



CITY COUNCIL MINUTES REGULAR VIDEO MEETING NOVEMBER 17, 2020

EXECUTIVE SESSION

At 5:01 pm, Mayor Wong convened an Executive Session for approximately 60 minutes to discuss with legal counsel litigation or potential litigation pursuant to RCW 42.30.110(1)(i) and to discuss planning or adopting a strategy or position to be taken by the City Council during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress pursuant to RCW 42.30.140(4)(b).

Mayor Benson Wong, Deputy Mayor Wendy Weiker, and Councilmembers Lisa Anderl, Jake Jacobson, Salim Nice, Craig Reynolds, and David Rosenbaum participated remotely using a teleconferencing platform provided by Microsoft Teams.

City Manager Jessi Bon participated from City Hall and City Attorney Bio Park participated in the executive session from a remote location.

At 6:00 pm, City Clerk Estrada announced that the Executive Session was extended to 6:15 pm.

At 6:13 pm, City Clerk Estrada announced that the Executive Session was extended to 6:30 pm.

At 6:30 pm, Mayor Wong adjourned the Executive Session.

CALL TO ORDER & ROLL CALL

Mayor Wong called the meeting to order at 6:30 pm from a remote location.

Mayor Wong, Deputy Mayor Wendy Weiker, and Councilmembers Lisa Anderl, Jake Jacobson, Salim Nice, Craig Reynolds, and David Rosenbaum participated remotely using a video teleconferencing platform by Zoom.

City Manager Bon and City Clerk Deborah Estrada participated remotely from separate rooms at City Hall, 9611 SE 36th Street, Mercer Island, Washington. The City Attorney and Mercer Island City Leadership Team participated from remote locations.

PLEDGE OF ALLEGIANCE

Councilmember Jacobson delivered the Pledge of Allegiance.

AGENDA APPROVAL

It was moved by Jacobson; seconded by Reynolds to:

Approve the agenda as presented.

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

CITY MANAGER REPORT

City Manager Jessi Bon reported on the following items:

- Council and Boards & Commissions Updates
- 2021-2022 Biennial Budget Schedule
- City Service Updates (YFS):

- YFS Staffing Update
- Thrift Shop Donation Restart Update
- Mental Health Resources for MI Youth
- Supporting Local Families During the Holidays
- YFS Foundation Tree Lot
- City Service Updates (Parks & Recreation):
 - Pickleball – thank you volunteers
 - Friends of the Mercer Island Library – Pop-Up Location
 - Harvest Market at the Mercer Island Farmers Market
 - Illuminate MI
- COVID-19 Update:
 - 4-Week Tighter COVID-19 Restrictions
 - Washington Travel Advisory
- Introducing MInext
- Mask-Giving

APPEARANCES

Tim O'Connell, Utility Board Chair, explained that the costs reflected in the proposed changes to utility rate were based on costs that the City is incurring. He noted that the City's sewage is treated by King County and that the County is increasing its rates by 2.5%. The recommendation to increase the rates was a unanimous recommendation from the Utility Board.

Ira Appelman, Mercer Island, spoke in opposition to the Thrift Shop expansion and encouraged hiring practices that protect the parks and open spaces.

Meg Lippert, Mercer Island, spoke in support of protecting public parkland. She encouraged Council to pause work on the expansion of the Thrift Shop until such time that public input can be considered, and alternative locations are considered.

Robin Russell, Mercer Island, spoke in opposition to the Thrift Shop expansion and reminded Council of past community opposition to build on community parkland.

Bonnie Godfred, Mercer Island, is a volunteer at the Thrift Shop and spoke in support of protecting Mercerdale Park and encouraged Council to not place another building in the park.

There being no additional public comments, Mayor Wong closed Appearances.

CONSENT CALENDAR

Payables: \$582,147.69 (10/30/2020) & \$689,934.39 (11/06/2020)

Recommended Action: Certify that the materials or services hereinbefore specified have been received and that all warrant numbers listed are approved for payment.

Payroll: \$700,561.49 (11/06/2020)

Recommended Action: Certify that the materials or services specified have been received and that all fund warrants are approved for payment.

AB 5773: 2021 Legislative Priorities

Recommended Action: Adopt the 2021 State Legislative Priorities.

AB 5783: Native American Heritage Month Proclamation No. 259

Recommended Action: Proclaim the month of November as Native American Heritage Awareness Month in the City of Mercer Island.

It was moved by Nice; seconded by Weiker to:

Approve the Consent Calendar and the recommendations contained therein.

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

REGULAR BUSINESS

AB 5779: Public Hearing: Town Center Moratorium Renewal (Legal Notice – 10/14/2020)

Mayor Wong opened the public hearing for the Town Center Moratorium Renewal at 7:37 pm.

There being no additional public comments, Mayor Wong closed the public hearing at 7:38 pm.

There were no additional findings, conclusions, of Council comments submitted for the record.

It was moved by Nice; seconded by Rosenbaum to:

Suspend the City Council Rules of Procedure 6.3, requiring a second reading of an ordinance.

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

It was moved by Nice; seconded by Rosenbaum to:

Adopt Ordinance 20-26 as presented extending the Town Center moratorium for another 6-months.

Passed 6-0

FOR: 6 (Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

ABSTAINED: 1 (Anderl)

AB 5777: Public Hearing: 2021 Property Tax Levy and Rates for the Water Utility, Sewer Utility, Stormwater Utility, and EMS Utility (Legal Notice – 10/28/2020 & 11/04/2020)

Mayor Wong opened the public hearing for the 2021 Property Tax Levy and Rates for the Water Utility, Sewer Utility, Stormwater Utility, and EMS Utility at 7:40 pm.

There being no additional public comments, Mayor Wong closed the public hearing at 7:41 pm.

AB 5777: Public Hearing: 2nd and Final Public Hearing: 2021-2022 Biennial Budget

Mayor Wong opened the second and final public hearing for the 2021-2022 Biennial Budget at 7:41 pm.

There being no additional public comments, Mayor Wong closed the public hearing at 7:42 pm.

AB 5780: ARCH 2021 Work Plan and Budget Approval

Alison Van Gorp, Deputy Director for Community Planning and Development reviewed the ARCH 2021 Administrative Budget totaling \$1,155,261, explaining that the City Council needs to determine the City's contribution to the Housing Trust Fund for 2021-2022, which would be adopted as a part of the biennial budget on December 1, 2020. Van Gorp noted that member city contributions were held flat at the 2020 levels with Mercer Island's share accounting for \$50,222. 2022 costs are projected to be similar at \$51,729. She went on to explain that the Housing Trust Fund enables member cities to pool resources to directly fund affordable housing development and preservation. The 2021-2022 Preliminary Budget allocates the following:

- \$33k/year of Sales Tax revenue from HB 1406 to the YFS Emergency Assistance Fund
- \$100k/year to YFS Emergency Assistance (an increase from \$50k/year prior to the Pandemic)
- \$50k/year to the ARCH Housing Trust Fund

It was moved by Weiker; seconded by Reynolds to:

Approve the ARCH 2021 Work Plan, allocate \$50,222 for the 2021 ARCH Administrative Budget, and allocate \$51,729 as a placeholder for the 2022 ARCH Administrative Budget.

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

It was moved by Weiker; seconded by Reynolds to:

Allocate \$50,000 annually to the ARCH Housing Trust Fund for 2021 and 2022 as amended:

It was moved by Jacobson; seconded by Anderl to:

Amend the motion to allocate \$20,000 in 2021 and \$25,000 in 2022 to the ARCH Housing Trust Fund.

Failed: 4-3

AGAINST: 4 (Reynolds, Rosenbaum, Weiker, and Wong)

FOR: 3 (Anderl, Jacobson, Nice)

It was moved by Anderl; seconded by Jacobson to:

Amend the main motion to allocate \$35,000 annually in 2021 and 2022 to the ARCH Housing Trust Fund and \$30,000 for the biennium to the YFS Emergency Assistance Fund

Passed: 5-2

FOR: 5 (Anderl, Jacobson, Nice, Rosenbaum, and Wong)

AGAINST: 2 (Reynolds and Weiker)

Main motion was approved as amended.

Passed: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

AB 5776: Q3 2020 Financial Status Update and Budget Amending Ordinance No. 20-25

Interim Finance Director Matt Mornick, summarized the third quarter financials accordingly:

- General Fund Revenues:
 - Collected \$19.9 M, 65% of amended revenue budget
 - Revenues are \$1.8 M less than the third quarter in 2019, due to the pandemic
 - Losses from MICEC operations and recreation programming
 - Declines in licensing, permitting, and zoning revenues
- General Fund Expenses:
 - Spent \$21.3 M, 70% of the amended expenditure budget
 - Expenditures are \$2.4 M less than the third quarter in 2019
 - Reflects phased-in cost saving measure that began March 2020
- Budget Amending Ordinance No. 20-25:
 - Formalize receipt of CARES Act Relief Funds
 - Affirm interfund loan to enforce 2017 ST settlement agreement
 - Transfer turf replacement funds to MISD
 - Cultural competency training and community listening workshops

It was moved by Jacobson; seconded by Reynolds to:

Suspend the City Council Rules of Procedure 6.3, requiring a second reading of an ordinance.

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

It was moved by Reynolds; seconded by Jacobson to:

Adopt Ordinance No. 20-25, amending the 2019-2020 Biennial Budget.

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

AB 5777: Resolution of Substantial Need; NORCOM and Utility Rate Resolutions; 2021 Property Tax Ordinances; and Second Public Hearing: 2021-2022 Biennial Budget.

Interim Finance Director Matt Mornick, provided an overview of the 2021-2022 Preliminary Budget changes resulting from the City Council's budget proposal decisions at the November 2, 2020 City Council meeting:

- One-time contributions to pay down the City's unfunded long-term liabilities tied to the Firefighter's Pension Fund and LEOFF 1 retiree long-term care.
- Funding for 15 one-time proposals including projects, purchases, a limited-term position, and one-time resources to restart recreation services and the Thrift Shop.

- Funding for 13 proposals with ongoing costs ranging from new positions, park and Town Center maintenance, diversity training, health initiatives, and an annual operating subsidy for the Farmer's Market.

Mornick continued, explaining that property tax revenues are divided among five different funds

1. ≈ 92% goes to the General Fund
2. 4% goes to the Bond Redemption Fund
3. 2% goes to the Capital Improvement Fund
4. 2% goes to the Equipment Rental Fund
5. ≈ 0.2% goes to the Firefighter's Pension Fund

Mornick also explained that the property tax consists of several different elements:

- Regular levy
- 2008 levy lid lift (Parks maintenance and operations)
- 2012 levy lid lift (Fire Station 92 debt service and apparatus replacement)
- 1.0% optional annual increase
- New construction
- Re-levy from prior year refunds

State law permits Cities to increase property tax annually by 1% or the Implicit Price Deflator (IPD), whichever is lower, plus new construction. Mornick explained that while the IPD for 2021 is 0.602%, the City Council can choose to levy 1.0% when a substantial need is declared by resolution. He explained further what constitutes substantial need and property tax levy alternatives, which included:

- Declare a substantial need and bank capacity.
- Adopt 0.602% IPD rate, forego \$55,661, and lower property tax base
- Do not adopt 1% 2021 property tax levy increase, forego \$238,000.

After reviewing the 2021 property tax levy, Mornick outlined the proposed rate changes, explaining that the Utility Board unanimously recommended the following utility rate increases:

Rate	% Increase 2021 & 2022	2021 Increase per Month	2022 Increase per Month
Water	5.25%	\$2.89	\$3.05
Sewer (local)	4.00%	\$1.81	\$1.88
Storm Water	5.50%	\$0.98	\$1.04
EMS	1.78%	\$0.09	\$0.09

Mornick also explained that cities that participate in NORCOM (Northeast King County Regional Public Safety Communication Agency) must adopt a resolution before NORCOM approves its 2021 budget. When comparing 2020 to 2021, NORCOM's budget allocation to Mercer Island decreased \$29,557, or by 4.0%, as shown in the table below.

NORCOM Budget Allocations				
Department	2020	2021	\$ Change	% Change
Police	569,569	539,114	(30,455)	-5.3%
Fire	165,022	165,920	898	0.5%
Total	\$734,591	\$705,034	\$ (29,557)	-4.0%

Council debated at length the merits of pursuing a "substantial need" declaration

It was moved by Reynolds; seconded by Rosenbaum to:

Approve Resolution No. 1587, declaring a finding of "substantial need" and setting the 2021 Property Tax levy limit at 101%

It was moved by Anderl; seconded by Jacobson to:

Amend Resolution No. 1587 to condition the finding of substantial need on budgeting \$50,000 for a Fire Services RFP in 2021

Failed: 4-3 (Super majority (5) required)

AGAINST: 4 (Reynolds, Rosenbaum, Weiker, and Wong)
FOR: 3 (Anderl, Jacobson, and Nice)

Main Motion Failed: 4-3 (Super majority (5) required)
FOR: 4 (Reynolds, Rosenbaum, Weiker, and Wong)
AGAINST: 3 (Anderl, Jacobson, and Nice)

It was moved by Rosenbaum; seconded by Weiker to:
Suspend the City Council Rules of Procedure 6.3, requiring a second reading for an ordinance, for both Ordinance No. 20-22 and Ordinance No. 20-23.
Passed 7-0
FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

It was moved by Weiker; seconded by Reynolds to:
Adopt Ordinance No. 20-22, as presented, appropriating funds and establishing the amount of Property Taxes to be levied for fiscal year 2021.
Passed 4-3
FOR: 4 (Reynolds, Rosenbaum, Weiker, and Wong)
AGAINST: 3 (Jacobson, Anderl, Nice)

It was moved by Reynolds; seconded by Rosenbaum to:
Adopt Ordinance No. 20-23, as presented, establishing the dollar amount and percentage increases of the regular Property Tax levy and the levy lid lifts for fiscal year 2021.
Passed 4-3
FOR: 4 (Reynolds, Rosenbaum, Weiker, and Wong)
AGAINST: 3 (Anderl, Jacobson, Nice)

It was moved by Reynolds; seconded by Jacobson to:
Allocate \$30,000 of unassigned General Fund Balance to complete the Housing Needs Assessment as part of the 2021-2022 budget.
Passed 7-0
FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

It was moved by Reynolds; seconded by Jacobson to:
Approve Resolution No. 1588, establishing classifications of water users and a schedule of charges for water usage, a schedule of rates for fire service, a schedule of special service charges, meter and service installation charges, and connection charges effective January 1, 2021 and thereafter.

Approve Resolution No. 1589, establishing rates and connection charges for sewage disposal services provided by the City of Mercer Island effective January 1, 2021 and thereafter.

Approve Resolution No. 1590, establishing the bi-monthly service charge for storm and surface water services provided by the City of Mercer Island effective January 1, 2021 and thereafter.

Approve Resolution No. 1591, establishing the bi-monthly utility fee for the emergency medical and ambulance services supplied by the City of Mercer Island effective January 1, 2021 and thereafter.

Passed 7-0
FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

It was moved by Reynolds; seconded by Weiker to:
Approve Resolution No. 1592, approving NORCOM's 2021 budget allocation to the City of Mercer Island.
Passed 7-0
FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

It was moved by Wong; seconded by Rosenbaum to:
Reduce the fund balance in the self-insurance claim reserve by \$50,000 and transfer it to the General Fund Balance for 2021.
Passed: 7-0

FOR: (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

AB 5781: Adjusting Development & Construction Permit Fees - Resolution No. 1593

Interim Community Planning and Development Director Jeff Thomas and Deputy Director Alison Van Gorp explained that since 2016, the City studied and attempted to align cost recovery targets for development permits and services with desired policy and budgetary objectives, relying on fee studies to estimate cost recovery but were no based on actual data. To achieve cost recovery targets, Thomas and Van Gorp proposed the following changes:

- Annual cost of services increases – 2.3%
- Single hourly rate - \$145.23
- Cost recovery targets – maintain at 95%/90%
- Begin project- and permit-specific time tracking
- Planning fees moving to deposit and hourly billing
- Residential Building Valuation factors – additional classifications

They further explained that if approved, the proposed development and construction permit fee schedule would take effect January 1, 2021

It was moved by Jacobson; seconded by Nice to:

Approve Resolution No. 1593 adopting new development and construction permit fees effective January 1, 2021.

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

AB 5778: Thrift Shop and Recycling Center Remodel Project

Pursuant to City Council Rules of Procedure 4.2, Mayor Wong requested that the Thrift Shop and Recycling Center Remodel Project be added to the agenda to review the Council's decision regarding the project, which was previously considered at the November 2 meeting. Specifically, the request is to discuss and consider a public process to solicit ideas from the community about possible alternative locations to conduct Thrift Shop donations processing.

City Manager Bon reported that she requested that staff suspend work on the project and asked Council to consider allowing staff additional time to research alternative sites for the Thrift Shop and Recycling Center expansion. At that point, staff would evaluate the list of ideas and return to Council in January.

It was moved by Jacobson; seconded by Reynolds to:

Direct the City Manager to suspend work on the Thrift Shop and Recycling Center remodel project and direct the City Manager to conduct a public process to solicit ideas from the community about possible alternative locations to conduct Thrift Shop donations processing and to report back in Q1, 2021.

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

Additionally, there was **Council Consensus** that staff would reach out to the Mercer Island School District and ask if the District has suggestions for alternate sites.

OTHER BUSINESS

Councilmember Absences

Councilmember Jacobson reported that he will not be out of state on December 1, but still planned to participate.

Planning Schedule

City Manager Bon reviewed items scheduled for the December 1 Council meeting:

- Budget Adoption

- Comprehensive Plan/Code Amendment Docket
- Public Hearing on Small Cell Facilities
- Recommendation that Council continue meeting at 5 pm through December 2021

It was moved by Weiker; seconded by Jacobson to:

Cancel the December 15 City Council Meeting

Passed 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Wong)

There was **unanimous City Council support** to defer the January Planning Session to a later date, to be determined.

Councilmember Reports

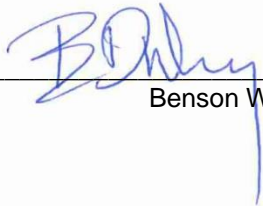
Councilmember Weiker thanked Chief of Administration Ali Spietz and others for Diversity Inclusion Training and thanked the Mercer Island Farmers Market for developing the Harvest Market.

Councilmember Reynolds noted that there were another 150,000 COVID-19 and encouraged people to wear masks.

Mayor Wong reported that the City of Mercer Island's adopted 2021 legislative priorities would be forwarded to Sound Cities Association.

ADJOURNMENT

The regular Council Meeting adjourned at 11:02 pm.



Benson Wong, Mayor

Attest:



Deborah A. Estrada, City Clerk