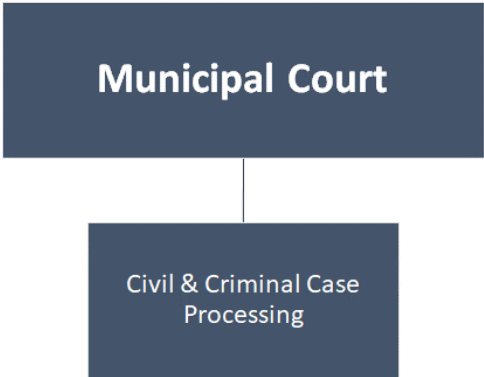
Fire & Emergency Services

Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Ambulance Transport Fee	482,481	247,930	315,000	315,000	27.1%	0.0%
Development Permit Fees	130,077	131,378	125,000	125,000	-4.9%	0.0%
GEMT Program	262,967	170,275	175,000	175,000	2.8%	0.0%
King County EMS Levy	734,167	809,000	833,270	858,268	3.0%	3.0%
EMS Charge for Service	678,039	746,161	790,241	813,948	5.9%	3.0%
Donation & Other	25,310	1,326	1,476	1,188	11.3%	-19.5%
General Purpose Revenue	6,190,156	6,723,667	6,611,393	6,980,855	-1.7%	5.6%
Total Revenues	8,503,196	8,829,737	8,851,380	9,269,259	0.2%	4.7%
Expenditures:						
Salaries & Wages	5,647,792	-	-	-	N/A	N/A
Benefits	1,581,004	-	-	-	N/A	N/A
Supplies	115,046	-	-	-	N/A	N/A
Contractual Services	554,470	8,829,737	8,851,380	9,269,259	0.2%	4.7%
Communications	54,872	-	-	-	N/A	N/A
Internal Service Chargs	265,562	-	-	-	N/A	N/A
Other Services & Charges	83,480	-	-	-	N/A	N/A
Intergovernmental Services	200,971	-	-	-	N/A	N/A
Total Expenditures	8,503,196	8,829,737	8,851,380	9,269,259	0.2%	4.7%

MUNICIPAL COURT

The Mercer Island Municipal Court is responsible for adjudicating all criminal misdemeanor and gross misdemeanor crimes, infractions, and parking violations under Municipal Code and the Revised Code of Washington Statutes. Misdemeanors include offenses such as driving under the influence, assault, theft, trespass, and driving with license suspended. Infraction violations include speeding, failure to stop, no insurance, cell phone use, and minor traffic accident violations. The Mercer Island Municipal Court also adjudicates cases for the City of Newcastle, which contracts for court services with the City.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Civil & Criminal Case Processing	451,430	584,249	694,875	727,664	18.9%	4.7%
Total	451,430	584,249	694,875	727,664	18.9%	4.7%

2025-2026 Work Plan

1. **Goal: Resolve cases in a fair and just manner in accordance with the laws of Washington State and provide a legal venue for individuals to adjudicate civil infractions and criminal cases.**
 - 1.1 Hold court hearings in a timely fashion as required by the Washington State Supreme Court.
 - 1.2 Adjudicate civil infractions and set hearing dates.
 - 1.3 Prepare and submit monthly reports to the Office of Administrator of the Courts.
 - 1.4 Facilitate probation and court monitoring services to ensure compliance with judgments and sentencing. Set and hold post-sentence compliance review hearings when appropriate.
 - 1.5 Collect court fines.

- 1.6 Continue to provide municipal court services to the City of Newcastle via the current interlocal agreement.
- 1.7 Adjudicate certain identified civil code infractions and set hearing dates.
- 2. Goal: Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community. (Adopted City Council 2025-2026 Priority, see AB 6435)**
 - 2.1 Implement paperless court file maintenance, including outside pleading filings, discovery and records request transfers, and court file depository and usage.
 - 2.2 Continue court technology upgrades for remote hearings to facilitate more immediate access to the Court for in-custody defendants and limit jail and transport costs.
 - 2.3 Continue updating court operations procedures for improved notice to defendants, counsel, and the Police Department to increase access to justice and improve court time efficiency for all parties.
 - 2.4 Support the City Manager’s Office in completing an overhead cost analysis to ensure the interlocal with the City of Newcastle for municipal court services is in alignment with the new cost allocation policy. Revise the Interlocal Agreement based on findings. Complete by Q4 2025.
- 3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks. (Adopted City Council 2025-2026 Priority, see AB 6435)**
 - 3.1 Support the City Manager’s Office in assessing future municipal court facility needs.

Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Court Fines & Forefeits	220,647	149,453	175,000	185,000	17.1%	5.7%
Grant Revenue	26,785	-	-	-	N/A	N/A
General Purpose Revenue	203,998	434,796	519,875	542,664	19.6%	4.4%
Total Revenues	451,430	584,249	694,875	727,664	18.9%	4.7%
Expenditures:						
Salaries & Wages	297,463	323,420	375,523	391,941	16.1%	4.4%
Benefits	96,341	131,287	141,795	151,645	8.0%	6.9%
Supplies	7,959	36,990	1,000	1,000	-97.3%	0.0%
Contractual Services	12,966	46,100	103,400	106,400	124.3%	2.9%
Internal Service Charges	30,166	31,202	64,907	68,428	108.0%	5.4%
Other Services & Charges	6,535	15,250	8,250	8,250	-45.9%	0.0%
Total Expenditures	451,430	584,249	694,875	727,664	18.9%	4.7%

NON-DEPARTMENTAL

Non-Departmental consists of those functions that cannot be attributed to a specific department, including:

1. Mandatory Intergovernmental Services

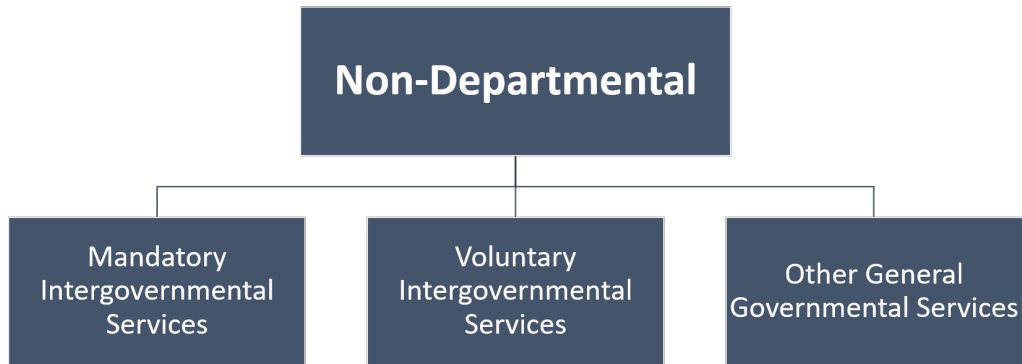
- Remit 2% of liquor taxes received quarterly to King County Alcoholism program.
- Support atmospheric monitoring and implementation of pollution controls.

2. Voluntary Intergovernmental Services

- Association of Washington Cities (AWC).
- A Regional Coalition of Housing (ARCH).
- Sound Cities Association (SCA).
- Puget Sound Regional Council (PSRC).
- Human Services Pooled program through the City of Bellevue.
- Mercer Island Chamber of Commerce support.
- Interlocal agreement with the Mercer Island School District for Mary Wayte Pool operations.

3. Other General Government Services

- General office supplies, postage and machine rental, copier leases, and armored car service.
- Community survey, fiscal studies, and management consulting.
- General, property, and automobile liability insurance.
- Employee salary adjustment reserve.
- LEOFF 1 retiree long term care and direct medical costs and health insurance premiums.
- Firemen's Pension payments to eligible retirees.
- Interfund transfers to Youth & Family Services Fund and Community Planning & Development Fund.
- Ongoing General Fund support of technology and the equipment portion of the CIP.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Mandatory Intergovt'l Services	47,964	48,500	54,000	56,300	11.3%	4.3%
Voluntary Intergovt'l Services	398,303	400,150	440,029	455,605	10.0%	3.5%
Other General Gov't Services	4,122,389	10,941,025	3,736,732	3,935,986	-65.8%	5.3%
Total	4,568,656	11,389,675	4,230,761	4,447,891	-62.9%	5.1%

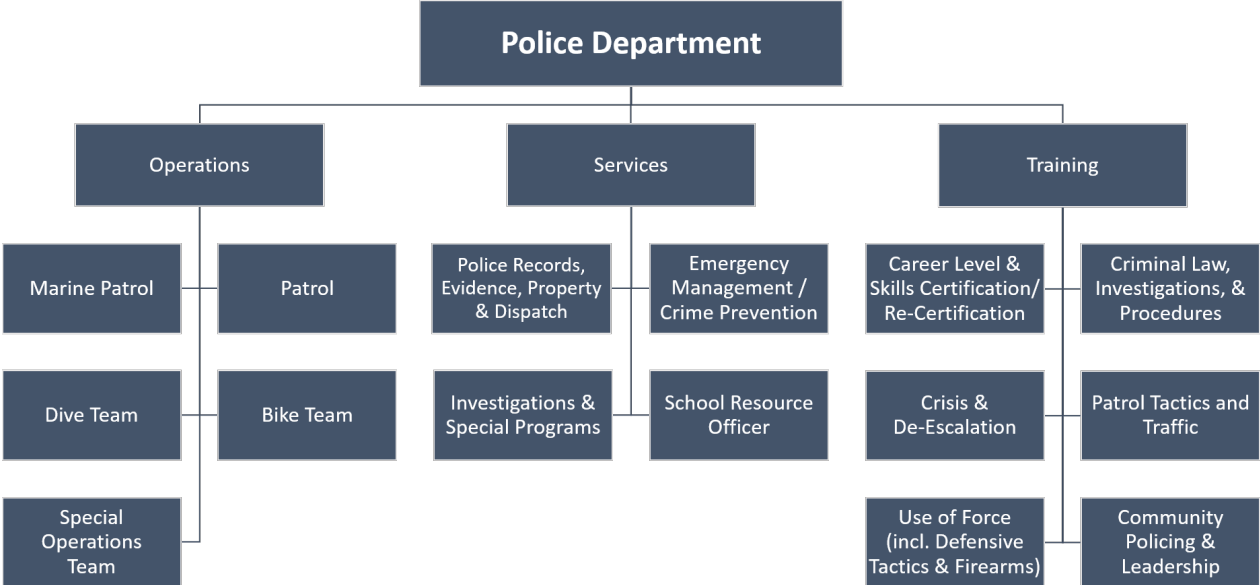
Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenue:						
Beginning Fund Balance-General	1,298,680	5,360,678	-	-	-100.0%	N/A
ARPA Funding	524,699	2,762,098	-	-	-100.0%	N/A
Firefighter Pension Fund Reserve	111,833	130,267	137,000	145,000	5.2%	5.8%
General Purpose Revenue	2,633,444	3,136,632	4,093,761	4,302,891	30.5%	5.1%
Total Revenue	4,568,656	11,389,675	4,230,761	4,447,891	-62.9%	5.1%
Expenditure:						
Salaries & Wages	-	254,000	250,000	125,000	-1.6%	-50.0%
Benefits	455,164	631,067	498,300	526,500	-21.0%	5.7%
Supplies	12,651	45,070	23,500	23,500	-47.9%	0.0%
Contractual Services	180,435	368,100	163,700	188,700	-55.5%	15.3%
Communications	54,579	32,000	76,400	76,400	138.8%	0.0%
Internal Service Charge	32,722	30,337	48,010	50,281	58.3%	4.7%
Insurance	806,080	1,149,217	1,090,152	1,143,910	-5.1%	4.9%
Other Services & Charges	642,388	1,527,500	1,520	1,520	-99.9%	0.0%
Intergovernmental Services	448,892	430,750	476,129	494,005	10.5%	3.8%
Interfund Transfers	1,935,745	6,921,634	1,603,050	1,818,075	-76.8%	13.4%
Total Expenditures	4,568,656	11,389,675	4,230,761	4,447,891	-62.9%	5.1%

POLICE DEPARTMENT

The mission of the Mercer Island Police Department is to contribute to Mercer Island's reputation as a safe, friendly, economically thriving community in which to live, work, learn, play, and visit. The Police Department is organized around the following functions:

- **Administration:** Oversee Police Services and Operations divisions and implement policies, procedures, and practices to accomplish the Department’s mission.
- **Patrol:** Protect life and property, enforce laws and ordinances, investigate crimes, and maintain civil order.
- **Marine Patrol:** Oversee Public Safety services on Lake Washington, including code and law enforcement, rescue, public education, and public assistance.
- **Investigations & Special Programs:** Investigate criminal acts, complete case filings, forward charges to the prosecutor’s office, and work with other agencies to solve crimes. Provide special programs to Mercer Island schools relating to drug and alcohol abuse and bullying prevention.
- **Records, Property & Dispatch:** Provide initial police contact to the public, maintain records, manage confiscated property and evidence, and contract for police dispatch services with NORCOM.
- **Special Teams:** Dive Team rescues and recoveries, Special Operations Team high-risk details, and Bike Team traffic control and public relations.
- **Training:** Provide a full complement of training for Department personnel.
- **Emergency Management:** Develop and maintain all documentation and programs necessary to meet the City’s responsibilities for disaster preparedness.
- **Jails:** Manage contracted jail services with the City of Issaquah and King County.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Administration	1,348,661	1,246,633	1,437,644	1,487,657	15.3%	3.5%
Patrol	4,335,884	4,736,166	5,079,314	5,357,100	7.2%	5.5%
Marine Patrol	619,999	583,662	574,780	596,439	-1.5%	3.8%
Investigations & Special Programs	767,099	996,617	838,906	872,357	-15.8%	4.0%
Emergency Management	256,732	245,579	203,248	211,795	-17.2%	4.2%
Records, Property & Dispatch	931,464	936,200	1,075,510	1,123,419	14.9%	4.5%
Special Teams	40,188	72,500	59,000	59,000	-18.6%	0.0%
Training	72,886	90,200	88,850	91,780	-1.5%	3.3%
Jails	111,716	100,750	122,000	125,660	21.1%	3.0%
Total	8,484,630	9,008,307	9,479,252	9,925,207	5.2%	4.7%

2025-2026 Work Plan

1. **Goal: Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.** *(Adopted City Council 2025-2026 Priority, see AB 6435)*
 - 1.1 Work with the City Manager's Office and the Finance Department to develop 2027-2028 budget recommendations.
 - 1.2 Work with City Leadership to provide adequate, temporary facilities for Police operations and continue planning for future improved accommodations.
 - 1.3 Collaborate with Administrative Services on succession planning. This work is ongoing:
 - 1.3.1 Develop succession plans for all ranks within the Police Department and identify pathways to achieve each of those ranks. Provide mentoring and leadership development for the Department's future leaders.
 - 1.3.2 Expand career development and leadership training opportunities for all ranks.
 - 1.3.3 Develop recruitment and retention strategies to ensure adequate staffing levels are maintained to allow service levels to continue at the current level.
 - 1.3.4 Host recruitment open houses to share police career information and recruit local candidates to join the Department.
 - 1.4 Provide each officer annual training each year of the biennium in State-mandated topics that include crisis intervention, de-escalation, cultural awareness, and anti-biased policing, updated Use of Force protocols, along with training required by accreditation to maintain certifications and additional specialized continuing education.
 - 1.5 Work with the Finance Department and the City Manager's Office to implement a new cost sharing model for marine patrol services with contract cities by Q4 2026 in alignment with the City's cost allocation policy.
 - 1.6 Maintain proficiency with the special operations team, dive team, and bicycle team via regularly scheduled training sessions. This work is ongoing.

Police Department

- 1.7 Support the City Manager's Office with the development of legislative priorities. Engage with the City Council and lobbyist team to develop strategies for successful implementation, to include providing testimony when legislation is being considered. This work is ongoing.
- 1.8 Re-establish law enforcement agency accreditation by Q4 2026.
- 1.9 Ensure the Department is following law enforcement standards to re-establish accreditation.

2. Goal: Continue to focus on community safety, outreach, and education.

- 2.1 Recruit and retain officers to maintain minimum authorized staffing level requirements.
- 2.2 Proactively combat crimes through crime prevention and education programs, by leveraging social media outreach and rigorous investigation efforts. This work is ongoing.
- 2.3 Conduct traffic safety emphasis patrols and public education to maintain a low motor vehicle collision rate. Continue to partner with Public Works and the Transportation Engineer to identify and mitigate traffic issues. This work is ongoing.
- 2.4 Recruit volunteers for Community Emergency Response Team (CERT), Map Your Neighborhood Program, and Emergency Preparedness Volunteer Teams. This work is ongoing.
- 2.5 Update the City's Emergency Management plans. This work is ongoing.
- 2.6 Develop a Volunteers in Policing Program structured for greater community involvement in crime prevention efforts by Q4 2026.
- 2.7 Increase safety in the schools by working with our partners in the Mercer Island School District to identify and address gaps in training and other areas of need. This work is ongoing.
- 2.8 Support the partnerships the School Resource Officer has with students and their families, the Mercer Island School District, and the Youth and Family Services Department. Maintain the focus on intervention, education, and ways to keep youth out of the Criminal Justice system. This work is ongoing.
- 2.9 Continue community outreach events including Department community meetings and listening sessions, crime prevention presentations, personal safety classes, Coffee with a Cop, Paws on Patrol, National Night Out and the community drug-takeback event. Support the Recreation Division through participation in community-wide special events.
- 2.10 Work with the City Manager's Office to re-establish public safety partnership and funding levels to support the Seafair regional special event.
- 2.11 Participate and engage in educational efforts related to drowning prevention and water safety, to include annual classroom presentations in local Kindergarten classes.
- 2.12 Work closely with law enforcement partners and affiliated agencies to ensure a safe boating environment. Reduce boating collisions through proactive boating law enforcement and boater education.

3. Goal: Enhance public safety technology and communication.

- 4.1 Develop a body-worn camera program recommendation/budget proposal for City Council consideration to include funding options, policy considerations, software fees, data storage, and staff support for the anticipated public records requests by Q3 2025.
- 4.2 Develop a program recommendation/budget proposal to replace in-car camera systems with an updated system that integrates City operating systems by Q3 2026.
- 4.3 Develop a program recommendation/budget proposal to update the City's digital evidence management system to allow for better storage, ease of indexing and retrieval, and the ability to interface with City operating systems by Q3 2026.

- 4.4 Support Citywide communications by preparing timely content on public safety matters. This work is ongoing.
- 4.5 Identify and implement best practice protocols for police related media releases and social media posts working in collaboration with the City’s communications plan by Q3 2025.
- 4. Goal: Engage the qualified expertise necessary to provide the guidance to enable the development of a comprehensive long-range plan for Town Center which recognizes, addresses, and balances business, housing, and parking uses. (Adopted City Council 2025-2026 Priority, see AB 6435)**
 - 4.1 Support implementation of the actions identified in the Town Center Parking Plan. This work is ongoing.
 - 4.2 Collaborate with Sound Transit, King County Metro, and other agencies to ensure safe implementation of the Light Rail Station and bus intercept. This work is ongoing.
 - 4.3 Prepare for the new light rail station (opening date set for 2025) including response protocols for the two Town Center Officers as well as plan for pedestrian and vehicle safety.

Revenue & Expenditure Summary

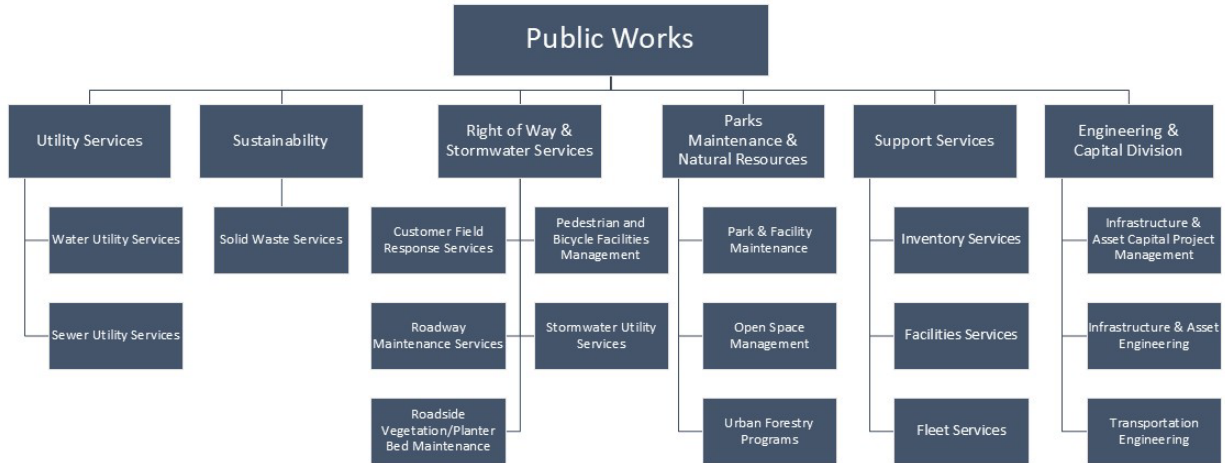
Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Sales Tax (Criminal Justice)	941,734	944,559	979,734	1,018,924	3.7%	4.0%
State Shared Revenues (CJ)	45,370	42,500	44,039	44,197	3.6%	0.4%
Vessel Registration Fees	70,052	84,793	86,327	87,763	1.8%	1.7%
Federal and Local Grants	46,930	18,000	18,326	18,631	1.8%	1.7%
MI School District (SRO)	62,009	60,000	61,500	61,500	2.5%	0.0%
Marine Patrol Contract	225,220	252,334	256,898	261,173	1.8%	1.7%
Other Police Revenue	10,229	3,638	1,219	1,219	-66.5%	0.0%
General Purpose Revenue	7,083,087	7,602,483	8,031,209	8,431,800	5.6%	5.0%
Total Revenues	8,484,630	9,008,307	9,479,252	9,925,207	5.2%	4.7%
Expenditures:						
Salaries & Wages	5,240,942	5,435,728	5,599,401	5,883,687	3.0%	5.1%
Benefits	1,606,621	1,853,296	1,839,975	1,941,468	-0.7%	5.5%
Supplies	227,255	175,100	194,250	198,290	10.9%	2.1%
Contractual Services	45,213	109,800	188,400	188,400	71.6%	0.0%
Communications	14,498	33,200	21,500	22,200	-35.2%	3.3%
Internal Service Charges	570,142	577,883	670,476	683,752	16.0%	2.0%
Other Services & Charges	40,706	63,800	58,850	58,850	-7.8%	0.0%
Intergovernmental Services	727,253	747,500	894,400	936,560	19.7%	4.7%
Capital	12,000	12,000	12,000	12,000	0.0%	0.0%
Total Expenditures	8,484,630	9,008,307	9,479,252	9,925,207	5.2%	4.7%

PUBLIC WORKS DEPARTMENT

The Public Works department consists of the following functions:

- **Administration:** Provide direction and administrative support to the Department's teams. Serve as primary point of contact to the public for information related to operation, maintenance, and construction of City infrastructure.
- **Capital and Engineering:**
 - Oversee the planning, design and construction of the following City infrastructure systems and assets: sanitary sewer collection, stormwater collection, water supply and distribution, transportation, and parks and park facilities (budgeted and accounted for within the City's Capital Improvement Program).
 - Conduct engineering review and site inspection of all land use and private development projects, including the impact on and use of the City's rights-of-way (ROW) and utility infrastructure (previously part of Community Planning & Development and partially funded by permit revenue).
- **Right-Of-Way (ROW) Services:** Provide all aspects of maintenance for 84 miles of public roadways, from street sweeping and pothole repairs to sign installation and streetlight repairs. Manage trees in the public right-of-way for health and safety, control roadside vegetation to ensure safe sight distances and vehicle clearances, maintain sidewalks, and maintain planter beds on Island Crest Way and in the Town Center.
- **Water, Sewer, and Stormwater Utilities Services:** Provide business administration services and operational support to the City's water, sewer, and storm water utilities. Provide the full range of maintenance activities and operational expertise required for reliable 24-hour services from the City's water, sewer, and storm water utilities. Ensure compliance with all state and federal rules and regulations for public utilities.
- **Solid Waste Services:** Contract for curbside disposal and recycling services. Provide disposal options for hard-to-recycle items, ranging from home electronics and appliances to shredded paper and tires.
- **Facilities Services:** Provide preventative and corrective maintenance to all City buildings.
- **Fleet Services:** Provide preventative maintenance and repairs for more than 150 vehicles and pieces of heavy equipment through a combination of contracted services and one City staff member.
- **Parks Maintenance:** Maintain high demand, multi-use athletic fields, playgrounds, sport courts, swimming beaches, street-end waterfront access areas, hiking, biking and equestrian trails, open spaces areas, and picnic facilities. Provide arboricultural planning, project management, and consultation services for tree and urban forests in public open spaces and parks. Maintain and repair public art installations.
- **Customer Field Response Services:** Provide a quick and efficient response to a variety of customer requests involving City utilities and the public right-of-way.
- **Sustainability:** The City's sustainability programs work to advance sustainability and reduce carbon emissions on Mercer Island, demonstrate climate leadership, and serve as a model for environmental collaboration and innovation.

All these functions are organized around six teams as depicted on the next page.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Administration	1,530,362	1,569,593	1,856,621	1,941,763	18.3%	4.6%
Right-of-Way Services	1,307,147	1,311,538	1,358,008	1,406,301	3.5%	3.6%
Water Utility Services	5,344,446	5,550,305	8,585,513	8,858,201	54.7%	3.2%
Sewer Utility Services	8,341,130	8,995,934	9,616,585	10,152,637	6.9%	5.6%
Stormwater Utility Services	1,456,358	1,354,767	1,723,033	1,785,283	27.2%	3.6%
Park Maintenance	2,667,242	2,674,874	3,063,260	3,204,382	14.5%	4.6%
Development Engineering	336,231	389,386	101,452	105,196	-73.9%	3.7%
Solid Waste Services	130,305	369,272	140,700	133,700	-61.9%	-5.0%
Facilities Services	1,193,844	1,744,286	1,032,779	1,086,272	-40.8%	5.2%
Fleet Services	526,243	600,048	551,732	572,795	-8.1%	3.8%
Customer Field Response Services	303,310	362,705	312,654	325,286	-13.8%	4.0%
Total	23,136,618	24,922,708	28,342,337	29,571,816	13.7%	4.3%

2025-2026 Work Plan

1. **Goal: Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community. (Adopted City Council 2025-2026 Priority, see AB 6435)**
 - 1.1 Work with the City Manager's Office and the Finance Department to develop the 2027-2028 budget recommendations.
 - 1.2 Work with the City Manager's Office to complete the design of the new Public Safety and Maintenance Building. Provide support for the other capital facility projects and staff relocation initiatives due to the permanent closure of City Hall in October 2023.
 - 1.3 Continue to improve the utility and efficiency of the Cityworks platform for asset management and work tracking.
 - 1.3.1 Increase staff skill, competency, and consistency of use in the Cityworks platform through regular trainings. This work is ongoing.

Public Works

- 1.3.2 Refine Cityworks integration with other City software systems (e.g., SeeClickFix, finance system) to enhance operational efficiency by Q4 2026.
- 1.4 Continue succession planning for staff within the Department to address upcoming retirements within the team. Identify and nurture talent within the Department, cross-train maintenance and operations staff to ensure continuity of services across all lines of business; provide staff opportunities to improve knowledge and skills with an emphasis on leadership development training and strategically position the Department to fill key roles to sustain momentum. This work is ongoing.
- 1.5 Pursue grant opportunities and alternate funding sources that support City Council-approved projects and initiatives.

2. Goal: Provide safe, functional, and efficient delivery of public services and ensure preservation and maintenance of critical public infrastructure.

Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks. (Adopted City Council 2025-2026 Priority, see AB 6435)

- 2.1 Develop and adopt the Transportation Improvement Program (TIP) by July 1 each year.
- 2.2 In partnership with Finance and other operating departments, develop the City's 2027-2032 Capital Improvement Program for City Council review and approval.
 - 2.2.1 Develop a six-year cash flow that balances anticipated resources with future community infrastructure needs.
 - 2.2.2 Evaluate and pursue outside funding as needed to support infrastructure investments that at minimum cost \$2.5 million with a useful life of at least 20 years.
 - 2.2.3 Support the Finance Department with work on a utility rate study to inform utility rate adjustments for review by the Utility Board for the 2027-2028 biennium by Q3 2025.
 - 2.2.4 Explore new long-term funding mechanisms for ongoing technology investments by Q4 2026.
 - 2.2.5 Revisit the funding plan (aka the sinking fund) for the replacement of synthetic turf athletic fields by Q2 2026.
- 2.3 Develop and begin implementation of the recommendations from the Water System Reliability Action Plan to improve resiliency within the distribution system:
 - 2.2.1 Design new water transmission pipeline in alternate location to replace existing 24" transmission pipeline.
 - 2.2.2 Continue feasibility study on emergency well improvements, including potability and connectivity to distribution system under emergency conditions.
 - 2.2.3 Conduct a feasibility assessment for a second emergency well on the south end of Mercer Island.
- 2.4 Complete a comprehensive performance review of the Recology solid waste contract relative to the requirements and standards established within the contract by Q4 2026.
- 2.5 Complete the Mercer Way Shoulders Improvement Program; East Mercer Way Roadside Shoulders Phase 11 will complete the Mercer Ways loop by Q3 2026.
- 2.6 Complete the sewer system Supervisory Control and Data Acquisition (SCADA) Project by Q4 2025.
- 2.7 Complete the Luther Burbank Docks and Waterfront Renovation project by Q4 2026.
- 2.8 Complete the Water Reservoir Improvements project to replace and improve aging components, notably the interior and exterior coatings, by Q2 2025.

- 2.9 Complete the Reservoir Booster Pump Station Upgrade project by Q1 2025.
 - 2.10 Complete the Water Meter Replacement data collector infrastructure by Q4 2025.
 - 2.11 Complete the Deane’s Children’s Park site design and select playground equipment replacement by Q4 2025. Begin design and public engagement process for Aubrey Davis Park Lid A playground. Continue implementation of the voter approved parks levy including the “base levy”, playground replacement, and forest management at Pioneer Park and Engstrom Open Space. Provide an annual report to the City Council on the progress and impact of the parks levy.
 - 2.12 Complete the Groveland and Clarke Beach Community Planning effort by Q4 2026 and identify a preferred concept for shoreline improvements.
 - 2.13 Continue ongoing soil and groundwater remediation at the former Honeywell Site and City Maintenance facility. Compliance is necessary to obtain a No Further Action letter from the Department of Ecology.
 - 2.14 Complete approved capital projects per the schedules identified in the capital improvement program (CIP). Provide regular updates to the City Council and the community on progress.
 - 2.15 Meet the annual National Pollution Discharge Elimination System (NPDES) permit requirements for the Stormwater Utility by March 31 each year.
 - 2.16 Continue the implementation of the Americans with Disabilities Act (ADA) Transition Plan. This work is ongoing.
- 3 Goal: Prepare for Sound Transit Interchange and King County Metro sewer construction.**
- 3.1 Work proactively with King County Metro and Sound Transit to minimize impacts to City infrastructure (streets and utilities), traffic (cars, pedestrians, bicycles), and the public by the sewer interceptor and Mercer Island Transit Interchange (MITI) projects and ensure that City infrastructure is restored to City standards. This work is ongoing.
- 4 Goal: Advance sustainable practices throughout the City organization and community, in partnership with regional initiatives.**
- 4.1 Implement City Council-directed strategies and actions from the adopted Climate Action Plan (CAP) by Q4 2026. Continue annual tracking and reporting on greenhouse gas emissions and maintain a public dashboard report. This work is ongoing.
 - 4.1.1 Work with the City Manager’s Office and Finance Department to pursue grants and additional funding that further the implementation of the CAP, including those related to municipal retrofits, EV charging, fleet electrification, and renewable energy generation and storage.
 - 4.1.2 Develop and implement an EV Charging Infrastructure Plan, in collaboration with Puget Sound Energy (PSE), that guides expansion of EV charging capacity throughout the city. The plan will include analysis and recommendations on the facilities and infrastructure required for the City and the Mercer Island School District to meet 2030 and 2050 fleet electrification goals.
 - 4.1.3 Develop and implement a municipal Environmental Preferable Purchasing Policy that prioritizes products with the lowest environmental impact. The policy will guide purchasing decisions within each department, including vehicle and fuel purchases, and construction materials.
 - 4.2 Continue implementation of the following initiatives:
 - 4.2.1 Participate in partnerships that promote residential energy-efficient electrification.

Public Works

- 4.2.2 Increase the community's and City operations' rate of waste diversion from the landfill through recycling events, enhanced compost education, expanded curbside options and other alternative recycling programs.
- 4.2.3 Support legislation and programs that align with actions identified in the CAP, including participation in King County-Cities Climate Collaboration (K4C) and the Re+ program. This work is ongoing.
- 4.2.4 Work towards the CAP goal of carbon neutral municipal operations by 2030. Actions include promoting energy efficient operations, performing energy efficiency retrofits, and using sustainable approaches to building design and deconstruction.
- 4.2.5 Prepare for compliance with Washington State's Clean Building Performance Standard. Complete and implement an Energy Management Plan and Operations and Maintenance Plan for the Mercer Island Community and Event Center and begin gathering 12 months of data for energy benchmarking by Q2 2026.
- 4.2.6 Expand climate outreach and education efforts to support ongoing community engagement in climate action. Promote the City's new tree planting incentive program, solar panel expansion, and opting in to PSE's Green Power Program.
- 4.3 Research and implement mobility initiatives that help commuters access regional transit at the Town Center without single occupant vehicle usage.
- 4.4 Continue collaboration between the Parks Natural Resources, Stormwater Operations, and Capital Project teams to effectively coordinate maintenance and capital project work and adhere to stormwater best practices. Promote clean water and stormwater management initiatives in the community.
- 5 Goal: Sustain and enhance our natural environment, especially parks and open spaces, to benefit this generation and others that follow. (Adopted City Council 2025-2026 Priority, see AB 6435)**
 - 5.1 Complete costing analysis, review interlocal agreements, and work with the Mercer Island School District (MISD) to draft a new Master Facility Use Agreement to include facilities shared/jointly maintained between the MISD and the City by Q4 2026.
 - 5.2 Continue implementation of the goals and objectives identified in the Parks, Recreation and Open Space (PROS) Plan.
 - 5.3 Renegotiate the Washington State Department of Transportation (WSDOT) maintenance agreements for Aubrey Davis Park by Q4 2026.
 - 5.4 Continue to implement habitat restoration work in accordance with the Open Space Vegetation Management Plan and the Pioneer Park Forest Management Plan. This work is ongoing.
 - 5.5 Continue efforts to preserve and enhance the City's urban forest. Increase community outreach, education, and incentives to encourage tree planting on private land. Continue robust replanting and tree maintenance program on public lands.
- 6 Engage the qualified expertise necessary to provide the guidance to enable the development of a comprehensive long-range plan for Town Center which recognizes, addresses, and balances business, housing, and parking uses. (Adopted City Council 2025-2026 Priority, see AB 6435)**
 - 6.1 Support implementation of the actions identified in the Town Center Parking Plan. This work is ongoing.
 - 6.2 Implement Town Center beautification projects including hanging flower baskets, planted median beds, and seasonal tree illumination.

Revenue & Expenditure Summary

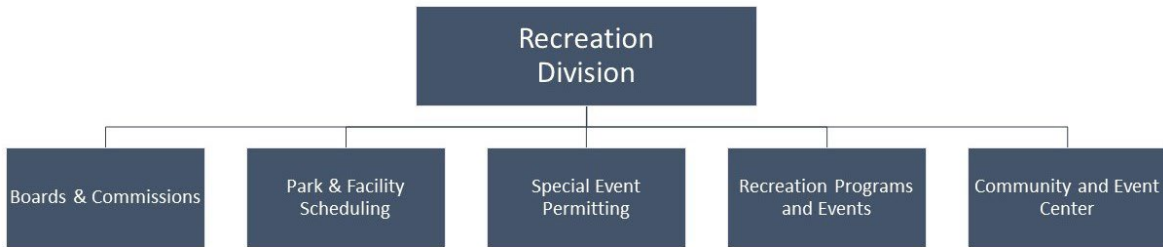
Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Beginning Fund Balance	-	-	-	-	N/A	N/A
Park Facility Use Fees	182,572	110,091	170,000	170,000	54.4%	0.0%
Real Estate Excise Tax	547,026	501,035	488,633	502,729	-2.5%	2.9%
Water Rates & Other Chgs	5,804,389	6,052,261	9,131,343	9,428,194	50.9%	3.3%
Sewer Rates & Other Chgs	8,780,678	9,481,688	10,247,542	10,813,137	8.1%	5.5%
Stormwater Rates & Other Chgs	1,812,689	1,756,530	2,123,909	2,204,531	20.9%	3.8%
Internal Charges	526,243	600,048	551,732	572,795	-8.1%	3.8%
Aubrey Davis Park Landscape	636,624	673,918	695,950	716,829	3.3%	3.0%
Development Fee Revenue	146,555	136,056	-	-	-100.0%	N/A
ARPA Funds	307,985	1,028,578	-	-	-100.0%	N/A
General Purpose Revenue	4,391,856	4,582,503	4,933,228	5,163,601	7.7%	4.7%
Total Revenues	23,136,618	24,922,708	28,342,337	29,571,816	13.7%	4.3%
Expenditures:						
Salaries & Wages	4,869,582	5,609,223	5,465,660	5,715,678	-2.6%	4.6%
Benefits	2,395,798	2,285,997	2,293,037	2,459,451	0.3%	7.3%
Supplies	943,124	850,485	883,400	913,100	3.9%	3.4%
Water Purchases	2,133,899	2,146,584	2,255,237	2,334,585	5.1%	3.5%
Contractual Services	1,763,062	2,794,879	1,934,750	1,942,750	-30.8%	0.4%
Communications	118,754	169,055	139,250	148,250	-17.6%	6.5%
Internal Service Charges	889,659	899,385	1,274,340	1,301,481	41.7%	2.1%
Insurance	448,636	466,183	811,703	853,889	74.1%	5.2%
Utilities	1,110,773	907,050	1,164,700	1,213,800	28.4%	4.2%
Other Services & Charges	972,699	933,190	1,049,585	1,114,109	12.5%	6.1%
King County Sewage Treatment	5,432,155	5,835,863	6,171,550	6,603,600	5.8%	7.0%
Intergovernmental Services	57,635	27,155	60,600	62,100	123.2%	2.5%
General Administration Support	777,138	832,177	1,383,348	1,449,224	66.2%	4.8%
Debt Service (Principal & Int)	1,127,833	1,165,482	3,455,177	3,459,799	196.5%	0.1%
Total Expenditures	23,136,618	24,922,708	28,342,337	29,571,816	13.7%	4.3%

RECREATION DIVISION

After a comprehensive restructure in 2021, the Recreation Division has focused on enhancing and broadening its services through a collaborative approach to community needs. During the 2023-2024 biennium, the Division expanded City-coordinated special events, increased drop-in participation, and established a new benchmark for annual bookings at the Mercer Island Community and Event Center (MICEC).

In addition, the Division utilized a flexible staffing model to expand service offerings. New online booking tools were implemented, staff were cross-trained, and youth and senior-aged recreation programming options were enhanced through partnerships and contractors. The adaptability of the Division provides ongoing support to the closure of City Hall and relocation of some services to the MICEC.

During the 2025-2026 biennium, the Recreation Division will focus on implementing additional efficiencies in rental booking processes to reduce direct costs, maximize usage, and to enhance the user experience. The Division will expand partnerships to increase revenues through donations and sponsorships and further enable program opportunities for youth and senior adults.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Administration	809,787	886,629	822,186	868,890	-7.3%	5.7%
MI Community & Event Center	858,496	994,414	1,066,842	1,119,699	7.3%	5.0%
Recreation & Special Programs	295,624	371,876	439,789	450,169	18.3%	2.4%
Total	1,963,906	2,252,919	2,328,817	2,438,758	3.4%	4.7%

2025-2026 Work Plan

1. Goal: Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community. (Adopted City Council 2025-2026 Priority, see AB 6435)

- 1.1 Work with the Parks and Recreation Commission and Arts Council to develop and update policies identified in the Recreation Reset Strategy and/or as directed by the City Council.
 - 1.1.1 Support the City Manager's Office and Community Development Department in developing a new Parks Zone. Support the Parks and Recreation Commission in their review and development of a recommendation on the new Parks Zone for consideration by the Planning Commission and the City Council to include a community outreach and engagement process. Work is anticipated to be completed by Q4 2025.
 - 1.1.2 Collaborate with the Parks Maintenance Team to identify opportunities for community donations of park assets and establish an annual process of updating the "Gift Needs Inventory" by Q4 2026.
 - 1.1.3 Evaluate and update the Athletic Facilities Allocation and Use Policy and implement procedure changes as applicable. This work is ongoing.
 - 1.1.4 Develop and implement a Sport Court Allocation and Use Policy to address priority use of pickleball and tennis courts for endorsement by the Parks and Recreation Commission by Q2 2025.
 - 1.1.5 Evaluate and update Division policies and procedures to ensure alignment with the Climate Action Plan. This work is ongoing.
 - 1.1.6 Facilitate and promote comprehensive and engaging arts and culture experiences through ongoing community partnerships which are aligned with the biennially established Arts and Culture Priorities. This work is ongoing.
 - 1.1.7 Develop policy and procedures to support reduced-cost rental access to the MICEC for third party coordinated/partnered community events by Q4 2026.
 - 1.1.8 Collaborate with the Parks & Natural Resources Division and Capital Projects Division to expand the Recreation Division Annual Report to incorporate outcomes across all of Parks and Recreation by Q4 2026.
 - 1.1.9 Collaborate with the City Manager's Office, Parks & Natural Resources Division, Public Works leadership and Parks and Recreation Commission to recommend an update to the Municipal Code: Park Rules by Q4 2026.
- 1.2 Expand drop-in programming and rental opportunities for the Mercer Island Community and Event Center and outdoor facilities.
 - 1.2.1 Achieve and maintain an annual MICEC rental occupancy level of 2,200 bookings by end of Q4 2026, which represents an increase of 23% compared to 2023 bookings.
 - 1.2.2 Achieve and maintain annual drop-in programming participation of 17,000 individual visits by Q4 2026, which represents an increase of 10% compared to 2023 drop-in participants.
 - 1.2.3 Evaluate and develop plans for seasonal and year-round programming at the Luther Burbank Docks and Boiler Building based on goals and objectives established in the PROS Plan by Q4 of 2026. Prepare budget proposals for funding consideration as part of the 2027-2028 biennial budget.

Recreation Division

- 1.2.4 Create and implement a web-based calendar for the MICEC and athletic fields to enhance ease of access and booking of facilities by Q1 of 2026.
- 1.3 Collaborate with local community organizations to implement diverse community events annually in park spaces through the application of the Special Event Sponsorship Policy.
- 1.4 Develop and implement comprehensive marketing and communication plans for Division services focusing on strategies & methods to engage diverse sections of the population by Q4 2026.
- 1.5 Achieve and maintain post-rental and program participant satisfaction levels of 90% as measured through end-of service surveys.
- 1.6 Develop and implement fifteen (15) City-coordinated community special events annually by Q4 2025.
- 1.7 Provide staff support for the Parks & Recreation Commission and the Arts Council.
- 2. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.** (Adopted City Council 2025-2026 Priority, see AB 6435)
 - 2.1 Collaborate with the Finance Department and Capital Projects Team, revisit the funding plan (aka the sinking fund) for the replacement of synthetic turf athletic fields by Q4 2026.
 - 2.2 Review user satisfaction and the operational effectiveness of the Division's registration and facility booking software (PerfectMind/Xplore Recreation) by Q2 2025.
 - 2.2.1 Collaborate with the IT Department to identify opportunities for integration with other systems (e.g. Finance Software) to increase staff efficiency in booking and registration processes by Q4 2026.
 - 2.2.2 Dependent on outcomes of 2.2 and 2.2.1, evaluate options to expand, upgrade, or replace the PerfectMind/Xplore Recreation booking software by Q3 2026. Prepare a budget proposal for consideration as part of the 2027-2028 biennial budget.
 - 2.3 Collaborate with the Support Services Division to identify and plan for capital reinvestment at the MICEC. This work is ongoing.
- 3. Goal: Provide emergency response services related to City emergencies.**
 - 3.1 Support the citywide response to the closure of City Hall.
 - 3.2 Utilize the MICEC to host shelter operations, and to meet cooling and warming center needs. Provide staffing support and access to the MICEC for board, commission, and City Council meetings.
 - 3.3 Provide facility access and booking support to all City departments.
 - 3.4 Enable and provide community engagement opportunities to all City departments.

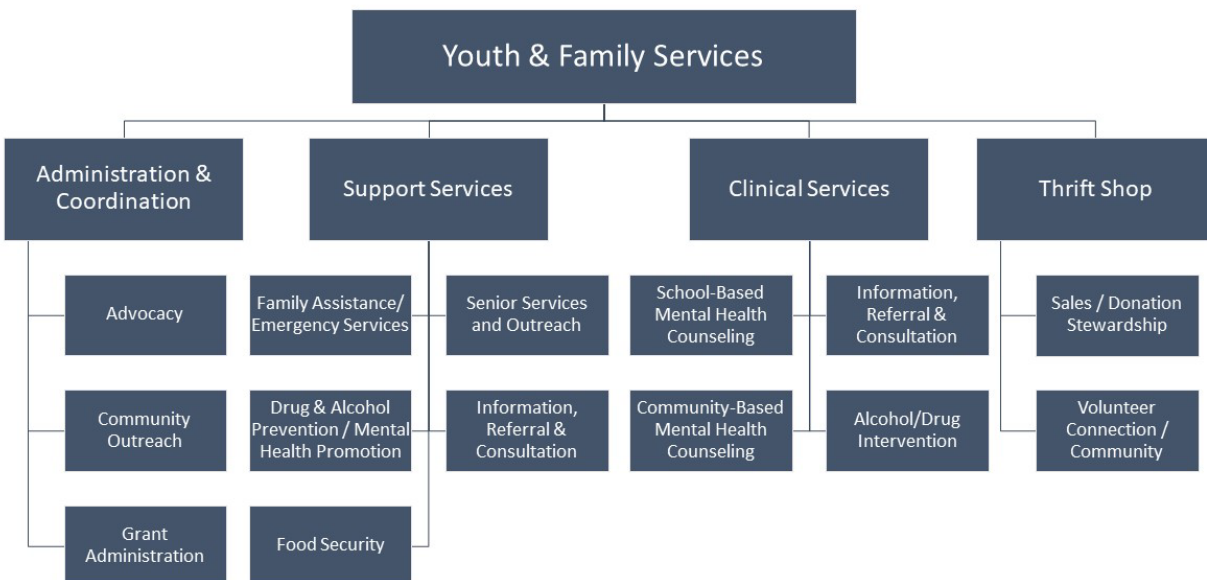
Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	24-25	25-26
Revenues:						
Beginning Fund Balance	-	-	-	-	N/A	N/A
Grant Revenue	14,500	25,665	41,000	41,000	59.8%	0.0%
1% for the Arts Fund	13,582	35,000	15,000	15,000	-57.1%	0.0%
Boat Launch Ticket Sales	35,102	28,736	35,000	35,000	21.8%	0.0%
Recreation and Special Programs	171,009	188,410	175,000	180,000	-7.1%	2.9%
MI Community & Events Center	784,534	976,881	991,500	1,006,500	1.5%	1.5%
General Purpose Revenue	945,180	998,227	1,071,317	1,161,258	7.3%	8.4%
Total Revenues	1,963,906	2,252,919	2,328,817	2,438,758	3.4%	4.7%
Expenditures:						
Salaries & Wages	923,116	1,023,436	1,070,358	1,133,390	4.6%	5.9%
Benefits	310,963	421,686	422,718	455,832	0.2%	7.8%
Supplies	107,354	96,500	105,000	105,000	8.8%	0.0%
Contractual Services	352,272	430,500	416,200	421,200	-3.3%	1.2%
Communications	3,431	4,200	4,000	4,000	-4.8%	0.0%
Internal Service Charges	121,627	125,097	102,641	107,236	-18.0%	4.5%
Utilities	107,656	95,000	113,100	116,600	19.1%	3.1%
Other Services & Charges	23,509	39,000	39,600	39,900	1.5%	0.8%
Intergovernmental Services	13,978	17,500	15,200	15,600	-13.1%	2.6%
Expenditures	1,963,906	2,252,919	2,328,817	2,438,758	3.4%	4.7%

YOUTH & FAMILY SERVICES

The Youth & Family Services (YFS) Department provides a wide range of human services for Mercer Island residents. These services include programs in the behavioral health domain that offer mental health counseling and intervention, prevention of risk behaviors, senior case management, emergency family assistance, food security, and community level risk factor prevention and health promotion. YFS is organized around the following functions:

- Administrative/Coordination Services:** Provide managerial direction, oversight, program coordination, security and privacy compliance, and administrative support to YFS Department programs and staff. Execute targeted planning efforts to ensure service configuration reflects community needs and explore, vet, and execute options to increase revenues for community and human services.
- Community-Based Programming and Clinical Services:** Provide a wide array of coordinated community-based and school-based services to children, youth, couples, individuals, families, and seniors at the Luther Burbank Administration Building and each of the public schools in the Mercer Island School District. Services include mental health counseling and substance abuse intervention services; financial, food, rent, and other basic assistance to low-income individuals and families; senior outreach and case management; information, referral, and consultation services; and community-wide mental health promotion and substance abuse prevention.
- Mercer Island Thrift Shop:** A grassroots, community-based retail thrift business that raises funds to support the programs of Youth & Family Services. The Thrift Shop provides a resource for re-use and recycling of community members' donations; provides opportunities for volunteers of all ages; and generates revenues for the YFS Department's array of human services.



Operating Expenditures

Department Function	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	23-24	25-26
Administration	353,619	512,258	510,755	534,783	-0.3%	4.7%
Professional Services	1,883,619	1,906,844	2,367,910	2,467,476	24.2%	4.2%
Thrift Shop	997,554	1,171,951	1,272,773	1,372,915	8.6%	7.9%
Total	3,234,792	3,591,053	4,151,438	4,375,174	15.6%	5.4%

2025-2026 Work Plan

1. **Goal: Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.** *(Adopted City Council 2025-2026 Priority, see AB 6435)*
 - 1.1 Work with the City Manager, Finance, and community partners on a stabilization plan for YFS revenues. This work is tied to Thrift Shop operations and development of a sustainable long-term funding strategy. This work is ongoing.
 - 1.2 Continue to partner and collaborate with the MIYFS Foundation on community fundraising campaigns. Meet regularly with the MIYFS Foundation to coordinate fundraising strategies to address both short-term and long-term funding needs. This work is ongoing.
 - 1.3 Explore new funding opportunities for YFS programming, including grants. This work is ongoing.
2. **Goal: Provide Access to Mental Health Services to all MISD Students**
 - 2.1 Renew the Interlocal Agreement with the Mercer Island School District (MISD) annually.
 - 2.2 Ensure YFS mental health and substance use intervention/prevention counseling services are accessible to all students in the MISD by providing at least one Clinical Team staff member at each elementary school and two staff members at the middle school and high school.
 - 2.3 Continue to monitor and integrate behavioral health data and emerging intervention strategies to address the ongoing youth mental health crisis and adverse impacts from the COVID-19 Pandemic. This work is ongoing.
3. **Goal: Scale Community Based Mental Health Services to Meet Demand**
 - 3.1 Maintain outpatient mental health services and the clinical intern program, with two to four unpaid, 9-12-month, graduate level interns placed annually.
 - 3.2 Continue public outreach campaigns to address community mental health needs related to the COVID-19 Pandemic recovery and other emerging issues.
 - 3.3 Update department outcome/output tracking and develop template for annual reporting mechanism by Q1 2025.
4. **Goal: Provide Emergency Assistance and Geriatric Case Management**
 - 4.1 Provide food support for residents facing food insecurity.
 - 4.2 Provide emergency financial assistance support as available including case management and resource/referral support each year of the biennium. Continue collaboration with the YFS Foundation to raise and pass through funds to meet additional emergency assistance needs.
 - 4.3 Provide geriatric case management services and resources/referral each year of the biennium

Youth & Family Services

5. Goal: Implement Trauma-Informed Approaches (TIA) Organizational Development

- 5.1 Re-implement TIA organizational assessment for the YFS department by Q2 2026
- 5.2 Continue to integrate TIA concepts into weekly clinical team meetings, monthly YFS All Staff meetings, administrative operations, and direct clinical and case management work. This work is ongoing.

6. Goal: Seek Funding Sustainability for the Healthy Youth Initiative

- 6.1 Monitor regional and federal funding opportunities for substance use prevention and mental health promotion programming to determine eligibility for available funding. This work is ongoing.
- 6.2 Maintain regional and national relationships that are conducive to competitive grant applications. This work is ongoing.
- 6.3 Apply for any eligible funding to sustain Healthy Youth Initiative programming beyond the 2025-2026 biennium. This work is ongoing.

7. Goal: Integrate Equity and Social Justice Practices

- 7.1 Schedule annual diversity, equity, and inclusion trainings and consultation targeted for mental-health professionals and human services providers.
- 7.2 Hold quarterly mental health-specific consultation sessions during clinical team meetings in partnership with regional human service organizations or providers/experts. This work is ongoing.

8. Goal: Grow Thrift Shop operations and work towards optimizing sales.

- 8.1 Increase annual revenues by 10% each year of the biennium based on FY 2024 gross revenues.
- 8.2 Utilize sales and special events to draw customers for high-impact sale days.
- 8.3 Implement a volunteer hiring program that covers specific hours and positions to increase donation processing, production, and customer service efficiency. This work is ongoing.
- 8.4 Standardize production and donation processes and implement staff cross training to ensure consistency and best practice.
- 8.5 Develop a marketing and education strategy to better inform the community about the Thrift Shop and its mission to support YFS services and programs by Q4 2025.
- 8.6 Continue upgrading and expansion of retail space in the shop to increase revenue and customer shopping experience.
- 8.7 Collaborate with YFS to enhance and expand positive social externalities of Thrift Shop operations.

Revenue & Expenditure Summary

Description	2023	2024	2025	2026	Percent Change	
	Actual	Forecast	Budget	Budget	23-24	25-26
Revenues:						
Beginning Fund Balance	-	-	468,657	499,683	N/A	6.6%
Federal, State & Local Grants	324,980	408,895	407,417	402,200	-0.4%	-1.3%
MI School District (Shared Cost)	60,000	60,000	60,000	60,000	0.0%	0.0%
Thrift Shop Sales	1,571,418	1,723,108	1,895,000	2,080,000	10.0%	9.8%
Program Fees & Donations	152,253	158,968	292,364	305,291	83.9%	4.4%
Emergency Assistance Program Support	177,497	112,500	115,000	115,000	2.2%	0.0%
MIYFS Foundation Support	515,000	515,000	515,000	515,000	0.0%	0.0%
Opioid Settlement Funds	-	178,591	48,000	48,000	-73.1%	0.0%
Transfer from General Fund	124,722	150,000	350,000	350,000	133.3%	0.0%
Transfer from Contingency	217,725	-	-	-	N/A	N/A
ARPA Funding	522,343	600,000	-	-	-100.0%	N/A
Total Revenues	3,665,938	3,907,062	4,151,438	4,375,174	6.3%	5.4%
Expenditures:						
Salaries & Wages	1,736,676	1,925,492	2,272,479	2,420,642	18.0%	6.5%
Benefits	651,985	852,957	982,343	1,049,291	15.2%	6.8%
Supplies	44,282	52,150	55,010	50,241	5.5%	-8.7%
Contractual Services	302,503	357,840	395,725	399,026	10.6%	0.8%
Communications	16,186	8,700	17,000	18,000	95.4%	5.9%
Internal Service Charges	115,679	119,248	128,486	134,589	7.7%	4.7%
Utilities	13,896	14,000	14,100	14,100	0.7%	0.0%
Other Services & Charges	346,713	252,550	278,715	280,965	10.4%	0.8%
Intergovernmental Services	6,872	8,116	7,580	8,320	-6.6%	9.8%
Total Expenditures	3,234,792	3,591,053	4,151,438	4,375,174	15.6%	5.4%



Section E

Capital Improvement Program



**2025-2026
PRELIMINARY BUDGET**

CAPITAL IMPROVEMENT PROGRAM

Every two years the City of Mercer Island staff develops a Capital Improvement Program (CIP) for the City Council's review and approval as part of the biennial budget process. The CIP is a six-year financial plan for the acquisition, expansion, or rehabilitation of land, technology, buildings, and other major public infrastructure.

The two plans that make up the 2025-2030 CIP include the Capital Reinvestment Plan (CRP) and Capital Facilities Plan (CFP). Projects that focus on improvements to the City's current infrastructure are included in the CRP. Projects that involve creating new facilities or new additions to current infrastructure are included in the CFP.

This CIP covers fiscal year 2025 through 2030. Although the program spans six years, only funds for the first two years (2025-2026) are approved and appropriated as part of the biennial budget process. Capital projects are submitted via an application process for review by an interdepartmental CIP Committee. The committee reviews and prepares funding recommendations for the City Manager.

The 2025-2026 CIP is primarily comprised of CRP reinvestment projects - \$68.2 million (97%) to maintain the City's existing infrastructure. CFP projects make up \$2.4 million (3%) of the proposed CIP projects.

Plan Components

The 2025-2030 **CIP Program Summary (E-7)** provides a summary of project costs, timing, and funding sources. In this summary, projects are organized by project category:

1. General Government Public Buildings,
2. General Government Technology
3. General Government Equipment
4. Parks, Recreation and Open Space
5. Streets, Pedestrian and Bicycle Facilities
6. Sewer Utility
7. Storm Water Utility
8. Water Utility

The **Individual Project Sheets (E-11)** include a project description and project justification. Detailed expenditure information, project location, and anticipated expenditures are described as well. Where appropriate, a map that specifies the project location is also presented.

Finally, **Capital Projects by Fund (E-172)** summarizes the total resources by Fund and project for the 2025-2026 biennium.

CIP Committee – Project Recommendations

The CIP Committee – comprised of a small group of the City's Leadership Team – was tasked with evaluating, ranking, and approving projects that best reflect the City's infrastructure maintenance priorities. Capital funds not spent or committed at the end of the budget cycle will be reallocated. Projects not considered a priority were postponed or eliminated.

Capital Improvement Program

The CIP Committee evaluated project applications to ensure proposed projects address the most pressing priorities, effectively utilize limited capital resources, and represent a tangible work plan based on proposed staffing levels. Each submitted project was provided a weighted score against five criteria, including:

1. **Mandated Activities:** Whether the project was a regulatory requirement or necessary to maintain existing facilities.
2. **Public Health and Safety:** Whether the project addressed an existing or potential hazard, and whether that issue was minor or severe.
3. **Fiscal Responsibility:** Whether the project decreased operating or maintenance costs, increased ongoing revenue, levered outside funding, or required a municipal subsidy.
4. **Environmental Impact:** Whether the project enhances the environment, yielded no environmental impact, or created a negative impact.
5. **Conformity to City Goals:** Whether the project achieves priorities outlined by the City Council, a master planning document, or recommended by a board or commission.

Expenditure Trend

The proposed CIP budget for the 2025-2026 biennium is \$70.6 million – \$34 million in 2025 and \$36.6 million 2026. This represents a \$2.4 million increase compared to the 2023-2024 Adopted Budget of \$68.2 million.

Figure 1 illustrates how 2025-2026 budget figures compare with the previous four years. Expenditure actuals related to the capital program are also included, along with how much is projected to be spent in 2024.

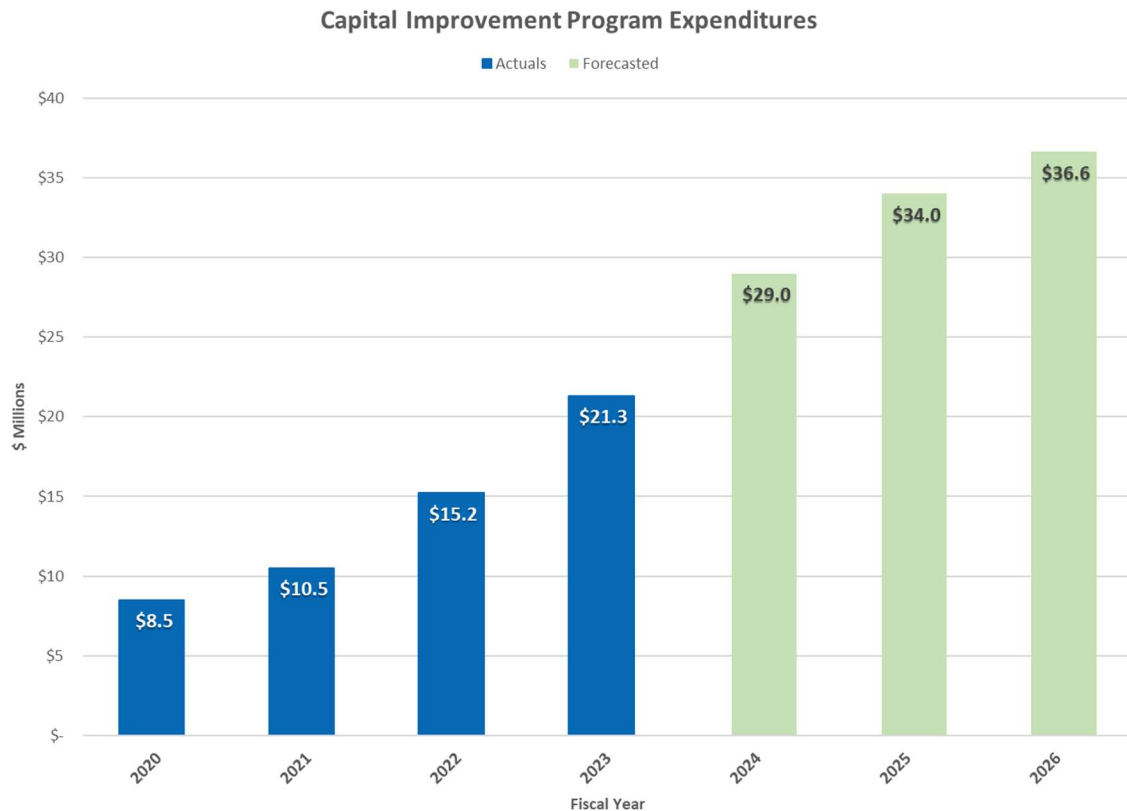


Figure 1

Capital Improvement Program

Figure 1 illustrates expenditure actuals in the CIP (blue bars) have significantly increased year-over-year, up 151% from 2020 to 2023. The City is undergoing a once-in-a-generation level of reinvestment in the Island’s public infrastructure. This trend is projected to continue through 2026.

Inherent in the 2025-2026 budget strategy is the goal to clearly lay out future resource needs for City facilities along with the Island’s water distribution and sewer conveyance systems and identify fiscally prudent ways in the near- and long-term to meet them. Similarly, the Island’s parks, open spaces, and streets are proposed to receive major levels of reinvestment.

The CIP incorporates a variety of funding sources including current revenues, utility rates, real estate excise taxes (REET), impact fees, internal service cost allocations, grants, debt service, and General Fund resources. The City actively seeks grants from federal, state, and local sources to support the capital program.

Figure 2 below conveys how the proposed CIP will be funded over the next two years. Most of the capital program is covered by the Utility Funds (58%) and the Capital Improvement Fund (15%).

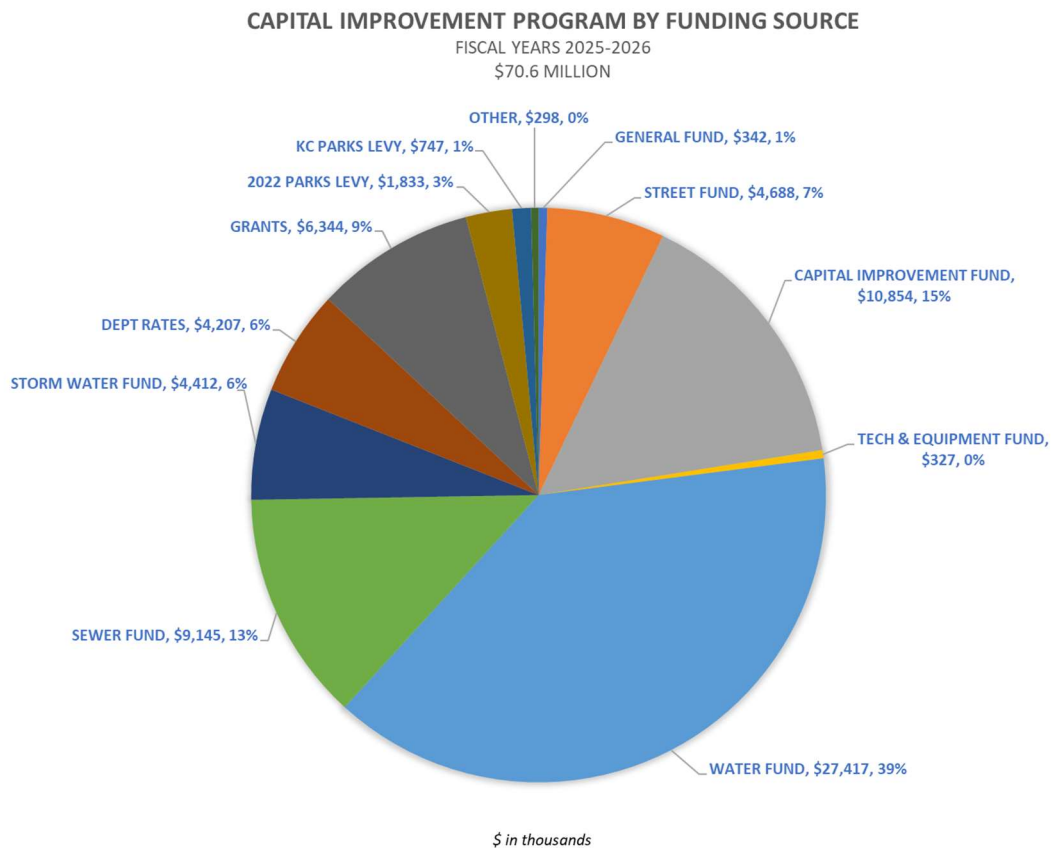


Figure 2

Capital Improvement Program

Capital Improvement Financing Strategy

Each biennial capital budget is part of a broader CIP financing plan that looks into the future to match capital investments with realistic financing strategies.

Consistent with the City's financial management policies, CIP funding for the next two years relies on existing, available fund balances, projected revenues from Real Estate Excise Taxes (REET), Fuel Taxes (State shared revenues), and utility rates, along with the prudent use of outside funding. The General Fund is the sole source of funding for technology and equipment capital investments.

Most revenues for capital projects come with restrictions. Utility rates may only be used for projects of the respective utility; fuel taxes may only be used for street and trail projects; and REET is reserved for capital projects to help develop a community's public infrastructure (e.g., parks, open space, and streets). The City's capital financing strategy has been to use these restricted revenues on a "pay as you go" basis for needed improvements.

This strategy remains unchanged, except for costly utility and public building projects for which debt financing is used to "smooth" utility rate spikes or to match the costs of the project more equitably to the benefit period. During the 2023-2024 biennium, staff secured a competitive low-interest loan from the Washington State Public Works Trust Fund and proceeds from the sale of limited-tax general obligation bonds to fund major investments in the City's water distribution system.

During the 2025-2030 CIP period, staff anticipates pursuing additional outside funding in 2027 and 2030. Debt financing is scheduled to coincide with capital work on projects that cost more than \$2.5 million and have an estimated useful life of at least 20 years. Debt financing spreads costs incurred in a relatively short period over the useful life of the updated infrastructure, avoiding spikes in annual rate adjustments, and creating generational equity, whereby generations of rate payers who benefit from these investments help pay down the associated costs.

REET is the 0.5% tax paid by the seller in property transactions. State law restricts the use of REET for specific capital purposes:

- REET-1 (the 1st quarter of 1% of the sale price) may be used for streets, parks, utilities, or facilities.
- REET-2 (the 2nd quarter of 1% of the sale price) may be used for streets, parks, or utilities, but may not be used for facilities.
- Neither REET-1 nor REET-2 may be used for equipment or technology.

REET is the largest revenue source for the projects in the Street and Capital Improvement Funds. REET revenue can vary significantly from year to year as its base, property sales, is highly dependent on economic conditions and interest rates.

The City's CIP financing strategy commits all REET-1 revenues to the CIP Fund to pay for parks, open space, and public building maintenance projects and to pay the debt service on construction of the Community Center. REET-2 is split, with 10% going to the CIP Fund and the remaining 90% going to the Street Fund to pay for construction and maintenance of streets and pedestrian and bicycle facilities.

Expenditures for new vehicles, equipment, and technology come from general purpose revenue, reserves, or grant funding sources. Utility capital improvements are funded primarily from utility rates.

Capital Improvement Program

The following table provides an overview of the CIP financing strategy.

Capital Improvement Program Financing Strategy				
REET-1	REET-2	General Purpose Revenues	Utilities	Long-term Debt
Parks <ul style="list-style-type: none"> • Construction • Maintenance Open Space <ul style="list-style-type: none"> • Property Acquisition • Planning • Improvement Public Buildings <ul style="list-style-type: none"> • Repair • Maintenance • Planning & Design 	Streets <ul style="list-style-type: none"> • Construction • Maintenance Pedestrian/ Bikes <ul style="list-style-type: none"> • Construction • Maintenance Parks <ul style="list-style-type: none"> • Construction • Maintenance 	Equipment <ul style="list-style-type: none"> • Vehicle Replacement • Community Center Technology <ul style="list-style-type: none"> • Computers • Software • Communications 	Sanitary Sewer <ul style="list-style-type: none"> • Construction • Maintenance Storm Water <ul style="list-style-type: none"> • Construction • Maintenance Water <ul style="list-style-type: none"> • Construction • Maintenance 	Sanitary Sewer <ul style="list-style-type: none"> • Construction • Maintenance Storm Water <ul style="list-style-type: none"> • Construction • Maintenance Water <ul style="list-style-type: none"> • Construction • Maintenance

Capital Improvement Program

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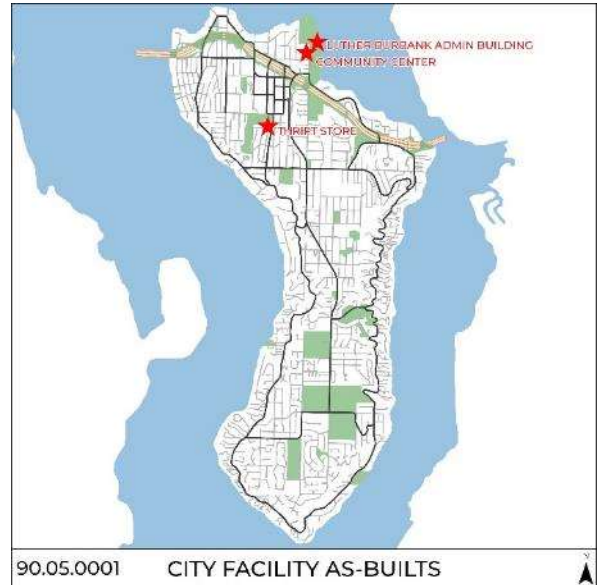
CIP Program Summary

ID	Project Title	Plan	Target Completion Date	2025	2026	2027	2028	2029	2030	TOTAL	General Fund	Street Fund	Capital Imp Fund	Tech & Equip Fund	Water Fund	Sewer Fund	Storm Water Fund	1% for the Arts	Grant	2022 Parks Levy	King County Parks Levy	Department Rates	Other	
90.40.0012	First Hill Generator Replacement	CRP	12/31/26	640,000	570,290					1,210,290					1,210,290									
90.40.0013	2025 AC Main Replacement	CRP	09/01/26	1,067,130	4,633,365					5,700,495					5,700,495									
90.40.0014	2026 Water System Imp	CRP	12/31/26	117,150	516,371					633,521					633,521									
90.40.0015	2026 PRV Station Replacements	CRP	09/30/27	395,000	2,099,703					2,494,703					2,494,703									
90.40.0016	2026 AC Main Replacement	CRP	06/01/27		595,727	2,469,695				3,065,422					3,065,422									
90.40.0017	2027 Water System Imp	CRP	09/30/28		513,420	2,126,747				2,640,167					2,640,167									
90.40.0018	2027 PRV Station Replacements	CRP	09/30/28		409,572	1,342,226				1,751,797					1,751,797									
90.40.0019	2027 AC Main Replacement	CRP	04/01/28			634,304	2,624,382			3,258,686					3,258,686									
90.40.0020	2028 Water System Imp	CRP	12/31/28			497,837	2,059,761			2,557,598					2,557,598									
90.40.0021	2028 PRV Station Replacements	CRP	12/31/28			424,143	1,666,006			2,090,150					2,090,150									
90.40.0022	Reservoir Utility Improvements	CRP	12/31/28			107,378	444,268			551,646					551,646									
90.40.0023	2028 AC Main Replacement	CRP	06/01/29				641,743	2,652,234		3,293,978					3,293,978									
90.40.0024	2029 Water System Imp	CRP	12/31/29				425,989	1,760,552		2,186,541					2,186,541									
90.40.0025	2029 PRV Station Replacements	CRP	12/31/29				438,715	2,323,811		2,762,526					2,762,526									
90.40.0026	2029-2030 AC Main Replacement	CRP	12/31/30					286,890	1,776,677	2,063,567					2,063,567									
90.40.0027	2030 Water System Imp	CRP	12/31/30					728,403	3,007,275	3,735,678					3,735,678									
90.40.0028	2030 PRV Station Replacements	CRP	12/31/30					453,287	2,398,514	2,851,801					2,851,801									
90.40.0031	2024 Water System Imp Construction	CRP	12/31/25	4,820,000						4,820,000					4,820,000									
90.40.0032	City Transmission Line Replacement	CRP	12/31/28	1,870,000	3,878,380	13,574,330				19,322,710					19,322,710									
29	WATER UTILITY TOTAL			12,649,280	14,409,251	21,649,123	8,789,561	8,710,104	7,703,625	73,910,944	-	-	-	-	73,910,944	-	-	-	-	-	-	-	-	-
162	TOTAL			\$ 33,996,119	\$ 36,617,267	\$ 48,499,803	\$ 35,574,481	\$ 36,420,673	\$ 42,618,144	\$ 233,726,487	\$ 413,943	\$ 26,993,619	\$ 53,510,755	\$ 476,355	\$ 75,387,066	\$ 39,325,066	\$ 13,184,459	\$ 65,922	\$ 8,322,237	\$ 5,545,941	\$ 746,757	\$ 9,060,367	\$ 694,000	
	TOTAL FUNDED PROJECTS IN 2025-2026			80	91																			

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City Facility As-Builts

Project ID
90.05.0001
Program Plan
CRP
Target Completion Date
12/31/2025
2025-2026 Project Budget
\$68,146
Department
Public Works
Project Manager
Jaime Page
ADA Component
No



Project Description

Work with consultants to develop current floorplans including mechanical, electrical, and security/life-safety system diagrams for the Mercer Island Community and Event Center, Luther Burbank Administrative Building, and Mercer Island Thrift Store.

Project Justification

The abrupt closure of City Hall and subsequent time and resources spent determining the location, control, and operation of critical building systems served as a stark reminder that maintaining accurate building documentation is crucial for emergency response and responsible facility management.

The essential documentation for the City's facilities has not been updated since construction, limiting staff and contractors' ability to effectively respond to operational issues, complicating project scoping and planning, compromising occupant safety, and ultimately driving up the cost of all facility projects. Once up-to-date digital files are created, they will be maintained and updated as an element of each project going forward.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0001	\$50,000	\$18,146	\$0	\$0	\$0	\$0

Government Buildings

MICEC HVAC Replacement

Project ID

90.05.0002

Program Plan

CRP

Target Completion Date

12/31/2027

2025-2026 Project Budget

\$171,000

Department

Public Works

Project Manager

Jaime Page

ADA Component

No



Project Description

This project will entail:

- 1) A detailed engineering review and health assessment of the existing HVAC system.
- 2) Design recommendations for equipment replacement and system retrofits to ensure operational efficiency and support energy use reduction.
- 3) Architectural design for the removal and reconstruction of enclosure walls in a manner conducive for future maintenance access.

Project Justification

Several of the major components of the MICEC HVAC system have begun failing as they reach the end of their useful life, resulting in unpredictable and disruptive interruptions in heating and cooling service throughout the facility.

Many of the fan coil units are located inside of confined wall cavities, and are not accessible for maintenance, repairs, or replacement without the deconstruction and removal of large portions of the surrounding walls. This project will include the replacement of the components themselves, but also an architectural redesign of these areas to allow for better maintenance access and system longevity going forward.

If deferred, this facility will experience more frequent and increasingly widespread HVAC equipment failure, potentially resulting in lost rental revenue, program interruptions, and the inability to function as a reliable emergency cooling and warming facility when needed.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0002	\$171,000	\$0	\$857,624	\$0	\$0	\$0

MICEC Ground Water Intrusion

Project ID
90.05.0003
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$350,411
Department
Public Works
Project Manager
Jaime Page
ADA Component
No



Project Description

Design and install a ground water diversion system around the north perimeter of the building to address ground water intrusion under the gym floor.

Project Justification

Approximately 15% of the gym floor has been damaged by water seeping through the concrete slab during periods of heavy rain. Correction of this issue is necessary for continued operation of the gym.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0003	\$114,000	\$236,411	\$0	\$0	\$0	\$0

Government Buildings

City Hall Operational Contingency

Project ID
 90.05.0004
Program Plan
 CRP
Target Completion Date
 12/31/2026
2025-2026 Project Budget
 \$91,200
Department
 Public Works
Project Manager
 Jaime Page
ADA Component
 No



Project Description

Contingency funds to maintain building envelope and basic systems while infrastructure is in use. May include items such as roof leaks, door/window repair, electrical repair, water intrusion remediation, etc.

Project Justification

City Hall is not occupied, but the base building systems (electrical, data, security, fire detection, etc.) are still supporting City operations and need to remain operational.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0004	\$57,000	\$34,200	\$0	\$0	\$0	\$0

PW Building Safety/Continued Occupancy

Project ID
90.05.0005
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$173,280
Department
Public Works
Project Manager
Jaime Page
ADA Component
No



Project Description

Ongoing basic building and infrastructure maintenance to ensure the City's ability to occupy and operate the facility while a long-term strategic transition is planned and implemented. Includes allocations for exterior painting, and contingency funds for roof, interior, HVAC, safety, and electrical system repairs.

Project Justification

This request represents the minimum reinvestment needed to keep the building operational through the next biennium. Expenditures will be limited to emergent items that cannot be deferred.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0005	\$98,040	\$75,240	\$46,740	\$46,740	\$45,340	\$0

Government Buildings

MICEC Facility Repairs

Project ID
90.05.0006

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$306,660

Department
Public Works

Project Manager
Jaime Page

ADA Component
Yes



Project Description

Ongoing building and infrastructure maintenance. Includes:

- ADA improvements
- Roof membrane repair
- Exterior painting and masonry preservation
- Phase 1 of a multi-phase LED retrofit
- Restroom and locker room refresh
- HVAC repairs

Project Justification

This request represents the minimum reinvestment needed to keep the building operational through the next biennium while a Facility Condition Assessment is completed, and a long-term capital improvement plan is developed for this facility.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0006	\$230,280	\$76,380	\$115,368	\$402,420	\$99,180	\$493,620

MICEC Annex Facility Repairs

Project ID

90.05.0007

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$158,460

Department

Public Works

Project Manager

Jaime Page

ADA Component

Yes



Project Description

Ongoing building and infrastructure maintenance as identified in the completed Facility Conditions Assessment. Includes:

- ADA improvements
- Roof membrane repair and installation of a fall restraint system
- Exterior lighting LED retrofit
- Plumbing and stormwater improvements

Project Justification

This request represents the minimum reinvestment needed to address identified safety issues and keep the building operational through the next biennium/tenant lease term while the long-term facility plan is developed.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0007	\$114,000	\$44,460	\$128,820	\$5,700	\$11,400	\$0

Government Buildings

Luther Burbank Admin Building Facility Repairs

Project ID

90.05.0008

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$256,500

Department

Public Works

Project Manager

Jaime Page

ADA Component

Yes



Project Description

Ongoing building and infrastructure maintenance as identified in the completed Facility Conditions Assessment. Includes:

- ADA improvements
- 10 yr roof maintenance
- Exterior masonry maintenance and repair
- Restroom fixture replacements
- HVAC component replacements

Project Justification

This request represents the minimum reinvestment needed to maintain the structure and keep the facility operational while the long-term facility plan is developed.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0008	\$136,800	\$119,700	\$34,200	\$182,400	\$45,600	\$47,880

Luther Burbank Caretaker House Facility Repairs

Project ID

90.05.0009

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$81,510

Department

Public Works

Project Manager

Jaime Page

ADA Component

Yes



90.05.0009 LUTHER BURBANK CARETAKER FACILITY REPAIRS

Project Description

Ongoing building and infrastructure maintenance. Includes:

- ADA improvements
- Roof maintenance
- Siding repair and painting
- Interior painting
- Replace furnace with heat pump

Project Justification

This request represents the minimum reinvestment needed to maintain the structure and keep the facility operational while the long-term facility plan is developed.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0009	\$37,620	\$43,890	\$37,620	\$22,800	\$26,220	\$19,380

Government Buildings

Thrift Shop Facility Repairs

Project ID
90.05.0010

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$180,120

Department
Public Works

Project Manager
Jaime Page

ADA Component
Yes



Project Description

- Ongoing building and infrastructure maintenance. Includes:
- ADA improvements
 - Replace roof fasteners and caulking
 - Siding repair and painting
 - Interior painting and flooring updates
 - Replace main floor HVAC unit
 - Update elevator electrical service to meet code requirements

Project Justification

This request represents the minimum reinvestment needed to maintain the structure and keep the facility operational while the Facility Condition Assessment and long-term facility plan is developed.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0010	\$34,200	\$145,920	\$108,300	\$31,920	\$28,500	\$54,720

MICEC Emergency Generator

Project ID
90.05.0011
Program Plan
CRP
Target Completion Date
12/31/2028
2025-2026 Project Budget
\$103,405
Department
Public Works
Project Manager
Alex Lee
ADA Component
No



Project Description

Evaluate and expand the use of solar energy at the MICEC in concert with upgrades to the emergency generator capacity to provide more robust electrical access for the community center during day-to-day operations and during emergencies.

Project Justification

During emergencies, the MICEC provides essential services to Emergency Management Operations and only has capability to power the gym and other limited circuits. Upgrading the generator will provide the opportunity to utilize the full facility capabilities during an emergency and to better serve the community. This expansion of generator capacity and the addition of solar energy generation and storage capability would support EOC operations, expand shelter, heating and cooling functions, and provide additional operational flexibility and resiliency to the facility and city-wide staff.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0011	\$0	\$103,405	\$0	\$588,655	\$0	\$0

Government Buildings

Honeywell Site Remediation

Project ID

90.05.0013

Program Plan

CRP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$445,000

Department

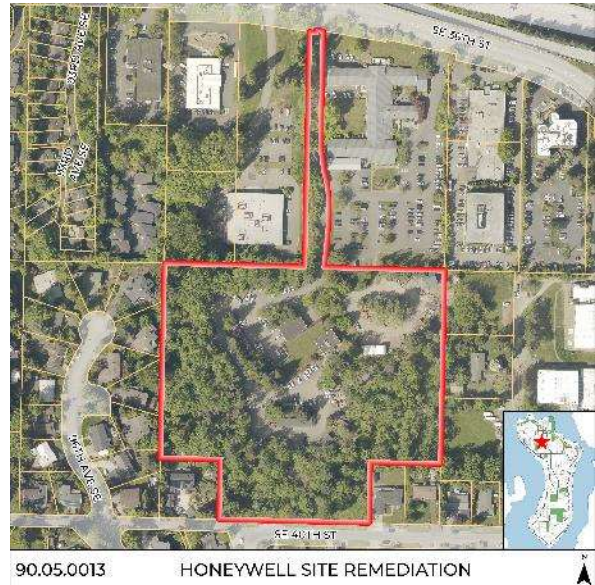
Public Works

Project Manager

Jason Kintner

ADA Component

No



Project Description

Continue with ongoing soil and groundwater remediation at the Honeywell Site and City Maintenance Facility. Compliance work is necessary for in order to obtain a No Further Action letter from the Department of Ecology.

Project Justification

The City previously operated an underground fuel tank at the City maintenance facility. Contaminated soil and groundwater have been located on the City's property and also the southern portion of the adjacent property, located at 9555 SE 36th St. These contaminant levels exceed the Model Toxins Control Cleanup Regulation, which pose health and environmental risks.

In 2021, further site characterization was performed to investigate the extent of contamination and new ground watering monitoring wells were installed. Chemical injections to expedite the degradation of the contaminants were also started. Additional injections, air sparging and monitoring from a professional service are needed to complete the clean-up and receive a "No Further Action" letter from the Department of Ecology.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0013	\$222,500	\$222,500	\$0	\$0	\$0	\$0

Fire Station 91 Fuel Tank Removal

Project ID

90.05.0014

Program Plan

CRP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$250,000

Department

Public Works

Project Manager

Kellye Hilde

ADA Component

No



Project Description

This project includes the planning and contracted services to remove the underground fuel storage tank at Fire Station 91 and perform soil testing and remediation/removal as necessary. After its removal, the parking lot will be repaved.

Project Justification

The fuel tank at Fire Station 91 has leaked in the past and is no longer in service. It must be removed according to regulations, and the soil in the area must meet Department of Ecology standards. The parking lot is also due for repaving but will be delayed until the completion of the tank removal.

Expenditures	2025	2026	2027	2028	2029	2030
90.05.0014	\$0	\$250,000	\$0	\$0	\$0	\$0

Government Technology

City-Data via Dashboards & WebGIS

Project ID

90.10.0001

Program Plan

CFP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$81,476

Department

Administrative Services

Project Manager

Leah Llamas

ADA Component

No



90.10.0001 CITY INFORMATION VIA DASHBOARDS

Project Description

This project enhances how the City visualizes and analyzes data by creating user-friendly dashboards via continuous updates and the creation of web maps (WebGIS). These dashboards serve diverse functions, including:

- Visualizing land use, zoning, population density, and transportation will aid in urban planning.
- Monitoring infrastructure asset conditions to prioritize maintenance and use predictive analytics.
- Providing real-time information on emergencies, aiding in coordination and public communication.
- Analyzing traffic patterns to optimize transportation systems and traffic flow.
- Monitoring air and water quality, green spaces, and supporting sustainable development.

The City’s WebGIS software has been upgraded to a new version, and both internal and external WebGIS sites were migrated during the 2023-2024 biennium. New and existing web-map sites will be transitioned to the latest version of the WebGIS software with minor enhancements. Support from the WebGIS vendor will ensure a smooth and timely migration. Examples of web-map-based solutions include resources for the City’s Emergency Operations Center, improved Crime mapping, and expanding Public Works web-maps for field inventory.

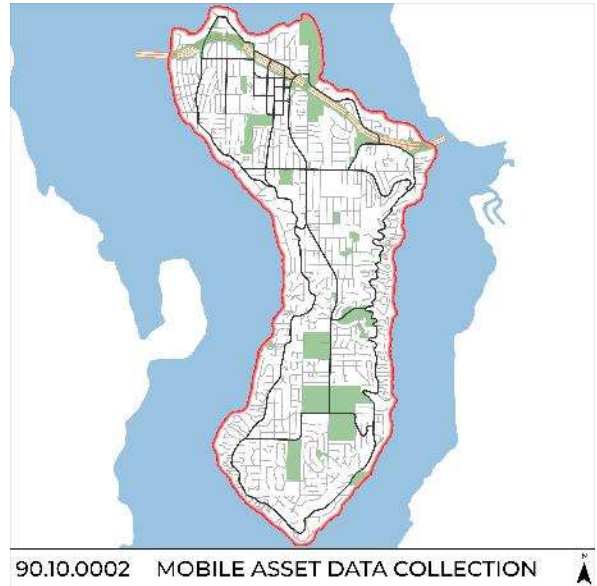
Project Justification

The City has developed a comprehensive GIS database with over 400 layers of information on infrastructure, public assets, and geography. This data is primarily accessed through web-based maps, which have become the main method for internal and external users to view and analyze community data & City assets. By combining spatially enabled GIS data with tabular data through interactive dashboards, the data can reveal important relationships, patterns, and trends. This integrated approach supports day-to-day planning, provides real-time visual updates, and improves overall operational efficiency.

Expenditures	2025	2026	2027	2028	2029	2030
90.10.0001	\$40,000	\$41,476	\$0	\$0	\$0	\$0

Mobile Asset Data Collection

Project ID
90.10.0002
Program Plan
CRP
Target Completion Date
12/31/2025
2025-2026 Project Budget
\$105,000
Department
Public Works
Project Manager
Leah Llamas
ADA Component
Yes



Project Description

As part of ongoing maintenance of critical infrastructure such as streets and underground utilities, the City needs to collect information in the field to conduct further planning of maintenance activities related to street "health" (Pavement Condition Index), an inventory of street signs, and sign night-time reflectivity.

Project Justification

Collecting information about assets such as overall pavement condition is a normal component of City operations and asset and infrastructure maintenance. A camera system mounted on a van is used to collect video images of infrastructure elements visible from the public right of way. Geographic elements will be imported into the City's GIS database and maintenance management system for planning of infrastructure maintenance. Users will be able to view and measure items through the City's online mapping system. This project is on an ongoing 3-year cycle since 2013. The most recent collection was completed in 2022.

Expenditures	2025	2026	2027	2028	2029	2030
90.10.0002	\$105,000	\$0	\$0	\$123,284	\$0	\$0

Government Technology

High-Accuracy Aerial Orthophotos

Project ID
90.10.0003

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$41,475

Department
Administrative Services

Project Manager
Leah Llamas

ADA Component
No



Project Description

As part of the ongoing maintenance of community infrastructure, the City collects high-resolution aerial photography for GIS layers including above-ground features and infrastructure. Examples include roadways, property and building information, and utilities.

Project Justification

High-accuracy digital orthophotography is the primary low-cost tool to obtain an "on-the-ground" picture of Island-wide property and infrastructure changes from which accurate measurements and analysis can occur. Periodically new photography captures change over time.

The previous aerial collection was conducted in 2023 through a regional partnership flight. The City participates in a regional orthophotography flight every 2-3 years to share and save costs with Bellevue, Kirkland, Shoreline, Bothell, Sammamish, Issaquah, and Newcastle.

Expenditures	2025	2026	2027	2028	2029	2030
90.10.0003	\$0	\$41,475	\$0	\$0	\$49,346	\$0

Lead Service Line Revision

Project ID
90.10.0005
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$50,922
Department
Public Works
Project Manager
Leah Llamas
ADA Component
No



Project Description

Environmental Protection Agency (EPA) required project. The Lead and Copper Rule Revisions (LCRR) require water systems to prepare and maintain an inventory of service line materials. Initial inventories are required to be submitted to the State. Once identified, there will be continuous work to replace pipe material until all material type complies with federal regulations. GIS team can narrow down where lead and copper pipes might exist using EPA required factor. Once identified, this information is shared in a mobile web map and the City's water team conducts an onsite verification of the pipe material.

Project Justification

Mercer Island's water system mapping has identified that about 60% of public service lines are of known material. New service lines are mapped based on as-builts, and some lines are updated in GIS when water meters are replaced. Private-side lines were not previously mapped, but new construction and as-builts are now being inventoried. This doesn't impact the Lead Service Line Inventory as new lines are known not to be lead. The City has a total of 8,666 service lines, with 3,580 having "unknown" service material.

After an initial inventory considering the King County lead ban in 1957, the number of lines with unknown materials decreased to 1,400. Every public water system must verify the lines until the number of unknowns is reduced to zero. Statistical methods are allowed, however, and Washington State Department of Health put out guidelines that say that 20% of unknown lines must be physically inspected.

Expenditures	2025	2026	2027	2028	2029	2030
90.10.0005	\$25,000	\$25,922	\$0	\$0	\$0	\$0

Government Technology

Technology Equipment Replacement

Project ID
90.10.0007

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$456,989

Department
Administrative Services

Project Manager
Alfredo Moreno

ADA Component
No



Project Description

Routine replacement of outdated technology throughout the City.

Project Justification

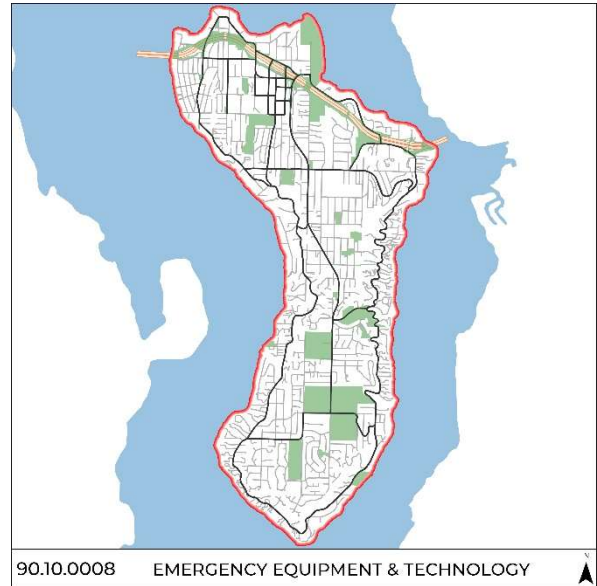
If the City does not replace its technology beyond its useful life cycle, the following are examples of what could occur, but are not limited to:

- Replacement parts no longer able to be sourced.
- Warranty has expired, resulting in loss of manufacturer support.
- The vendor/manufacturer no longer provides stability/security updates to said technology.
- Loss of productivity due to troubleshooting or failing equipment.

Expenditures	2025	2026	2027	2028	2029	2030
90.10.0007	\$225,400	\$231,589	\$325,892	\$170,432	\$372,269	\$296,113

Emergency Equipment & Technology

Project ID
90.10.0008
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$50,000
Department
Administrative Services
Project Manager
Alfredo Moreno
ADA Component
No



Project Description

Unforeseen replacement of equipment and technology needs that arise in the course of City business.

Project Justification

Emergency funding for unforeseen software and technology needs such as an emergency fiber repair, new phonebank software, software support, or an unanticipated server storage array replacement. This ensures the City can rapidly reposition in the case of a sudden technology need. Funds will only be used for one-time costs as needed.

Expenditures	2025	2026	2027	2028	2029	2030
90.10.0008	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000

Government Technology

Recreation and Facility Booking Software

Project ID
90.10.0009

Program Plan
CRP

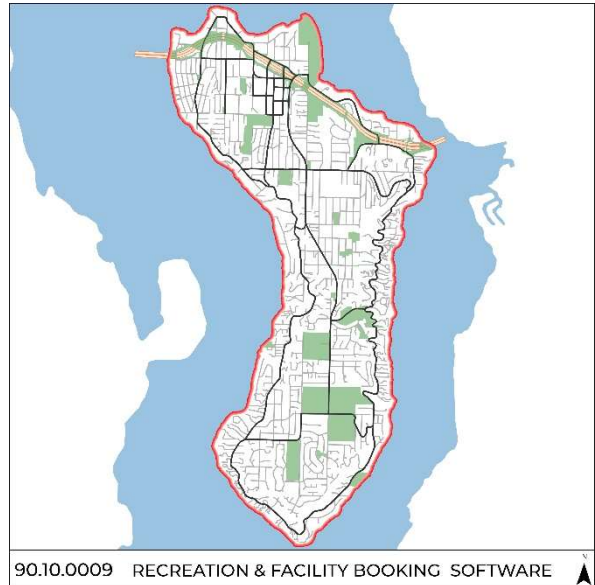
Target Completion Date
12/31/2027

2025-2026 Project Budget
\$154,058

Department
Recreation Services

Project Manager
Alex Lee

ADA Component
No



Project Description

Solicit proposals from qualified vendors to upgrade the parks and recreation facility management and program registration software. This project will include integration with other systems, installation, and user training. This would be a one-time cost for the implementation of the new program within the Recreation Division.

Project Justification

Since implementation in January 2018, there have been minimal advancements in current software, requiring staff to resort to numerous workarounds impacting staff efficiency. The current system lacks integration capabilities with other software utilized by the City, requiring manual staff data input and internal IT scripts to bridge the gap. This deficiency in functionality and integration has resulted in inefficient processes and does not optimize user ease of access to recreation services and rental opportunities.

Expenditures	2025	2026	2027	2028	2029	2030
90.10.0009	\$40,000	\$114,058	\$0	\$0	\$0	\$0

MICEC Technology and Equipment Replacement

Project ID
90.15.0002
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$116,000
Department
Recreation Services
Project Manager
Alex Lee
ADA Component
No



Project Description

Ongoing project for the continued management of the Mercer Island Community and Event Center technology and equipment replacement cycles as they reach the end of useful life. Examples include catering kitchen appliances, technological upgrades for meeting rooms, security camera hardware, window shades, tables and chairs throughout facility, and fitness room equipment. For the 2025-2026 biennium, Mercer Room speakers (2025) and meeting room/Mercer Room tables and chairs (2026) will be replaced.

Project Justification

In 2025, the Mercer Island Community and Event Center will have operated for 20 years meeting the recreational needs of the community and in providing desirable and rentable meeting space for the region. Replacement cycles range from 2 to 30 years based on the average useful life of equipment. Staff utilize replacement cycles to ensure desired quality and safety standards are met at the MICEC when offering services to the public.

Expenditures	2025	2026	2027	2028	2029	2030
90.15.0002	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000

Government Equipment

Fleet Replacements

Project ID
90.15.0003

Program Plan
CRP

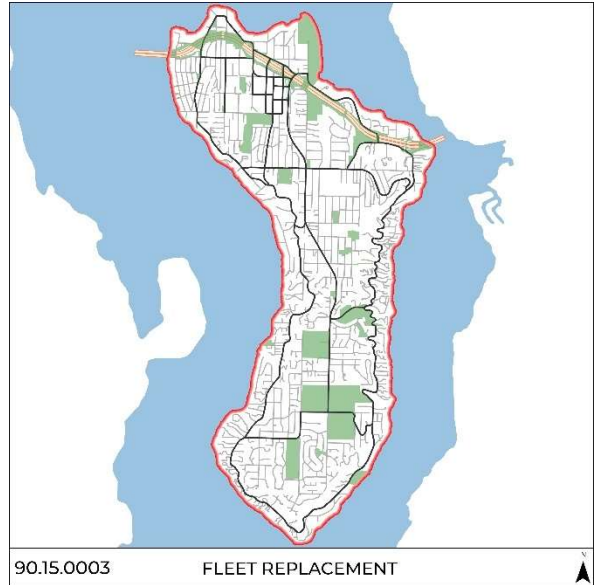
Target Completion Date
12/31/2030

2025-2026 Project Budget
\$3,527,162

Department
Public Works

Project Manager
Jason Kintner

ADA Component
No



Project Description

Procurement of equipment and vehicles scheduled for replacement through Fleet Services, including police patrol vehicles, marine patrol engines, heavy equipment, and administrative staff vehicles.

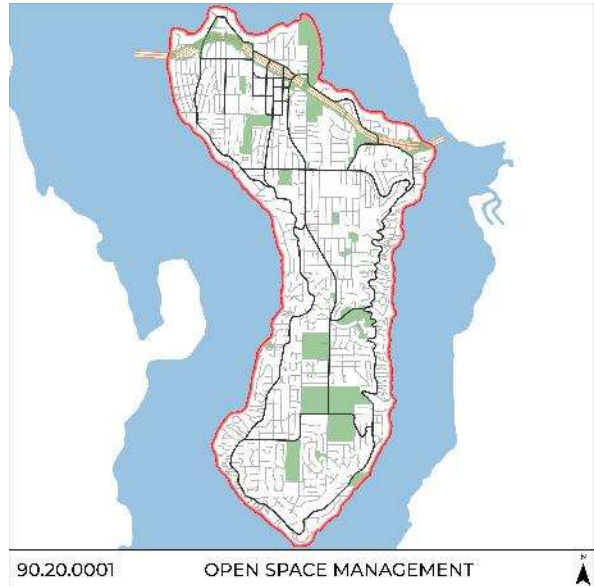
Project Justification

Equipment and vehicles that have reached the end of their useful lives need to be replaced in a timely and cost-effective manner to minimize fuel use, reduce emissions, and provide the desired services. The Equipment Rental Fund is used to manage replacement and Maintenance & Operation funds to ensure that the City's fleet meets the needs and demands of public service. Funds are collected over the life of the vehicle and spent as the useful life is reached.

Expenditures	2025	2026	2027	2028	2029	2030
90.15.0003	\$1,665,908	\$1,861,254	\$1,084,666	\$810,350	\$211,943	\$1,582,051

Open Space Management

Project ID
90.20.0001
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$744,383
Department
Public Works
Project Manager
Lizzy Stone
ADA Component
No



Project Description

Carry out ongoing ecological restoration projects across nearly 300 acres of natural areas and open spaces in accordance with the 2004 Open Space Vegetation Plan, the 2015 update, and the 2022 PROS plan. Restoration projects aim to reduce invasive weed cover, preserve and replace canopy cover, increase biodiversity, and protect high-value habitat including climate refugia, steep slopes, and watercourses. This work is accomplished by a combination of in-house, seasonal restoration crews, City staff, professional contractors, and volunteers.

Project Justification

Mercer Island's nearly 300 acres of open spaces provide innumerable ecological, social, and economic benefits for the city and community. The forests, wetlands, watercourses, and ravines that make up the City's parks and open spaces serve as critical environmental infrastructure, controlling erosion, buffering stormwater, improving air quality, and buffering sound pollution. These natural areas also provide valuable habitat for wildlife, offer mental and physical health benefits, and create the lush, forested aesthetic for which Mercer Island is known.

Noxious weeds, pests, and pathogens threaten the health of these open spaces by killing existing canopy trees, suppressing natural forest regeneration, and outcompeting native plant communities. Deferred maintenance and management of open space properties will lead to degraded habitat and forest canopy conditions leading to a decline in ecosystem functions as well as a loss on existing City investments in Open Space management.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0001	\$363,600	\$380,783	\$398,274	\$416,077	\$434,195	\$452,635

Parks, Recreation, and Open Space

Recurring Parks Minor Capital

Project ID

90.20.0002

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$342,198

Department

Public Works

Project Manager

Sam Harb

ADA Component

Yes



Project Description

Repair, replace, or refurbish park furnishings, perform emergency repairs, and other small projects to maintain City parks. Preliminary architectural and engineering services for scoping of projects for budget purposes. Projects are likely to include pavement patching, restroom fixture replacement, park bench refinishing/replacement, sign refurbishing/replacement, tree pruning/removal and replacement, parking lot striping, irrigation and drainage repairs, playground equipment repair and replacement. Projects may be completed by contractors or in-house staff. Adding donations to revenue for this fund.

Project Justification

Pavement, parks furnishings, and landscaping wear out and become unsafe over time. Many of these projects are too small to define as a separate project. On a recurring basis, equipment, facilities and amenities must be repaired or replaced as they reach the end of their useful lifecycle. This project is identified in the 2022 PROS Plan.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0002	\$168,000	\$174,198	\$180,395	\$186,593	\$192,790	\$198,988

Trail Renovation and Property Management

Project ID

90.20.0003

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$118,000

Department

Public Works

Project Manager

Sam Harb

ADA Component

Yes



Project Description

Renovate trails that improve connectivity and walkability. Repair trails with decreased functionality or safety issues. Acquire easements where needed. Manage property issues such as encroachments, donations, rights-of-entry, and leases. Potential projects for 2025-2026 include Pioneer Park trail resurfacing, SE 53rd Open Space trail tread rehabilitation, replacement of degraded timber stairs, replacement and repair of metal and wood railings, and timber stair non-skid surfacing.

Project Justification

Much of the City's trail infrastructure utilizes timber stairways that are approaching the end of their useful lifespan and are of similar age. Degradation of these structures is accelerating, resulting in a need for additional construction resource needs in subsequent years. Safety issues may arise when trails are not adequately maintained or undergo timely renovations. Furthermore, trails provide non-motorized alternatives for traveling around the Island, one of the City's goals for sustainability.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0003	\$58,000	\$60,000	\$62,000	\$64,000	\$66,000	\$68,000

Parks, Recreation, and Open Space

Aubrey Davis Park Outdoor Gallery Improvements

Project ID
90.20.0004

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Sarah Bluvás

ADA Component
Yes



Project Description

Construct improvements to the Greta Hackett Outdoor Sculpture Gallery in Aubrey Davis Park in preparation for the opening of the Sound Transit East Link Light Rail Station in 2025. Improvements/enhancements will be designed in 2024 in collaboration with the design for a new commuter parking facility at the former Tully's site (7810 SE 27th Street) and may include redesigned landscaping, lighting at art installations and along pathways, and new curation of existing artwork.

Project Justification

Two forthcoming projects further position the Greta Hackett Outdoor Sculpture Gallery (located in Aubrey Davis Park along Sunset Highway, in between 77th and 80th Avenues SE) to be a gateway to the Island for residents and visitors alike. When the East Link extension opens in 2025, the gallery will be the first sculpture park directly accessible by Light Rail in the region. Reinvigorating this arts space will not only provide an updated attraction but also enhance the connection to Town Center for community members and other Light Rail riders.

Additionally, the City is developing plans for a new commuter parking facility at the former Tully's site (7810 SE 27th Street), which will include landscaping improvements to areas adjacent to and within the gallery's current footprint. In collaboration with that project in 2024, the City plans to design improvements that extend through the entire gallery area that can be constructed in phases.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0004	\$0	\$0	\$100,000	\$158,645	\$0	\$0

Aubrey Davis Park Lid A Backstop Replacement

Project ID

90.20.0005

Program Plan

CRP

Target Completion Date

12/31/2028

2025-2026 Project Budget

\$86,976

Department

Public Works

Project Manager

Sarah Bluvas

ADA Component

Yes



Project Description

Replace backstops and fences at Feroglia Fields (Lid East and Lid West fields), including increasing the backstop height and extending the foul line fences/nets to enhance safety for spectators and adjacent trail users.

Project Justification

The facility is aging (30+ years old), and foul balls not stopped by the existing backstops cause safety issues for spectators and park visitors using the Mountains to Sound Greenway Trail (I-90 Trail). Staff anticipate this project will leverage updated backstop designs recently developed for other Mercer Island ballfields (South Mercer Playfields, installed 2023; Island Crest Park, planned for installation in 2025) to gain efficiency in the design process.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0005	\$86,976	\$0	\$896,311	\$0	\$0	\$0

Parks, Recreation, and Open Space

Aubrey Davis Park Vegetation Management

Project ID
90.20.0006

Program Plan
CRP

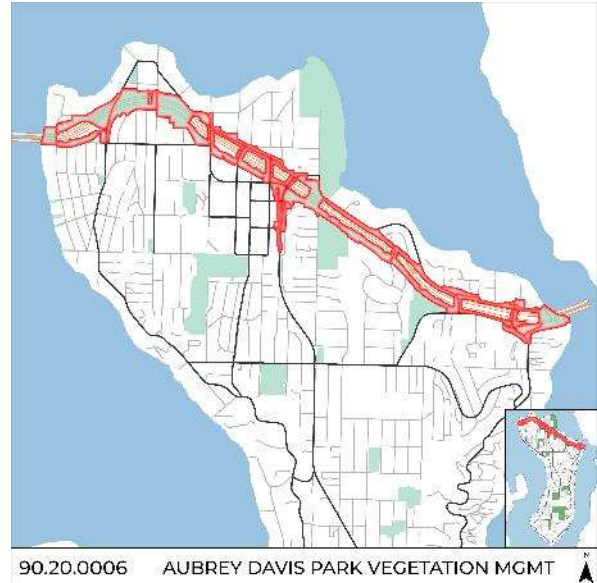
Target Completion Date
12/31/2030

2025-2026 Project Budget
\$250,000

Department
Public Works

Project Manager
Sam Harb

ADA Component
No



Project Description

Renovate landscapes is Aubrey Davis Park per the Aubrey Davis Park Master Plan, which entails managing overcrowded trees, renovating soils, and replanting with selective plant palettes.

Project Justification

The landscape in Aubrey Davis Park (ADP) was a negotiated part of the Environmental Impact Statement for the highway reconstruction. It must continue to serve as mitigation for the presence of the highway. The ADP Master Plan provides a road map for the renovation it requires. Because the landscape belongs primarily to WSDOT, the project work must be done in conjunction with WSDOT. Funding should come primarily from the State. City funds cover the first year to negotiate a scope of funding package.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0006	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000

Aubrey Davis Park Lid Connector Trail

Project ID

90.20.0007

Program Plan

CFP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Paul West

ADA Component

Yes



90.20.0007 ADP LID CONNECTOR TRAIL

Project Description

Construct a gravel trail and concrete staircase in Aubrey Davis Park to connect Luther Burbank Park to Town Center. The trail and staircase would be approximately 700 linear feet total and run from the intersection of SE 26th Street and 84th Avenue SE to the Mountains to Sound Greenway Trail (I-90 Trail). This project also includes adding an ADA accessible route along North Mercer Way.

Project Justification

A "desire path" has already been created by community members who walk up and down a steep slope on WSDOT property to travel in between Town Center and Luther Burbank Park. Formally developing a pedestrian connection will not only meet an existing community need but also create more recreational opportunities for the Town Center area. This project is consistent with the 2006 Luther Burbank Park Master Plan, the 2019 Aubrey Davis Park Master Plan, and the 2017 Comprehensive Plan update. WSDOT is also aware of this project and ready to give final approval when design is complete.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0007	\$0	\$0	\$80,000	\$429,273	\$0	\$0

Parks, Recreation, and Open Space

Aubrey Davis Park-Mountains to Sound Trail Lighting: ICW-Shorewood

Project ID
90.20.0008

Program Plan
CRP

Target Completion Date
12/31/2027

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Paul West, Rebecca O'Sullivan

ADA Component
Yes



Project Description

Illuminate the Mountains to Sound Greenway (I-90) Trail along the north side of the tall retaining wall from Shorewood to Town Center, a distance of approximately half a mile. This project may be eligible for grant funding via WSDOT's Pedestrian & Bicycle program, and the City's application will be strengthened by completing design early.

Project Justification

This trail section is dark in winter due to heavy shade from the retaining wall and adjacent trees. Adding lighting will improve this pedestrian route from Shorewood to Town Center.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0008	\$0	\$0	\$75,000	\$590,579	\$0	\$0

Aubrey Davis Park Intersections and Crossing Improvements

Project ID

90.20.0009

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$100,000

Department

Public Works

Project Manager

Rebecca O'Sullivan

ADA Component

Yes



90.20.0009 ADP INTERSECTION & CROSSING IMPROVEMENTS

Project Description

Enhance trail/roadway intersections in WSDOT right-of-way with near-term improvements such as object markers, pavement markings, signage, and detectable warning surfaces as discussed in the Standard Details and Design Recommendations memorandum (developed by Toole Design in 2024) to improve safety. Long-term improvements include bollard removal and other enhancements discussed by Toole Design's memorandum. Priority will be given to locations where existing bollards do not have object markers. City crews will perform all construction work.

Project Justification

Ongoing safety upgrades to intersections of trails and public roads will enhance pedestrian connectivity to the park. City-owned bollards within Aubrey Davis Park have already been removed/enhanced, but bollards within WSDOT right-of-way still exist. This project is consistent with the 2019 Aubrey Davis Park Master Plan and the 2022 PROS Plan. All modifications would also meet the goals set forth in the ADA Transition Plan.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0009	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

Parks, Recreation, and Open Space

Aubrey Davis Park Lid B Playground Replacement

Project ID
90.20.0010
Program Plan
CRP
Target Completion Date
12/31/2027
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Sarah Bluvas
ADA Component
Yes



Project Description

Redevelop the play area, including replacing existing playground equipment, improving playground accessibility, and adding a new ADA parking space and accessible route from the parking lot to the playground. Playground equipment will be selected to diversify play opportunities based on community need and other playground replacements. Staff also recommend coordinating design and construction of this project with 90.20.0011 ADP Lid B Restroom and ADA Path.

Project Justification

The play equipment at Aubrey Davis Park Lid B was installed in 2007 and planned for lifecycle replacement over the span of the 2022 Parks Levy. Accessibility and play needs will be determined through community engagement during the design process.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0010	\$0	\$0	\$0	\$60,000	\$155,534	\$1,063,043

Aubrey Davis Park Lid B Restroom and ADA Path

Project ID

90.20.0011

Program Plan

CFP

Target Completion Date

12/31/2027

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Sarah Bluvas

ADA Component

Yes



90.20.0011 ADP LID B RESTROOM & ADA PATH

Project Description

Construct a new restroom near the Lid B play area. This project includes adding a retaining wall and constructing a new ADA path from West Mercer Way to the new restroom and existing basketball courts as identified in the 2019 Aubrey Davis Park Master Plan. Staff recommend coordinating design and construction of this project with 90.20.0010 ADP Lid B Playground Replacement.

Project Justification

The Lid B sports field, play area, and trail system make this location a high-use area that is not currently served by its own restroom facility. A new restroom will ease congestion during peak season at the Lid A restroom and eliminate the current use of portable toilets.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0011				\$200,000	\$0	\$1,517,252

Parks, Recreation, and Open Space

Aubrey Davis Park Lid A Playground

Project ID
90.20.0012

Program Plan
CFP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$86,067

Department
Public Works

Project Manager
Sarah Bluvas

ADA Component
Yes



Project Description

Replace aging playground equipment and evaluate/implement opportunities for site access improvements.

Project Justification

The playground equipment at Aubrey Davis Park Lid A was installed in 2011 and planned for lifecycle replacement over the span of the 2022 Parks Levy. ADA parking is sparse near this play area; opportunities for enhancing accessibility will be explored during design but may be limited. (Accessibility is a main component for 90.20.0010 ADP Lid B Playground Replacement.)

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0012	\$0	\$86,067	\$681,060	\$0	\$0	\$0

Clarke and Groveland Beach Joint Master Plan

Project ID

90.20.0013

Program Plan

CFP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$251,845

Department

Public Works

Project Manager

Sarah Bluvas

ADA Component

Yes



Project Description

Conduct a joint master planning process for Clarke Beach Park and Groveland Beach Park to establish a long-term vision and a plan to address aging infrastructure, access issues, and new community needs at both parks.

Project Justification

Docks and waterfront infrastructure are aging at Clarke and Groveland Beach Parks. Planning for beach sites and shoreline areas requires technical expertise. Efficiencies can be achieved in the design and implementation by planning these parks together. On March 1, 2022, the City Council appropriated funds to begin this planning process. In 2023/2024, the City engaged qualified professionals to assess the in-water/over-water structures; conduct geotechnical review; investigate critical areas needs; develop new topographic surveys; and audit accessibility needs at the restroom facilities for both parks.

The City also gathered community feedback about the parks’ current conditions through surveys, site visits, and other engagement methods. This technical and community background will be used to develop a SWOT analysis for the parks and to scope the joint master planning process with the City Council and Parks and Recreation Commission in 2025. The 2025-2026 process will include community engagement opportunities that may include town hall style meetings, digital surveys, design workshops, and other activities to collect community input about plan alternatives.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0013	\$200,000	\$51,845	\$0	\$0	\$0	\$0

Parks, Recreation, and Open Space

Clarke Beach Waterfront Improvements

Project ID
90.20.0014

Program Plan
CRP

Target Completion Date
12/31/2028

2025-2026 Project Budget
\$150,000

Department
Public Works

Project Manager
Sarah Bluvas

ADA Component
Yes



Project Description

Implement improvements recommended through the comprehensive Clarke and Groveland Beaches Joint Master Plan process underway in 2024 and slated to be completed by the first quarter of 2026. Needs include interim repairs to the existing in-water structures while the Joint Master Plan is developed. Anticipated improvements resulting from the Joint Master Plan may include replacing hardened shoreline with natural shoreline and pocket beaches; removing/replacing in-water structures; repairing/creating new salmon habitat; and installing an irrigation intake system to draw water from Lake Washington.

- 2025-2026: Interim Repairs
- 2027-2028: Pre-design, design
- 2029: Construction

Project Justification

The City conducted a conditions assessment of the in-water structures at Clarke Beach Park in August 2023 as part of the technical background for the Clarke and Groveland Beaches Joint Master Plan. This assessment found that the overall condition of the waterfront structures at Clarke Beach Park is poor, and the facilities must be removed or replaced. The concrete stairs in both swim areas exhibit serious signs of degradation, spalling, and structural instability and must be addressed before the Joint Master Plan process is complete in 2025. Clarke Beach Park is also located within the Cedar Sammamish Watershed (WRIA8), and shoreline restoration at Clarke has previously been identified as a priority for the WRIA8 work plan and a strong candidate for WRIA8 grant funds. Completed shoreline improvements must enhance the salmon habitat.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0014	\$0	\$150,000	\$539,223	\$730,171	\$3,239,827	\$0

Deane's Play Area Improvements

Project ID
90.20.0015
Program Plan
CRP
Target Completion Date
6/30/2027
2025-2026 Project Budget
\$1,500,000
Department
Public Works
Project Manager
Sarah Bluvus
ADA Component
Yes



Project Description

Design and construct sitewide improvements for the play area and associated amenities, including replacing all playground equipment (except for the Kenton’s Dragon play structure) and the picnic shelter; demolishing the storage shed; renovating the restroom; and providing ADA access to, from, and throughout the play area. Improvements will be designed comprehensively but could be constructed in phases.

Project Justification

The play equipment at Deane’s Children’s Park was installed in 2005 and 2012 and is planned for lifecycle replacement over the span of the 2022 Parks Levy. The City completed initial site survey work for a partial playground replacement in 2024, but the opening of the new Bike Skills Area (BSA) at the park prompted the need to take a comprehensive look at the rest of the park’s amenities. A sitewide redesign will integrate the BSA, play area, and picnic shelter more cohesively as well as enhance accessibility and add new, diverse play experiences to the City’s playground system. Accessibility and play needs will be determined through a robust community engagement process during design in 2024.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0015	\$200,000	\$1,300,000	\$0	\$0	\$0	\$0

Parks, Recreation, and Open Space

Groveland Beach Park Waterfront Improvements

Project ID
90.20.0016

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Sarah Bluvas

ADA Component
Yes



Project Description

Implement improvements recommended through the comprehensive Clarke and Groveland Beaches Joint Master Plan process underway in 2024 and slated to be completed by the end of 2025/early 2026. Interim needs include jacketing piles, repairing decking, and replacing damaged walers and timber curbing on the pier; repairing cracks greater than 1/16-inch wide in the concrete bulkhead; and regularly inspecting all the structures while the Joint Master Plan is developed. Anticipated improvements resulting from the Joint Master Plan may include fully removing/ replacing the pier with an in-kind structure or alternative (e.g. swim float); replacing the existing bulkhead with a larger bulkhead and zero-entry beach; and installing an irrigation intake system to draw water from Lake Washington.

Tentative Project Timeline

- 2027: Interim repairs to maintain facilities while joint master plan is completed
- 2028: Design long-term improvements/renovations identified in joint master plan
- 2029-2030: Construct long-term improvements/renovations identified in joint master plan

Project Justification

The City conducted a conditions assessment of the in-water structures at Groveland Beach Park in August 2023 as part of the technical background for the Clarke and Groveland Beaches Joint Master Plan. This assessment found that the overall condition of the pier is good to fair; the concrete bulkhead is fair; and the log boom is good to fair. Interim repairs and regular inspection will allow the City to maintain the existing structures while the Joint Master Plan process is completed. This site is not a strong contender for grants, so designing and implementing major improvements in conjunction with 90.20.0014 Clarke Waterfront Improvements may allow the City to take advantage of credits gained by restoring/enhancing salmon habitat at Clarke.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0016	\$0	\$0	\$362,912	\$916,303	\$2,582,013	\$2,630,667

Hollerbach Open Space - SE 45th Trail System

Project ID
90.20.0017
Program Plan
CFP
Target Completion Date
12/31/2027
2025-2026 Project Budget
\$103,689
Department
Public Works
Project Manager
Paul West
ADA Component
Yes



90.20.0017 HOLLERBACH SE 45TH ST TRAIL SYSTEM

Project Description

Design and construct a new recreation and transportation trail through Hollerbach Open Space from Cedars East Road to SE 45th Street. The new trail will include approximately 240 feet of elevated boardwalk, three stream crossings, and 420 feet of box crib trail stairs. Staff recommend batch-designing this trail project with 90.20.0026 Upper Luther Burbank Park Ravine Trail Phase 2.

Project Justification

Hollerbach Open Space currently provides no public services or access, and there are no trail connections between neighborhoods accessed by Island Crest Way and by East Mercer Way in this vicinity. A new Hollerbach Trail will provide foot traffic connectivity from the top of the Island to the east side of the Island. This trail project was also identified in the 2022 PROS Plan; because this project would provide pedestrian access, it will be evaluated for ADA improvements.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0017	\$103,689	\$0	\$536,890	\$0	\$0	\$0

Parks, Recreation, and Open Space

Island Crest Park South Athletic Field Upgrades

Project ID

90.20.0018

Program Plan

CRP

Target Completion Date

12/31/2029

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Sarah Bluvas

ADA Component

Yes



90.20.0018 ICP S ATHLETIC FIELD SYNTHETIC TURF & LIGHTS

Project Description

Complete upgrades to the North and South fields, including replacing the backstops at both fields; installing new LED lights and metal poles at the South field; and replacing the dirt infield and natural grass outfield with artificial turf at the South field.

Project Justification

This project continues upgrades at the Island Crest Park athletic field complex. The North field is the most-used athletic field in the City’s park system, hosting recreational and league teams year-round. The backstop needs to be replaced with a taller structure. The South field backstops are also worn and not functioning well. Field users have reported foul balls hitting spectators and vehicles in the parking lot, but the existing poles cannot support more netting or additional height, according to an engineer’s estimate.

Additionally, the existing lights and light poles at the South field are outdated and no longer meet lighting standards. Upgraded lights will match the lights installed at the North field, reduce light spillover and glare, and provide energy efficiency. Fully replacing the South field with synthetic turf will also improve playability, decrease maintenance needs, and expand capacity for field rentals at this facility.

All upgrades proposed as part of this project are identified in the 2022 PROS Plan. Additionally, a partial or full conversion of the South field to synthetic turf will not only reduce maintenance operations for that site but also increase revenue potential; added capacity at the South field will allow the Recreation team to capture rentals that have otherwise been turned away due to maxed capacity at the North field.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0018	\$0	\$0	\$300,000	\$0	\$3,000,000	\$0

Luther Burbank Park Minor Capital

Project ID

90.20.0019

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$227,799

Department

Public Works

Project Manager

Sam Harb

ADA Component

Yes



90.20.0019 LUTHER BURBANK MINOR CAPITAL

Project Description

Repairs and minor improvements to Luther Burbank Park infrastructure, equipment and amenities consistent with the 2006 Luther Burbank Park Master Plan and the 2008 Parks Levy. This project meets ongoing needs for repair and replacement of infrastructure, including trees, docks, pathways, trails, fixtures, drainage, electrical, plumbing, landscaping, etc.

Project Justification

Roads, docks, sports courts, turf areas, restrooms, facilities, parking lots, trails and shoreline have suffered from extended deferred maintenance. These areas need ongoing minor repair. On a recurring basis, equipment, facilities and amenities must be repaired or replaced as they reach the end of their useful lifecycle.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0019	\$113,333	\$114,466	\$115,611	\$116,767	\$117,935	\$119,114

Parks, Recreation, and Open Space

Luther Burbank Park Dock & Waterfront Improvements

Project ID
90.20.0020

Program Plan
CRP

Target Completion Date
6/30/2027

2025-2026 Project Budget
\$7,374,229

Department
Public Works

Project Manager
Paul West

ADA Component
Yes



Project Description

This project continues the design and construction of comprehensive waterfront improvements at Luther Burbank Park. Work includes replacing both sections of the south pier with floating docks and renovating the north pier; adding shoreline access at the cobble beach; constructing a low-freeboard floating dock for paddlecraft launching; and renovating the plaza and restroom with associated amenities. A new viewing platform and outdoor classroom will also be installed on the roof of the restroom annex. This project is currently in permitting, and grant funding has been secured to fund aspects of project components. Staff anticipate bidding this project in October 2024.

Project Justification

The existing waterfront facilities at Luther Burbank Park inadequately serve the community’s current needs. More floating dock space would support current uses, which include small powerboats, sailing, kayaking, and other non-motorized watersports.

The City began the process to renovate the docks and waterfront in 2020. An underwater survey found structural rot and loose bracing in the docks, putting their life expectancy at less than five years. A public design process in 2020-2022 resulted in a 30% design that was approved by the City Council on March 1, 2022, and the project is currently working through permitting needs with the City and other agencies.

To date, the City has invested \$500,000 in design and permitting and has secured \$4.5M in grant funding to complete this project. The project is expected to bid for construction in October 2024 and be awarded in December 2024. It is consistent with the 2006 Luther Burbank Park Master Plan and the 2022 PROS Plan.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0020	\$5,850,000	\$1,524,229	\$0	\$0	\$0	\$0

Luther Burbank Park Swim Beach Improvements

Project ID

90.20.0021

Program Plan

CRP

Target Completion Date

12/31/2027

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Paul West / Sarah Bluvas

ADA Component

Yes



90.20.0021 LBP SWIM BEACH IMPROVEMENTS

Project Description

Plan and construct the Phase IV Luther Burbank Park Shoreline Restoration (Swim Beach). Improvements include trail connection to the Phase III Shoreline Restoration (Boiler Building to Swim Beach); ADA access to the water; kayak launch; shoreline stabilization; lake water irrigation; beach sand and in-water gravel; limited retaining wall work; and limited restroom and lifeguard station renovation.

Project Justification

The Swim Beach at Luther Burbank Park is the most popular beach on Mercer Island. It is heavily used in the summer and often reaches or exceeds capacity. Enhancing accessibility at this facility will accommodate a wider range of users and comply with accessibility requirements. Additionally, a new shoreline design is necessary to address significant erosion at the site.

Designing the project early will make it competitive for grant funding to support construction. Staff anticipate applying for RCO Washington Wildlife and Recreation Program (WWRP) funding in 2026. This funding source will not be secured until June 2027. This project completes shoreline restoration work for Luther Burbank Park, which began in 2006 and consisted of three previous phases: Phase I Boiler Building to Off-Leash Dog Area (2006-2009); Phase II Calkins Point (2014-2016); and Phase III Boiler Building to Swim Beach (2013-2023).

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0021	\$0	\$0	\$67,000	\$180,419	\$1,234,848	\$0

Parks, Recreation, and Open Space

Luther Burbank Park Central Lighting & Parking

Project ID
90.20.0022

Program Plan
CRP

Target Completion Date
6/30/2027

2025-2026 Project Budget
\$3,400,000

Department
Public Works

Project Manager
Paul West / Sarah Bluvas

ADA Component
No



Project Description

Improve lighting and parking in the central campus of Luther Burbank Park to meet the following goals: create an illuminated environment from the north parking lot to the administration building along the central campus trails; increase parking capacity within the footprint of the existing parking lot and without increasing impervious surface area; and coordinating with current and future landscape development plans. Design is beginning in 2024 and will consider a range of elements, including DarkSky compliant pole lighting, ADA accessibility, new pedestrian connections, landscape improvements to reduce maintenance needs and invigorate existing tree canopy, and other features. Site assessment, design analysis, and public input during early design will determine which elements remain in the final design. Construction is anticipated to begin in 2025.

Project Justification

Currently, the north parking lot at Luther Burbank Park is mostly unlit, creating discomfort for park users and City customers accessing the administration building and the park after dark. The existing parking layout also has not been updated from its original 1972 design, and the current configuration does not efficiently use the available space.

Reconfiguring the existing lot will provide more capacity to meet an increase in demand that is expected after other capital projects in the park (sport courts renovation/conversion to pickleball; waterfront improvements) are completed. Moreover, the widespread adoption of LED lighting, changes to building codes, and adoption of the City’s ADA Transition Plan in 2022 warrant a renovation of these facilities. Staff has applied for grant funding from RCO, and initial ranking of projects will be known by October 2024. Funding is not secured until the legislature passes the 2025-26 budget in June 2025.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0022	\$550,000	\$2,850,000	\$0	\$0	\$0	\$0

Luther Burbank Park Boiler Building Phase 2

Project ID

90.20.0024

Program Plan

CRP

Target Completion Date

12/31/2028

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Paul West

ADA Component

Yes



90.20.0024

LBP BOILER BUILDING PHASE 2

Project Description

Complete the renovation of the Boiler Building for use as a waterfront activities center focused on non-motorized boating programs. The project will add an ADA accessible route from the north parking lot to the building; develop a new site entrance; and add a classroom/meeting room overlooking the lake, fire protection, interior accessibility features, storage improvements, and a small office space.

Project Justification

Polling during development of the 2022 PROS Plan consistently showed that lake access and waterfront recreation were two high priorities for Mercer Island residents. Moreover, youth boating camps are the highest demanded programs offered by the City, and demand cannot be met by the current facility. Completing the Boiler Building renovation will help create more capacity to offer classes and boating rentals at the site as well as allow the City to reinstate sailing programs.

This project is consistent with the Luther Burbank Park Master Plan and the 2022 PROS Plan.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0024	\$0	\$0	\$0	\$256,634	\$0	\$2,514,559

Parks, Recreation, and Open Space

The Source Restoration

Project ID
90.20.0025

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Sarah Bluvas

ADA Component
No



Project Description

Restore the water feature component of The Source, a landform sculpture located in Luther Burbank Park. Work may include permitting and constructing a new lake water intake system that supplies sufficient water supply to run irrigation in the area and support the sculpture. Staff recommend completing design of the water intake system/reservoir as part of 09.20.0021 LBP Swim Beach Improvements (2025-2027).

Project Justification

The Source was constructed by artist John Hoge in 1980 and transferred to the City's public art collection from King County in 2003. The sculpture's water feature does not function; the City installed a new water pump 10-12 years ago, but the design of the water intake infrastructure is faulty and will not operate with the new pump. Restoration completion by 2030 coincides with the 50th anniversary of the sculpture's creation. Design of this project is eligible for the Grants for Arts Projects program managed by the National Endowment for the Arts.

This program funds a variety of arts projects across the country and requires a one-to-one match for grants. Staff anticipate this project will be competitive for this federal grant program given the regional draw of Luther Burbank Park and extensive investment the City has already committed to renovating the park to increase accessibility, public safety, and recreational & waterfront opportunities.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0025	\$0	\$0	\$0	\$0	\$160,659	\$47,378

Upper Luther Burbank Park Ravine Trail Phase 2

Project ID
90.20.0026
Program Plan
CFP
Target Completion Date
12/31/2027
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Paul West
ADA Component
No



Project Description

Continue the ravine trail from the stream in Upper Luther Burbank Park to Shorewood. Staff recommend batch-designing this trail project with 90.20.0017 Hollerbach SE 45th Trail System.

Project Justification

This new trail will provide a pedestrian route from Shorewood to Town Center through a forested ravine that is currently only partially accessible. This project is identified in the 2022 PROS Plan, the 2006 Luther Burbank Park Master Plan and the 2019 Aubrey Davis Park Master Plan.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0026	\$0	\$0	\$103,689	\$536,890	\$0	\$0

Parks, Recreation, and Open Space

Mercerdale Hillside Trail Renovation

Project ID
90.20.0027
Program Plan
CRP
Target Completion Date
12/31/2028
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Sarah Bluvas
ADA Component
Yes



Project Description

Rebuild/replace the existing timber steps or reroute trails to improve walkability and reduce ongoing maintenance needs.

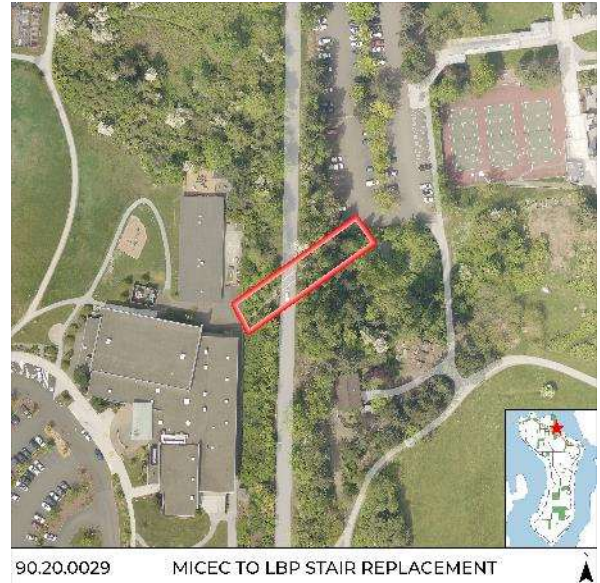
Project Justification

The trails in Mercerdale Hillside are heavily used in this open space next to Town Center. Many timber steps are decaying and need to be rebuilt. Some flights of steps were poorly designed and are bypassed by trail users. Realigning the trail in places will reduce the need for steps, and those that remain will be rebuilt with durable materials identified during the design process.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0027	\$0	\$0	\$144,960	\$805,236	\$0	\$0

MICEC to Luther Burbank Park Stair Replacement

Project ID
90.20.0029
Program Plan
CRP
Target Completion Date
12/31/2028
2025-2026 Project Budget
\$53,689
Department
Public Works
Project Manager
Paul West
ADA Component
No



Project Description

Replace the deteriorating concrete and wood stairway between the Mercer Island Community and Event Center and the Luther Burbank Park parking lot. Improve pedestrian safety across 84th Avenue SE.

Project Justification

This route provides an important pedestrian connection between the Community Center and Luther Burbank Park. To go between facilities, pedestrians must cross Luther Burbank’s park entrance road (84th Avenue SE) and the north parking lot. Renovating the stairs and enhancing pedestrian safety will improve use of this route. Some elements of design may be examined early on as part of 90.20.0022 LBP Central Lighting and Parking.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0029	\$0	\$53,689	\$0	\$344,308	\$0	\$0

Parks, Recreation, and Open Space

MICEC Parking Lot Improvements

Project ID
90.20.0030
Program Plan
CRP
Target Completion Date
12/31/2027
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Sarah Bluvas
ADA Component
No



Project Description

Complete improvements at the parking area at the Mercer Island Community and Event Center, including repaving the entryway asphalt and improving surface drainage as well as rehabilitating planter bed soils.

Project Justification

The entryway pavement at the Community Center is aging and showing significant cracking. The existing planter bed soils are predominantly leftover fill from construction, and plantings have performed poorly with inadequate soil. Low impact development approaches should be considered during design, including techniques to address stormwater runoff at the site.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0030	\$0	\$0	\$375,823	\$0	\$0	\$0

MICEC Playground Replacement

Project ID
90.20.0032
Program Plan
CRP
Target Completion Date
12/31/2028
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Sarah Bluvas
ADA Component
Yes



Project Description

Replace aging playground equipment and evaluate/implement opportunities for site access improvements.

Project Justification

This playground structure is located behind the Mercer Island Community and Event Center (MICEC) and was installed in 2010. Opportunities for accessibility and play needs for MICEC programs and MICEC Annex tenants will be evaluated during the design process.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0032	\$0	\$0	\$57,984	\$457,596	\$0	\$0

Parks, Recreation, and Open Space

PROS Plan 6-Year Update

Project ID
90.20.0033

Program Plan
CRP

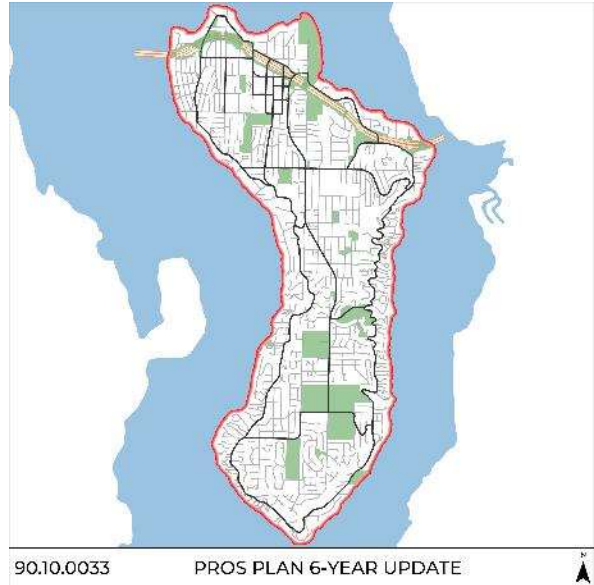
Target Completion Date
12/31/2027

2025-2026 Project Budget
\$50,000

Department
Public Works

Project Manager
Sarah Bluvas

ADA Component
No



Project Description

Complete the periodic update to the Parks, Recreation and Open Space Plan (PROS Plan). Work may include confirming/updating PROS Plan Goals and Objectives; updating the 20-Year Capital Facilities Plan project list and cost estimates; documenting PROS Plan projects completed to-date; and other routine updates to the planning document.

Project Justification

The PROS Plan, updated approximately every six years, allows Mercer Island to remain current with community interests and retain eligibility for state grants through the Washington State Recreation and Conservation Office (RCO), which administers various grant programs for outdoor recreation and conservation efforts. On March 1, 2022, Mercer Island City Council adopted the 2022 PROS Plan, which was informed by extensive technical background analysis and community engagement. Staff anticipate this periodic update to be smaller in scope.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0033	\$0	\$50,000	\$75,000	\$0	\$0	\$0

Pioneer Park/Engstrom Open Space Forest Management

Project ID

90.20.0034

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$853,231

Department

Public Works

Project Manager

Lizzy Stone

ADA Component

No



Project Description

Carry out ongoing ecological restoration projects in Pioneer Park and Engstrom Open Space consistent with the 2004 Open Space Vegetation Plan and 2015 Update, the Pioneer Park Forest Management Plan, and the Pioneer Park 2008 Forest Health Survey. Restoration projects include noxious weed management, native tree and shrub installation, and arboriculture services. Projects are accomplished through a combination of professional restoration crews and tree care companies, in-house staff, and community volunteers.

Project Justification

Pioneer Park and Engstrom Open Space represent 125 acres of the City's nearly 300 acres of natural areas and include high value upland coniferous forest and critical areas such as wetlands, watercourses, and steep-sloped ravines.

The properties are managed under the guidance of the City's Open Space Conservancy Trust Board. Pioneer Park and Engstrom OS serve as critical environmental infrastructure that controls erosion, buffers stormwater, and abates pollution. They also provide mental and physical health benefits, recreational opportunities, and wildlife habitat. Invasive and noxious weeds threaten the health of these lands by suppressing natural forest regeneration and outcompete native plant communities. Trees are also dying from root diseases and require ongoing monitoring and management. Deferred maintenance and management of Pioneer Park and Engstrom OS will lead to degraded habitat and forest canopy conditions leading to a decline in ecosystem functions as well as a loss on existing City investments in forest health and management.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0034	\$424,493	\$428,738	\$433,025	\$437,356	\$441,729	\$446,146

Parks, Recreation, and Open Space

Secret Park Playground Replacement

Project ID
90.20.0035

Program Plan
CRP

Target Completion Date
12/31/2028

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Sarah Bluvas

ADA Component
Yes



90.20.0035 SECRET PARK PLAYGROUND REPLACEMENT

Project Description

Replace aging playground equipment and provide an accessible route from the nearest public right-of-way.

Project Justification

The playground equipment at Secret Park was installed in 2007 and planned for lifecycle replacement over the span of the 2022 Parks Levy. Opportunities for ADA access and diversification of play experiences will be explored during the design process.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0035	\$0	\$0	\$83,755	\$637,525	\$0	\$0

South Mercer Playfields Lighting Upgrades

Project ID

90.20.0036

Program Plan

CRP

Target Completion Date

12/31/2029

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Sarah Bluvas

ADA Component

Yes



Project Description

Complete upgrades to Fields #1 and #2, including installing new light poles and LED fixtures that reduce light spillover/glare and provide energy efficiency as well as converting the natural grass outfields to synthetic turf.

Project Justification

The City and Mercer Island School District (MISD) completed field and lighting upgrades at South Mercer Playfields in 2022. This project expands on that work and will bring the other two ballfields into alignment with the rest of the facility. Adding lights and converting the outfields to synthetic turf on Fields #1 and #2 will improve playability, decrease maintenance needs, and expand capacity at this facility. This project is identified in the 2022 PROS Plan.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0036	\$0	\$0	\$0	\$263,076	\$1,332,805	\$2,180,366

Parks, Recreation, and Open Space

Sport Courts Improvements

Project ID
90.20.0037

Program Plan
CRP

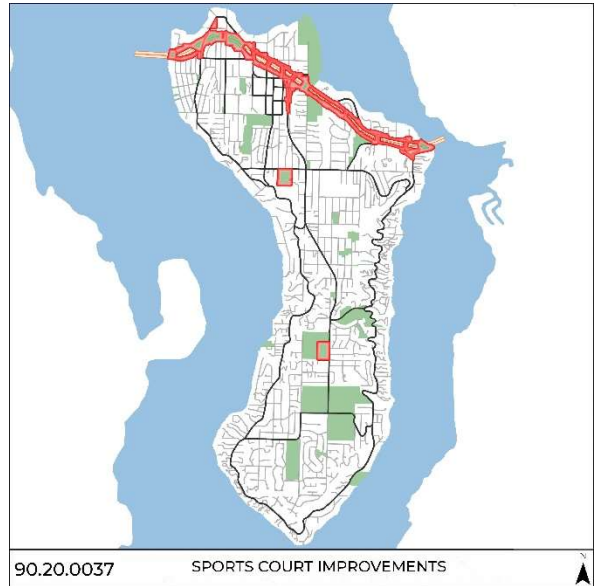
Target Completion Date
12/31/2030

2025-2026 Project Budget
\$50,000

Department
Public Works

Project Manager
Sarah Bluvas

ADA Component
Yes



Project Description

Renovate sport court facilities at Aubrey Davis Park, Island Crest Park, Homestead Park, and Roanoke Park. Renovations may include crack sealing and repair; resurfacing and restriping; installing new nets and other accessories; and improving site access as needed. Staff recommend assessing all four facilities in 2025 and batch-designing improvements to be constructed over several years, beginning with Aubrey Davis Park (2027) and ending with Homestead Park (2030). As part of the design process, the City would engage the community to determine if courts at one of the parks should be converted to pickleball as the primary use.

Project Justification

Staff inventoried tennis courts in City parks in March 2024 and found significant cracking, root intrusions, surface peeling, and other damage at all facilities.

Designing these sport courts concurrently, including evaluating whether one is suitable for additional pickleball conversion, will enable efficiency in the design process as well as ensure the City is providing diverse facilities across the Parks system. Constructing over phases will allow the City to address the worst conditions (at Aubrey Davis Park and Roanoke Park) first and maintain the other two facilities in-house in preparation for construction.

If it is determined that one of the court facilities is suitable for pickleball conversion, this project may be eligible for grant funding through the King County Parks Capital and Open Space Grant program. This program partially funded the sport courts renovation at Luther Burbank Park and can be used for design and construction. Applications are open on a biennial basis; the next application opens in 2025.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0037	\$0	\$50,000	\$500,000	\$50,000	\$350,000	\$50,000

Spray Park Site Analysis

Project ID

90.20.0038

Program Plan

CFP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$75,000

Department

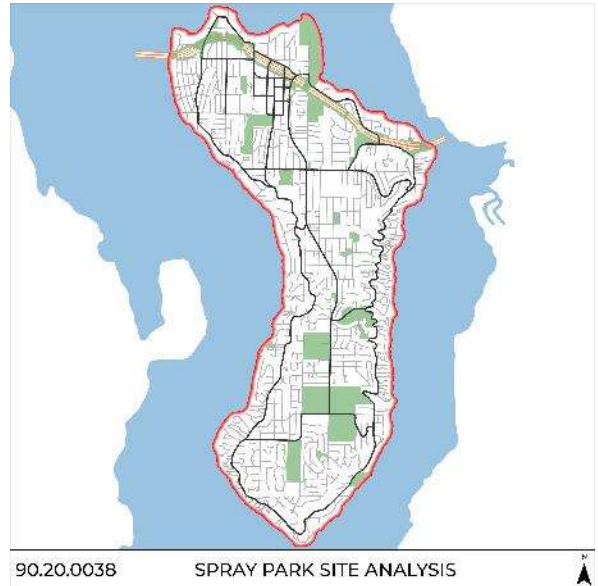
Public Works

Project Manager

Sarah Bluvas

ADA Component

Yes



Project Description

Conduct a feasibility study, site possible locations, and produce high-level designs for building a spray park/splash pad on Mercer Island.

Project Justification

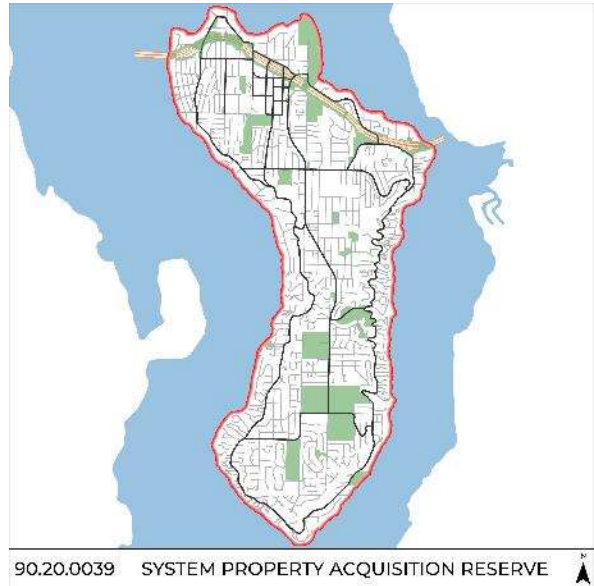
A spray park/splash pad facility would add a unique amenity to the Parks system and provide a water-based summer recreation opportunity that is safe and accessible to preschool-aged youth groups. Community desire for a spray park or splash pad facility was identified through the 2022 PROS Plan process and public engagement with the Recreation Division. Exploring feasibility of constructing a spray park/splash pad facility is also supported by the City Council.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0038	\$75,000	\$0	\$0	\$0	\$0	\$0

Parks, Recreation, and Open Space

System Property Acquisition Reserve

Project ID
90.20.0039
Program Plan
CFP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$1,000,000
Department
Public Works
Project Manager
Sarah Bluvas
ADA Component
No



Project Description

Funding reserve to provide resources for future acquisitions that support future parks system needs, including trails, open space, active uses, and more.

Project Justification

Setting aside dedicated funding will ensure the reserve grows over time and can be used to support expansion of the parks system to meet future needs. Property acquisition is also an eligible expenditure for WWRP grants, and reserve funds could provide required matching funds for future grant applications.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0039	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

Wildwood Park Improvements

Project ID
90.20.0040

Program Plan
CRP

Target Completion Date
12/31/2027

2025-2026 Project Budget
\$77,767

Department
Public Works

Project Manager
Paul West

ADA Component
Yes



Project Description

Install a new park sign on Island Crest Way. Add an accessible, soft surface perimeter path along 86th Avenue SE and around the grass area to enhance access to park amenities with an ADA trail connection from Island Crest Way to 86th Avenue SE.

Project Justification

Pedestrian and passive recreational amenities at Wildwood Park are limited. Improving access and accessibility will improve the park experience and park usage.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0040	\$0	\$77,767	\$225,494	\$0	\$0	\$0

Parks, Recreation, and Open Space

Luther Burbank Park Fishing Pier Renovation

Project ID
90.20.0042

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Paul West

ADA Component
Yes



Project Description

Design, permit, and construct repairs for the fishing pier at Luther Burbank Park. The project will likely include splicing pilings and wrapping them in fiberglass as well as installing grated decking to meet environmental regulations.

Project Justification

The fishing pier at Luther Burbank Park is more than fifty years old and has the same deterioration as other docks that have been repaired. The public values this facility as a quiet space along the south shoreline, and the 2023 Luther Burbank South Shoreline project provided ADA access to the pier. The 2006 Luther Burbank Park Master Plan state notes that the fishing pier should remain and be upgraded and/or replaced as needed. This project should be considered with fishing pier needs at Clarke Beach Park, or as part of the Luther Burbank swim beach (90.20.0021). Possibly eligible for RCO or KC grant funding.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0042	\$0	\$0	\$0	\$0	\$114,756	\$533,003

First Hill Playground Replacement

Project ID

90.20.0043

Program Plan

CRP

Target Completion Date

12/31/2025

2025-2026 Project Budget

\$650,000

Department

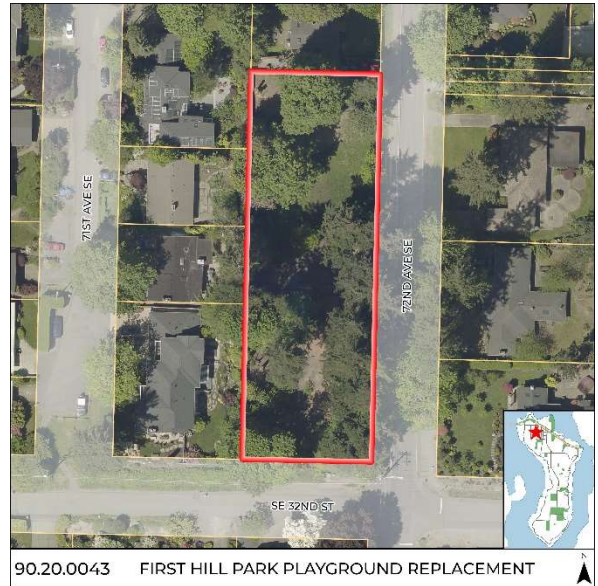
Public Works

Project Manager

Sarah Bluvás

ADA Component

Yes



Project Description

Replace aging playground equipment and evaluate/implement opportunities for site access improvements.

Project Justification

The playground equipment at First Hill Park was installed in 2007 and planned for lifecycle replacement over the span of the 2022 Parks Levy. In 2024, the City contracted with the Berger Partnership to begin the project, including engaging the community in the site design and selecting new play equipment. The project is nearing 30% design and will be ready for construction in 2025.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0043	\$650,000	\$0	\$0	\$0	\$0	\$0

Parks, Recreation, and Open Space

Mercerdale Park Improvements

Project ID
90.20.0044

Program Plan
CRP

Target Completion Date
6/30/2029

2025-2026 Project Budget
\$100,000

Department
Public Works

Project Manager
Sarah Bluvas

ADA Component
Yes



Project Description

The Mercerdale Park Improvement Project will coincide with the sewer pipe replacement and upsizing project (90.30.0008). This combined effort allows the City to address additional aging park infrastructure. Improvements to the park include widening the loop path, installing pedestrian lights and park signage, enhancing site drainage, constructing a new ADA-accessible restroom, and relocating the flagpole from Bicentennial Park to the Mercerdale Entry Plaza.

Project Justification

Mercerdale Park, a central hub for various annual events, including the Summer Celebration, Mostly Music in the Park Concert Series, Juneteenth Celebration, Pride in the Park, and the Farmer’s Market, is impacted by aging infrastructure. Specifically, the plaza at the corner of SE 32nd Street and 78th Avenue SE serves as the entrance to the park but lacks a real sense of identity. While the plaza is furnished with art, picnic tables, planters, and a pergola, sightlines in and out of the plaza are obstructed by overgrown vegetation. Additionally, access from the street is not ADA accessible. These issues prevent the plaza from serving as a welcoming and inclusive entrance to a park that acts as a community hub for gathering and celebrating.

Beyond the plaza, Mercerdale Park faces several other infrastructure deficiencies that should be addressed. The park lacks sufficient pedestrian lighting for early morning and evening use, particularly in winter, creating safety concerns. The open lawn area, a key gathering spot, experiences standing water throughout most of the year. Surrounding the open lawn area, the loop path is too narrow for maintenance access, which is essential for park upkeep and event programming. The existing restroom facilities located in the northwest corner of the park are in poor condition and are not ADA accessible.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0044	\$0	\$100,000	\$150,000	\$1,800,000	\$0	\$0

Island Crest Park Backstop Replacements

Project ID

90.20.0045

Program Plan

CRP

Target Completion Date

12/31/2027

2025-2026 Project Budget

\$250,000

Department

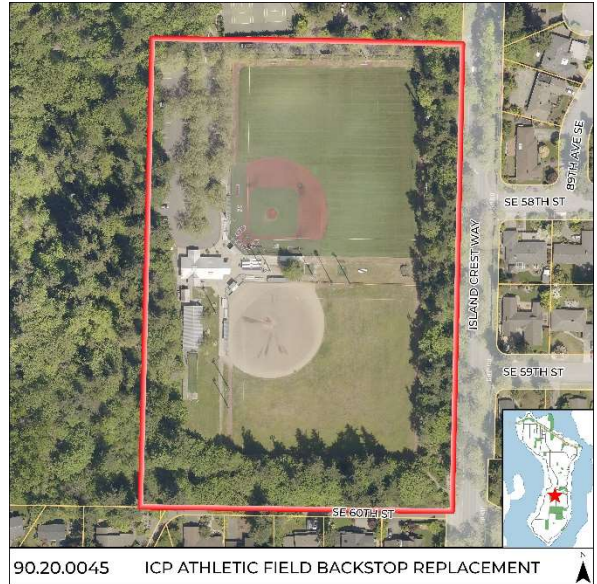
Public Works

Project Manager

Sarah Bluvas

ADA Component

No



Project Description

Replace the backstops at the Island Crest Park North and South fields.

Project Justification

This project continues upgrades at the Island Crest Park athletic field complex. The North field is the most-used athletic field in the City’s park system, hosting recreational and league teams year-round. The backstop needs to be replaced with a taller structure. The South field backstops are also worn and not functioning well. Field users have reported foul balls hitting spectators and vehicles in the parking lot, but the existing poles cannot support more netting or additional height, according to an engineer’s estimate.

Expenditures	2025	2026	2027	2028	2029	2030
90.20.0045	\$250,000	\$0	\$1,000,000	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

Residential Street Resurfacing

Project ID

90.25.0001

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$1,914,677

Department

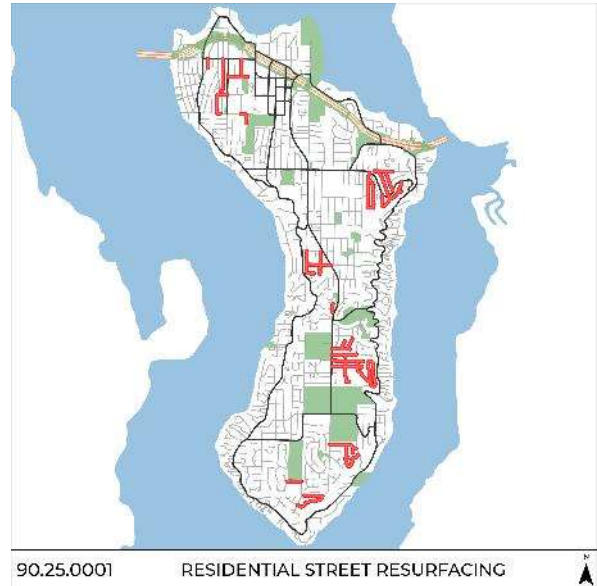
Public Works

Project Manager

Ian Powell

ADA Component

No



Project Description

This ongoing annual program repairs and resurfaces public residential streets on Mercer Island through hot mix asphalt overlays and chip sealing. The program includes upgrades to substandard residential streets, at the rate of about one location per biennium. Minor storm drainage repairs and minor water improvements will also be constructed. Utility work will be funded from the corresponding City sewer, water, and storm water utility funds.

Project Justification

Many of Mercer Island's residential street pavements are 25 to 35 years old. Numerous streets need repair and resurfacing. A pavement condition index (PCI) is used to track the condition of streets and helps determine which segments of the 58 miles are most in need of repair. Current planning allows for a 35-year lifecycle for residential hot mix asphalt pavements. Utility castings (manholes, valve boxes, catch basins) need to be raised and/or replaced after asphalt overlays.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0001	\$940,000	\$974,677	\$1,009,354	\$1,044,031	\$1,078,707	\$1,113,384

Arterial Preservation Program

Project ID

90.25.0002

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$158,877

Department

Public Works

Project Manager

Ian Powell

ADA Component

No



90.25.0002 ARTERIAL PRESERVATION PROGRAM

Project Description

This ongoing annual program repairs isolated pavement failure areas on arterial streets to extend their service lives. Repairs include crack sealing, square cut patching, grinding, and paving of full lane areas.

Project Justification

Some of Mercer Island's arterial streets develop localized areas of pavement fatigue and failure over time. Repairing these small areas will extend the pavement's service life. Some repair areas will contain City utility castings (manholes, valve boxes, catch basins) that need to be adjusted and/or replaced.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0002	\$78,000	\$80,877	\$83,755	\$86,632	\$89,510	\$92,387

Streets, Pedestrian, and Bicycle Facilities

ADA Transition Plan Implementation

Project ID
90.25.0003

Program Plan
CRP

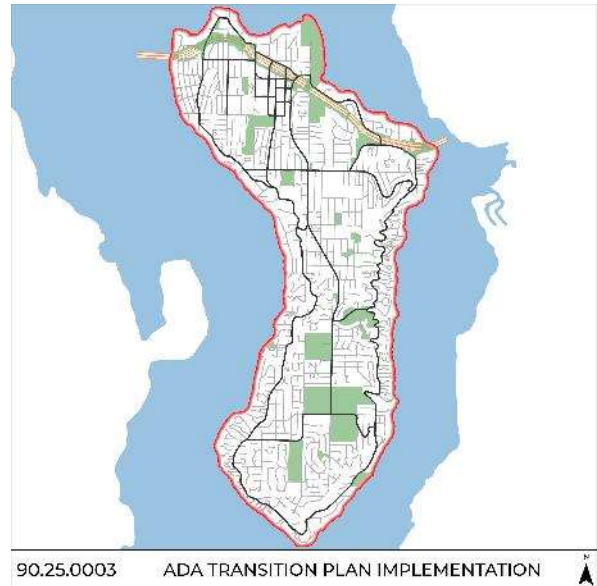
Target Completion Date
12/31/2030

2025-2026 Project Budget
\$509,223

Department
Public Works

Project Manager
Rebecca O'Sullivan

ADA Component
Yes



Project Description

This ongoing annual project will design and construct spot improvements to pedestrian facilities citywide to meet compliance standards established by the Americans with Disabilities Act (ADA) and documented in the City's ADA Transition Plan. ADA upgrades will be focused in Town Center, then expand throughout the City.

Project Justification

All public agencies are required to comply with the Americans with Disabilities Act of 1990 (ADA), which requires that new and altered facilities be designed and constructed to be accessible to and usable by persons with disabilities. In some areas, the City's existing pedestrian facilities do not meet regulatory requirements of the ADA. This project is an ongoing effort to prioritize, design, and construct improvements to pedestrian facilities in compliance with the ADA. Town Center is prioritized for enhancements due to the imminent opening of the Sound Transit Light Rail station in 2025 and anticipated increase in pedestrian facility usage. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0003	\$250,000	\$259,223	\$268,445	\$277,668	\$286,890	\$296,113

Traffic Safety and Operations Improvements

Project ID
90.25.0004
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$203,689
Department
Public Works
Project Manager
Rebecca O'Sullivan
ADA Component
Yes



Project Description

This ongoing annual project will provide minor capital transportation improvements throughout the City to address traffic operation issues and safety concerns. Typical projects include upgrading signs to new mandated standards; channelization improvements; roadway safety and access management improvements; upgrading traffic signals for increased efficiency and safety; and new or revised street lighting. It may also fund traffic data collection or City contributions to grants such as the Safe Routes and Streets for All (SS4A) grant program.

Project Justification

This ongoing project allows staff to address small scale traffic operations improvements that are beyond the scope of the operating budget but too small for individual CIP projects.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0004	\$100,000	\$103,689	\$107,378	\$111,067	\$114,756	\$118,445

Streets, Pedestrian, and Bicycle Facilities

Pedestrian and Bicycle Facilities Plan Implementation

Project ID
90.25.0005
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$101,845
Department
Public Works
Project Manager
Rebecca O'Sullivan
ADA Component
Yes



Project Description

This ongoing annual program will identify, prioritize, design, and construct small spot improvements and gap completion projects to pedestrian and bicycle facilities citywide, as identified in the Pedestrian and Bicycle Facilities (PBF) Plan. Additional pedestrian and bicycle facility projects, besides those listed in the PBF Plan, may be considered if the goals of the PBF Plan are met.

Project Justification

The PBF plan identifies gaps and opportunities for investment in pedestrian and bicycle facilities citywide. In some areas of the City, the existing transportation system does not provide adequate facilities for non-motorized users. Gaps in facilities should be designed and built to connect missing sections of the pedestrian and bicycle facilities network. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0005	\$50,000	\$51,845	\$53,689	\$55,534	\$57,378	\$59,223

SE 40th Street Sidewalk Improvements

Project ID
90.25.0006
Program Plan
CFP
Target Completion Date
12/31/2027
2025-2026 Project Budget
\$85,025
Department
Public Works
Project Manager
Ian Powell
ADA Component
Yes



Project Description

This project will replace sidewalks and create bike lanes on SE 40th Street from Gallagher Hill Road to 93rd Avenue SE. Initial design and engineering work is scheduled in 2026 with most of the project scheduled in 2027. Work will include constructing new curbs, gutters, and sidewalks along both sides of the roadway; hot mix asphalt overlay of the roadway; minor drainage improvements; landscaping; and new pavement markings.

Project Justification

The Pedestrian and Bicycle Facilities Plan identifies completing connectivity of facilities as a high priority and proposed this improvement. The SE 40th Street corridor provides walking routes to Northwood Elementary, Mercer Island High School, and the PEAK Boys & Girls Club. Paved paths exist along most of both sides of this segment of SE 40th Street, but they are narrow and uneven. In addition to improving important pedestrian routes, this project will connect to sidewalk and bike lane improvements on SE 40th from Island Crest Way to Gallagher Hill Road that were constructed in 2018. This new project may be eligible for grant funding. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0006	\$0	\$85,025	\$1,071,633	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

78th Ave Sidewalk Improvements

Project ID
90.25.0007

Program Plan
CRP

Target Completion Date
6/30/2028

2025-2026 Project Budget
\$77,000

Department
Public Works

Project Manager
Rebecca O'Sullivan

ADA Component
Yes



Project Description

This project will reconstruct curbs, sidewalks, and ADA ramps, and replace street trees along the east side of 78th Avenue SE from SE 32nd to SE 34th Streets. It will also replace street lighting on both sides of the street and address tree root damage along the west side of the street (minor storm and water system repairs may be needed). Initial design and engineering work is scheduled in 2025 with most of the project scheduled in 2026. Overall, this project will improve pedestrian mobility in Town Center.

Project Justification

Pedestrians need safe and reliable sidewalks that meet ADA requirements, particularly in the Town Center. Sidewalks on the east side of 78th Avenue SE date to pre-1980; they are narrow and have significant settlement and heaving due to nearby street trees. Improving the sidewalk and curb ramps will meet the goals of the City's ADA Transition Plan. Street lighting on 78th Avenue SE needs to be analyzed and upgraded to provide sufficient lighting for pedestrians. Similar to other heaving sidewalks in Town Center, the storm drainage and water systems below the sidewalk may also need repair due to root intrusion. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0007	\$0	\$77,000	\$881,357	\$3	\$0	\$0

Gallagher Hill Road Overlay

Project ID

90.25.0008

Program Plan

CRP

Target Completion Date

12/31/2027

2025-2026 Project Budget

\$79,841

Department

Public Works

Project Manager

Ian Powell

ADA Component

No



90.25.0008 GALLAGHER HILL RD OVERLAY

Project Description

This project will resurface Gallagher Hill Road between SE 36th and SE 40th Streets with a hot mix asphalt overlay. Work will include pavement repairs, preleveling, paving of the roadway and paved shoulders, raising utility castings to grade, and new pavement markings. Minor storm drainage repairs and minor water improvements will be constructed as needed. Initial design and engineering work will begin in 2026, with the majority of the project scheduled in 2027. Utility work will be funded from the corresponding City sewer, water, and storm water utility funds. A new sidewalk will be constructed by project 90.25.0009.

Project Justification

This segment of arterial roadway is nearing the end of its pavement life. It was last repaved in the late 1980s, and its current Pavement Condition Index (PCI) rating is in the "Satisfactory" range. Over the next several years, this rating is expected to slowly decline. Paved shoulders exist along both sides of the roadway. Utility castings (manholes, valve boxes, catch basins) need to be raised and/or replaced after asphalt overlays.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0008	\$0	\$79,841	\$547,628	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

Gallagher Hill Road Sidewalk Improvements

Project ID
90.25.0009

Program Plan
CRP

Target Completion Date
12/31/2027

2025-2026 Project Budget
\$105,763

Department
Public Works

Project Manager
Ian Powell

ADA Component
Yes



Project Description

This project will construct a new sidewalk along the downhill side of Gallagher Hill Road between SE 36th and SE 40th Streets in conjunction with water main installation. Work will include installing new curbs, gutters, sidewalks, and storm drainage. This project will occur at the same time as 90.25.0008.

Project Justification

The Pedestrian and Bicycle Facilities Plan identifies completing connectivity of facilities as a high priority and proposes this improvement. This project has also been requested by the community through previous annual Transportation Improvement Program updates. A paved shoulder exists along this portion of Gallagher Hill but with no physical separation for pedestrians. This is a hilly and curvy section of roadway with higher traffic speeds in the downhill direction. This project may be eligible for grant funds. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0009	\$0	\$105,763	\$549,056	\$0	\$0	\$0

SE 40th St Overlay (88th to 93rd)

Project ID

90.25.0010

Program Plan

CRP

Target Completion Date

12/31/2027

2025-2026 Project Budget

\$52,881

Department

Public Works

Project Manager

Ian Powell

ADA Component

No



Project Description

This project will resurface SE 40th Street from 88th Avenue SE to 93rd Avenue SE with a hot mix asphalt overlay. Work includes pavement repairs, pavement grinding, hot mix asphalt paving, raising utility castings to grade, and new pavement markings. Initial design and engineering work will begin in 2026, with the majority of the project scheduled in 2027. Utility work will be funded from the corresponding City sewer, water, and storm water utility funds.

Project Justification

SE 40th Street is the primary East-West arterial on the Island, and this section of its pavement needs resurfacing. Its current Pavement Condition Index (PCI) rating is in the "Fair" range. This paving project is planned to occur after completion of watermain improvements on this same segment of SE 40th Street and in the residential neighborhood to the north. This roadway was last repaved in 1999. Utility castings (manholes, valve boxes, catch basins) need to be raised and/or replaced after asphalt overlays.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0010	\$0	\$52,881	\$391,930	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

SE 32nd Street Sidewalk Improvements

Project ID
90.25.0011

Program Plan
CRP

Target Completion Date
12/31/2028

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Rebecca O'Sullivan

ADA Component
Yes



Project Description

This project will replace the sidewalk, ADA ramps, and street trees on the southside of SE 32nd Street between 77th and 78th Avenues with a silva cell design that will allow space for new street trees to mature without damaging the sidewalk. It will also evaluate and update street lighting on both sides of the street where needed. Minor storm drainage repairs and minor water system improvements will also be constructed as needed. Overall, this project will improve pedestrian mobility in Town Center.

Project Justification

Pedestrians need safe and reliable sidewalks that meet ADA requirements, particularly in the Town Center. This wide sidewalk provides access to Mercerdale Park and is used by the Mercer Island Farmer's Market. The existing sidewalk has significant settlement and heaving due to nearby street trees. Improving the sidewalk and curb ramps will meet the goals of the City's ADA Transition Plan. Street lighting on SE 32nd Street needs to be analyzed and upgraded to provide sufficient lighting for pedestrians. Similar to other heaving sidewalks in Town Center, the storm drainage and water systems below the sidewalk may also need repair due to root intrusion. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0011	\$0	\$0	\$51,000	\$388,834	\$0	\$0

76th Ave SE Mid-Block Crossing Improvements

Project ID
90.25.0012
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$341,145
Department
Public Works
Project Manager
Rebecca O'Sullivan
ADA Component
Yes



90.25.0012 76TH AVE SE MID-BLOCK CROSSING IMPROVEMENT

Project Description

The project location is on 76th Avenue SE between 76th Avenue SE and SE 27th Street in Town Center at the existing mid-block crosswalk. Enhancements to the existing facility include a new center median, rectangular rapid-flashing beacon (RRFB), and ADA curb ramps.

Project Justification

Town Center has seen increasing pedestrian and bicycle activity as new families and businesses move into the Town Center, which is expected to continue with the opening of the East Link Rail Light Rail station as residents make their way to/from the station. In 2022, a new mid-block crossing and RRFB was installed on 76th Avenue SE between SE 24th and SE 27th Streets, and since completion, pedestrian and bicycle visibility has increased. This project, to the south of the 2022 mid-block crossing, will continue to increase visibility of pedestrians and bicycles through enhancements to the existing mid-block crossing. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0012	\$56,000	\$285,145	\$0	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

Island Crest Way Corridor Improvements

Project ID

90.25.0013

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$458,300

Department

Public Works

Project Manager

Rebecca O'Sullivan

ADA Component

Yes



Project Description

This project continues planning and design of traffic safety and operation improvements identified as part of the Island Crest Way Corridor Safety Analysis in 2022 and Island Crest Way Corridor Improvements (90th Avenue SE to SE 63rd Street) in the 2023-2024 biennium. The planning and design elements to occur in 2025-2026 include:

- SE 53rd Place Safety Improvements - Design a right turn lane to the westbound approach of SE 53rd Place and Island Crest Way, install ADA-compliant ramps, and improve crosswalks.
- Shared Use Path (Initial Phase) - Building off the Shared Use Path Analysis completed in 2024, design a shared use path that extends from Island Park Elementary to Island Crest Park on the west-side. Design of the path from the park to SE 68th Street will be proposed in a subsequent TIP.
- SE 68th Street Intersection Safety Improvements - Design mountable apron curb returns and ADA-compliant ramps to shorten pedestrian crossing distances and improve safety.

Phase construction 1 in 2030 includes the SE 53rd Place Safety Improvements and the West-Side Shared Use Path from Island Park Elementary to Island Crest Park. Phase 2 includes SE 68th St. Intersection Safety Improvements.

Project Justification

The 2022 Island Crest Way Corridor Safety Study noted a higher-than-expected frequency of collisions for the ICW and SE 68th Street all-way stop-controlled intersection. Ten crashes occurred during the 6-year study period, including angle, pedestrian-involved, and bicyclist-involved collisions. The Safety Study noted heavy north/south vehicle movements on Island Crest Way, making it difficult for drivers and pedestrians to cross from SE 53rd Place (particularly for movements in route to Island Park Elementary). Within the 6-year study period, three collisions were reported at the Island Crest Way and SE 53rd Place intersection. The Safety Study recommends adding a right turn lane for the westbound approach to allow vehicles to pass other cars waiting to turn left or travel through to the school as a long-term treatment. Short term treatments at SE 68th Street and SE 53rd Place have been implemented by the City.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0013	\$225,000	\$233,300	\$0	\$0	\$0	\$2,013,567

SE 27th St Overlay (76th to 80th)

Project ID

90.25.0014

Program Plan

CRP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$692,643

Department

Public Works

Project Manager

Ian Powell

ADA Component

Yes



Project Description

This project will resurface SE 27th Street from 76th to 80th Avenues SE in the Town Center with a hot mix asphalt overlay. Work will consist of pavement repairs, pavement grinding, asphalt paving, ADA ramp replacements, raising utility castings to grade, and new pavement markings. Utility work will be funded from the corresponding City sewer, water, and storm water utility funds.

Project Justification

The Town Center has experienced a surge of redevelopment and there is an expectation for streets to be well-constructed and of good quality. The main east-west route through the Town Center, SE 27th Street, is showing signs of age and wear. Last reconstructed and repaved in the mid-1990s, SE 27th Street has Pavement Condition Index (PCI) ratings in the low "Satisfactory" and "Fair" ranges. Its condition is expected to decline over the next several years. This paving project is being planned to occur after completion of the East Link Light Rail on Mercer Island and its associated roadway improvements.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0014	\$0	\$692,643	\$0	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

North Mercer Way Overlay

Project ID

90.25.0015

Program Plan

CRP

Target Completion Date

12/31/2027

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Ian Powell

ADA Component

Yes



90.25.0015 NORTH MERCER WAY OVERLAY

Project Description

This project will resurface North Mercer Way from the 8400 block to SE 35th Street with a hot mix asphalt overlay. Work will include pavement repairs, pavement grinding, asphalt paving of the roadway and existing pedestrian shoulder, ADA ramp replacements, raising utility castings to grade, and new pavement markings. Minor storm drainage repairs and minor water system improvements will also be constructed, funded from the corresponding City utilities funds. A new sidewalk will be constructed behind existing curbs from Fortuna Drive to SE 35th Street as part of 90.25.0034.

Project Justification

This arterial roadway was last resurfaced in 1994 by WSDOT and is nearing the end of its pavement life. The King County North Mercer Interceptor Sewer project has impacted this roadway with utility cuts for sewer pipes as well as extended periods of heavy truck traffic. It will need resurfacing after completion of the sewer project and is therefore planned for 2026. Current Pavement Condition Index (PCI) ratings are in the "Fair" and low "Satisfactory" ranges.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0015	\$0	\$0	\$829,512	\$0	\$0	\$0

East Mercer Way Roadside Shoulders Phase 11

Project ID

90.25.0016

Program Plan

CRP

Target Completion Date

12/31/2027

2025-2026 Project Budget

\$75,000

Department

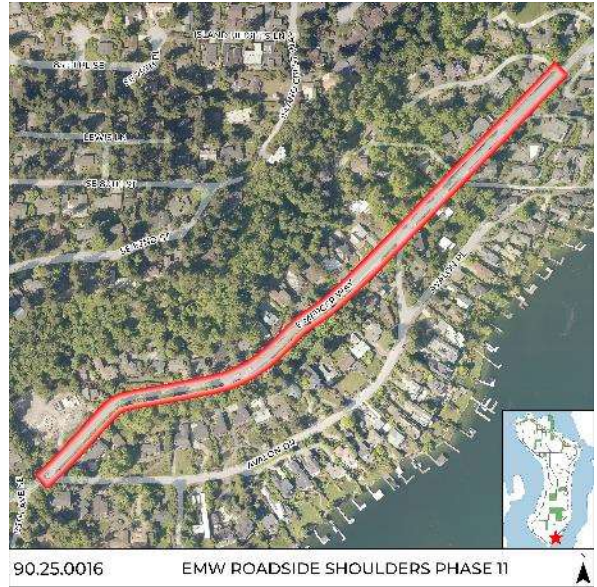
Public Works

Project Manager

Ian Powell

ADA Component

Yes



90.25.0016 EMW ROADSIDE SHOULDERS PHASE 11

Project Description

This project will create a new paved shoulder on East Mercer Way from SE 79th Street to the 8400 block. This is the final phase of the Mercer Way Roadside Shoulder projects and will remove the last gap in pedestrian and bicycle facilities along East Mercer Way’s entire 4.8-mile length. Minor storm drainage repairs and minor water system improvements will also be constructed and funded from the corresponding City utilities. Some fire hydrants and water meters will also need to be moved outside of the new shoulder.

Project Justification

Pedestrians and bicyclists regularly use East and West Mercer Way, but lack of shoulders can make the roadway challenging for these users. Paved roadside shoulders currently exist along East Mercer Way from I-90 to SE 79th Street. The roadside shoulder development program began in 2002, and Phase 1 of East Mercer Way was built in 2004. Historically, the City has built one new shoulder project per biennium. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0016	\$0	\$75,000	\$475,589	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

76th & North Mercer Way Overlay

Project ID

90.25.0017

Program Plan

CRP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$160,718

Department

Public Works

Project Manager

Ian Powell

ADA Component

Yes



90.25.0017 76TH AVE SE & N MERCER WAY OVERLAY

Project Description

This project will resurface the intersection of North Mercer Way and 76th Avenue SE at the westbound I-90 on ramp with a hot mix asphalt overlay. Work will include pavement repairs, pavement grinding, asphalt paving of the roadway, raising utility castings to grade, and new pavement markings. Minor storm drainage repairs and minor water system improvements will also be constructed, funded from the corresponding City utilities funds.

Project Justification

This intersection is nearing the end of its pavement life. Sound Transit's signal project will impact this intersection with utility cuts and extended periods of heavy truck traffic. It will need resurfacing after completion of the signal project and is therefore planned for 2026. Current Pavement Condition Index (PCI) ratings are in the "Poor" range.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0017	\$0	\$160,718	\$0	\$0	\$0	\$0

Pedestrian and Bicycle Facilities Plan Update

Project ID
90.25.0018
Program Plan
CFP
Target Completion Date
12/31/2027
2025-2026 Project Budget
\$200,000
Department
Public Works
Project Manager
Rebecca O'Sullivan
ADA Component
Yes



Project Description

The existing 2010 Pedestrian and Bicycle Facilities (PBF) Plan was a modest update to the original 1996 plan and is no longer current. This comprehensive update will incorporate ADA Transition Plan guidance; update non-motorized facility standards; evaluate projects and priorities based on current standards; and provide a roadmap and foundation for future pedestrian and bicycle facility improvements. Staff is pursuing a \$320,000 grant through the Safe Streets and Roads for All (SS4A) FY24 grant program to support this project.

Project Justification

The PBF Plan identifies gaps in and opportunities for investment in pedestrian and bicycle facilities citywide. In some areas of the City, the existing transportation system does not provide adequate facilities for non-motorized users. Gaps in facilities should be designed and built to connect missing sections of pedestrian and bicycle facilities. The City's Climate Action Plan (adopted in April 2023) includes the PBF Plan update as a key action to expand multimodal transportation options and improve cycling and pedestrian networks. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0018	\$0	\$200,000	\$200,000	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

East Mercer Way Overlay

Project ID
90.25.0019
Program Plan
CRP
Target Completion Date
12/31/2028
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Ian Powell
ADA Component
Yes



Project Description

This project will resurface East Mercer Way from Frontage Road to SE 40th Street with a hot mix asphalt overlay. Work will include pavement repairs, pavement grinding, asphalt paving of the roadway and existing pedestrian shoulder, ADA ramp replacements, raising utility castings to grade, and new pavement markings. Minor storm drainage repairs and water system improvements will be made, funded from the corresponding City utilities.

Project Justification

This arterial roadway was last resurfaced in the 1990s and is nearing the end of its pavement life. Staff will closely monitor the pavement's condition. Current Pavement Condition Rating is in the "Fair" range but will continue to drop in the coming years.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0019	\$0	\$0	\$37,582	\$433,162	\$0	\$0

81st Ave SE Sidewalk Improvements

Project ID
90.25.0020
Program Plan
CRP
Target Completion Date
12/31/2027
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Rebecca O'Sullivan
ADA Component
Yes



Project Description

This sidewalk improvement project will reconstruct curb, gutter, sidewalk, and driveways along the east side of 81st Avenue SE from SE 24th Street to NMW to provide a safe walking route to the Mercer Island Park and Ride and to the new Sound Transit Light Rail station (planned to open in 2025). Street lighting on this side of 81st Avenue SE may also be analyzed and upgraded to provide sufficient lighting for pedestrians. Overall, this project will improve pedestrian mobility in Town Center.

Project Justification

Pedestrians need safe and reliable sidewalks that meet ADA requirements, particularly in the Town Center. Curb ramps at the intersections of 81st Avenue SE with North Mercer Way and SE 24th Street have been upgraded to be ADA-compliant, as well as the sidewalk on the west side of 81st Avenue SE. Sidewalk on the east side of 81st Avenue SE is a non-ADA-compliant gap that has heaving and lifts within the pedestrian route. By enhancing sidewalk and driveways on the east side of 81st Avenue SE, the City will be eliminating non-ADA-compliant gaps to improve pedestrian mobility and meet the goals of the ADA Transition Plan. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0020	\$0	\$0	\$237,950	\$0	\$0	\$0

Streets, Pedestrian, and Bicycle Facilities

West Mercer Way Overlay

Project ID

90.25.0021

Program Plan

CRP

Target Completion Date

12/31/2028

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Ian Powell

ADA Component

No



Project Description

This project will restore the existing pavement on West Mercer Way from SE 56th Street to East Mercer Way with a hot mix asphalt overlay. Work will include pavement repairs, hot mix asphalt overlay, replacement of old utility castings, and new pavement markings. Minor storm drainage repairs and water service replacements will also be performed.

Project Justification

This 2.3-mile portion of West Mercer Way was last resurfaced in 1995, and its current Pavement Condition Index (PCI) ratings are in the "Satisfactory" and "Fair" ranges. By 2028, the pavement is expected to degrade to a condition that warrants a hot mix asphalt overlay, renewing the life of the 33-year-old pavement. Many of the sewer and water castings within the project are also old and should be replaced.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0021	\$0	\$0	\$0	\$2,387,942	\$0	\$0

77th Ave SE Channelization Upgrade

Project ID

90.25.0022

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$0

Department

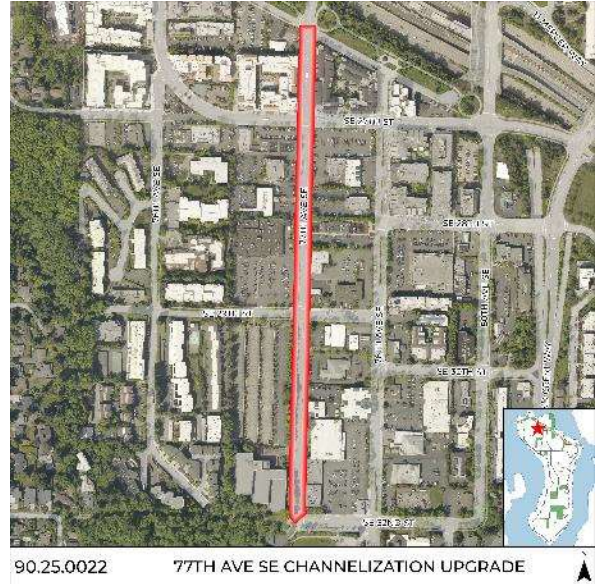
Public Works

Project Manager

Rebecca O'Sullivan

ADA Component

Yes



Project Description

This is a placeholder project to study options for reconfiguration on 77th Avenue SE. 77th Avenue SE is a key north-south street providing access from North Mercer Way to Mercerdale Park with three travel lanes, including a center lane.

Project Justification

The scope is consistent with the current Town Center street standards described in MICC 19.11.120. The 2022 Town Center Parking Study adopted by AB 6369 recommends studying options for street reconfiguration on 77th Avenue SE as a good candidate but no specific design or timeframe was recommended. The City Council directed staff in Exhibit 2, log #2 of AB 6369 (Summary of Discussion Items + Follow Up Actions) to adjust the scope of this project if the Council ultimately decides to pursue an alternative design option in the future. This project will remain in the “out-years” as a placeholder until such a decision is made.

Alternatively, the Council could choose to remove the project from the TIP, however, it would result in private development projects such as Xing Hua on 77th Avenue SE, north of SE 29th Street to build out the code required street improvements along their property frontage – replace the bike lanes and center turn lane with on-street parking and sharrows. If the project remains in the TIP, developers could pay the City their fair share of the improvement in lieu of building them.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0022	\$0	\$0	\$0	\$0	\$0	\$63,487

Streets, Pedestrian, and Bicycle Facilities

SE 36th Street Overlay

Project ID
90.25.0023

Program Plan
CRP

Target Completion Date
12/31/2028

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Ian Powell

ADA Component
Yes



Project Description

This project will resurface SE 36th Street from Gallagher Hill Road to East Mercer Way with a hot mix asphalt overlay. Work will include pavement repairs, pavement grinding, asphalt paving, minor sidewalk repairs, ADA ramp replacements, raising utility castings to grade, and new pavement markings. Additionally, minor storm drainage repairs and minor water improvements will be constructed. Utility work will be funded from the corresponding City sewer, water, and storm water utility funds.

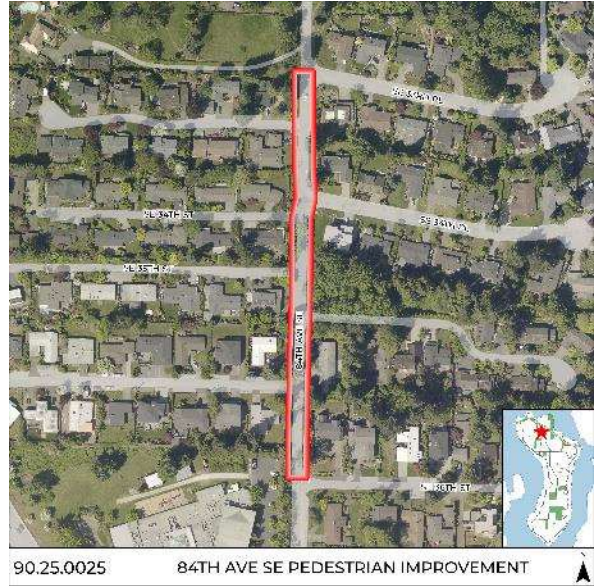
Project Justification

This roadway was reconstructed in the late 1980s by WSDOT during the construction of I-90, and its pavement is nearing the end of its life. Staff is closely tracking the roadway's condition. Its current Pavement Condition Index (PCI) ratings are in the "Fair" range and are expected to continue a slow decline. Utility castings (manholes, valve boxes, catch basins) need to be raised and/or replaced after asphalt overlays.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0023	\$0	\$0	\$0	\$678,620	\$0	\$0

84th Ave SE Pedestrian Improvements

Project ID
90.25.0025
Program Plan
CFP
Target Completion Date
12/31/2029
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Rebecca O'Sullivan
ADA Component
Yes



Project Description

This project will construct a new sidewalk or path along the east side of 84th Avenue SE from SE 33rd Place to SE 36th Street. This section of 84th Avenue SE has a 20 ft-wide paved roadway and is signed as a bike route. There are intermittent sections of shoulder with gravel and grass, but there is not a consistent pedestrian facility on the east side of 84th Avenue SE.

Project Justification

Students and families access Northwood Elementary and Mercer Island High School on 84th Avenue SE, but there is not a consistent pedestrian facility from SE 36th Street to SE 33rd Place. By installing a new sidewalk or path on the east side of 84th Avenue SE, students will have a safe walk route to and from school. A priority of the City's Pedestrian and Bicycle Facilities (PBF) Plan is to work with Mercer Island School District to provide safe routes to schools. Grant funding may be available through WSDOT's Safe Routes to School discretionary program. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0025	\$0	\$0	\$0	\$0	\$328,202	\$0

Streets, Pedestrian, and Bicycle Facilities

78th Ave SE Overlay (40th to WMW)

Project ID
90.25.0026
Program Plan
CRP
Target Completion Date
12/31/2029
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Ian Powell
ADA Component
No



Project Description

This project will resurface 78th Avenue SE from SE 40th Street to West Mercer Way with a hot mix asphalt overlay. Work includes pavement repairs, pavement grinding, hot mix asphalt paving, raising utility castings to grade, and new pavement markings. Initial design and engineering work will begin in early 2029, with construction scheduled in Q3 of 2029. Utility work will be funded from the corresponding City sewer, water, and storm water utility funds. Refer to project 90.25.0029 for the associated pedestrian improvements.

Project Justification

This portion of 78th Avenue SE connects SE 40th Street to West Mercer Way, and this section of its pavement needs resurfacing. Its current Pavement Condition Index (PCI) rating is in the "Fair" range. This roadway was last repaved in 2001. Utility castings (manholes, valve boxes, catch basins) need to be raised and/or replaced after asphalt overlays.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0026	\$0	\$0	\$0	\$0	\$541,649	\$0

SE 24th Street Overlay

Project ID

90.25.0027

Program Plan

CRP

Target Completion Date

12/31/2029

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Ian Powell

ADA Component

No



Project Description

This project will resurface SE 24th Street between 72nd Avenue SE and 76th Avenue SE with a hot mix asphalt overlay. Work will include pavement repairs, preleveling, paving of the roadway and paved shoulders, raising utility castings to grade, and new pavement markings. Minor storm drainage repairs and minor water improvements will be constructed as needed. This project is scheduled to be designed and constructed in 2029. Utility work will be funded from the corresponding City sewer, water, and storm water utility funds. A new sidewalk will be constructed by project 90.25.0028.

Project Justification

This segment of arterial roadway is nearing the end of its pavement life. It was last repaved in 1993, and its current Pavement Condition Index (PCI) rating is in the "Fair" range. Over the next several years, this rating is expected to slowly decline. Utility castings (manholes, valve boxes, catch basins) need to be raised and/or replaced after asphalt overlays.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0027	\$0	\$0	\$0	\$0	\$677,061	\$0

Streets, Pedestrian, and Bicycle Facilities

SE 24th Street Pedestrian Improvements

Project ID
90.25.0028

Program Plan
CRP

Target Completion Date
12/31/2029

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Ian Powell

ADA Component
No



Project Description

This project will reconstruct portions of existing concrete curb, gutter, and sidewalk along SE 24th Street to upgrade the walking facility to meet current standards. This project is tied to the SE 24th Street overlay project (90.25.0027) and is planned for construction in 2029.

Project Justification

Pedestrians need safe and reliable sidewalks that meet ADA requirements, particularly in the Town Center. This project will enhance the sidewalk to be ADA-compliant will meet the goals of the City's ADA Transition Plan. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0028	\$0	\$0	\$0	\$0	\$812,473	\$0

78th Ave SE Sidewalk Improvements

Project ID

90.25.0029

Program Plan

CFP

Target Completion Date

12/31/2029

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Rebecca O'Sullivan/Ian Powell

ADA Component

Yes



90.25.0029 78TH AVE SE SIDEWALK IMPROVEMENT

Project Description

This project will construct new curb, gutter, and sidewalk along the west side of 78th Avenue SE from SE 40th to SE 41st Streets where a pedestrian facility does not currently exist. The existing paved shoulder on the east side of 78th Avenue SE from SE 40th Street to West Mercer Way will be upgraded with curb, gutter, and sidewalk. This sidewalk project is tied to the 78th Avenue SE Overlay (90.25.0026). A bike lane in the northbound direction will be considered if there is sufficient right of way available (there is limited right of way for pedestrian and bicycle improvements).

Project Justification

78th Avenue SE from SE 40th Street to West Mercer Way is used by many students and families to access West Mercer Elementary School. This section of 78th Avenue SE also connects residents and guests to Town Center; 78th Avenue SE is classified as a secondary arterial and then changes to a collector arterial north of SE 40th Street. By installing new sidewalk along this entire section of 78th Avenue SE, students will have a safe route to and from school that is separated from the high volume of traffic using the roadway. A priority of the City's Pedestrian and Bicycle Facilities (PBF) Plan is to work with Mercer Island School District to provide safe routes to schools. Grant funding may be available through WSDOT's Safe Routes to School grant program. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0029	\$0	\$0	\$0	\$0	\$406,237	\$0

Streets, Pedestrian, and Bicycle Facilities

Mercerwood Dr Pedestrian Improvements

Project ID
90.25.0030

Program Plan
CFP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Rebecca O'Sullivan

ADA Component
Yes



90.25.0030 MERCERWOOD DR PEDESTRIAN IMPROVEMENT

Project Description

Mercerwood Drive currently has limited paved shoulders from 93rd Avenue SE to 96th Avenue SE for pedestrian and bicycle usage. In 2025, sidewalk will be installed on the south side of SE 40th Street from its existing terminus near Gallagher Hill to 93rd Avenue SE, the start of Mercerwood Drive. This project will continue new sidewalk from 93rd Avenue SE to 96th Avenue SE on the south side of Mercerwood Drive, with ADA ramps and a new pedestrian crossing at 96th Avenue SE. Bike lane installation may also be considered.

Project Justification

Pedestrians and bicyclists regularly use Mercerwood Drive to connect with SE 40th Street and East Mercer Way. Some destinations on either end of Mercerwood Drive include schools, community centers, and other gathering places. This project will improve pedestrian and bicycle connectivity and safety and will provide safe routes to Northwood Elementary and Mercer Island High School. A priority of the City's Pedestrian and Bicycle Facilities (PBF) Plan is to work with Mercer Island School District to provide safe routes to schools. Grant funding may be available through WSDOT's Safe Routes to School grant program. Pedestrian enhancements on Mercerwood Drive are also outlined in the City's PBF Plan. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0030	\$0	\$0	\$0	\$0	\$229,512	\$1,593,087

Island Crest Way Crosswalk Enhancement

Project ID
90.25.0031
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Rebecca O'Sullivan
ADA Component
Yes



Project Description

This project will enhance the existing crosswalk on Island Crest Way just north of SE 46th Street. Improvements to the existing facility include a pedestrian signal and ADA enhancements to the two curb ramps on each side of Island Crest Way and the center median.

Project Justification

The boundary lines for Northwood, West Mercer, and Island Park Elementary are all near SE 45th Street and Island Crest Way. This existing crossing is used by students accessing three elementary schools as well as Mercer Island High School and Middle School. A pedestrian signal will help increase visibility and create a safer route to school by requiring vehicles to stop for students crossing Island Crest Way. A priority of the City's Pedestrian and Bicycle Facilities (PBF) Plan is to work with Mercer Island School District to provide safe routes to schools. Grant funding may be available through WSDOT's Safe Routes to School grant program. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0031	\$0	\$0	\$0	\$0	\$80,329	\$592,226

Streets, Pedestrian, and Bicycle Facilities

SE 27th Street Sidewalk Improvements

Project ID
90.25.0032

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Rebecca O'Sullivan

ADA Component
Yes



Project Description

This sidewalk improvement project is located at the western edge of Town Center, along the south side of SE 27th Street, from 76th Avenue SE to the west approximately 325 feet. New curb and gutter, sidewalk, driveways, and ADA curb ramps will be constructed. Street trees will be replaced to allow space for new street trees to mature without sidewalk damage. This project will also replace street lighting and storm drainage systems where needed upon replacement of the sidewalk. Overall, this project will improve pedestrian mobility in Town Center.

Project Justification

Pedestrians need safe and reliable sidewalks that meet ADA requirements, particularly in the Town Center. Sidewalks on the south side of SE 27th Street have significant root damage and heaving due to nearby street trees. Curb ramps at SE 27th Street and 76th Avenue SE are not ADA compliant. Enhancing the ramps and sidewalk to be ADA-compliant will meet the goals of the City's ADA Transition Plan. Street lighting on this side of SE 27th Street needs to be analyzed and upgraded to provide sufficient lighting for pedestrians. Similar to other heaving sidewalks in Town Center, the storm drainage system below the sidewalk may also need repair due to root intrusion. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0032	\$0	\$0	\$0	\$0	\$137,707	\$932,163

West Mercer Way Overlay

Project ID

90.25.0033

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Ian Powell

ADA Component

No



90.25.0033 WEST MERCER WAY OVERLAY

Project Description

This project will resurface West Mercer Way from the I-90 eastbound off ramp to SE 24th Street and from SE 28th Street to SE 32nd Street with a hot mix asphalt overlay. Work will include pavement repairs, pavement grinding, asphalt paving of the roadway and existing pedestrian shoulder, raising utility castings to grade, and new pavement markings. Minor storm drainage repairs and minor water system improvements will also be constructed, funded from the corresponding City utilities funds.

Project Justification

These sections of arterial roadway were last resurfaced in 1994 and 2003, respectively, and are nearing the end of their pavement life. Design for this project is scheduled in 2029 with construction in 2030. Current Pavement Condition Index (PCI) ratings are in the "Fair" and low "Satisfactory" ranges.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0033	\$0	\$0	\$0	\$0	\$101,559	\$758,049

Streets, Pedestrian, and Bicycle Facilities

North Mercer Way Sidewalk Improvements

Project ID
 90.25.0034
Program Plan
 CFP
Target Completion Date
 12/31/2026
2025-2026 Project Budget
 \$172,883
Department
 Public Works
Project Manager
 Ian Powell
ADA Component
 Yes



Project Description

This sidewalk improvement project is along the north side of North Mercer Way from SE 35th Street west to Fortuna Drive and Covenant Shores. New sidewalk will be built behind existing curb and gutter and new ADA curb ramps will be added. This project is tied to the North Mercer Way Overlay project (90.25.0015).

Project Justification

This project will connect a gap in the existing pedestrian infrastructure. Currently a gravel walking path connects the concrete sidewalk at Covenant Shores to the I-90 trail at SE 35th Street. This project will provide pedestrians a safe walking path to reach the I-90 trail from the north side of North Mercer Way. Project qualifies for the use of Transportation Impact Fees.

Expenditures	2025	2026	2027	2028	2029	2030
90.25.0034	\$0	\$172,883	\$0	\$0	\$0	\$0

Emergency Sewer System Repairs

Project ID
90.30.0001

Program Plan
CRP

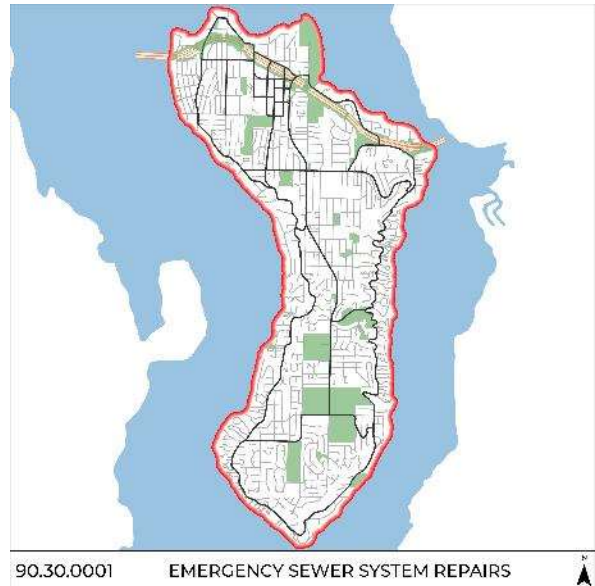
Target Completion Date
12/31/2030

2025-2026 Project Budget
\$101,850

Department
Public Works

Project Manager
Chris Marks/ Allen Hunter

ADA Component
No



Project Description

Ongoing program to repair or replace sewer system infrastructure and components on an as-needed emergency basis. Work includes emergency repairs to sewer collection (pipe infrastructure) and pumping systems (pump stations and the sewer lake line).

Project Justification

Due to an aging sewer system and degradation of existing infrastructure, the City has seen an increase of emergency repairs. These emergencies have resulted in costly repairs and increased risk to potential exposure and negative environmental impacts. This repair program provides funding to address failed assets during emergency events.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0001	\$50,000	\$51,850	\$53,768	\$55,758	\$57,821	\$59,960

Sewer Utility

Backyard Sewer System Improvements Program

Project ID
 90.30.0002
Program Plan
 CRP
Target Completion Date
 12/31/2030
2025-2026 Project Budget
 \$254,427
Department
 Public Works
Project Manager
 Chris Marks
ADA Component
 No



Project Description

Ongoing program to improve the sewer collection system in backyards throughout the Island by installing cleanouts or manholes at the end of sewer mains where access is difficult or non-existent.

Project Justification

There are more than 100 locations in the City’s sewer collection system where sewer main tees have been built with no access points. Referred to as “blind tees”, these pipe segments cannot be routinely inspected and cleaned to remove blockages or roots. Adding cleanouts and manholes as access points will allow preventative maintenance to occur and will reduce the risk of sewer backups into homes and claims being filed against the City. This project was identified in the 2018 General Sewer Plan (Project P-9).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0002	\$130,000	\$124,427	\$139,592	\$133,280	\$149,183	\$142,134

Sewer System Components Program

Project ID
90.30.0003

Program Plan
CRP

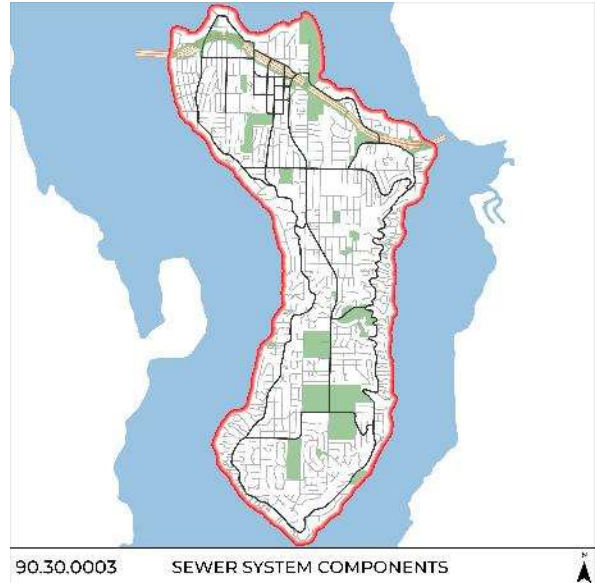
Target Completion Date
12/31/2030

2025-2026 Project Budget
\$101,845

Department
Public Works

Project Manager
Chris Marks/ Allen Hunter

ADA Component
No



Project Description

Annual program to replace components of the sewer system on an as-needed basis. These include pipes, manholes, manhole ladders, pump station access hatches and ladders, valves, pump/motor assemblies, associated variable frequency drives (VFDs), lifts, grates, ventilation systems, wet well rings and lids, transducers, float systems, electrical, lighting, and communication systems.

Project Justification

This annual improvement program is necessary to ensure all components of the sewer system are in reliable condition, function properly, and perform effectively. Replacing these components before they reach the end of their useful life ensures the sewer system remains operational and helps prevent large scale emergency repairs.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0003	\$50,000	\$51,845	\$53,689	\$55,534	\$57,378	\$59,223

Pump Station Access Improvements

Project ID

90.30.0004

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$61,110

Department

Public Works

Project Manager

Chris Marks

ADA Component

No



Project Description

This project addresses priority pump station (PS) access issues to support daily maintenance and operational needs at the following locations: 8000 SE 20th Street (PS 1); 2239 60th Avenue SE (PS 4); 9036 North Mercer Way (PS 10); 4000 East Mercer Way (PS 12); 3897 West Mercer Way (PS 13); 4311 Forest Avenue SE (PS 14); 4765 Forest Avenue SE (PS 15); 5495 West Mercer Way (PS 16); 6415 77th Avenue SE (PS 17); 7220 Holly Hill Drive (PS 18); 7697 West Mercer Way (PS 19); 8790 85th Avenue SE (PS 20); 8000 Avalon Drive (PS 21); 6223 East Mercer Way (PS 22); 5406 96th Avenue SE (PS 23); 4606 East Mercer Way (PS 24); 4266 East Mercer Way (PS 25). Priorities include improving walking paths or stairs down to pump stations; upgrades to existing roadways to facilitate land access; and renovations to existing docks and bulkheads to facilitate access from the lake.

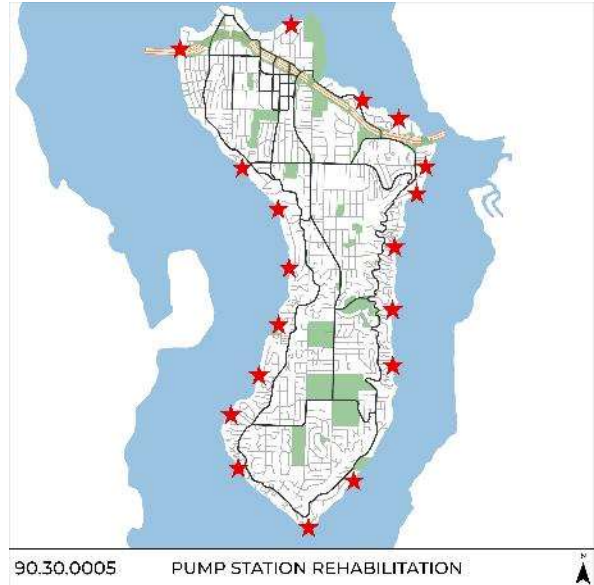
Project Justification

Many of the pump stations are difficult, if not impossible, to access. In an emergency, crews may not be able to access a station with needed equipment and parts due to terrain and private property improvements surrounding a station. This project, in conjunction with the Sewer Easements and Right-Of-Way project (90.30.0012), will improve access to all pump stations for continued ongoing maintenance and operations. The 2018 General Sewer Plan recommends a systematic program to improve access (Project PS-1). The 2019 Lake Line and Pump Station Access Evaluation report confirms access difficulty at many stations and outlines future site improvements.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0004	\$30,000	\$31,110	\$107,379	\$111,067	\$114,756	\$118,446

Pump Station Rehabilitation

Project ID
90.30.0005
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$5,367,206
Department
Public Works
Project Manager
Chris Marks
ADA Component
No



Project Description

This project prioritizes the rehabilitation of one pump station each biennium, with a focus on design in year one and construction in year two. A comprehensive review of the five stations in greatest need or rehabilitation was completed in 2024, and those stations will be the first prioritized.

These stations are located at: 7697 West Mercer Way (PS 19); 8790 85th Avenue SE (PS 20); 8000 Avalon Drive (PS 21); 6223 East Mercer Way (PS 22); 5406 96th Avenue SE (PS 23).

Project Justification

Sewer pump stations are an essential part of the sewer collection system. These stations were installed in the mid-1950s to late-1960s as part of the Lake Line system and are aging and in need of capital repair that can no longer be deferred. Some stations have capacity concerns, while others are experiencing multiple component failures. Deferral of pump station rehabilitation and replacement (R&R) may likely result in failure and sewer overflow into Lake Washington. Projects PS-4 and PS-5 of the 2018 General Sewer Plan support this project.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0005	\$2,635,000	\$2,732,206	\$2,764,985	\$2,859,978	\$3,267,680	\$3,372,726

Sewer Utility

Wet Well Cleaning & Restoration Program

Project ID

90.30.0006

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$763,649

Department

Public Works

Project Manager

Chris Marks

ADA Component

No



Project Description

Ongoing program to clean, inspect, and repair seventeen sewer pump station wet well structures located at: 8000 SE 20th Street (PS 1); 2239 60th Avenue SE (PS 4); 9036 North Mercer Way (PS 10); 3309 97th Avenue SE (PS 11); 4000 East Mercer Way (PS 12); 3897 West Mercer Way (PS 13); 4765 Forest Avenue SE (PS 15); 5495 West Mercer Way (PS 16); 6415 77th Avenue SE (PS 17); 7220 Holly Hill Drive (PS 18); 7697 West Mercer Way (PS 19); 8790 85th Avenue SE (PS 20); 8000 Avalon Drive (PS 21); 6223 East Mercer Way (PS 22); 5406 96th Avenue SE (PS 23); 4606 East Mercer Way (PS 24); 4266 East Mercer Way (PS 25).

Repairs include all necessary patching, grout sealing, resurfacing, or application of interior coatings to wet well floor, walls, and ceilings to restore structure integrity and extend the service life. Repairs are prioritized based on inspection results.

Project Justification

Routine cleaning of the pump station wet wells is necessary to remove grease, rock, and grit from influent pipes, force mains, and interior wet well surfaces. Accumulation reduces the storage capacity of the wet well and can restrict or obstruct flow, resulting in excessive wear or damage to pumps, pipes, and components. Wet wells have not been cleaned since 2018, so a cleaning and subsequent wet well condition assessment is necessary. Due to the age of the structures, it is anticipated that moderate to severe failures exist in the floor, walls, and ceiling. Wet wells having widespread signs of corrosion, cracking, spalling, or infiltration require immediate repair to continue operation.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0006	\$380,000	\$383,649	\$107,378	\$111,067	\$114,756	\$118,445

Lake Line Reach 1 Capacity Improvements

Project ID

90.30.0007

Program Plan

CRP

Target Completion Date

12/31/2028

2025-2026 Project Budget

\$1,023,979

Department

Public Works

Project Manager

Chris Marks

ADA Component

No



Project Description

This project will be located in and between the following pump stations: 6223 East Mercer Way (PS 22), 5406 96th Avenue SE (PS 23), 4606 East Mercer Way (PS 24), and 4266 East Mercer Way (PS 25). It funds evaluation and improvement of capacity deficiencies in sewer Lake Line System Reach 1.

Preliminary work is necessary to locate, mark, and map the lake line, confirm system configurations, and perform flow monitoring and hydraulic analysis that is incidental to project design. Work to secure local, state, and federal permits for in-water work is expected to be extensive and occur during the first year of the project. Pipe re-configuring, upsizing, and upgrades to pump stations and their associated components, hydraulic gradient manholes, and relief structures are expected during the construction phase. The project is expected to occur over four years, with construction occurring in the latter two years.

Project Justification

Lake Line System Reach 1 is comprised of four pump stations and more than 2.5 miles of connecting pipe. Reach 1 is responsible for conveying 20% of Mercer Island's wastewater to the South Metro Pump Station for off-Island treatment. During heavy rain events, high wet well levels and system surcharging threatens sanitary sewer overflows at the many relief structures located along Reach 1. Additionally, the lake line and pump stations were installed in the mid-1950s to late-1960s, and portions are nearing the end of their useful life. While completion of the Basin 40 CIPP Sewer Lining Project in 2024 addresses infiltration and inflow (I/I) in one of the largest and oldest tributary basins, Reach 1 requires immediate action to address the capacity issues and high potential for sewer overflows into Lake Washington during rain events.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0007	\$350,000	\$673,979	\$1,020,092	\$1,055,137	\$0	\$0

Sewer Utility

Sewer Pipe Replacements & Upsizing

Project ID
90.30.0008

Program Plan
CRP

Target Completion Date
12/31/2028

2025-2026 Project Budget
\$250,000

Department
Public Works

Project Manager
Chris Marks

ADA Component
Yes



Project Description

Replacement of approximately 85 feet of existing 8-inch sewer main with new 12-inch sewer main, abandonment of approximately 865 feet existing 10-inch asbestos cement sewer main, and installation of 1075 feet of new 10-inch, 12-inch, and 16-inch sewer main along new alignments within and directly adjacent to the eastern portion of Mercerdale Park, located at 3205 77th Ave SE.

The project will require the installation of a temporary sewer bypass to maintain services during construction. Portions of the existing park surface improvements impacted by the project will be restored and/or improved and include but are not limited to, replacement of existing paved path with shared use path, tree removal and replacement, construction of sidewalk and ADA curb ramps, and installation of storm drainage and pedestrian lighting facilities.

Work to secure local, state, and federal permits for work located in or near the existing wetland and wetland buffer is expected to be completed in 2024.

Project Justification

These segments of pipe were installed in the 1950s and 1960s and are shown to have capacity issues during storm events. Replacing the current pipe infrastructure not only ensures the reliability of the sewer collection system but is necessary to prevent wastewater overflows. Projects P-3 and P-4 of the 2018 General Sewer Plan support this improvement.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0008	\$0	\$250,000	\$1,400,000	\$0	\$0	\$0

Comprehensive Hydraulic Model Development

Project ID
90.30.0009
Program Plan
CRP
Target Completion Date
12/31/2025
2025-2026 Project Budget
\$250,000
Department
Public Works
Project Manager
Chris Marks
ADA Component
No



Project Description

Develop the first systemwide hydraulic model, which will be used as a baseline, to aid in identifying capacity issues, and to prioritize future reinvestment needs. As part of the data collection needed to create the model, a number of temporary flow meters will be installed at various locations throughout the sewer collection system.

Project Justification

The City currently has no systemwide hydraulic model of the sewer system. A hydraulic model can assess sewer system capacity and impacts on the sewer system resulting from future development and land use changes. The model is used to prioritize future reinvestment in the sewer collection system, existing/ future capacity needs, and aids in identifying rehabilitation methods. The model development should include the sewer lake line system. This project was identified in the 2018 General Sewer Plan (Project G-2); recalibration of the model should occur every 10 years, in conjunction with future updates to the General Sewer Plan. Flow data collected as part of the pump station and the pipe flow monitoring projects - projects 90.30.0017 and 90.30.0018 - will assist in the development and recalibration of the model.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0009	\$250,000	\$0	\$0	\$0	\$0	\$0

Sewer Utility

Comprehensive I/I Evaluation

Project ID
90.30.0010

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$203,689

Department
Public Works

Project Manager
Chris Marks

ADA Component
No



Project Description

Conduct a comprehensive inflow and infiltration (I/I) investigation of all sewer basins and sub-basins to identify areas of concern and prioritize areas that require investment under the comprehensive pipeline rehabilitation and replacement (R&R) program.

Project Justification

The City currently does not have a comprehensive plan to monitor flows to evaluate, identify, or address problems related to high I/I. During wet weather events, pump stations may operate at capacity due to groundwater and surface water entering into the sewer pipe system. Finding and correcting I/I early can reduce maintenance and operation costs as well as R&R costs. Identifying groundwater and surface water from the sanitary sewer system will help prioritize future areas to address in the Comprehensive Pipeline R&R Program (90.30.00014).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0010	\$100,000	\$103,689	\$0	\$0	\$0	\$0

74th, 76th, & 77th Sewer Upgrades

Project ID
90.30.0011

Program Plan
CRP

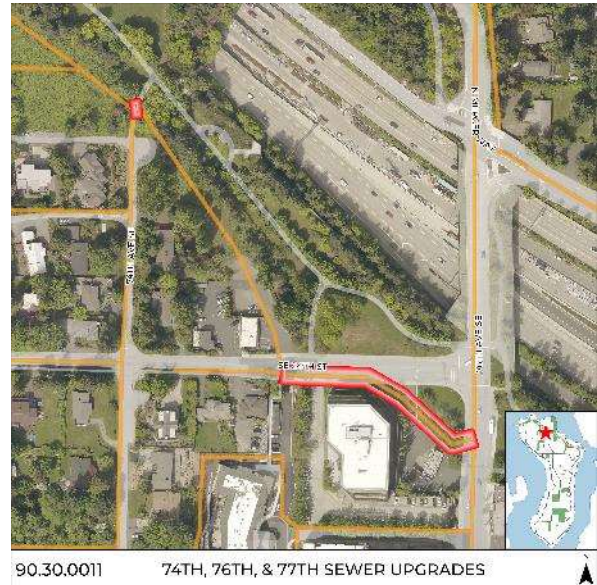
Target Completion Date
12/31/2026

2025-2026 Project Budget
\$219,611

Department
Public Works

Project Manager
Chris Marks

ADA Component
No



Project Description

Replace and upsize existing 8-inch sewer main segments in the vicinity of 74th Avenue SE/I-90 and 76th Avenue SE/SE 24th Street and perform sewer manhole configuration upgrades to the intersection of 77th Avenue SE and SE 27th Street. Flow monitoring and design will take place in 2025, followed by construction in 2026.

Project Justification

Hydraulic modeling and analysis of the Town Center sewer system has identified these areas as having capacity deficiencies during rain events under current conditions and/or under 2035 growth model conditions. Replacing and reconfiguring the current pipe infrastructure not only ensures the reliability of the sewer collection system but also is necessary to prevent wastewater overflows now and in the near future. Projects P-5, P-6, and P-7 of the 2018 General Sewer Plan support this project.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0011	\$90,000	\$129,611	\$0	\$0	\$0	\$0

Sewer Utility

Sewer Easements and Right-Of-Way

Project ID
90.30.0012

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$305,534

Department
Public Works

Project Manager
Chris Marks

ADA Component
No



Project Description

The goal of this project, in conjunction with the Pump Station Accessibility Improvements (90.30.0009), is to improve access to all pump stations for continued ongoing maintenance and operations. Work includes reviewing and confirming easements for pump station and lake line access, including easement language and rights of use for existing docks. The project entails conducting a comprehensive review of codes and standards relating to utility access. Also, work will identify and implement additional easement language, which enables full access to this infrastructure in order to support maintenance and operation activities.

Project Justification

The City’s sewer system consists of 18 pump stations and the sewer lake line. Both are essential components for the continued reliable operation of the sewer collection system. When the pump stations and lake line were first constructed, easements were obtained from adjacent property owners. Many easements do not adequately cover the infrastructure, nor define suitable areas for City rights of entry. Some were not recorded, and copies are no longer available. Over time, entry to some pump stations have become blocked, making access to these sites difficult. This project is identified as Project PS-1 in the 2018 General Sewer Plan. The 2019 Lake Line and Pump Station Access Evaluation report also supports the need for this work.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0012	\$150,000	\$155,534	\$0	\$0	\$0	\$0

General Sewer Plan Update

Project ID
90.30.0013
Program Plan
CRP
Target Completion Date
12/31/2027
2025-2026 Project Budget
\$134,796
Department
Public Works
Project Manager
Chris Marks
ADA Component
No



Project Description

Update the General Sewer Plan for adoption in 2028, in accordance with the requirements of WAC 173-240-050. Examine policies, review capital improvement projects, and identify projects to accomplish in the short-, mid-, and long-term CIP phases. Coordinate project with other major City planning efforts to avoid public engagement fatigue.

Project Justification

Updates to the sewer plan should occur every 10 years in order to maintain the continued reliability of the wastewater collection system. Revisions to the last plan started in 2015 and adopted by the City Council until 2018. Development of the Comprehensive Hydraulic Model in 2025 (90.40.0009) will allow for complete analysis of the utility to begin in 2026 and 2027. This project was identified in the 2018 General Sewer Plan (Project G-4).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0013	\$0	\$134,796	\$128,854	\$0	\$0	\$0

Sewer Utility

Comprehensive Pipeline R&R Program

Project ID
90.30.0014
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Chris Marks
ADA Component
No



Project Description

Ongoing program to improve the sewer collection system by reducing inflow and infiltration (I/I) at various sewer basins and sub-basins across the Island. Work includes sewer main and manhole rehabilitation and replacement (R&R). This program will pause during the 2025-2026 biennium and restart in the 2027-2028 biennium following the completion of the Comprehensive I/I Evaluation (90.30.0010).

Project Justification

Many components of the sewer system are aging and have structural damage or other defects that lead to increased I/I. NAASCO CCTV inspection data is used to prioritize these pipeline projects and develop a comprehensive R&R program to continually address deteriorating pipes as they reach the end of their useful life. These ongoing improvements ensure reliable and cost-effective sewer system operations. This project was identified in the 2018 General Sewer Plan (Project P-10).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0014	\$0	\$0	\$590,579	\$610,869	\$631,159	\$651,448

Sewer System Generator Replacement

Project ID

90.30.0015

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$0

Department

Public Works

Project Manager

Chris Marks

ADA Component

No



Project Description

Ongoing program to replace generators that provide emergency power at each of the 17 sewer pump stations. The program also includes repairing the generators' above ground enclosures and below grade vaults as well as upgrading ancillary generator equipment to meet the most current National Electric Code (NEC) and National Fire Protection Association/International Fire Code (NFPA/IFC) requirements. This program will begin in 2027 and fund two generator replacements each biennium.

Project Justification

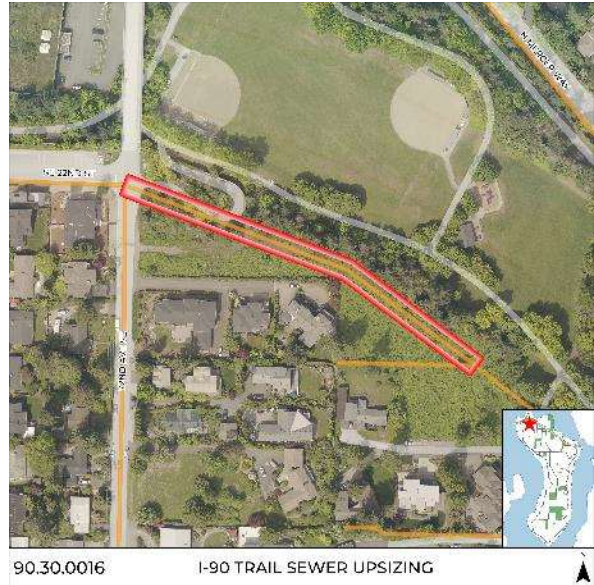
Sewer pump stations are located close to Lake Washington (generally within 50 feet). On-site back-up power generators are a cost-effective safeguard for the sewer system that ensures the reliability of the station and prevents sewer flows from building up in the event of a power outage. Generators have a useful life of 25 to 30 years. This ongoing program replaces one generator each year. The project was identified in the 2018 General Sewer Plan (Project PS-2).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0015	\$0	\$0	\$252,338	\$960,730	\$269,677	\$1,024,551

Sewer Utility

I-90 Trail Sewer Upsizing

Project ID
 90.30.0016
Program Plan
 CRP
Target Completion Date
 12/31/2028
2025-2026 Project Budget
 \$0
Department
 Public Works
Project Manager
 Chris Marks
ADA Component
 No



Project Description

Replace and upsize approximately 405 feet of existing 8-inch sewer main adjacent to the I-90 Trail between 72nd Avenue SE and the 73rd Avenue SE alignment.

Project Justification

Hydraulic modeling and analysis of the Town Center sewer system has identified this area as having capacity deficiencies during rain events under current conditions and under 2035 growth model conditions. Replacing the current pipe infrastructure not only ensures the reliability of the sewer collection system but also is necessary to prevent wastewater overflows now and in the near future.

This project was identified in the 2018 General Sewer Plan (P-8). Staff recommend beginning this project after the completion of the sewer upgrades on 74th, 76th, and 77th Avenues SE (90.30.0011).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0016	\$0	\$0	\$69,796	\$72,194	\$0	\$0

Pump Station Flow Monitoring

Project ID
90.30.0017

Program Plan
CRP

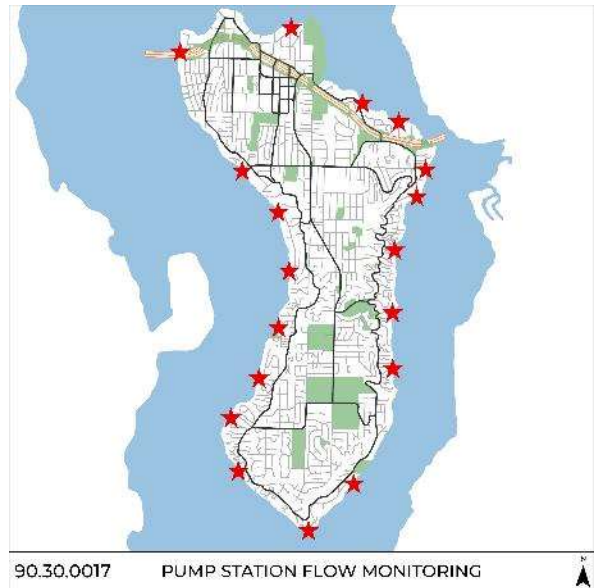
Target Completion Date
12/31/2028

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Chris Marks

ADA Component
No



Project Description

Ongoing program to install wastewater flow and level monitoring to evaluate pump station capacity and flows during high-flow events. Work requires modifications to the discharge piping within pump station dry wells as well as programming support for SCADA integration.

The following pump stations will be addressed: 8000 SE 20th Street (PS 1); 2239 60th Avenue SE (PS 4); 9036 North Mercer Way (PS 10); 4000 East Mercer Way (PS 12); 3897 West Mercer Way (PS 13); 4311 Forest Avenue SE (PS 14); 4765 Forest Avenue SE (PS 15); 5495 West Mercer Way (PS 16); 6415 77th Avenue SE (PS 17); 7220 Holly Hill Drive (PS 18); 7697 West Mercer Way (PS 19); 8790 85th Avenue SE (PS 20); 8000 AVALON DR (PS 21); 6223 E MERCER WAY (PS 22); 5406 96TH AVE SE (PS 23); 4606 East Mercer Way (PS 24); 4266 East Mercer Way (PS 25).

Project Justification

There is currently no flow monitoring program for the sewer system. Flow and level monitoring at pump stations is necessary to support SCADA reliability and to understand capacity of the lake line system. This project supports ongoing hydraulic model development, project 90.30.0014.

Upon project completion, staff will have knowledge of actual system flows which will help minimize system failures and also ensure the continuation of reliable sewer service. This project is scheduled to commence once the SCADA system upgrades are complete, which is expected in the fall 2025. This project was identified in the 2018 General Sewer Plan (Project PS-3).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0017	\$0	\$0	\$375,823	\$388,735	\$0	\$0

Sewer Utility

Sewer Pipeline Flow Monitoring

Project ID
 90.30.0018
Program Plan
 CRP
Target Completion Date
 12/31/2028
2025-2026 Project Budget
 \$0
Department
 Public Works
Project Manager
 Chris Marks
ADA Component
 No



90.30.0018 SEWER PIPELINE FLOW MONITORING

Project Description

This project evaluates the capacity of the collection system by conducting flow monitoring in sewer mains and manholes Mercer Island-wide. Work involves permanent installation of flow meters at the downstream end of major junctions in the gravity system, as well as the installation of rainfall gauges at specified locations across the Island. Meter sites will be evaluated to maximize the usefulness of data measured. Internet- or cellular-based data collection by a third party will be made available to sewer operations and maintenance for retrieval and use.

Project Justification

There is currently no flow monitoring program for the sewer collection system. Flow monitoring is necessary for evaluating the capacity of the sewer pipe system during diurnal, dry weather, and peak wet weather wastewater flows. Data in near real-time can detect problems with the system (surcharge events) as they occur, and data from ongoing flow monitoring will be used to calibrate the hydraulic model, project 90.30.0014, and identify segments of high infiltration and inflow (I/I) for future investment. This project was identified in the 2018 General Sewer Plan (Project G-1).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0018	\$0	\$0	\$300,659	\$310,988	\$0	\$0

Pump Station R&R Assessment

Project ID

90.30.0019

Program Plan

CRP

Target Completion Date

12/31/2030

2025-2026 Project Budget

\$0

Department

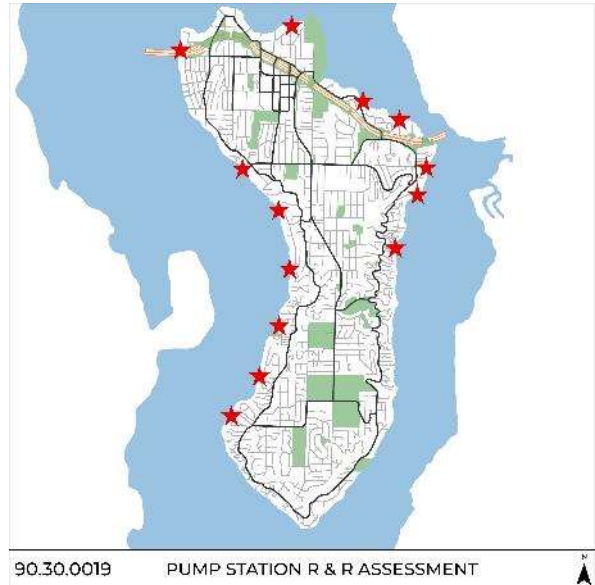
Public Works

Project Manager

Chris Marks

ADA Component

No



Project Description

This project will finish conducting a comprehensive rehabilitation and replacement (R&R) review of the remaining ten pump stations (PS) in the following locations: 8000 SE 20th Street (PS 1); 9036 North Mercer Way (PS 10); 4000 East Mercer Way (PS 12); 3897 West Mercer Way (PS 13); 4765 Forest Avenue SE (PS 15); 5495 West Mercer Way (PS 16); 6415 77th Avenue SE (PS 17); 7220 Holly Hill Drive (PS 18); 4606 East Mercer Way (PS 24); 4266 East Mercer Way (PS 25).

The review will include prioritizing pump stations based on risk and consequence of failure. Identified improvements will be included in future design and subsequent construction projects.

Project Justification

Sewer pump stations are an essential part of the sewer collection system. These stations were installed in the mid-1950s to late 1960s as part of the Sewer Lake Line system. They are aging and in need of capital repair that can no longer be deferred. The assessment of pump stations 19-23, completed in 2023, underscored serious mechanical, electrical, and structural deficiencies. Deferral of pump station R&R could result in pump station failure and sewer overflow into Lake Washington. This project is identified in the 2018 General Sewer Plan (Projects PS-4 and PS-5).

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0019	\$0	\$0	\$0	\$0	\$86,067	\$88,834

Sewer Utility

Lake Line Locating and Marking

Project ID
90.30.0020
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Chris Marks
ADA Component
No



Project Description

Locate and mark the sewer lake line to document its physical location. This will assist with future condition assessment and rehabilitation and replacement (R&R) projects as well as coordinate with dock and other private construction.

This project will verify the profile of the lake line and private laterals, locate special catch basins and emergency bypass locations, and confirm pump station piping configurations, resulting in a lake bathymetry map with horizontal and vertical geospatial information to reduce risk of future damage. This project will also install survey-grade markers to enable future locating of the lake line. Work to secure local, state, and federal permits for in-water work is expected to be extensive and occur during the first year of the project.

Project Justification

The sewer lake line system is a critical component in the sewer system to provide reliable sewer service to Mercer Island. When originally constructed, the lake line alignment was marked by installing a metal washer on the side of existing private docks. Since then, docks have been rebuilt and the washers were either removed or lost and not replaced. There are no known survey coordinates of the pipeline and continual erosion of the shoreline, and the lakebed has magnified the uncertainty of its location.

Results from this project will re-establish and document the lake line’s location, and assist with hydraulic model development, project 90.30.0009. This project was identified in the 2018 General Sewer Plan (Project L-4), and the 2019 Lake Line and Pump Station Access Evaluation report confirms the need for locating the lake line to support future R&R.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0020	\$0	\$0	\$0	\$0	\$516,403	\$2,309,680

Lake Line Condition Assessment

Project ID
90.30.0021
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Chris Marks
ADA Component
No



Project Description

Provide a high-level evaluation of the entire sewer lake line to identify the overall condition of the pipe and to test pressure. Review historical project information to determine pipe material, wall thickness, lining, coating, joint type, and gasket material; and compare to actual pipe conditions. Prioritize segments that require further assessment to be investigated later in future biennia. Results from the condition assessment will guide future lake line rehabilitation and replacement (R&R) projects.

Work to secure local, state, and federal permits for in-water work is expected to be extensive and occur during the first year of the project. This project may be completed in conjunction with Project 90.30.0020 Lake Line Locating and Marking.

Project Justification

The sewer lake line system is critical to providing reliable sewer service to Mercer Island. The lake line was installed in the mid-1950s to late-1960s, and portions may be nearing the end of its useful life. Access to the lake line is limited, which prevents routine maintenance, inspection, or cleaning of the pipe, and the pipe condition is unknown.

Locating and marking the lake line is necessary to determine the location of the pipe and access points in order to conduct the condition assessment. Results from this condition assessment will establish priorities for future R&R. Projects L-2, L-3, and L-4 of the 2018 General Sewer Plan support this project.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0021	\$0	\$0	\$0	\$0	\$401,646	\$1,954,345

Sewer Utility

West Mercer Way Pipe Upsizing

Project ID
 90.30.0022
Program Plan
 CRP
Target Completion Date
 12/31/2030
2025-2026 Project Budget
 \$0
Department
 Public Works
Project Manager
 Chris Marks
ADA Component
 No



Project Description

Replace and upsize nearly 450 feet of existing 8-inch and approximately 550 feet of existing 10-inch sewer main located in the vicinities of West Mercer Way/Homestead Park and West Mercer Way/Mercerdale Hillside.

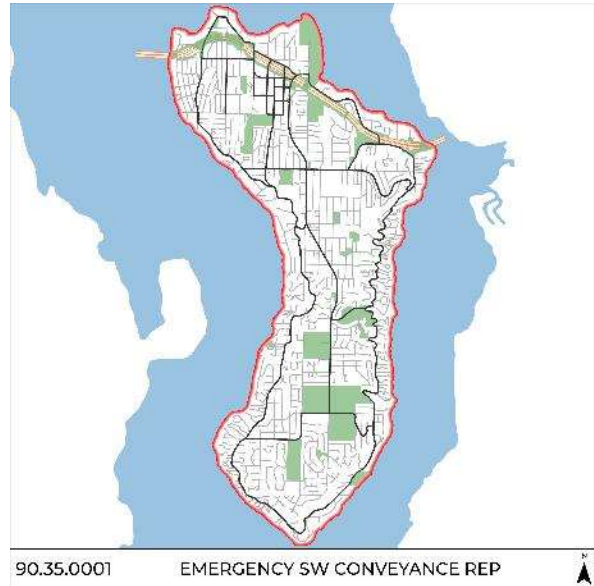
Project Justification

These two segments of pipe were installed in the 1950s and 1960s and are shown to have capacity issues during storm events. Additionally, the segment of pipe near Homestead Park has a shallow pipe slope, which contributes to surcharging and the accumulation of solids. Replacing the current pipe infrastructure not only ensures the reliability of the sewer collection system but also is necessary to prevent wastewater overflows. Project P-1 and P-2 of the 2018 General Sewer Plan support this project.

Expenditures	2025	2026	2027	2028	2029	2030
90.30.0022	\$0	\$0	\$0	\$0	\$137,707	\$177,668

Emergency Stormwater Conveyance Repair Program

Project ID
90.35.0001
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$101,845
Department
Public Works
Project Manager
Brian Hartvigson
ADA Component
No



Project Description

Annual Emergency Stormwater Conveyance Repair program to repair and/or replace current stormwater infrastructure on an as-needed emergency basis.

Project Justification

The National Pollutant Discharge Elimination System (NPDES) permit requires the City to perform repairs on the stormwater conveyance system in a timely manner and to standards set forth in the Stormwater Management Manual for Western Washington. The Emergency Stormwater Conveyance Repair program provides funding for these unforeseeable incidents that have become more commonplace in the City's aging stormwater conveyance system. Stormwater pipe failures often result in costly repairs that are accompanied with increased exposure to risk and surrounding infrastructure damage.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0001	\$50,000	\$51,845	\$53,689	\$55,534	\$57,378	\$59,223

Stormwater Utility

Street Related Storm Drainage Improvements

Project ID
90.35.0002
Program Plan
CFP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$305,534
Department
Public Works
Project Manager
Ian Powell
ADA Component
No



Project Description

This project installs storm drainage improvements at various locations on Mercer Island in advance of residential and arterial street resurfacing work.

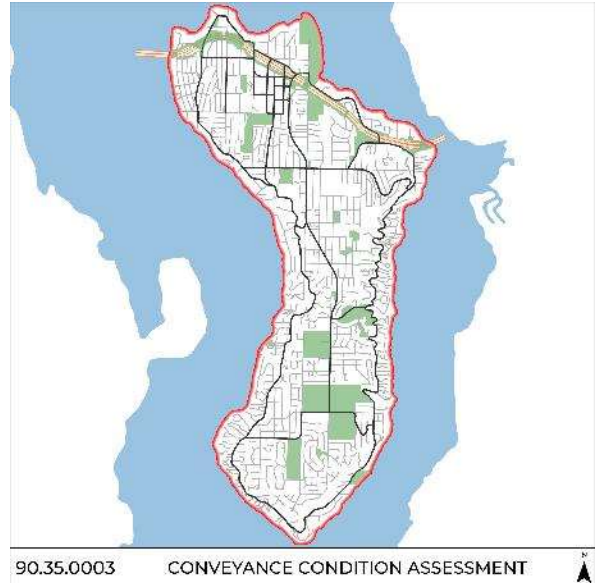
Project Justification

This project addresses existing drainage issues in neighborhoods prior to street repaving projects.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0002	\$150,000	\$155,534	\$161,067	\$166,601	\$172,134	\$177,668

Stormwater Conveyance Condition Assessment

Project ID
90.35.0003
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$203,689
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

This is an ongoing program to inspect the main arteries of the stormwater conveyance system, known as trunklines, using a video inspection method called CCTV. Inspections will document pipe condition, identify defects, and verify pipe size and material. The collected data will be used to categorize the condition of the trunklines and identify/rank needed repair and replacement projects.

Project Justification

Deficiencies and defects in trunklines impact the entire drainage system and may cause flooding, property damage, and roadway damage. Inspecting the storm conveyance system will allow the City to identify and resolve defects to prevent negative impacts. The Stormwater Management Program (SWMP) directs City stormwater operations within the National Pollutant Discharge System (NPDES), which requires stormwater system conveyance inspections.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0003	\$100,000	\$103,689	\$107,378	\$111,067	\$114,756	\$118,445

Stormwater Utility

Stormwater System Improvements

Project ID
90.35.0004

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$814,756

Department
Public Works

Project Manager
Elayne Grueber

ADA Component
No



Project Description

Ongoing program to improve the stormwater conveyance system by addressing localized drainage issues or identified system defects through repair, replacement, extension, or system additions. Issues and defects could include broken or sunken pipes, non-standard drainage structures, roadway ponding, need for additional catch basins for improved collection, or minor gaps in the piped system.

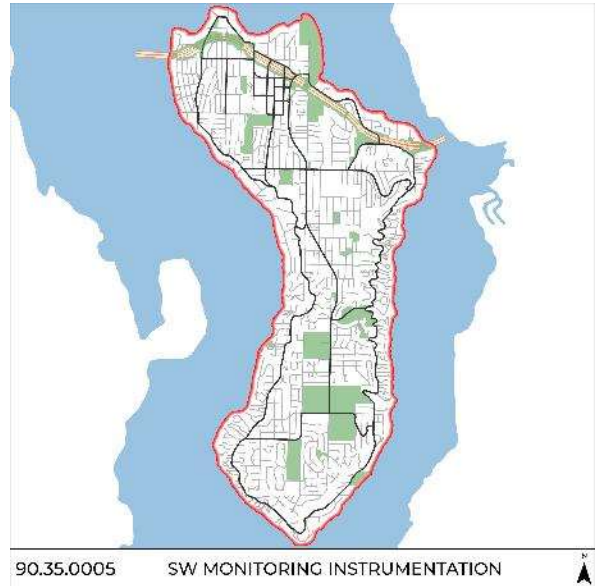
Project Justification

Many components of the stormwater conveyance system are aging and have structural damage or other defects. The City uses CCTV and other field inspection data to prioritize stormwater pipe issues and develop a comprehensive program to continually address pipes as they reach the end of their useful lives.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0004	\$400,000	\$414,756	\$429,512	\$444,268	\$1,377,073	\$1,421,342

Stormwater Monitoring Instrumentation

Project ID
90.35.0005
Program Plan
CRP
Target Completion Date
12/31/2028
2025-2026 Project Budget
\$122,213
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

Evaluate and install monitoring options and instrumentation for the City’s stormwater conveyance system at key locations. In 2025-2026, evaluation will determine opportunities at various locations with sample locations installed and tested. Additional equipment will be installed in 2027-2028.

Project Justification

The conveyance system currently has many “hotspots” that must be regularly monitored in-person to check for obstructions or blockages. Installing monitoring equipment will provide staff with ongoing information about the conditions at each location, offering early warning and real-time, critical data to support maintenance needs. Labor hours required to visit these sites for visual monitoring will decrease when new monitoring equipment is operational.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0005	\$60,000	\$62,213	\$64,427	\$66,640	\$0	\$0

Stormwater Utility

West Mercer Way Culvert Replacements

Project ID

90.35.0006

Program Plan

CRP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$566,601

Department

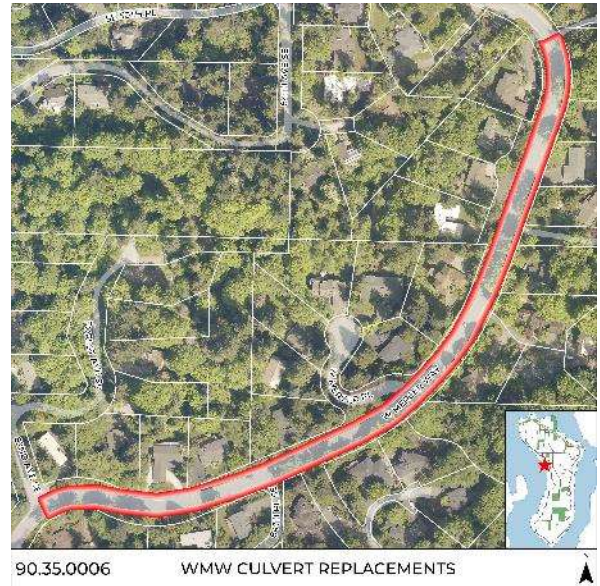
Public Works

Project Manager

Elayne Grueber

ADA Component

No



Project Description

Repair/replace up to seven watercourse culvert crossings for SB 27a at the following locations on West Mercer Way (WMW): 4848 WMW, 5020 WMW, 5050 WMW, 5080 WMW, 5222 WMW, 5215 WMW, and 5252 WMW. This project will also investigate additional repair/replacement needs along the remainder of WMW. The goal will be to use trenchless methods such as sliplining or pipe bursting.

Project Justification

The City began this culvert program in 2022 with the replacement of eight culverts crossings, primarily along East Mercer Way. Using CCTV, the City found culvert integrity defects, including separated joints, cracks, collapsed pipe, and root intrusion at the identified locations on West Mercer Way. A culvert pipe failure along this main arterial would pose a structural risk to the roadway, underground utilities, and downslope properties. The remainder of the crossings/culverts along West Mercer Way will be assessed in 2025-2026, with repair/replacement planned for 2027-2028.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0006	\$100,000	\$466,601	\$107,378	\$499,802	\$0	\$0

Watercourse Condition Update

Project ID
90.35.0007
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$250,000
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

This project continues ongoing condition assessments for Mercer Island ravines and watercourses. The work includes updating assessments of the physical condition and rate of erosion for previously identified watercourses as well as any new locations of concern. The assessments will be used to plan and prioritize future watercourse restoration projects. In addition, this project includes evaluation of past watercourse remediation projects to identify any locations in need of minor repair/adjustments or corridors requiring efforts to reestablish riparian areas.

Project Justification

Watercourses throughout Mercer Island serve as part of the City's stormwater conveyance system. Many have downcutting, stability, and/or erosion issues. The City has been actively working to stabilize watercourses to reduce bank and slope instability, landslide potential, erosion, and sedimentation, as well as improve the overall watercourse habitat. This project will support this stabilization work by providing information to prioritize future projects. Additionally, this project will assess the impacts of previous watercourse improvements. Stream banks can become overgrown with invasive plants and stream flows often displace logs and grade control structures that were installed during past projects, resulting in the need for adjustments after years of use.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0007	\$250,000	\$0	\$0	\$0	\$0	\$0

Stormwater Utility

SB 22.1 and 25b.2 Watercourse Improvements

Project ID
90.35.0008

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$380,000

Department
Public Works

Project Manager
Elayne Grueber

ADA Component
No



Project Description

This project includes the stabilization of approximately 360 total linear feet of channel at two watercourses: SB 22.1, located west of West Mercer Way near the 4200 block (Site 1); and SB 25b.2, located along Forest Avenue SE, west of 84th Avenue SE (Site 2).

Channel stabilization at both sites includes clearing and regrading the channel bed with streambed gravel mix; planting riparian buffer along the banks; installing logs and rootwads; and replanting with native vegetation. Project design and permitting were completed in 2024. Construction is planned for 2025.

Project Justification

At Site 1, the channel has near vertical banks and is incised, impacting the fill slope adjacent to West Mercer Way and creating potential impacts to the roadway. Site 2 includes highly erodible, loose silt and soil banks, with localized earth movement on both banks and slide material in the bottom of the ravine. These conditions pose risks to slope stability, increasing erosion/sedimentation and habitat destruction over time. Addressing these conditions reduces bank and slope instability, landslide potential, erosion, and sedimentation, as well as improves the overall watercourse habitat.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0008	\$380,000	\$0	\$0	\$0	\$0	\$0

SB 46a.3 Watercourse Improvements

Project ID

90.35.0009

Program Plan

CRP

Target Completion Date

12/31/2026

2025-2026 Project Budget

\$544,367

Department

Public Works

Project Manager

Elayne Grueber

ADA Component

No



90.35.0009 SB 46A.3 WATERCOURSE IMP

Project Description

This project improves approximately 475 feet of watercourse channel in SE 53rd Open Space, located at SE 53rd Place and East Mercer Way. Work includes clearing and regrading the channel bed, adding streambed gravel mix, planting riparian buffer on the banks, and installing logs and rootwads. Project design is being completed in 2024. Construction is planned to be completed in 2026 after obtaining permits.

Project Justification

The watercourse extends through the SE 53rd Open Space, a 26-acre natural area starting east of Island Crest Way to East Mercer Way. Segments with three- to four-foot tall sandy banks are eroding and likely contributing to downstream sedimentation deposits. The water surface has also eroded a subsurface channel, creating unstable banks, and landslide material on part of the north bank appears to be creeping. Addressing these conditions reduces bank and slope instability, landslide potential, erosion, and sedimentation, as well as improves the overall watercourse habitat.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0009	\$0	\$544,367	\$0	\$0	\$0	\$0

Stormwater Utility

SB 29.3 and 34.1 Watercourse Improvements

Project ID
90.35.0010
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

This project involves improvements for approximately 250 total linear feet of channel at two watercourses: SB 29.3, located west of West Mercer Way, near the 6200 block (Site 1); and SB 34.1, located east of West Mercer Way, near the 8200 block (Site 2).

Restorations at both sites include channel stabilization using stream boulders, cobbles, and logs, and riparian planting along the banks. Design will be completed in 2024, and construction is planned for 2027 after obtaining permits.

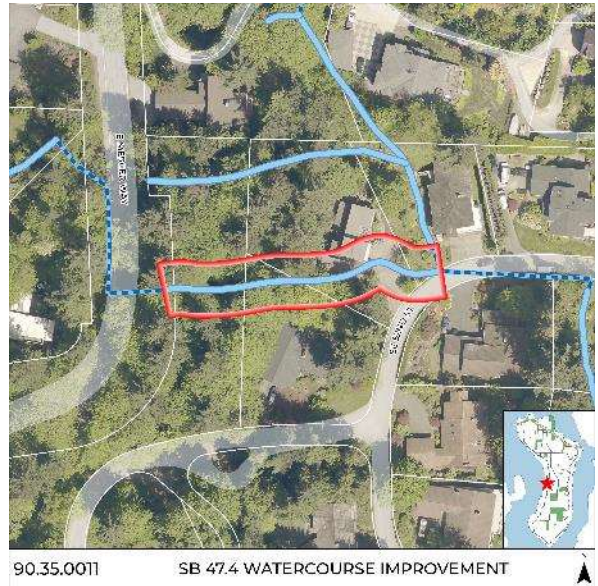
Project Justification

Site 1 features a 150-foot reach that contains one to two-foot drops causing bank erosion and destabilizing of the west bank. At Site 2, a four-foot headcut (abrupt/steep slope) developed downstream at the outlet of a culvert, and the channel is eroding within 10-feet of a private foundation. Addressing these conditions reduces bank and slope instability, erosion, and sedimentation, as well as improves the overall watercourse habitat.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0010	\$0	\$0	\$375,823	\$0	\$0	\$0

SB 47.4 Watercourse Improvements

Project ID
90.35.0011
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

This project remediates stormwater flow in SB 47.4. Flow from an eight-inch culvert under East Mercer Way is flowing near 9426 SE 52nd Street, creating some erosion issues and potential future impacts to the adjacent area.

Project Justification

This location is part of the stormwater conveyance system. Over time, the flow route has shifted, causing potential issues for the resident at this address. By piping the watercourse in this location, the flow route can be stabilized, reducing the potential for future impacts.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0011	\$0	\$0	\$80,534	\$55,534	\$0	\$355,335

Stormwater Utility

East Seattle Neighborhood Drainage Improvements

Project ID
90.35.0012

Program Plan
CRP

Target Completion Date
12/31/2028

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Elayne Grueber

ADA Component
No



Project Description

Improve the neighborhood stormwater system in East Seattle, including repairing/replacing aging system components such as offset joints and cracked or collapsed pipes. Several project locations have been identified through CCTV and field inspections, including SE 32nd Street, 60th Avenue SE, and 61st Avenue SE.

Project Justification

This is one of the oldest neighborhoods on Mercer Island, with several known stormwater issues identified through CCTV inspection and previous water main construction activities. The remainder of the neighborhood will be inspected, and all necessary repairs will be completed with this project ahead of future road resurfacing.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0012	\$0	\$0	\$107,378	\$416,502	\$0	\$0

Watercourse Minor Repairs & Maintenance

Project ID
90.35.0013
Program Plan
CRP
Target Completion Date
12/31/2029
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

The City has completed multiple watercourse projects throughout Mercer Island to reduce bank and slope instability, landslide potential, erosion, and sedimentation, as well as improve the overall watercourse habitat. This project focuses on reestablishing riparian corridors and making minor adjustments to watercourse logs and grade control structures, removing invasive vegetation, and enhancing native vegetation for previous watercourse projects. A condition assessment will be conducted in 2025-2026 to determine the locations that need repair and maintenance (90.35.0003).

Project Justification

With time, stream banks become overgrown with invasive plants. Watercourse restoration projects often require minor follow up work to reestablish riparian buffer zones that prevent pollutants from entering watercourses via runoff. These zones also control erosion and provide habitat and nutrient input into streams. Stream flows often displace logs and grade control structures that were installed in the past, so minor modifications help maintain the integrity of original construction years after its completion.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0013	\$0	\$0	\$161,067	\$0	\$172,134	\$0

Stormwater Utility

SB 23.2 Watercourse Improvements

Project ID
90.35.0014

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$300,000

Department
Public Works

Project Manager
Elayne Grueber

ADA Component
No



Project Description

This project includes the stabilization of approximately 300 total linear feet of watercourse channel, located west of West Mercer Way near the 4300 block. Channel stabilization includes clearing and regrading the channel bed with streambed gravel mix; planting riparian buffer along the banks; installing logs and rootwads; and replanting with native vegetation. Project design and permitting were completed in 2023-2024. Construction is planned for 2025.

Project Justification

The channel has numerous 2 to 10-foot vertical banks and is incised. Some evidence of past slope failures is present. These conditions pose risks to slope stability, increasing erosion/sedimentation and habitat destruction over time. Addressing these conditions reduces bank and slope instability, landslide potential, erosion, and sedimentation, as well as improves the overall watercourse habitat.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0014	\$300,000	\$0	\$0	\$0	\$0	\$0

SB 25b Neighborhood Drainage Improvements

Project ID
90.35.0015

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$425,000

Department
Public Works

Project Manager
Elayne Grueber

ADA Component
No



Project Description

Construct improvements for a neighborhood stormwater system that includes storm pipes near 4620 SE 86th Avenue SE; on SE 47th Street; between 86th and 84th Avenues SE; on 84th Avenue SE between SE 47th Street and 47th Place; and near 4731 84th Avenue SE. Design will be completed by the end of 2024; construction is planned for 2025. For a cost savings, this construction of this project was combination with the 2025 Water System Improvements (90.40.0031).

Project Justification

This project addresses local ponding caused by lack of existing drainage and aging stormwater components such as offset joints and cracked pipes in this neighborhood. These improvements must be completed before planned street paving and widening on 84th Avenue SE (90.25.0001) scheduled for late in the 2025-2026 biennium.

Expenditures	2025	2026	2027	2028	2029	2030
90.35.0015	\$425,000	\$0	\$0	\$0	\$0	\$0

Water Utility

Emergency Water System Repairs

Project ID
90.40.0001

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$407,378

Department
Public Works

Project Manager
Allen Hunter/Elayne Grueber

ADA Component
No



Project Description

Ongoing program to repair or replace water distribution system infrastructure on an emergency basis.

Project Justification

Due to an aging water distribution system and degradation of existing infrastructure, the City has seen an increase in pipe failures and watermain breaks. These emergencies have resulted in costly repairs and increased risk to exposure and potential system contamination. This repair program provides funding to address failed assets during unforeseen emergency events.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0001	\$200,000	\$207,378	\$214,756	\$222,134	\$229,512	\$236,890

Water System Components Replacement Program

Project ID
90.40.0002

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$101,845

Department
Public Works

Project Manager
Allen Hunter/Elayne Grueber

ADA Component
No



90.40.0002 WATER SYSTEM COMPONENTS REPLACEMENT

Project Description

Ongoing program to replace components of the water system, including in-line valves, pressure reducing valves, air-vacuum release valves, blow-offs, and meter setter check valves, as needed annually.

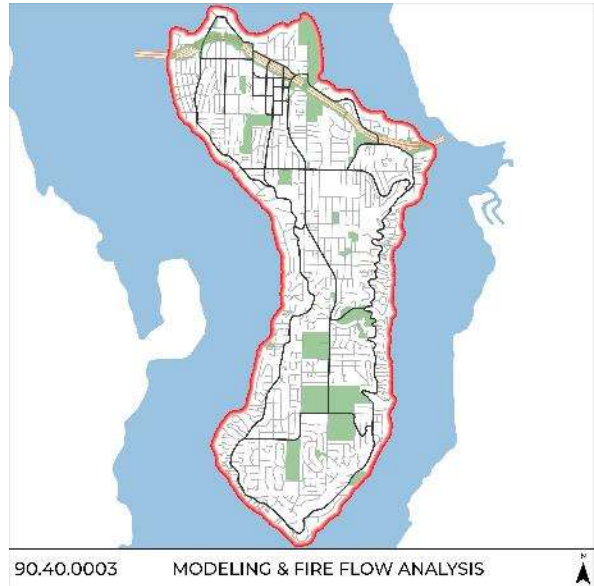
Project Justification

This project funds the City's systematic, annual improvement program to ensure all water system components function properly and effectively. This work furthers goals outlined in the 2015 City's Water System Plan and the 2022 Water System Plan Update, ensuring necessary improvements so the City remains on the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0002	\$50,000	\$51,845	\$53,689	\$55,534	\$57,378	\$59,223

Modeling & Fire Flow Analysis

Project ID
90.40.0003
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$81,476
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

Update the City’s hydraulic model of the water system every two years by incorporating improvements or changes to the water system resulting from capital projects, private development projects, and maintenance activities. The updated model is used for ongoing analysis of the water system, including examining capacity and performance during high-demand situations; identifying potential system improvements; supporting design efforts; and analyzing fire flow.

Project Justification

The hydraulic model is a valuable tool for supporting the water system. Model results provide critical data for system planning and operation strategy as well as support the design and construction phases of water system projects. This project furthers the goals outlined in the City's current Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0003	\$40,000	\$41,476	\$42,951	\$44,427	\$45,902	\$47,378

Street Related Water System Improvements

Project ID
90.40.0004

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$305,534

Department
Public Works

Project Manager
Ian Powell

ADA Component
No



Project Description

Replace fire hydrants, water valves, water services, and other associated appurtenances in advance of, or in conjunction with street overlays.

Project Justification

Completing water system improvements prior to or in conjunction with street projects is a cost-effective way to carry out utility upgrades in areas where roadway improvements have been planned.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0004	\$150,000	\$155,534	\$161,067	\$166,601	\$172,134	\$177,668

Water Utility

2024 PRV Station Construction

Project ID
90.40.0005

Program Plan
CRP

Target Completion Date
12/31/2025

2025-2026 Project Budget
\$2,500,000

Department
Public Works

Project Manager
George Fletcher

ADA Component
No



Project Description

This ongoing program systematically replaces pressure reducing valve (PRV) stations Citywide every two years. The City operates 85 PRV stations, and five stations are planned for replacement during each biennium. In general, the life span of a new PRV station is 50-60 years with routine maintenance. Design work on this project was completed in 2024 and construction is planned for 2025 and to be completed in Q4 of 2025.

Project Justification

Due to Mercer Island’s topography, pressure reducing valves (PRVs) are required to maintain acceptable water pressure Island-wide, making PRV stations an integral component of the City’s water system. Like water main breaks, potential damage caused by PRV failures can be detrimental to the water system and surrounding neighborhoods. The City operates 85 PRV stations, and many do not meet current City standards. This project furthers goals outlined in the City's Water System Plan (2022), ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0005	\$2,500,000	\$0	\$0	\$0	\$0	\$0

2025 Water System Improvements: Greenbrier Loop

Project ID
90.40.0007
Program Plan
CRP
Target Completion Date
12/31/2025
2025-2026 Project Budget
\$400,000
Department
Public Works
Project Manager
George Fletcher
ADA Component
No



Project Description

Investigate and acquire easements, develop an alternatives analysis, and bore water main or directional drill down Greenbrier Hill to connect the looped water system at Gallagher Hill Road. Looping water mains creates redundancy. Both of the above options are "trenchless" technologies that will not disturb the hillside.

Project Justification

Improving and renewing the water system is necessary to prevent unexpected system breakdowns and expensive emergency repairs. Connecting this loop and taking Asbestos Concrete water main out of our system creates resilience and redundancy needed within our water system. Taking a proactive approach to renew critical components such as water mains will strengthen the system’s reliability in serving its customers. This project furthers goals outlined in the City's Water System Plan (2022), ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0007	\$400,000	\$0	\$0	\$0	\$0	\$0

Water System Regulatory Compliance Plans

Project ID
90.40.0008

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$458,300

Department
Public Works

Project Manager
Elayne Grueber

ADA Component
No



Project Description

Complete updates to the following reports/plans required for the City’s water system: the Comprehensive Water System Plan, the Risk & Resilience Assessment (RRA), and the Emergency Response Plan (ERP). The Comprehensive Water System Plan update is due in 2026 and includes a full analysis of water system assets, with consideration of policies, criteria, water use, operations & maintenance, and system improvements. The RRA and ERP updates are also required to be completed by 2026. These efforts include reviewing system risks (malevolent and natural disasters) and revising emergencies procedures, as required. Project managers will coordinate with other major Public Works and/or Citywide planning efforts happening concurrently with this process.

Project Justification

WAC-246-490 requires an update to the Comprehensive Water System Plan every 10 years. The current plan expires in June 2026, and the updated plan must be submitted to the Washington State Department of Health by July 2026 for review and approval. Section 2013 of America’s Water Infrastructure Act (AWIA) requires communities to review and update their RRA and ERP every five years; the current RRA and ERP were submitted in 2021. The ERP will also be incorporated into the updated Water System Plan.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0008	\$225,000	\$233,300	\$0	\$0	\$0	\$0

Reservoir Security Improvements

Project ID
90.40.0009

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$205,534

Department
Public Works

Project Manager
Elayne Grueber

ADA Component
No



Project Description

This project will upgrade security at the Water Reservoir site. Improvements include installing an 8-foot-tall chain-link fence and updating the closed-circuit television system (CCTV) and security cameras.

Project Justification

The Reservoir is a critical water system asset. The 2021 Risk Resilience Assessment recommended security upgrades at this site. The proposed improvements enhance security in line with the EPA’s security guidelines, per their Designing Physical Security Monitoring guidelines for drinking water utility providers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0009	\$50,000	\$155,534	\$0	\$0	\$0	\$0

Water Utility

Water System Instrumentation

Project ID
90.40.0010
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$152,767
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

Evaluate monitoring and instrumentation options for the City's water system. Selected equipment - including sensors and control equipment - will be installed in future biennia.

Project Justification

Instrumentation refers to the various tools and devices used to monitor and control flow, pressure, and overall quality as it travels through the water distribution system. High quality instrumentation improves water distribution systems operations via remote monitoring of pressure reducing valves (PRVs), measuring system flows through zone meters, and detecting leaks on water mains and service lines. Real time data will inform system modeling and operational adjustments for the water distribution system. By having a well-instrumented system, the City can ensure the water utility delivers clean water safely and efficiently.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0010	\$75,000	\$77,767	\$0	\$0	\$0	\$0

First Hill VFD Replacement

Project ID
90.40.0011
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$319,591
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

Replace the six variable frequency drive motors (VFDs) at the First Hill Booster Pump Station. Four of the VFDs are 1.5hp for domestic flow, and the other two are 40hp for fire flow.

Project Justification

The First Hill Booster Pump Station was upgraded in 2011 to increase the station’s pumping capacity. Upgrades included replacing pumps, pipes, valves, and the associated electrical system. The life expectancy of VFDs is 12-15 years, and need lifecycle replacement.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0011	\$50,000	\$269,591	\$0	\$0	\$0	\$0

Water Utility

First Hill Generator Replacement

Project ID
90.40.0012

Program Plan
CRP

Target Completion Date
12/31/2026

2025-2026 Project Budget
\$1,210,290

Department
Public Works

Project Manager
George Fletcher

ADA Component
No



Project Description

Replace the 30-year-old generator, which serves as the emergency power source for the First Hill Booster Pump Station. Design work will be completed in 2024. Construction is expected to start late in 2024, but with current procurement time for obtaining the generator being over 50 weeks, construction will most likely not finish until late 2025 or early 2026.

Project Justification

This project was identified in the 2015 Water System Plan. The First Hill neighborhood sits at a higher elevation relative to the rest of Mercer Island, which requires the water supply to be pumped through the First Hill Booster Pump Station to maintain adequate systemwide pressure. In the event of a power outage, the emergency generator provides enough power to sustain system pressure. This facility has one of the oldest emergency generators in the City’s utility system and was unable to be replaced during the 2011 First Hill Booster Pump Station upgrade. The existing generator is near the end of its useful life and availability of spare parts is limited.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0012	\$640,000	\$570,290	\$0	\$0	\$0	\$0

2025 AC Main Replacement

Project ID
90.40.0013

Program Plan
CRP

Target Completion Date
9/1/2026

2025-2026 Project Budget
\$5,700,495

Department
Public Works

Project Manager
George Fletcher

ADA Component
No



Project Description

Replace 7,500 linear feet of aging asbestos cement (AC) water mains with ductile iron water mains in the following locations: between SE 40th and SE 44th Streets, including 95th, 96th, and 97th Avenues SE as well as parts of Shoreclub Drive. Other system components such as fire hydrants and water services will also be replaced.

Project Justification

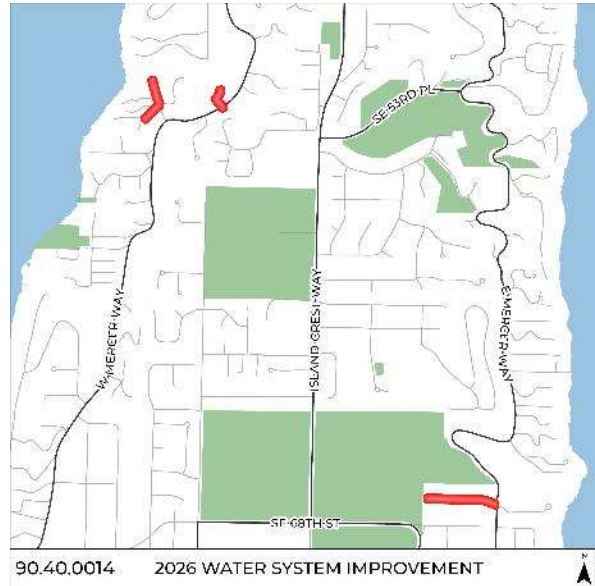
The AC replacement program reduces the potential for catastrophic system failure, unexpected service disruptions, and large damage claims to the City. Additionally, the City is currently required to report AC main information to the Washington State Department of Health. Once the existing five miles of AC main, which account for only 4% of the City’s water system, are fully removed, that reporting requirement will end.

This project furthers goals outlined in the City's Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0013	\$1,067,130	\$4,633,365	\$0	\$0	\$0	\$0

2026 Water System Improvements

Project ID
90.40.0014
Program Plan
CRP
Target Completion Date
12/31/2026
2025-2026 Project Budget
\$633,521
Department
Public Works
Project Manager
George Fletcher
ADA Component
No



Project Description

Replace over 800 linear feet of 4-inch cast iron water mains with 8-inch ductile iron water mains at the following locations: 5200 block of 82nd Avenue SE; 5200 block of Forest Avenue SE; and 5212 West Mercer Place. Fire hydrants, water services, and other water system components will be upgraded/replaced as part of the project.

Project Justification

Improving and renewing the water system is necessary to prevent unexpected system breakdowns and expensive emergency repairs. Taking a proactive approach to renew critical components such as water mains will strengthen the system’s reliability in serving its customers. This project furthers goals outlined in the City’s Water System Plan (2015), ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0014	\$117,150	\$516,371	\$0	\$0	\$0	\$0

2026 PRV Station Replacements

Project ID

90.40.0015

Program Plan

CRP

Target Completion Date

9/30/2027

2025-2026 Project Budget

\$2,494,703

Department

Public Works

Project Manager

George Fletcher

ADA Component

No



Project Description

This ongoing program systematically replaces pressure reducing valve (PRV) stations Citywide every two years. The City operates 85 PRV stations, and multiple stations are planned for replacement during each biennium. In 2026, the following stations are planned for replacement: D5-G @ 4340 E Mercer Way; D5-H @ E Mercer Way and Fernbrook Drive; E5-A @ 4406 E Mercer Way; and two identified low pressure fire hydrants. In general, the life span of a new PRV station is 50-60 years, with routine maintenance.

Project Justification

Due to Mercer Island’s topography, pressure reducing valves (PRVs) are required to maintain acceptable water pressure Island-wide, making PRV stations an integral component of the City’s water system. Like water main breaks, potential damage caused by PRV failures can be detrimental to the water system and surrounding neighborhoods. The City operates 85 PRV stations, and many do not meet current City standards. This project furthers goals outlined in the City's Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0015	\$395,000	\$2,099,703	\$0	\$0	\$0	\$0

2026 AC Main Replacement

Project ID
90.40.0016
Program Plan
CRP
Target Completion Date
6/1/2027
2025-2026 Project Budget
\$595,727
Department
Public Works
Project Manager
George Fletcher
ADA Component
No



Project Description

Replace over 4000 linear feet of aging asbestos cement (AC) water mains with 8" ductile iron water mains at the following locations: 9200 block of SE 42nd Street; and 91st and 92nd Avenues SE from SE 41st to SE 44th Streets. Other system components such as fire hydrants and water services will also be replaced.

Project Justification

The AC replacement program reduces the potential for catastrophic system failure, unexpected service disruptions, and large damage claims to the City. Additionally, the City is currently required to report AC main information to the Washington State Department of Health. Once the existing five miles of AC main, which account for only 4% of the City’s water system, are fully removed, that reporting requirement will end. This project furthers goals outlined in the City’s Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0016	\$0	\$595,727	\$2,469,695	\$0	\$0	\$0

2027 Water System Improvements

Project ID

90.40.0017

Program Plan

CRP

Target Completion Date

9/30/2028

2025-2026 Project Budget

\$513,420

Department

Public Works

Project Manager

George Fletcher

ADA Component

No



Project Description

Replace 3,500 linear feet of 4- and 6-inch cast iron water mains with 8-inch ductile iron water mains at the following locations: 8800 block between SE 59th and SE 61st Streets; 9200 block of SE 59th Street; 6000 block of 90th Avenue SE; and 9000 block of SE 61st Street. Fire hydrants, water services, and other water system components will be upgraded/replaced as part of the project.

Project Justification

Improving and renewing the water system is necessary to prevent unexpected system breakdowns and expensive emergency repairs. Taking a proactive approach to renew critical components such as water mains will strengthen the system’s reliability in serving its customers. This project furthers goals outlined in the City’s Water System Plan (2015), ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0017	\$0	\$513,420	\$2,126,747	\$0	\$0	\$0

2027 PRV Station Replacements

Project ID

90.40.0018

Program Plan

CRP

Target Completion Date

9/30/2028

2025-2026 Project Budget

\$409,572

Department

Public Works

Project Manager

George Fletcher

ADA Component

No



90.40.0018 2027 PRV STATION REPLACEMENTS

Project Description

This ongoing program systematically replaces pressure reducing valve (PRV) stations Citywide every two years. The City operates 85 PRV stations and stations F5-B at 5200 Block East Mercer Way and G5-C at SE 61st Place and East Mercer Way are planned for replacement in 2027 along with water main replacements in the area due to age and break history. In general, the life span of a new PRV station is 50-60 years with routine maintenance.

Project Justification

Due to Mercer Island’s topography, pressure reducing valves (PRVs) are required to maintain acceptable water pressure Island-wide, making PRV stations an integral component of the City’s water system. Like water main breaks, potential damage caused by PRV failures can be detrimental to the water system and surrounding neighborhoods. The City operates 85 PRV stations, and many do not meet current City standards. This project furthers goals outlined in the City's Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0018	\$0	\$409,572	\$1,342,226	\$0	\$0	\$0

2027 AC Main Replacement

Project ID

90.40.0019

Program Plan

CRP

Target Completion Date

4/1/2028

2025-2026 Project Budget

\$0

Department

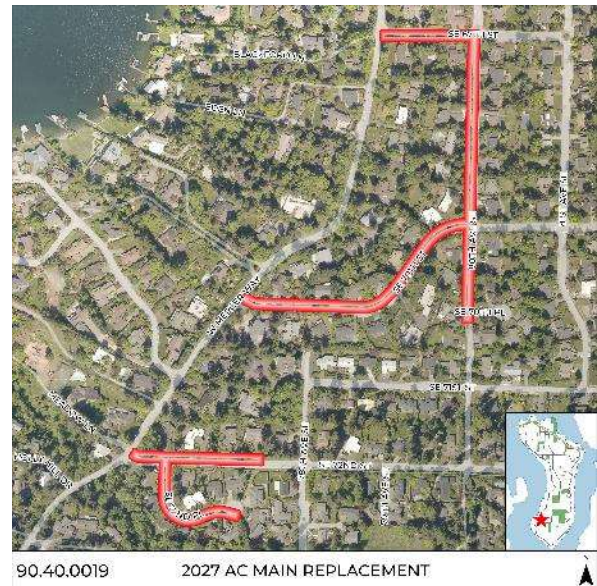
Public Works

Project Manager

George Fletcher

ADA Component

No



Project Description

Replace over 4,000 linear feet of aging asbestos cement (AC) water mains with ductile iron water mains at the following locations: SE 67th to SE 70th Streets; West Mercer Way to 80th Avenue SE; SE 60th and SE 61st Streets from Island Crest Way to 92nd Avenue SE. Other system components such as fire hydrants and water services will also be replaced.

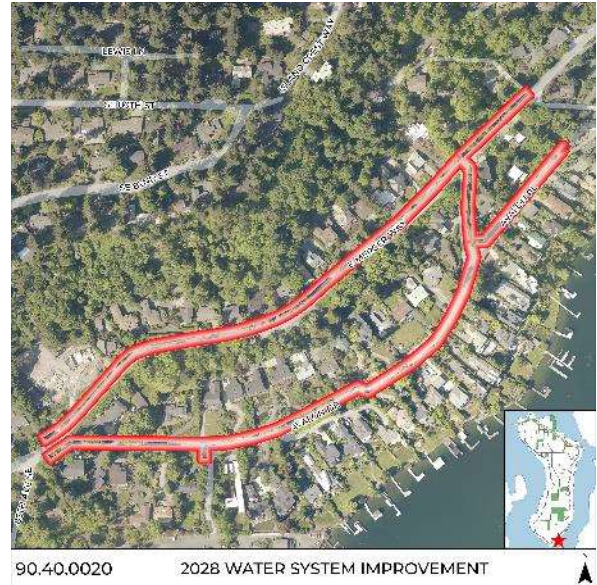
Project Justification

The AC replacement program reduces the potential for catastrophic system failure, unexpected service disruptions, and large damage claims to the City. Additionally, the City is currently required to report AC main information to the Washington State Department of Health. Once the existing five miles of AC main - which account for only 4% of the City’s water system - are fully removed, that reporting requirement will end. This project furthers goals outlined in the City’s Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0019	\$0	\$0	\$634,304	\$2,624,382	\$0	\$0

2028 Water System Improvements

Project ID
90.40.0020
Program Plan
CRP
Target Completion Date
12/31/2028
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
George Fletcher
ADA Component
No



Project Description

Replace over 3,000 linear feet of 4- and 6-inch cast iron water mains with 8-inch ductile iron water mains on the South End of Mercer Island at Avalon Drive, Avalon Place, Benotho Place, and SE 87th Street. Fire hydrants, water services, and other water system components will be upgraded/replaced as part of the project.

Project Justification

Improving and renewing the water system is necessary to prevent unexpected system breakdowns and expensive emergency repairs. Taking a proactive approach to renew critical components such as water mains will strengthen the system’s reliability in serving its customers. This project furthers goals outlined in the City’s Water System Plan (2015), ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0020	\$0	\$0	\$497,837	\$2,059,761	\$0	\$0

2028 PRV Station Replacements

Project ID
90.40.0021

Program Plan
CRP

Target Completion Date
12/31/2028

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
George Fletcher

ADA Component
No



Project Description

This project continues the systematic replacement of pressure reducing valve (PRV) stations Citywide and also will include installation of 2,000 linear feet of new 8-inch ductile iron main at the following locations: station D3-D @ Evergreen Lane, station E3-A @ Merrimount DR, and the 4600 block of Forest Avenue SE. In general, the lifespan of a new PRV station is 50-60 years with routine maintenance.

Project Justification

Due to Mercer Island’s topography, pressure reducing valves (PRVs) are required to maintain acceptable water pressure Island-wide, making PRV stations an integral component of the City’s water system. Like water main breaks, potential damage caused by PRV failures can be detrimental to the water system and surrounding neighborhoods. The City operates 85 PRV stations, and many do not meet current City standards. This project furthers goals outlined in the City's Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0021	\$0	\$0	\$424,143	\$1,666,006	\$0	\$0

Water Utility

Reservoir Utility Improvements

Project ID
90.40.0022

Program Plan
CRP

Target Completion Date
12/31/2028

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
Elayne Grueber

ADA Component
No



Project Description

Complete remaining utility improvements at the Water Reservoir site, including replacing fittings on the Bypass and Inlet lines; replacing valves SV-D4-98 (16-inch) and SV-D4-102 (24-inch); stormwater improvements in the west yard; and asphalt pavement repairs.

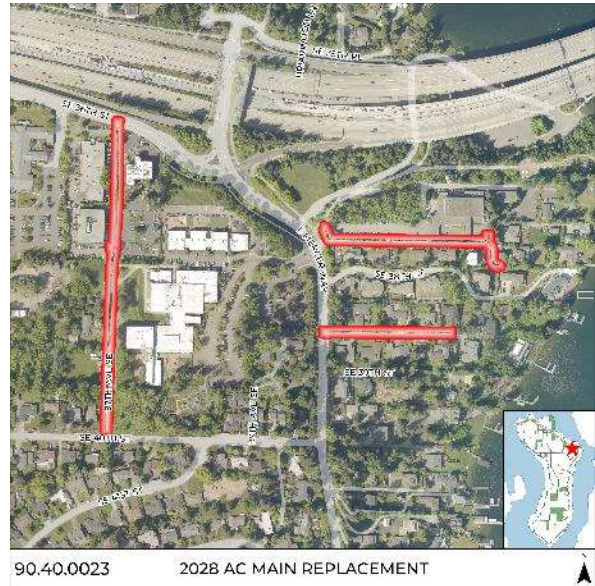
Project Justification

The City has been upgrading the Water Reservoir site over the past decade, and the proposed utility improvements are the last improvements needed to finish upgrading the facility.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0022	\$0	\$0	\$107,378	\$444,268	\$0	\$0

2028 AC Main Replacement

Project ID
90.40.0023
Program Plan
CRP
Target Completion Date
6/1/2029
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
George Fletcher
ADA Component
No



Project Description

Replace over 4,000 linear feet of aging asbestos cement (AC) water mains with ductile iron water mains at the following locations: 9655 SE 36th Street; 9700 and 9100 blocks of SE 40th Street; and 3800 block of East Mercer Way. Other system components such as fire hydrants and water services will also be replaced.

Project Justification

The AC replacement program reduces the potential for catastrophic system failure, unexpected service disruptions, and large damage claims to the City. Additionally, the City is currently required to report AC main information to the Washington State Department of Health. Once the existing five miles of AC main, which account for only 4% of the City’s water system, are fully removed, that reporting requirement will end. This project furthers goals outlined in the City’s Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0023	\$0	\$0	\$0	\$641,743	\$2,652,234	\$0

Water Utility

2029 Water System Improvements

Project ID
90.40.0024
Program Plan
CRP
Target Completion Date
12/31/2029
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
George Fletcher
ADA Component
No



Project Description

Replace 2,700 linear feet of 6- and 8-inch cast iron water mains with 8-inch ductile iron water mains at the following locations: 8000 block of 67th Avenue SE, 6900 block of SE 32nd Street, 3000 block of 69th Avenue SE, and 2900 block of 71st Avenue SE. Fire hydrants, water services, and other water system components will be upgraded/replaced as part of the project.

Project Justification

Improving and renewing the water system is necessary to prevent unexpected system breakdowns and expensive emergency repairs. Taking a proactive approach to renew critical components such as water mains will strengthen the system’s reliability in serving its customers. This project furthers goals outlined in the City's Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0024	\$0	\$0	\$0	\$425,989	\$1,760,552	\$0

2029 PRV Station Replacements

Project ID
90.40.0025
Program Plan
CRP
Target Completion Date
12/31/2029
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
George Fletcher
ADA Component
No



Project Description

This ongoing program systematically replaces pressure reducing valve (PRV) stations Citywide every two years. The City operates 85 PRV stations, and five stations are planned for replacement during each biennium. In general, the life span of a new PRV station is 50-60 years with routine maintenance.

Project Justification

Due to Mercer Island’s topography, pressure reducing valves (PRVs) are required to maintain acceptable water pressure Island-wide, making PRV stations an integral component of the City’s water system. Like water main breaks, potential damage caused by PRV failures can be detrimental to the water system and surrounding neighborhoods. The City operates 85 PRV stations, and many do not meet current City standards. This project furthers goals outlined in the City's Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0025	\$0	\$0	\$0	\$438,715	\$2,323,811	\$0

Water Utility

2029-2030 AC Main Replacement

Project ID
90.40.0026

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
George Fletcher

ADA Component
No



Project Description

Replace any additional discovered linear feet of aging asbestos cement (AC) water mains with ductile iron water mains. Other system components such as fire hydrants and water services will also be replaced. This project will complete the AC main replacement program by replacing any leftover or found mains.

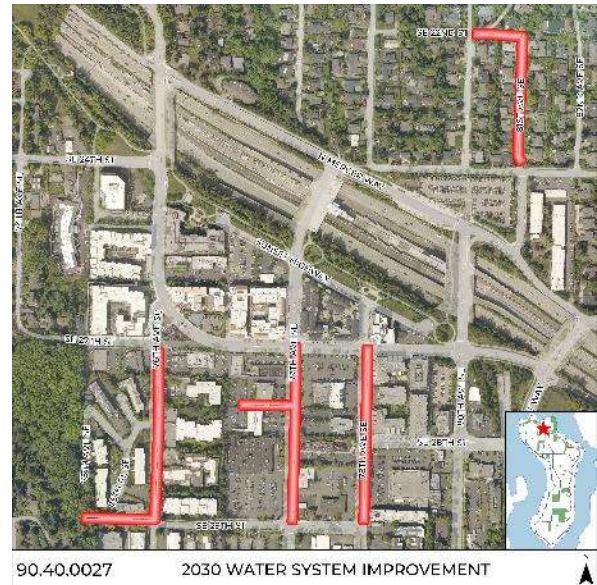
Project Justification

The AC replacement program reduces the potential for catastrophic system failure, unexpected service disruptions, and large damage claims to the City. Additionally, the City is currently required to report AC main information to the Washington State Department of Health. Once the existing five miles of AC main, which account for only 4% of the City’s water system, are fully removed, that reporting requirement will end. This project furthers goals outlined in the City’s Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0026	\$0	\$0	\$0	\$0	\$286,890	\$1,776,677

2030 Water System Improvements

Project ID
90.40.0027
Program Plan
CRP
Target Completion Date
12/31/2030
2025-2026 Project Budget
\$0
Department
Public Works
Project Manager
George Fletcher
ADA Component
No



Project Description

Replace over 4,000 linear feet of 6- and 8-inch cast iron water mains with 8-inch ductile iron water mains in the following locations: 2800 block of 76th Avenue SE; 2700 block of 77th Avenue SE; 2700 block of 78th Avenue SE; SE 29th Street; and 8000 block of SE 22nd Street. Fire hydrants, water services, and other water system components will be upgraded/replaced as part of the project.

Project Justification

Improving and renewing the water system is necessary to prevent unexpected system breakdowns and expensive emergency repairs. Taking a proactive approach to renew critical components such as water mains will strengthen the system’s reliability in serving its customers. This project furthers goals outlined in the City’s Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0027	\$0	\$0	\$0	\$0	\$728,403	\$3,007,275

2030 PRV Station Replacements

Project ID
90.40.0028

Program Plan
CRP

Target Completion Date
12/31/2030

2025-2026 Project Budget
\$0

Department
Public Works

Project Manager
George Fletcher

ADA Component
No



Project Description

This ongoing program systematically replaces pressure reducing valve (PRV) stations Citywide every two years. The City operates 85 PRV stations, and up to five stations are planned for replacement during each biennium. In general, the life span of a new PRV station is 50-60 years with routine maintenance.

Project Justification

Due to Mercer Island’s topography, pressure reducing valves (PRVs) are required to maintain acceptable water pressure Island-wide, making PRV stations an integral component of the City’s water system. Like water main breaks, potential damage caused by PRV failures can be detrimental to the water system and surrounding neighborhoods. The City operates 85 PRV stations, and many do not meet current City standards. This project furthers goals outlined in the City's Water System Plan (2022), ensuring necessary improvements so the City remains at the forefront in providing high-quality water service.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0028	\$0	\$0	\$0	\$0	\$453,287	\$2,398,514

2024 Water System Improvements Construction

Project ID

90.40.0031

Program Plan

CRP

Target Completion Date

12/31/2025

2025-2026 Project Budget

\$4,820,000

Department

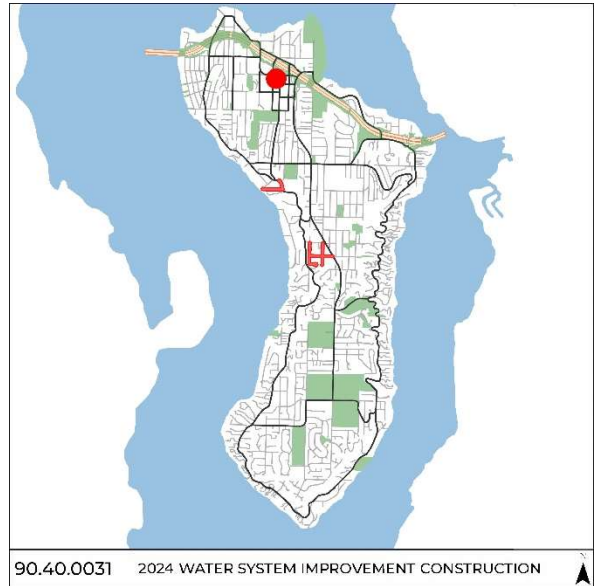
Public Works

Project Manager

George Fletcher

ADA Component

No



Project Description

Replace 6500 linear feet of 4-, 6-, and 8-inch cast iron water mains with 8-inch ductile iron water mains at the following locations: 84th to 86th Avenues SE from SE 46th Street to SE 47th Place; in between SE 42nd Street and Boulevard Place. Fire hydrants, water services, and other water system components will be upgraded/replaced as part of the project. This is the construction phase of the water system improvements that were designed in 2024.

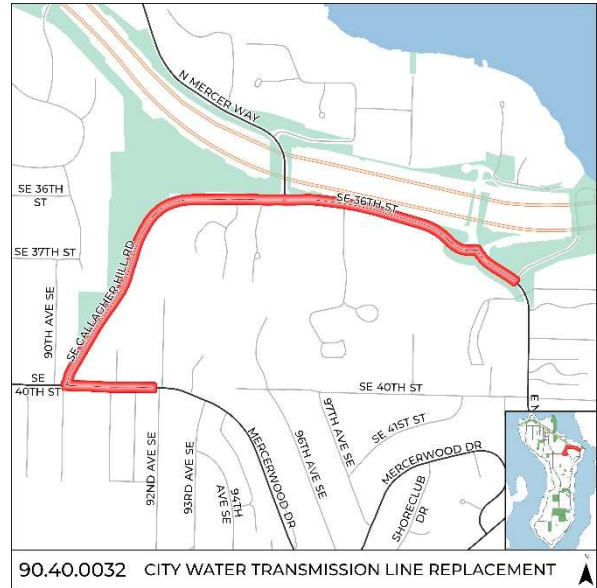
Project Justification

Improving and renewing the water system is necessary to prevent unexpected system breakdowns and expensive emergency repairs. Taking a proactive approach to renew critical components such as water mains will strengthen the system’s reliability in serving its customers. This project furthers goals outlined in the City's Water System Plan, ensuring necessary improvements so the City remains at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0031	\$4,820,000	\$0	\$0	\$0	\$0	\$0

City Transmission Line Replacement

Project ID
90.40.0032
Program Plan
CRP
Target Completion Date
12/31/2028
2025-2026 Project Budget
\$5,748,380
Department
Public Works
Project Manager
Elayne Grueber
ADA Component
No



Project Description

This project involves the realignment of approximately 5,000 feet of the City’s 24-inch transmission line. The new alignment will start at East Mercer Way (EMW), near the Boat Launch Access Road, proceeding northward along EMW, then west along SE 36th Street until SE Gallagher Hill Road. It will continue along SE Gallagher Hill Road to SE 40th Street, then east on SE 40th Street to 92nd Avenue SE, where it will connect with an existing 24-inch transmission line.

Additional improvements will be made along SE Gallagher Hill Road, including the replacement of approximately 2,000 feet of 6-inch Asbestos Cement (AC) watermain and the replacement of a Pressure Reducing Valve (PRV) vault. The project will also involve street improvements (Project Application 90.25.0008) and sidewalk enhancements (Project Application 90.25.0009) along SE Gallagher Hill Road.

Project Justification

Improving and renewing the water system is essential to prevent unforeseen water system interruptions and mitigate costly emergency repairs. The existing transmission line alignment traverses' steep slopes, which has raised concerns necessitating the transmission line realignment to more stable terrain.

The 6-inch AC watermain is slated for replacement as part of the City's initiative to eliminate all AC pipe from the distribution system. To optimize construction efficiency and achieve cost savings, both the transmission line and the AC pipe will be replaced simultaneously along SE Gallagher Hill Road. Adopting a proactive approach to renewing critical water transmission infrastructure will strengthen the system's reliability and its ability to serve customers effectively and consistently. This project supports the goals outlined in the City's Water System Plan, ensuring that necessary improvements remain at the forefront in providing high-quality water service to its current and future customers.

Expenditures	2025	2026	2027	2028	2029	2030
90.40.0032	\$1,870,000	\$3,878,380	\$13,574,330	\$0	\$0	\$0

Capital Projects by Fund

FUND IN 25-26?	PROJECT ID	General Fund		Street Fund		Capital Imp Fund		Tech & Equip Fund		Water Fund		Sewer Fund		Storm Water Fund		ST Mitigation		1% for the Arts		Grant		2022 Parks Levy		KC Parks Levy		Dept Rates		Other		Total	
		2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
YES	90.40.0013									1,067,130	4,633,365																			1,067,130	4,633,365
YES	90.40.0014									117,150	516,371																			117,150	516,371
YES	90.40.0015									395,000	2,099,703																			395,000	2,099,703
YES	90.40.0016									-	595,727																			-	595,727
YES	90.40.0017									-	513,420																			-	513,420
YES	90.40.0018									-	409,572																			-	409,572
NO	90.40.0019																														
NO	90.40.0020																														
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NO	90.40.0024																														
NO	90.40.0025																														
NO	90.40.0026																														
NO	90.40.0027																														
NO	90.40.0028																														
YES	90.40.0031									4,820,000																				4,820,000	
YES	90.40.0032									1,870,000	3,878,380																			1,870,000	3,878,380
TOTAL		90,035	251,910	1,539,000	3,149,321	6,536,377	4,317,217	105,000	222,009	12,793,239	14,623,955	4,246,681	4,898,162	2,368,575	2,043,284	-	-	-	-	2,557,000	3,787,300	911,898	921,016	746,757	-	2,002,558	2,204,093	99,000	199,000	33,996,119	36,617,267



Section F

Appendix



**2025-2026
PRELIMINARY BUDGET**

Island History

Just over five miles long and two miles wide, Mercer Island is an island community situated in Lake Washington, east of the City of Seattle and west of the City of Bellevue. Early settlement on Mercer Island began in the late 1870s. The Island was named after one of the three pioneering Mercer brothers from Illinois, all of whom had great influence in the Seattle area. Although none of the brothers lived on Mercer Island, they would often hunt and explore throughout the Island's secluded forests. In these early days island settlers would travel by rowboat to the neighboring community of Seattle to pick up any necessities. An occasional tramp steamer would drop off items that were too large to transport by rowboat.

Because of the inconveniences of island living, settlement was slow until C.C. Calkins platted the town of East Seattle and built a luxurious resort on the western side of the Island in 1891. A ferry dock was built, and small steamers began to make regular trips. With transportation available, the area began to attract more residents. Public water travel continued until July 2, 1940 when the floating bridge from Mercer Island to Seattle opened.

Today Interstate 90 connects Mercer Island with Seattle and Bellevue. It is an eight-lane freeway system, which includes two separate side-by-side floating bridges across Lake Washington.

The Community

Mercer Island is primarily a single-family, high-quality residential community with a commercial business district and multi-family dwellings concentrated at the northern end of the Island. Its close proximity to both Seattle and Bellevue make island living convenient. The City owns approximately 475 acres of parkland and open space, which helps maintain the Island's natural beauty. The result is quiet, forested neighborhoods, complemented by stunning views of Seattle, the Cascade Mountains, Mount Rainier, and Lake Washington. It is an active community where volunteer 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 more than 25,000 residents.

City Operations

Mercer Island was incorporated on July 18, 1960 and operates with a council-manager form of government. Seven City Councilmembers are chosen during at-large, non-partisan elections to serve four-year terms. From among their seven-member body, the City Council members elect 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 policies. There are a variety of boards and commissions including the Arts Council, Civil Service Commission, Design Commission, Disability Board, Open Space Conservancy Trust, Parks & Recreation Commission, Planning Commission, and Utility Board. All the boards assist in the formulation of policy and direction for the City.

Appendix

Glossary of Budget-Related Terms

ACCRUAL BASIS: The method of accounting under which revenues are recorded when they are earned, regardless of the timing of related cash flows. Expenses are recorded at the time liabilities are incurred.

APPROPRIATIONS: A legal authorization granted by the City Council to make expenditures and to incur obligations for specific purposes. An appropriation is limited in the amount and time when it may be used unless it is for a capital project such as constructing a building or developing a park.

ARPA: American Rescue Plan Act.

ASSESSED VALUATION: The fair market value of both real (land and building) and personal property as determined by the King County Assessor's Office for the purpose of fixing taxes.

ASSET: Any owned physical object (tangible) or right (intangible) having a monetary value or an item or source of wealth, expressed in terms of any cost benefiting a future period.

BENEFITS: City paid benefits provided for employees in the areas of social security, retirement, worker's compensation, life insurance, medical insurance, and management benefits.

BOND: A written promise to pay a specified sum of money (called the face value or principal amount) at a specified date in the future (called the maturity date) together with period interest at a specified rate.

BOND ANTICIPATION NOTES: Short-term interest-bearing notes issued in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond issue to which they are related.

BUDGET: A government's plan of financial operations for a given period including proposed expenditures, and a proposed means of financing them. Legal authority and requirements are found in the Revised Code of Washington (RCW 35A.33).

CAPITAL ASSETS: Assets of significant value and having a useful life of several years. Capital assets may also be fixed assets.

CAPITAL IMPROVEMENT PROGRAM (CIP): The plan or schedule of project expenditures for public facilities and infrastructure (buildings, roads, etc.) with estimated project costs, sources of funding and timing of work over a five-year period. For financial planning and general management, the capital program is presented as a plan of work and proposed expenditures and is the basis for annual appropriation requests and bond issues.

CAPITAL OUTLAY: Fixed assets which have a value of \$1,000 or more and have a useful economic lifetime of more than three years or assets of any value, if the nature of the item under consideration is such that it must be controlled for custody purposes as a fixed asset.

CAPITAL PROJECT: The largely one-time cost for acquisition, construction, improvement, replacement, or renovation of land, structures, and improvements thereon. The cost must usually be \$25,000 or more in order to be considered a capital project; amounts under \$25,000 are considered in the operating budget. In addition, equipment is considered a capital project if it is \$25,000 or more in cost.

CASH FLOW BUDGET: A projection of the cash receipts and disbursements anticipated during a given time period.

CHARGES FOR SERVICES: A revenue category, which includes a charge for a specific service. These primarily include park recreation fees, plan check fees and other miscellaneous fees.

COMPREHENSIVE BUDGET: Combines both the annual financial plan for operations and the annual portion of the Capital Improvement Program Budget. Excluded from the operating budget are carry-over capital projects, which have been previously approved.

COST ALLOCATION: Assignment of cost charges from one department that reimburse another for services received. Some examples are attorney services, finance services and personnel services.

COUNCILMANIC BONDS: Councilmanic bonds refer to bonds issued with the approval of the Council, as opposed to voted bonds which must be approved by the public. Councilmanic bonds must not exceed .7 percent of the assessed valuation and voted bonds 1.75 percent per State RCW.

DEBT SERVICE: The annual payment of principal and interest on the City's bonded indebtedness. Bonds are issued to finance the construction of capital projects such as public buildings, parks, roads, storm sewers and water system improvements.

DEFICIT: 1) The excess liabilities over assets (see Fund Balance). 2) The excess expenditures or expenses over revenues during a single accounting period.

ENCUMBRANCES: Commitments for unperformed contracts for goods or services. A purchase order is the most common encumbrance.

ENTERPRISE FUND: A fund used to account for operations that are financed and operated in a manner similar to private business enterprise where the cost of providing services, such as water, on a continual basis. Costs are recovered through user charges.

EXPENDITURES: A net decrease in financial resources. Expenditures include operating expenses, which require the use of current assets. This term designates the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired and capital outlays.

FEES: A general term used for any charge for services. Major types of fees include business and non-business licenses, fines and use charges.

FINES AND FORFEITURES: Revenue category, which primarily includes court, police, traffic and parking fines and forfeitures.

FUND: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and changes in these assets and liabilities.

FUND BALANCE: The fund equity of governmental funds and trust funds.

Appendix

GAAP: Generally Accepted Accounting Principles.

GASB: Governmental Accounting Standards Board.

GENERAL OBLIGATION BONDS: Bonds for the payment of which the full faith and credit of the issuing government are pledged.

INTERGOVERNMENTAL REVENUE: Earnings from other governments, primarily shared State revenue from the auto excise tax, and liquor profits and tax. Shared revenue from fire districts, the Emergency Medical Service levy, library, and the Federal grants are also included in this category.

LEOFF: Law Enforcement Officers and Firefighters Retirement System provided in the State of Washington.

LEVY: The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

LEVY RATE: The amount of tax levied for each \$1,000 of assessed valuation.

LIABILITY: Indebtedness of a government entity. Common examples are amounts owed to vendors for services rendered or goods received, and principal and interest owed to holders of County bonds. These are debts or legal obligations arising out of transactions in the past which must be liquidated, renewed, or reduced at some future.

LICENSES AND PERMITS: Revenue category that includes building permits, business and amusement licenses and any other miscellaneous license or permit.

MATURITIES: The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

MONEY: Any of various objects, especially coins and bank notes, issued by a federal government and accepted as a medium of exchange and measure of value. Green stuff. That which makes us get up in the morning and go to work.

NET BUDGET: Eliminates double counting the budget by eliminating fund transfers and internal service charges such as interfund equipment rental and insurance charges. The net budget represents the true level of spending in the budget.

OPERATING BUDGET: Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing of acquisitions, spending, and service delivery activities of a government are controlled.

OPERATING EXPENSE: Those costs, including expenditures for salaries and wages, benefits, supplies, services, and charges, which are necessary to support primary services. For example, telephone charges, printing and office supplies are operating expenses.

ORDINANCE: A formal legislative enactment by the Council.

PERS: Public Employees Retirement System provided for other than Police and Fire by the State of Washington.

REVENUE: Income received through such sources as taxes, fines, fees, grants, or service charges which can be used to finance operations or capital assets. These amounts increase the net assets.

REVENUE BONDS: Pledge future revenues, usually water, sewer or drainage charges covering debt payments in addition to operating costs.

RCW - REVISED CODE OF WASHINGTON: The legal authority under which the governmental units of the State are ruled.

SUPPLEMENTAL APPROPRIATION: Approved by Council after the initial budget appropriation. Supplemental appropriations are approved during the year, and an annual budget amendment ordinance is approved each December.

WARRANT: An order directing the treasurer of the City to pay a specified amount to the bearer, either after the current or some future date.

WORKING CAPITAL: The year-end balance of current assets minus current liabilities in the Enterprise and Internal Service Funds. The unencumbered balance at year-end is available for appropriation in the next year's budget.

YIELD: The rate earned on an investment based on the price paid for the investment; the interest earned during the period held, and the selling price or redemption value of the investment.

Appendix

Explanation of Accounting Basis and Budgeting

Basis of Presentation - Fund Accounting

All City activities are organized by Funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Each of the City's Funds are described in detail in the Recap by Fund Section.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. Each fund serves as an expenditure control mechanism. The various funds are grouped into the following seven categories:

- **General Purpose Funds**

Revenue in this fund category is considered unrestricted and can be used for any City purpose, including operations and capital. This category consists of two funds: the **General Fund** and the **Self-Insurance Fund**. The General Fund is the City's general operating fund used to account for all activities not otherwise required to be accounted for in another fund.

Major services accounted for in the General Fund include **police; fire and emergency medical; street and right of way maintenance; community planning and development; legal, judicial, and financial services; parks and recreation; and, general administration**. The Self-Insurance Fund is a "reserve" fund that pays for insurance losses not covered by the City's \$5,000 deductible or other insurance.

- **Special Revenue Funds**

Special revenue funds group together activities that are financed by restricted or committed revenue sources and that do not qualify as an enterprise (see Enterprise Funds below). Funds included in this category are the **Street Fund, Youth & Family Services Fund, 1% for the Arts Fund, Contingency Fund**, and the **Development Services Fund** created January 1, 2025.

The Contingency Fund is a reserve fund that is available to temporarily address revenue shortages or to address unanticipated needs. City Council policy has established the Contingency Fund at 12.5% of budgeted General Fund expenditures.

- **Enterprise Funds**

Enterprise funds are used to account for activities that are financed and operated in a similar manner to a private business. In enterprise funds, the intent of the governing body is to recover the costs (including depreciation) of providing goods or services to the general public on a continuing basis primarily through user charges. Funds included in this category are the **Water Fund, Sewer Fund**, and **Storm Water Fund**.

- **Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. This fund category includes the **Equipment Rental Fund** and the **Computer Equipment Fund**.

The Equipment Rental Fund accounts for the cost of maintaining and replacing all City vehicles, heavy equipment, and 800MHz radios. Each department is charged operating and maintenance rates as well as replacement rates for the use of these assets. The Computer Equipment Fund was created to protect the City's current and future investment in computer equipment. Each department is charged a rate that covers the cost of repair and maintenance, operation, and replacement of the City's computer systems.

- **Fiduciary Trust Funds**

These funds account for activities where the City acts as the fiscal agent. The **Firefighter's Pension Fund** is the only fund in this category.

- **Debt Service Funds**

Debt service funds are used to account for the accumulation of resources for the payment of general long-term debt principal and interest. The City of Mercer Island has two debt service funds: the **Bond Redemption Fund–Voted Debt** and the **Bond Redemption Fund–Non-Voted Debt**.

- **Capital Project Funds**

Capital project funds are used to account for financial resources earmarked for the acquisition, expansion, or rehabilitation of land, technology, buildings, and other major public infrastructure (other than those financed by proprietary funds, special assessment funds, or trust funds).

These funds are not part of the operating budget but are included in the City's Six-year Capital Improvement Program. Current capital project funds include the **Capital Improvement Fund**, the **Technology & Equipment Fund**, the **Town Center Parking Facilities Fund**, and the **Municipal Facility Replacement Reserve Fund**.

Basis of Accounting

Cash Basis

As of January 1, 2024, the City updated its accounting procedures from Generally Accepted Accounting Practices (GAAP) full accrual reporting to the cash basis method as defined by the Washington State Auditor's Office (SAO). The basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements.

The primary impact of this change is the timing of when cash flows are considered revenues or expenditures. Under accrual-based accounting, revenues are recorded in the period earned regardless of when payment is received. An expenditure is recognized when the liability for goods or services is incurred. Cash basis accounting recognizes revenues when the payment is received. Expenditures are recognized when payment is issued.

The cash basis of accounting is followed in all the City's funds. General Government Long-term liabilities are accounted for in the general long-term debt account group. Purchases of fixed assets are expensed during the year incurred and are accounted for in a separate fixed asset system over their useful life. Enterprise fund assets and liabilities are recorded in the fund that owns them.

Appendix

Budgetary Basis

The budget, as adopted, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level, meaning that there is a total appropriation, or expenditure limit, for each fund.

Transfers or revisions within funds are allowed; however, any revisions that alter the total expenditures of a fund must be approved by the City Council. When the City Council determines that it is in the best interest of the City to amend the budget, it may do so by ordinance, which requires majority approval at any regularly scheduled City Council meeting.

The budget is closely monitored by the City Manager and the Finance Department. The Finance Department prepares quarterly financial status reports for presentation and review by the City Council. Because the City prepares a two-year budget, a mid-biennial budget review meeting is also held in November of the first year of the biennium.

Amendments to the adopted budget are typically approved when a quarterly financial status report is presented to the City Council.