



CITY OF MERCER ISLAND

CITY COUNCIL REGULAR HYBRID MEETING

Tuesday, May 21, 2024 at 5:00 PM

MERCER ISLAND CITY COUNCIL:

Mayor Salim Nice, Deputy Mayor David Rosenbaum,
Councilmembers: Lisa Anderl, Jake Jacobson,
Craig Reynolds, Wendy Weiker, and Ted Weinberg

LOCATION & CONTACT:

MICEC – Slater Room Council Chambers and via Zoom
8236 SE 24th Street | Mercer Island, WA 98040
206.275.7793 | www.mercerisland.gov

We strive to create an inclusive and accessible experience. Those requiring accommodation for meetings should notify the City Clerk's Office 3 days prior to the meeting at 206.275.7793 or by emailing cityclerk@mercerisland.gov.

The hybrid meeting will be live streamed on the City Council's [YouTube Channel](#).

Individuals wishing to speak live during Appearances (public comment period) or Public Hearing must register with the City Clerk at 206.275.7793 or cityclerk@mercerisland.gov before 4 PM on the day of the Council meeting. Each speaker will be allowed three (3) minutes to speak. A timer will be visible to online to speakers, City Council, and meeting participants.

Written comments may be sent to the City Council at council@mercerisland.gov.

Join the meeting at 5:00 PM (Appearances will start sometime after 5:00 PM) by:

- **Telephone:** Call 253.215.8782 and enter Webinar ID 860 3499 2228 and Password 730224
- **Zoom:** Click this [link](#) (Webinar ID 860 3499 2228; Password 730224)
- **In Person:** Mercer Island Community & Event Center – Slater Room Council Chambers (8236 SE 24th Street, Mercer Island, WA 98040)

MEETING AGENDA

CALL TO ORDER & ROLL CALL, 5:00 PM

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

SPECIAL BUSINESS

1. AB 6469: 2022 Financial, Accountability, and Federal Audit Exit Conference

Recommended Action: Receive and review the 2022 Audit Exit Conference report from the Washington State Auditor's Office.

CITY MANAGER REPORT

APPEARANCES

(This is the opportunity for anyone to speak to the City Council on any item, except items before the City Council requiring a public hearing, any quasi-judicial matters, or campaign-related matters)

CONSENT AGENDA

2. AB 6470: May 3, 2024 Payroll Certification

Recommended Action: Approve the May 3, 2024 Payroll Certification in the amount of \$867,211.93 and authorize the Mayor to sign the certification on behalf of the entire City Council.

3. Certification of Claims:

A. Check Register | 219548-219641 | 05/03/24 | \$1,818,385.10

B. Check Register | 219642-219730 | 05/10/24 | \$1,755,261.86

Recommended Action: Certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

4. City Council Regular Hybrid Meeting Minutes of May 7, 2024

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of May 7, 2024.

5. AB 6471: Ratification of Proclamation of Emergency Issued by the City Manager

Recommended Action: Ratify and continue the ratification of Emergency Proclamation No. 329, issued by the City Manager on May 1, 2024 declaring a local water emergency, until the same is rescinded by the City Manager after the supply of potable water to Mercer Island is restored to normal levels.

6. AB 6472: Public Display of Fireworks Permit Issuance – Summer Celebration

Recommended Action: Authorize grant of operational permit for Western Display Firework’s application for a Public Display of Fireworks to be discharged per the permit conditions on July 13, 2024 at or about 2200hrs (10:00 pm) for a total duration of approximately 20 minutes pursuant to MICC 8.35.020(C).

7. AB 6478: Gun Violence Awareness Day (Proclamation No. 330)

Recommended Action: Proclaim June 9, 2024 as Gun Violence Awareness Day in Mercer Island.

8. AB 6479: Jewish American Heritage Month (Proclamation No. 331)

Recommended Action: Proclaim May 2024 as Jewish American Heritage Month on Mercer Island.

9. AB 6480: National Public Works Week (Proclamation No. 332)

Recommended Action: Proclaim May 19-25, 2024 as National Public Works Week on Mercer Island.

10. AB 6481: Asian Pacific American Heritage Month (Proclamation No. 333)

Recommended Action: Proclaim May 2024 as Asian Pacific American Heritage Month on Mercer Island.

REGULAR BUSINESS

11. AB 6473: Public Hearing - Interim Regulations in MICC 19.16.010 Related to Emergency Shelters and Housing, Transitional Housing, and Permanent Supportive Housing (Ordinance No. 24C-03)

Recommended Action: Hold a Public Hearing on Interim Zoning Ordinance No. 24C-03.

12. AB 6474: Financial Status Update for the First Quarter 2024 and Budget Amending Ordinance

Recommended Action: Adopt Ordinance No. 24-11, amending the 2023-2024 Biennial Budget.

13. AB 6475: 2024 Update to the City’s Cost Allocation Plan

Recommended Action: Adopt Resolution No. 1660 amending the City’s Financial Management policies to adopt the Cost Allocation Plan update for 2024.

14. AB 6477: Public Works Building Follow-Up to Facilities Conditions Assessment

Recommended Action: Receive report. No action necessary.

15. AB 6476: Public Safety and Maintenance Building Design Progress Update

Recommended Action: Receive report. No action necessary.

OTHER BUSINESS

16. Planning Schedule

17. Councilmember Absences & Reports

EXECUTIVE SESSION - Approximately 75 Minutes

18. Real Estate Acquisition

Executive Session to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price pursuant to RCW 42.30.110(1)(b)

Collective Bargaining

Executive Session for planning or adopting the 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)

ADJOURNMENT



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6469
May 21, 2024
Special Business

AGENDA BILL INFORMATION

TITLE:	AB 6469: 2022 Financial, Accountability, and Federal Audit Exit Conference	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive report. No action necessary.	

DEPARTMENT:	Finance
STAFF:	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. 2022 Audit Engagement Letter 2. 2022 Audit Exit Conference Report
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

Representatives of the Washington State Auditor's Office (SAO) will lead an Exit Conference to report on the results of the Financial and Accountability Audits for the fiscal year ending December 31, 2022 (see Exhibit 1).

- The purpose of the Exit Conference is for the audit team to report audit results to management prior to publication of the audited financial statements (see Exhibit 2).
- After the Exit Conference, the SAO will publish the audit reports, audited financial statements, notes to the financial statement, and required supplementary information on the SAO website.

BACKGROUND

The City of Mercer Island is audited on an annual basis. The SAO regularly performs two types of audits each year: a Financial Audit and an Accountability Audit, resulting in an audit report for both types. Additional information regarding the scope and limitations of each audit type can be found in the audit representation letter included as Exhibit 1.

A financial audit provides an independent opinion on a local government's financial statements and the results of its operations and cash flows. In other words, a financial audit determines whether the financial statements present a reliable, accurate picture of a government's finances.

An accountability audit evaluates whether a local government has adhered to applicable state laws, regulations, and its own policies and procedures. Auditors review records to ensure public funds are accounted for and controls are in place to protect public resources from misappropriation and misuse.

A federal attestation examination is a review of compliance over federal funding programs. Federal guidelines require a Federal Single Audit when expenditures for federal programs exceed \$750,000 in a fiscal year. New with American Rescue Plan Act (ARPA) of 2021/ Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program dollars is the option for an Alternative Compliance Engagement if the recipient was both a non-entitlement unit of local government (less than 50,000 residents) and only exceeded the \$750K threshold because of ARPA/CSLFRF dollars. The City qualified for the alternative engagement for 2022 federal expenditures, which allowed for a more streamlined and cost-effective federal program audit.

ISSUE/DISCUSSION

The financial audit report identifies a material weakness (finding) relating to the recognition of revenues received in advance from the CSLFRF, which is a program funded through ARPA. The audit report further clarifies that financial reporting under Generally Accepted Accounting Principles (GAAP) requires revenue recognition for grants received in advance to be limited to eligible expenditures incurred. Stated more clearly, earned revenue cannot exceed eligible expenditures in the reporting period.

The reported finding does not represent any misuse of public funds. Rather, it represents a classification error involving how the federal funds received were reported on the audited financial statements.

Absent specific direction from the SAO, staff elected to recognize earned revenue as ARPA funds were committed for eligible uses by the City Council. The decision to recognize earned revenue as ARPA funds were committed was discussed in length with the SAO audit team during the 2021 annual financial audit. The audit team gave no indication the City's revenue recognition determination was non-compliant with GAAP. Given fiscal year 2021 audit results, the City used the same revenue recognition criteria in the 2022 annual financial statements.

Staff acknowledges that the City's interpretation of the revenue recognition criteria for ARPA funds was inconsistent with that of the SAO. However, the City believes adequate controls and procedures are in place and disagrees with the assessment of a material weakness in internal controls. Once advised of the appropriate revenue recognition criteria for ARPA funds, the City corrected amounts reported in earned and unearned revenue classifications in the 2022 financial statements.

RECOMMENDED ACTION

Receive and review the 2022 Audit Exit Conference report from the Washington State Auditor's Office.



**Office of the Washington State Auditor
Pat McCarthy**

January 17, 2024

City Council
City of Mercer Island
9611 SE 36th Street
Mercer Island, WA 98040

We are pleased to confirm the audits to be performed by the Office of the Washington State Auditor, in accordance with the provisions of Chapter 43.09 RCW, for the City of Mercer Island. This letter confirms the nature and limitations of the audits, as well as responsibilities of the parties and other engagement terms.

Office of the Washington State Auditor Responsibilities

Financial Statement Audit

We will perform an audit of the basic financial statements of the City of Mercer Island as of and for the fiscal year ended December 31, 2022, prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The objective of our audit will be to express our opinion on these financial statements.

We will perform our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. Since we do not review every transaction, our audit cannot be relied upon to identify every potential misstatement. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the standards identified above.

A financial statement audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers relevant internal controls in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we will express no such opinion.

Although our audit is not designed to provide an opinion on the effectiveness of internal control over financial reporting, we are required to report any identified significant deficiencies and material weaknesses in controls. We are also required to report instances of fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the accuracy of financial statements.

A financial statement audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

All misstatements identified by the audit will be discussed with management. Material misstatements corrected by management and all uncorrected misstatements will be communicated at the exit conference, as required by professional auditing standards.

Our responsibility is to express in a written report an opinion on the financial statements based on the results of our audit. We cannot guarantee an unmodified opinion. We may modify or disclaim an opinion on the financial statements if we are unable to complete the audit or obtain sufficient and appropriate audit evidence supporting the financial statements. If our opinion is other than unmodified, we will fully discuss the reason with you prior to issuing our report. Further, in accordance with professional standards, we may add emphasis-of-matter or other-matter paragraphs to our report to describe information that, in our judgment, is relevant to understanding the financial statements or our audit.

We will also issue a written report (that does not include an opinion) on issues identified during the audit related to internal control over financial reporting and on compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*.

The City also prepares other information to accompany the financial statements, which is required by accounting standards or is done at its discretion. We will perform limited procedures on this information for the purpose of identifying inconsistencies with the financial statements. However, we will not express an opinion on its fair presentation.

Accountability Audit

We will perform an accountability audit of compliance with applicable state laws, regulations, and policies, and of controls over the safeguarding of public resources for the fiscal year ended December 31, 2022. The audit will be conducted in accordance with provisions of RCW 43.09.260 and the Office's audit policies, which include policies specific to these types of audits and general audit policies. Our general audit policies apply to all our engagements and incorporate the requirements of *Government Auditing Standards*, as applicable, on topics such as communications with auditees, independence, audit evidence and documentation, and reporting.

An accountability audit involves performing procedures to obtain audit evidence about compliance and controls in areas selected for audit. In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. The areas examined and procedures selected depend on the auditor's judgment, including the assessment of the risks of fraud, loss, abuse, or noncompliance.

Upon completion of our audit, we will issue a written report describing the overall results and conclusions for the areas we examined.

Data Security

Our Office is committed to appropriately safeguarding the information we obtain during the course of the audit. We have entered into a data sharing agreement with the City to ensure compliance with legal requirements and Executive Directives (Executive Order 16-01, RCW 42.56 and OCIO Standard 141.10) in the handling of information considered confidential.

Responsibilities specific to this engagement

Additionally, we will:

- Provide management with advanced notification if we identify issues that require further audit work and increase audit costs.
- Conduct weekly progress meetings to discuss the status of the audit plans for future weeks. At those meetings, we will provide information on the departments we will work in and the audit objectives we will be addressing.
- Conduct a formal exit conference to discuss results of the financial and accountability audits on or before March 31, 2024.
- Interact with staff professionally and respectfully and communicate needs and issues in a timely manner. We will notify the City the previous day, if we know that audit staff will not be onsite the subsequent day(s).
- Provide written correspondence during the course of the audit through email to the audit liaison, LaJuan Tuttle, Deputy Finance Director.
- Provide advance notice when a scheduled meeting is to be cancelled.
- Allow the City seven days to provide a written response to any findings.

Reporting levels for audit issues

Issues identified through the auditing process will be communicated as follows. Failure to appropriately address audit issues may result in escalated reporting levels.

- **Findings** formally address issues in an audit report. Findings report significant results of the audit, such as significant deficiencies and material weaknesses in internal controls; misappropriation; and material abuse or non-compliance with laws, regulations, contracts or grant agreements. You will be given the opportunity to respond to a finding, and this response, or a synopsis of it, will be published in the audit report. Professional auditing standards define the issues we must report as findings with regard to non-compliance with a financial statement effect and internal controls over financial reporting.
- **Management letters** communicate control deficiencies, non-compliance, misappropriation, abuse, or errors with a less-than-material effect on audit objectives. Management letters are referenced, but not included, in the audit report.
- **Exit items** address control deficiencies, non-compliance, abuse, or errors that have an insignificant effect on audit objectives. These issues are informally communicated to management and are not referenced in the audit report.

Client's Responsibilities

Management is responsible for the accuracy and completeness of information provided to the auditor and will provide the Office of the Washington State Auditor with:

- Unrestricted access to people with whom the auditor wishes to speak.
- All information that is requested or relevant to auditor requests.
- Notification when any documents, records, files, or data contain information that is covered by confidentiality or privacy laws.
- Adequate workspace and conditions, including interacting with auditors professionally and respectfully and promptly communicating about any issues and concerns.

Moreover, our audit does not relieve management or the governing body of their responsibilities. Management's responsibilities, with oversight from the governing body, include:

- Selecting and applying appropriate administrative and accounting policies.
- Establishing and maintaining effective internal controls over financial reporting, compliance, and safeguarding of public resources.
- Designing and following effective controls to prevent and detect fraud, theft, and loss.
- Promptly reporting to us knowledge of any fraud, allegations of fraud or suspected fraud involving management, employees or others, in accordance with RCW 43.09.185.
- Ensuring compliance with laws, regulations and provisions of contracts and grant agreements.
- Preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Responsibilities at the conclusion of the audit

At the conclusion of our audit, the City will provide us with a letter to confirm in writing certain express and implied representations made during the course of the audit. This letter includes representations regarding legal matters. A separate letter may be needed from the City's legal counsel.

Management and the governing body are also responsible for following up and taking corrective action on all audit findings, including, when applicable, preparing a summary schedule of prior audit findings and a corrective action plan on the City's own letterhead.

Responsibilities specific to this engagement

Additionally, the City will:

- Provide our Office with documentation of the financial statement review and approval before they were submitted for audit.
- Obtain a clear understanding of accounting standards applied in your financial statements and fully understand any adjusting journal entries recommended by the Office of the Washington State Auditor before approving the entries.
- Revise financial statements and schedules only if agreed to in writing by our Office.
- Provide auditors adequate workspace with access to secure Internet, phone, and electrical outlets.
- Interact with auditors professionally and respectfully and promptly communicate issues and concerns.

Estimated Audit Costs and Timeline

We estimate the cost of the audit work to be \$99,200, plus travel costs, and other expenses, if any. Invoices for these services will be prepared and presented each month as our audit work progresses.

We anticipate our reports will be published on our website www.sao.wa.gov and be available to you and the public as outlined below. These estimates are based on timely access to financial information and no significant audit reporting issues. The estimated cost and completion date may change if unforeseen issues arise or if significant audit issues are identified necessitating additional audit work. We will promptly notify you if this is the case.

Report	Date*
Independent Auditor's Report on Financial Statements	March 31, 2024

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	March 31, 2024
Independent Auditor's Report on Accountability	March 31, 2024

**Report Issuance Dates Are Estimates Only*

The audit documentation for this engagement, which may contain confidential or sensitive information, is the property of SAO and constitutes a public record under Chapter 42.56 RCW. Subject to applicable laws and regulations, appropriate individuals, as well as audit documentation, will be made available upon request and in a timely manner to appropriate auditors and reviewers, City's management and governing body, and federal agencies, for purposes of a public records request, a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities.

The audit documentation for this engagement will be retained for a minimum of five years after the report release (publish) date in accordance with the public records retention schedule established by the Washington Secretary of State.

Expected Communications

During the course of the audit, we will communicate with the City's selected audit liaison, LaJuan Tuttle, Deputy Finance Director, on the audit status, any significant changes in our planned audit scope or schedule and preliminary results or recommendations as they are developed. The audit liaison is responsible for regularly updating management and the governing body on these matters. We may also provide direct communication of these matters to management and the governing body as needed or upon request.

Please contact us if any events or concerns come to your attention of which we should be aware. We will expect the audit liaison to keep us informed of any such matters.

Audit Dispute Process

Please contact the Audit Manager or Assistant Director to discuss any unresolved disagreements or concerns you have during the performance of our audit. At the conclusion of the audit, we will summarize the results at the exit conference. We will also discuss any significant difficulties or disagreements encountered during the audit and their resolution.

By signing and returning this letter, you acknowledge that the foregoing is in accordance with your understanding. Please contact us with any questions.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Sincerely,



Haji Adams, Audit Manager

1/17/24

Date

Office of the Washington State Auditor

City Response:

This letter correctly sets forth our understanding.



Jessi Bon
City Manager

1/22/2024

Date



LaJuan Tuttle
Deputy Finance Director

01/22/2024

Date



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: City of Mercer Island

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2022 through December 31, 2022 – see draft report.
- Financial statement for January 1, 2022 through December 31, 2022 – see draft report.
- Attestation examination for January 1, 2022 through December 31, 2022 – see report.

Audit Highlights

- We would like to thank LaJuan Tuttle, Deputy Finance Director, as well as other City staff for their cooperation and timely responses to our requests throughout the audit, especially since the audit was performed in a remote environment.
- We thank the City for its commitment to strengthen the relationship with the Office of the Washington State Auditor.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or noncompliance with laws or regulations that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Financial Statement Audit Communication

We would like to bring the following to your attention:

- Uncorrected misstatements in the audited financial statements are summarized on the attached schedule. We agree with management's representation that these misstatements are immaterial to the fair presentation of the financial statements. However, the conditions that led to these misstatements may result in more significant misstatements if not corrected.
- The audit addressed the following risks, which required special consideration:

- Due to the possibility that management may be able to circumvent certain controls, standards require the auditor to assess the risk of management override.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at <https://portal.sao.wa.gov/SAOPortal>.

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$106,900 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in July 2024 and will cover the following general areas:

- Accountability for public resources for January 1, 2022 through December 31, 2022
- Financial statement for January 1, 2022 through December 31, 2022
- Attestation engagement for January 1, 2022 through December 31, 2022

The estimated cost for the next audit based on current rates is \$82,400 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other

resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Kelly Collins, CPA, CFE, Director of Local Audit, (564) 999-0807, Kelly.Collins@sao.wa.gov

Wendy Choy, Assistant Director of Local Audit, (425) 502-7067, Wendy.Choy@sao.wa.gov

Haji Adams, Audit Manager, (425) 900-5277, Haji.Adams@sao.wa.gov

Lorraine Nitta, Assistant Audit Manager, (425) 900-5631, Lorraine.Nitta@sao.wa.gov



Office of the Washington State Auditor
Pat McCarthy

Preliminary Draft - Please do not duplicate, distribute, or disclose.

Accountability Audit Report

City of Mercer Island

For the period January 1, 2022 through December 31, 2022

Published (Inserted by OS)

Report No. 1034831



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Office of the Washington State Auditor Pat McCarthy

Issue Date – (Inserted by OS)

Council
City of Mercer Island
Mercer Island, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for City operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the City's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, City operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the City of Mercer Island from January 1, 2022 through December 31, 2022.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the City's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2022, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts receivable – utility billing
- Utilities Department – cash receipting
- Accounts payable – credit cards
- Self-insurance with unemployment compensation and paid family and medical leave
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

RELATED REPORTS

Financial

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

That report includes a finding for a material weakness in internal controls over financial reporting regarding proper revenue recognition for funds received in advance.

Other reports

We issued an examination report on the City's compliance with Coronavirus State and Local Fiscal Recovery Funds Program Requirements as part of the American Rescue Plan Act of 2021. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE CITY

The City of Mercer Island was incorporated in 1960 and operates under the council-manager form of government. Seven councilmembers are elected to serve four-year terms. Among the seven member body, the City Council elects one of its members to serve a two-year term as Mayor. The Mayor and City Council appoint a City Manager to oversee the administration of City policies and the daily operations as well as its 191 employees.

The City serves approximately 25,000 residents. The City provides a full range of services to the public including general government, public safety, fire, municipal court, street and trails maintenance, parks and recreation activities, public improvements, planning and zoning, permits and inspection, youth and family services, general administrative and water, sewer, and storm water services.

The City is funded by a variety of revenue sources, including property taxes, sales taxes, utility taxes, business taxes, charges for services, and grants. In fiscal year 2022, the City's general fund operating budget was approximately \$35 million.

Contact information related to this report

Address:	City of Mercer Island 9611 S.E. 36th Street Mercer Island, WA 98040
Contact:	LaJuan Tuttle, Deputy Finance Director
Telephone:	(206) 275-7785
Website:	www.mercerisland.gov

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Mercer Island at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

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In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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Office of the Washington State Auditor
Pat McCarthy

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Financial Statements Audit Report

City of Mercer Island

For the period January 1, 2022 through December 31, 2022

Published (Inserted by OS)

Report No. 1034826



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**Office of the Washington State Auditor
Pat McCarthy**

Issue Date – (Inserted by OS)

Council
City of Mercer Island
Mercer Island, Washington

Report on Financial Statements

Please find attached our report on the City of Mercer Island's financial statements.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

City of Mercer Island January 1, 2022 through December 31, 2022

2022-001 The City's internal controls were inadequate for ensuring proper revenue recognition for funds received in advance.

Background

State and federal agencies, the City Council and the public rely on information included in the financial statements and reports to make decisions. Management is responsible for designing and following internal controls that provide reasonable assurance the City's financial reporting is reliable and its financial statements are accurate.

The City prepares its financial statements in accordance with generally accepted accounting principles (GAAP).

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the City's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses in internal controls as a finding.

Description of Condition

In 2022, the City received \$3,617,659 in federal financial assistance from the Coronavirus State and Local Fiscal Recovery Funds, which is a program funded through the American Rescue Plan Act of 2021 (ARPA). During the audit period, the City incurred eligible program expenditures of \$1,070,885.

We found a deficiency in internal controls over the City's financial reporting that represents a material weakness. Specifically, the City did not properly evaluate whether it had met revenue recognition criteria for grants it received in advance, including incurring eligible expenditures, as required to recognize the grant funds received as revenue.

Cause of Condition

The City typically receives grant funding on a reimbursement basis, under which it incurs eligible expenditures before receiving grant funding. The City received

ARPA funds before it had incurred eligible expenditures. The City misinterpreted the revenue recognition criteria for the unspent ARPA funds, which it should report as unearned revenue, a liability, until it meets the applicable eligibility requirements.

Effect of Condition

We found the following errors in the City's financial statements:

- The City overstated the American Rescue Plan Act Intergovernmental Revenue balance by \$1,938,341 and understated the Unearned Revenue and Restricted Fund balances by \$2,203,567 each, due to improperly recognizing revenue of \$265,226 in fiscal year 2021 and \$1,938,341 in fiscal year 2022.
- The City overstated the Governmental Activities Operating Grants and Contributions revenue and Restricted Net Position balances by \$2,203,567, and understated the Unearned Revenue balance by the same amount.

The City subsequently corrected these errors in the financial statements.

Recommendation

We recommend the City improve its controls to ensure it properly classifies and reports federal funds received in advance in accordance with GAAP. This includes evaluating whether it has met revenue recognition criteria.

City's Response

The City of Mercer Island thanks the State Auditor's Office (SAO) for the open communication throughout the fiscal year 2022 audit as well as the opportunity to respond to the audit finding regarding the classification and financial statement presentation of American Rescue Plan Act (ARPA) funds.

For the benefit of Mercer Island residents, this matter does not represent any misuse of public funds. Rather, it represents a reporting error involving how the federal funds received were classified for audit reports.

The City utilized the guidance from the State Auditor's Office (SAO) along with resources from the US Treasury for State and Local Fiscal Recovery Funds, the Government Finance Officers Association (GFOA), and Governmental Accounting Standards Board (GASB) in determining ARPA reporting requirements.

The US Treasury's guidance for distributions to non-entitlement units (NEU) of local government prohibited States from disbursing funds to NEUs on a

reimbursement basis. The State Auditors BARS manual and the remittance advice from the Washington State Treasurer's Office both indicated ARPA revenues be coded as "federal revenues, other than grants." On this basis, the City did not consider ARPA funds an expenditure based reimbursable grant throughout the financial statement evaluation and review process.

Absent specific direction from the SAO, Management elected to recognize earned revenue as ARPA funds were committed for eligible uses by the City Council. The decision to recognize earned revenue as ARPA funds were committed was discussed in length with the SAO audit team during the 2021 annual financial audit. The audit team gave no indication the City's revenue recognition determination was non-compliant with Generally Accepted Accounting Principles (GAAP). Given fiscal year 2021 audit results, the City used the same revenue recognition criteria in the 2022 annual financial statements.

Staff acknowledges that the City's interpretation of the revenue recognition criteria for ARPA funds was inconsistent with that of the SAO. However, the City believes adequate controls and procedures are in place and disagrees with the assessment of a material weakness in internal controls.

Once advised of the appropriate revenue recognition criteria for ARPA funds, the City corrected amounts reported in earned and unearned revenue classifications in the 2022 financial statements. Had this explanation been provided in the first year of ARPA reporting (2021), this finding would have been avoided.

The City appreciates the efforts of the State Auditor's Office in providing a detailed explanation of GAAP accounting for ARPA receipts.

Auditor's Remarks

It is City management's responsibility to establish adequate internal controls to ensure accurate financial reporting in accordance with GAAP. Although our prior audit reviewed ARPA funds, we did not identify an exception with the City's revenue recognition at that time. We appreciate the City's commitment to resolve this finding and thank the City for its cooperation and assistance during the audit. We reaffirm our finding.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

The Budgeting, Accounting and Reporting System (BARS Manual), 3.1.3, Internal Control, required each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objective.

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the State Auditor to prescribe the system of accounting and reporting for all local governments.

Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Paragraph 15.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, Paragraph 10.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Mercer Island January 1, 2022 through December 31, 2022

Council
City of Mercer Island
Mercer Island, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mercer Island, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 21, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001, that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CITY'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

May 21, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Mercer Island January 1, 2022 through December 31, 2022

Council
City of Mercer Island
Mercer Island, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mercer Island, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mercer Island, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As discussed in Note 24 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

May 21, 2024

FINANCIAL SECTION

City of Mercer Island January 1, 2022 through December 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2022

Statement of Activities – 2022

Governmental Funds Balance Sheet – 2022

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds – 2022

Statement of Net Position – Proprietary Funds – 2022

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – 2022

Statement of Cash Flows – Proprietary Funds – 2022

Statement of Fiduciary Net Position – Fiduciary Funds – 2022

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2022

Notes to the Financial Statements – 2022

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – 2022

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Street Fund – 2022

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – ARPA Fund – 2022

Schedule of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3, PSERS, LEOFF 1, LEOFF 2 – 2022

Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS, LEOFF 2 – 2022

GASB 67 Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters Pension Fund – 2022

GASB 75 Schedule of Changes in Total OPEB Liability and Related Ratios – LEOFF 1 Retiree Medical and Long-Term Care Benefits – 2022

Notes to RSI – 2022

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Office of the Washington State Auditor
Pat McCarthy

Report on Compliance with Coronavirus State and Local Fiscal Recovery Funds Program Requirements

City of Mercer Island

For the period January 1, 2022 through December 31, 2022

Published September 28, 2023

Report No. 1033398



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Office of the Washington State Auditor Pat McCarthy

September 28, 2023

Council
City of Mercer Island
Mercer Island, Washington

Report on Compliance with Coronavirus State and Local Fiscal Recovery Funds Program Requirements

As part of the American Rescue Plan Act of 2021, the U.S. Department of Treasury provided Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing Number 21.027) to the State and all cities and counties in Washington to provide aid for various purposes in response to the public health emergency.

These funds are federal assistance, subject to audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. In order to provide for more timely and focused audits, the Office of Management and Budget, in the 2021 Compliance Supplement, authorized entities meeting specific criteria to receive a compliance examination engagement in lieu of a regular federal grant audit. Accordingly, the City has elected to demonstrate accountability for these funds through a compliance examination.

Please find attached our report on the City's compliance with federal requirements.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT ACCOUNTANT'S REPORT

City of Mercer Island January 1, 2022 through December 31, 2022

Council
City of Mercer Island
Mercer Island, Washington

We have examined the City of Mercer Island's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients that would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) section of the 2021 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended December 31, 2022.

Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above.

An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our engagement.

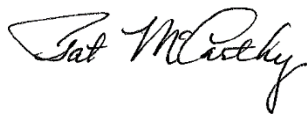
Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Mercer Island complied, in all material respects, with the aforementioned requirements during the period January 1, 2022 to December 31, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; and fraud or noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on compliance with the specified requirements. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over compliance and other matters; accordingly, we express no such opinions.

Our examination disclosed no issues that are required to be reported under *Government Auditing Standards*.



Pat McCarthy, State Auditor

Olympia, WA

September 28, 2023

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City of Mercer Island
Summary of Uncorrected Items
January 1, 2022 through December 31, 2022

Description	Statement / Schedule	Opinion Unit
Receivable/Deferred Inflow: Review of the state treasurer distribution noted general fund reported receivable and deferred inflow is understated by \$628,059 since the City does not record the deferred inflow from period revenues collected in February, pass the 30-day availability period.	Governmental Funds Balance Sheet	General
Receivable/Deferred Inflow: Review of the state treasurer distribution noted street fund reported receivable and deferred inflow is understated by \$33,455 since the City does not record the deferred inflow from period revenues collected in February, pass the 30-day availability period.	Governmental Funds Balance Sheet	Street
Receivable/Deferred Inflow: Review of the state treasurer distribution noted other governmental funds reported receivable and deferred inflow is understated by \$4,579 since the City does not record the deferred inflow from period revenues collected in February, pass the 30-day availability period.	Governmental Funds Balance Sheet	Aggregate Remaining Funds
Cash and Cash Equivalents: The City's total ARCH trust fund balance of \$265,215 was not reported as part of the cash and cash equivalents. Because the ownership of these funds remains with the contributing party, the trust fund balance is part of the City's cash. As a result, the total reported cash and cash equivalents is understated by the same amount.	Statement of Net Position	Governmental Activities
Cash and Cash Equivalents: The City's total trust fund balance of \$265,215 was not reported as part of the cash and cash equivalents. Because the ownership of these funds remains with the contributing party, the trust fund balance is part of the City's cash. As a result, the total reported cash and cash equivalents is understated by the same amount.	Governmental Funds Balance Sheet	General
Governmental Activities payroll expenses are understated by \$219,107 due to City not performing a year-end accrual for payroll.	Statement of Net Position / Statement of Activities	Governmental Activities
General Fund payroll expenditures are understated by \$194,118 due to the City not performing a year-end accrual for payroll.	Governmental Funds Balance Sheet / Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance	General
Street Fund payroll expenditures are understated by \$7,639 due to the City not performing a year-end accrual for payroll.	Governmental Funds Balance Sheet / Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance	Street
Capital Improvement Fund payroll expenditures are understated by \$4,952 due to the City not performing a year-end accrual for payroll.	Governmental Funds Balance Sheet / Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance	Capital Improve
Water Fund payroll expenses are understated by \$20,720 due to the City not performing a year-end accrual for payroll.	Proprietary Funds Statement of Net Position / Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position	Water
Sewer Fund payroll expenses are understated by \$9,397 due to the City not performing a year-end accrual for payroll.	Proprietary Funds Statement of Net Position / Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position	Sewer
Storm Drain Fund payroll expenses are understated by \$7,872 due to the City not performing a year-end accrual for payroll.	Proprietary Funds Statement of Net Position / Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position	Storm Drain
Aggregate Remaining Fund payroll expenditures are understated by \$18,933 due to the City not performing a year-end accrual for payroll.	Governmental Funds Balance Sheet / Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance Proprietary Funds Statement of Net Position / Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position	Aggregate Remaining Funds

City of Mercer Island
Summary of Uncorrected Items
January 1, 2022 through December 31, 2022

Description	Statement / Schedule	Opinion Unit
Business Type Activities payroll expenses are understated by \$37,989 due to City not performing a year-end accrual for payroll.	Statement of Net Position / Statement of Activities	Business Type Activities
Property Taxes (modified accrual): Property tax revenues reported in governmental funds are understated by \$9,698.	Statement of Activities, Statement of Revenues Expenditures and Changes in Fund Balance - Governmental Funds	General
Property Taxes (Full accrual): Property tax revenues reported in government-wide statements are understated by \$101,990.	Statement of Net Position	Governmental Activities
Charges for Services in the 520 Computer Fund are understated by \$14,781. This is attributed to the City budgeting and charging \$781 less than the amount authorized in the Adopted 2021-22 Biennial Budget and not charging the HR Division \$14,000 for internal services.	Proprietary Funds Statement of Net Position / Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position	Aggregate Remaining Funds
The City did not accrue utility revenues related to the current reporting period (fiscal year 2022) and previous reporting period (fiscal year 2021). As a result, the Water Fund Charges for Services is understated by \$58,853.	Statement of Net Position - Proprietary Funds / Statement of Revenues, Expenditures, and Change in Fund Balance - Proprietary Funds	Water
The City did not accrue utility revenues related to the current reporting period (fiscal year 2022) and previous reporting period (fiscal year 2021). As a result, the Sewer Fund Charges for Services is overstated by \$30,303.	Statement of Net Position - Proprietary Funds / Statement of Revenues, Expenditures, and Change in Fund Balance - Proprietary Funds	Sewer
The City did not accrue utility revenues related to the current reporting period (fiscal year 2022) and previous reporting period (fiscal year 2021). As a result, the Storm Drain Fund Charges for Services is understated by \$8,434.	Statement of Net Position - Proprietary Funds / Statement of Revenues, Expenditures, and Change in Fund Balance - Proprietary Funds	Storm Drain
The City did not accrue utility revenues related to the current reporting period (fiscal year 2022) and previous reporting period (fiscal year 2021). As a result, the Business Type Activities Charges for Services is understated by \$36,983.	Statement of Net Position / Statement of Activities	Business Type Activities
GASB 87 - Lease: Review of GABS 87 implementation identified the following: <ul style="list-style-type: none"> • Lease receivable was understated by \$378,530 or 56% of the total amount tested for \$671,164. • Interest Revenues were understated by \$11,151 or 45% of the total amount tested for \$24,828. • Deferred Inflow - Leases were understated by \$186,652 or 19% of the total amount tested for \$963,588. • Revenues were understated by \$81,762 or 85% of the total amount tested for \$96,411. 	Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Funds / Balance Sheet - Governmental Funds	General
GASB 87 - Lease: Review of GABS 87 implementation identified the following: <ul style="list-style-type: none"> • Lease receivable was understated by \$378,530 or 56% of the total amount tested for \$671,164. • Interest Revenues were understated by \$11,151 or 45% of the total amount tested for \$24,828. • Deferred Inflow - Leases were understated by \$186,652 or 19% of the total amount tested for \$963,588. • Revenues were understated by \$81,762 or 85% of the total amount tested for \$96,411. 	Statement of Net Position / Statement of Activities	Governmental Activities

**CITY OF MERCER ISLAND, WASHINGTON**

9611 SE 36th Street | Mercer Island, WA 98040-3732

(206) 275-7600 | (206) 275-7663 fax

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May 21, 2024

Office of the Washington State Auditor
40 Lake Bellevue Dr, Suite 123
Bellevue, WA 98005

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of City of Mercer Island for the period from January 1, 2022 through December 31, 2022. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all requested and relevant information of which we are aware, including:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.

- d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
 - e. Related party relationships and transactions.
 - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.
2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.
 3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
 4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
 5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.
 6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.
 7. We have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
 8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
 9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records, notwithstanding immaterial uncorrected items referenced below.

Additional representations related to the financial statements:

10. We acknowledge our responsibility for fair presentation of financial statements and believe financial statements are fairly presented in conformity with generally accepted accounting principles in the United States of America.
11. We acknowledge our responsibility for establishing and maintaining effective internal control over financial reporting.

12. The financial statements include financial information of the primary government and all component units, fiduciary and other activity required by generally accepted accounting principles to be included in the financial reporting entity.
13. The financial statements properly classify all funds and activities.
14. All funds that meet the quantitative criteria in GASB requirements or are otherwise particularly important to financial statement users, are presented as major funds.
15. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and depreciated as applicable.
16. We have no plans or intentions that may materially affect the reported value or classification of assets, liabilities or net position.
17. Revenues are appropriately classified by fund and account.
18. Expenses have been appropriately classified by fund and account, and allocations have been made on a reasonable basis.
19. Net position components (net investment in capital assets, restricted and unrestricted) and fund balance components (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, as applicable, approved.
20. Significant assumptions we used in making accounting estimates are reasonable.
21. The following have been properly classified, reported and disclosed in the financial statements, as applicable:
 - a. Interfund, internal, and intra-entity activity and balances.
 - b. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - c. Joint ventures and other related organizations.
 - d. Guarantees under which the government is contingently liable.
 - e. All events occurring subsequent to the fiscal year end through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
 - f. Effects of all known actual or possible litigation, claims, assessments, violations of laws, regulations, contracts or grant agreements, and other loss contingencies.
22. We have accurately disclosed to you all known actual or possible pending or threatened litigation, claims or assessments whose effects should be considered when preparing the financial statements. We have also accurately disclosed to you the nature and extent of our consultation with outside attorneys concerning litigation, claims and assessments.

23. We have disclosed to you all significant changes to the methods of measurement and presentation of supplementary information, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation.
24. We acknowledge our responsibility for the supplementary information required by generally accepted accounting principles in the United States (RSI) and believe RSI is measured and presented within prescribed guidelines.
25. We have disclosed to you all significant changes in the methods of measurement and presentation of RSI, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation of the RSI.
26. We believe the effects of uncorrected financial statement misstatements summarized in the schedule of uncorrected items provided to us by the auditor are not material, both individually and in the aggregate, to each applicable opinion unit.
27. We acknowledge our responsibility not to publish any document containing the audit report with any change in the financial statements, supplementary and other information referenced in the auditor's report. We will contact the auditor if we have any needs for publishing the audit report with different content included.
28. We adequately considered the qualifications of Milliman, Inc. and agree with conclusions regarding other post-employment benefits liability, which are reflected in financial statement amounts and disclosures. We provided Milliman, Inc. with accurate and complete information and did not give or cause any instructions to be given to Milliman, Inc. with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of Milliman, Inc.



Jessi Bon
City Manager



LaJuan Tuttle
Deputy Finance Director

Log #	Received From	Comment/Question	Staff Response
1	Councilmember Weinberg	Should the B&O tax revenue received in April 2024 be accredited to tax year 2023?	<p>No. B&O taxes assessed by the City per MICC 4.10 transitioned to cash basis in 2023. Given the requirement to extend the payment deadline for annual taxpayers to April 15 of the following year staff transitioned B&O tax payments to cash basis revenue recognition in 2023.</p> <p>This change was highlighted in each quarterly financial status update in FY2023. B&O tax revenue reported in FY 2023 included annual tax remittances received for calendar year 2022 and quarterly tax payments for calendar year 2023. Amounts received January through April 2024 will be recognized on a cash basis as revenue in 2024.</p>
2	Councilmember Weinberg	By the same logic, if all the annually-paid B&O tax revenue for calendar year 2024 is expected be received in April 2025, doesn't that mean that, now that we're on a cash accounting basis, there will be no paid-annually B&O tax revenue in 2024?	<p>This is partially correct in that annual taxpayer remittances for the 2024 calendar year will be received and reported as revenue in 2025. By the same logic, annual taxpayer remittances for the 2023 calendar year will be received and reported as revenue in 2024.</p> <p>It is also important to note that while the majority of B&O taxpayers report and file on an annual basis, the largest taxpayers are required to file on a quarterly basis. Quarterly tax payments remitted and received in 2024 will be received and reported as revenue in 2024.</p>
3	Councilmember Weinberg	In the "General Fund: Revenues" table on page 6 of the agenda bill, why are we only predicting \$10,828 of interest income when the first quarter's income was 51 times that? Wouldn't it be more accurate to predict that interest rates will remain at least in the 3-4% range for the remainder of 2024 instead of 0.1%?	The <i>General Fund: Revenues</i> table includes the amended budget reference, which is separate and distinct from the Revenue Forecast. Staff will prepare an updated Revenue Forecast this fall, which will inform development of the Biennial Budget.
4	Councilmember Weinberg	In the "All Other Funds: Revenues" table on page 13 of the agenda bill, I'm noticing that there is \$65,712 of 2024 revenue showing for the Contingency Fund. If the Contingency Fund reached its target of 12.5% of General Fund expenditures in Q4 2023, should that \$65k go to the General Fund instead of back to the Contingency Fund?	Although the Contingency Fund did reach its target funding level of 12.5% in Q4 2023, due to budget amendments in ORD No. 24-04 to the total amount of General Fund expenditures in 2024, an allocation of interest earnings was required to maintain that target funding level.

5	Councilmember Weinberg	On page 14 of the agenda bill (page 125 of the packet), the 3rd paragraph indicates that we had budgeted \$3.4 million in state grant funding. Are these all grants that were applied for and approved, or does that \$3.4 million include the requests for marine patrol, EV charging infrastructure, and the EV sidewalk sweeper, which were all denied? If not, how much additional grant money did we ask for?	The entire \$3.4 million for 2024 state grant funding budgeted in the Capital Improvement Fund relates to the Luther Burbank Dock and Waterfront Improvements, or project PA0122, in the Capital Improvement Program in 2024. The grants for PA0122 were all applied for and approved.
6	Councilmember Weinberg	The last paragraph on page 12 of the agenda bill indicates that we're relining 12,000 feet of sewer mains in Sewer Basin 40. Does relining mean we are ending up with pipes with less overall throughput capacity? While these are sewer pipes and not pressurized water pipes, does the narrowing of the sewer pipes nonetheless restrict the ability to increase development density in this neighborhood?	<p>As growth occurs, additional customer flows can exceed sewer capacity. A capacity evaluation and hydraulic model is used to assess data in comparison with modeled flows. This work is completed as part of the General Sewer Plan and will be expanded to align with anticipated density levels during the next General Sewer Plan update.</p> <p>For this particular project, although relining of these pipes does reduce the overall pipe size slightly, it eliminates inflow and infiltration levels (I & I) which were found to be very high in this basin. In other words, although the overall pipe size may be slightly reduced, capacity is actually improved due to the elimination of non-wastewater components.</p>

<p>7 Councilmember Weinberg</p>	<p>Sometime this year I'd like to see a single-page infographic conveying the big picture of our utility infrastructure modernization efforts, which I sometimes refer to as our "race against entropy." Ideally, such a chart would include:</p> <ul style="list-style-type: none"> a. A graphical element representing the challenge we're facing (e.g. average age of equipment in each of the last 10 years). b. A graphical element representing the impact that challenge is having (e.g. emergency repairs/year for each of the last 10 years). c. A graphical element representing the increased investment we've made (e.g. capital investments in pipe/equipment modernization & replacement per year). <p>If the graphical elements display best as lines, ideally we would see:</p> <ul style="list-style-type: none"> - The impact line (or lines, if we have 1 each for water, sewer, and storm) would have a positive slope, reflecting the increasing number of water main breaks and other emergency repairs we've had to do in recent years. - The challenge line(s) would start off relatively flat and then show a downward bend as we've accelerated the rate at which we're replacing the oldest parts of the system, causing its average age to decrease. - The investment line would start off relatively flat and then show an upward bend, showing how we've dramatically increased the rate at which we're proactively replacing and modernizing the aging infrastructure. <p>I think such a chart could really help the public visualize the big picture. It can also help to build support in future</p>	<p>At this time staff does not have capacity to prepare this graphic but will take it under future consideration.</p>
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		<p>years for a further expansion of our infrastructure modernization efforts – once we have space built to house the additional public works staff we’d need.</p> <p>Thoughts?</p>	
8	Councilmember Reynolds	<p>Exhibit 1 page 9 shows total 1Q fire expenditures of \$2.8 MM. What is the breakdown of this between one time and ongoing costs?</p>	<p>The breakdown between one time and ongoing costs is as follows.</p> <p>One-time costs include:</p> <ul style="list-style-type: none"> • \$114,000 - 2024 contribution to EF&R equipment replacement fund per the contract. Will only occur in the 1st quarter. • \$369,872 - 1st installment to transfer compensated absence liability funding to EF&R. • \$254,586 in payroll costs to cover 12/23/2023 - 12/31/2023 firefighter payroll up to transition (paid on first payroll 1.12.2024). • \$27,804 in payroll costs for the 1.0 FTE position related to Mobile Integrated Health program. This employee was transitioned to EF&R at the end of March and is no longer a City of Mercer Island employee. <p>Ongoing costs include:</p> <ul style="list-style-type: none"> • January, February, and March contract payments to EF&R, totaling \$1,968,686.
9	Councilmember Reynolds	<p>The explanatory text below this table states that budget overages are due to one time costs.</p> <p>Does this mean that we did not budget for one time costs or that we did, but not enough?</p> <p>Is this a timing issue, where one time costs will come in lower than expected in later quarters?</p> <p>Or do we expect total one time costs when we are all done with them to be higher than expected?</p> <p>If so, how much and why?</p>	<p>This is a primarily a timing issue for the first quarter of 2024. The contributions to the equipment replacement fund per the EF&R contract and final payroll payments to former Mercer Island Firefighters to close out 2023 are strictly a result of the start of the new fiscal year.</p> <p>Together they represent costs of nearly \$369,000 that will see no further increases in FY 2024.</p>

10 Councilmember Reynolds I am not understanding how the transition to cash basis is reflected in the financials. It sounds like you made a one time adjustment at 12.31.23 to adjust to cash.

But doesn't that mean 2023 is really cash basis?

Either way, whenever you did the transition, can you provide a recap by fund and my major expenditure and revenue category of the total amount of the change?

There has been no adjustment to cash balances in the quarterly Financial Status update.

The change in accounting procedure impacts the timing of when cash inflows are recognized as revenues. The change in timing of revenue recognition creates the appearance of revenues being lower than budget expectations in the first quarter of 2024.

A good example of the timing changes is monthly remittances for Real Estate Excise Taxes (REET). King County collects REET on recorded property sales throughout the month. The County then distributes the City's portion on the 10th of the following month. REET for property sales that were recorded in January 2024 were distributed to Mercer Island on February 10, 2024.

Under GAAP the City is required to record REET from home sales in January as a revenue and receivable based on the month the sale was recorded. Under Cash basis the REET from January property sales will be recorded as revenue in February based on the cash receipt date.

The underlying revenue is the same. The timing of when the City recognizes and "earns" the revenue is different under cash vs accrual:

Sale Recorded	Jan 2024	Feb 2024	Mar 2024	Apr 2024
GAAP Rev \$ thousands	\$149.7	\$165.8	\$263.5	
Cash Rev \$ thousands		\$149.7	\$165.8	\$263.5

11	Councilmember Reynolds	<p>Exhibit 1 page 16 refers to pre-LEOFF 1 retirees.</p> <p>How many of these are there and what is the approximate annual payment to these retirees?</p> <p>How do their benefit increases get impacted by impact bargaining? COLA, in contrast, makes sense to me.</p>	<p>There are currently five fire retirees receiving benefit payments from the Pre-LEOFF 1 Firefighter Pension Fund.</p> <p>In 2024, the current monthly benefit totals \$10,849 for an annual cost of \$130,190 to the Pension Fund. The excess benefit is calculated based on the current salary of active firefighters in the same or equivalent position the retiree was in at retirement.</p> <p>In 2023, the percentage increases (COLA and bargaining impacts) that active firefighter personnel received increased the benefit due to each retiree.</p>
12	Councilmember Reynolds	Do we have any sense as to whether a material number of other municipalities or counties were hit with a similar finding?	Staff is aware that the City of Bellevue, the City of Bothell, and the City of Edmonds all received essentially the same audit finding.

13	Councilmember Reynolds	The ARPA funds were certainly an unusual thing in city history. When such unusual situations arise, do we have a process for discussing accounting policies with other peer cities as an informal peer review of processes?	<p>The State Auditor's Office (SAO) is the primary resource used in determining the best application of GAAP in accounting for new programs.</p> <p>The Budgeting, Accounting and Reporting System (BARS) Manual prescribes accounting and reporting for local governments in accordance with RCW 43.09.200. Its purpose is to provide (1) uniform accounting and financial reporting to allow for meaningful use and comparison of financial data; (2) accounting and reporting instructions as a resource for local government managers; and (3) a consistent framework for financial reporting to intended users, including managers, governing bodies, granting and regulatory agencies, the state Legislature, and the general public.</p> <p>Typically, any time there is a significant new program affecting local governments statewide the SAO provides clear and definitive instructions on how to account for the new program. Most recently, the SAO provided detailed instructions on how to account for distributions from the opiate settlement agreements.</p> <p>No information was provided about how to record ARPA revenues. There remains no direct information on the SAO website or within the BARS manual to suggest that ARPA funds were best accounted for as a Grant received in advance.</p>
14	Councilmember Reynolds	Are we required to use the state auditor? Could we, for example, engage a private firm instead? Or do they have a monopoly?	The City is required to use the Washington State Audit office per RCW 43.09.230



Office of the
Washington
State Auditor
Pat McCarthy

Exit Conference

City of Mercer Island

Haji Adams
Audit Manager

Lorraine Nitta
Audit Supervisor

May 21, 2024

Results that Matter



Item 1.



Increased trust in government



Independent, transparent examinations



Improved efficiency and effectiveness of government



Pat McCarthy
State Auditor

Thank You!



Item 1.

- We would like to thank LaJuan Tuttle, Deputy Finance Director, as well as other City staff for their cooperation and timely responses to our requests throughout the audit, especially since the audit was performed in a remote environment.
- We thank the City for its commitment to strengthen the relationship with the Office of the Washington State Auditor.

Accountability Audit Results

January 1, 2022 through December 31, 2022



Item 1.

Results in Brief

This report describes the overall results and conclusions for the areas we examined.

In those selected areas, City operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

Accountability Audit Results

Using a risk-based audit approach, for the City, we examined the following areas during the period:

- Accounts receivable – utility billing
- Utilities Department – cash receipting
- Accounts payable – credit cards
- Self insurance with unemployment compensation and paid family and medical leave
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress



Item 1.

Financial Audit Results

January 1, 2022 through December 31, 2022



Item 1.

Unmodified Opinion Issued

- Opinion issued in accordance with U.S. GAAP
- Audit conducted in accordance with *Government Auditing Standards*

Internal Control and Compliance over Financial Reporting

- We reported no significant deficiencies in internal control.
- We identified deficiencies that we consider to be material weaknesses.
- We noted no instances of noncompliance that were material to the financial statements of the City.

Financial Audit Results



Item 1.

Required Communications

- Uncorrected misstatements have been provided for review.

Financial Audit Results

The audit addressed the following risks, which required special consideration:

Management override of controls



Item 1.

Financial Audit - Finding



Item 1.

2022-001: The City's internal controls were inadequate for ensuring proper revenue recognition for funds received in advance.

Please see pages 14-17 of your exit packet to view the details of this recommendation



SLFRF Compliance Examination Results

January 1, 2022 through December 31, 2022



Unmodified Opinion Issued

- In our opinion, the City complied, in all material respects, with the compliance requirements during the audit period.
- Examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*.

Internal Control and Compliance over SLFRF Program

- We identified no significant deficiencies or material weakness in internal control.
- We noted no instances of noncompliance that are required to be reported.

Major Programs Selected for Audit



Item 1.

ALN	Program or Cluster Title	Total Amount Expended
21.027	COVID 19 – Coronavirus State and Local Fiscal Recovery Funds	\$1,070,885

These costs amount to approximately 86 percent of the total federal expenditures for 2022.

Closing Remarks

- Audit costs are in alignment with our original estimate.
Next audit: July 2024
 - Accountability for public resources
 - Financial statement
 - Attestation engagement

An estimated cost for the next audit has been provided in our exit packet





Item 1.

Report Publication

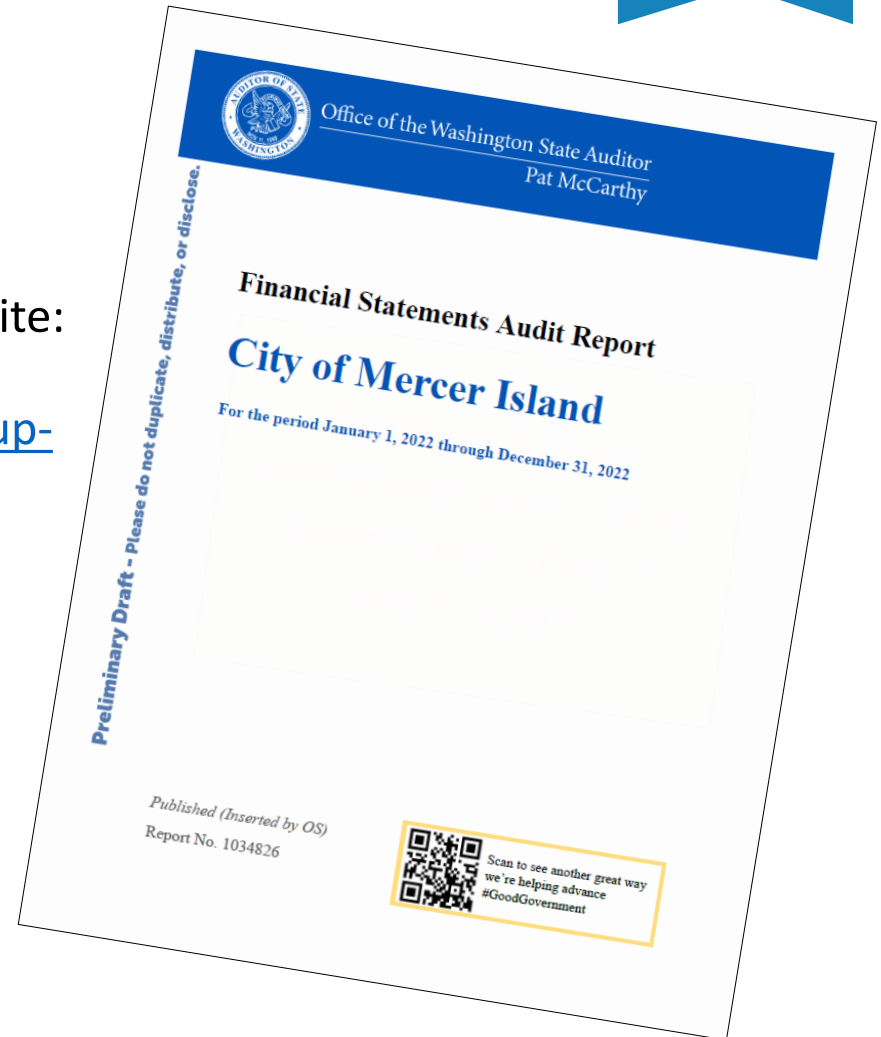
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Audit Survey

When your report is released, you will receive an audit survey from us.

We value your opinions on our audit services and hope you provide feedback.



Questions?



Contact Haji Adams, Audit Manager,

Haji.Adams@sao.wa.gov

(425) 900-5277



Item 1.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6470
May 21, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6470: May 3, 2024 Payroll Certification	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the May 3, 2024 Payroll Certification in the amount of \$867,211.93.	

DEPARTMENT:	Administrative Services
STAFF:	Ali Spietz, Chief of Administration Nicole Vannatter, Human Resources Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. May 3, 2024 Payroll Certification 2. FTE/LTE Counts
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

This agenda bill is to approve the payroll certification for the City of Mercer Island for the period from April 13, 2024 through April 26, 2024 in the amount of \$867,211.93 (see Exhibit 1).

BACKGROUND

[RCW 42.24.080](#) requires that all claims presented against the City by performing labor must be certified by the appropriate official to ensure that the labor was performed as described, and that the claims are just, due, and unpaid obligations against the City, before payment can be made. [RCW 42.24.180](#) allows the payment of claims to occur prior to City Council approval to expedite processing of the payment of claims, provided, however, that review and approval of the claims' documentation occurs at the next regularly scheduled public meeting. The Payroll Certification details the total payment to employees for labor performed and benefits payments made for each payroll. The City is on a bi-weekly payroll schedule with payments every other Friday.

ISSUE/DISCUSSION

Each payroll varies depending on several factors (i.e., number of employees, pay changes, leave cash outs, overtime, etc.). In addition to regular pay for employees, this payroll has variants that are outlined below.

Additional payments:

Description	Amount
Leave cash outs for terminated employees	\$4,792.81
Leave cash outs for current employees	\$18,513.67
Service and recognition awards	\$900.00
Overtime earnings (see chart for overtime hours by department).	\$10,959.75
Total	\$35,166.23

Overtime hours by department:

Department	Hours
Administrative Services	
City Attorney's Office	
City Manager's Office	
Community Planning & Development	
Finance	
Municipal Court	
Police	68.25
Public Works	73.50
Thrift Shop	2.00
Youth & Family Services	
Total Overtime Hours	143.75

NEXT STEPS

FTE/LTE COUNTS

The table in Exhibit 2 shows the budgeted versus actual counts for Full Time Equivalents (FTEs) and Limited Term Equivalents (LTEs) for the current payroll. Casual labor employees (temporary and seasonal) are not included in the counts.

Casual Labor

In addition to FTE and LTE employees, the City utilizes casual labor to address workload needs that exceed the capacity or expertise of the City's regular staff and that are time limited or seasonal. Casual labor is used primarily to address seasonal workload needs and short-term workload issues created by special projects or position vacancies. Compared to an LTE position, a casual labor position has limited benefits and is filled for a shorter period of time (1-3 months, 6 months, or 9 months). The departments/divisions that utilize casual labor the most are Parks Maintenance, Recreation, Public Works, and the Thrift Shop.

RECOMMENDED ACTION

Approve the May 3, 2024 Payroll Certification in the amount of \$867,211.93 and authorize the Mayor to sign the certification on behalf of the entire City Council.

CITY OF MERCER ISLAND PAYROLL CERTIFICATION

Item 2.

PAYROLL PERIOD ENDING 04.26.2024
PAYROLL DATED 05.03.2024

Net Cash	\$	591,088.64
Net Voids/Manuals	\$	546.08
Net Total	\$	591,634.72
Federal Tax Deposit	\$	94,617.19
Social Security and Medicare Taxes	\$	65,087.79
State Tax (California)	\$	14.48
State Tax (California)	\$	11.33
Family/Medical Leave Tax (California)	\$	-
Public Employees Retirement System 1 (PERS 1)	\$	-
Public Employees' Retirement System (PERS Plan 2)	\$	32,819.32
Public Employees' Retirement System (PERS Plan 3)	\$	8,850.35
Public Employees' Retirement System (PERSJM)	\$	622.45
Public Safety Employees' Retirement System (PSERS)	\$	256.76
Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF Plan2)	\$	15,911.87
Regence & LEOFF Trust Medical Insurance Deductions	\$	12,701.86
Domestic Partner Medical Insurance Deductions	\$	1,840.77
Kaiser Medical Insurance Deductions	\$	1,336.14
Health Care - Flexible Spending Account Contributions	\$	1,722.65
Dependent Care - Flexible Spending Account Contributions	\$	1,057.70
ICMA Roth IRA Contributions	\$	397.77
ICMA 457 Deferred Compensation Contributions	\$	33,465.56
ICMA 401K Deferred Compensation Contributions	\$	-
Garnishments (Chapter 13)	\$	572.00
Tax Wage Garnishment	\$	-
Child Support Wage Garnishment	\$	706.03
Mercer Island Employee Association Dues	\$	250.00
AFSCME Union Dues	\$	-
Police Union Dues	\$	-
Standard - Supplemental Life Insurance	\$	-
Unum - Long Term Care Insurance	\$	365.40
AFLAC - Supplemental Insurance Plans	\$	238.52
Coffee Club Dues	\$	-
Transportation - Flexible Spending Account Contributions	\$	-
Miscellaneous	\$	-
Washington Long Term Care	\$	2,731.27
Tax & Benefit Obligations Total	\$	275,577.21

TOTAL GROSS PAYROLL	\$	867,211.93
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I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.



Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

FTE AND LTE COUNTS AS OF 4/26/2024

Full Time Equivalents (FTEs)	2024 Budgeted	2024 Actual
Administrative Services	15.00	15.00
City Attorney's Office	2.00	2.00
City Manager's Office	3.00	3.00
Community Planning & Development	18.00	17.00
Finance	9.00	7.50
Municipal Court	3.10	3.10
Police	37.50	38.50
Public Works	64.80	63.80
Recreation	10.25	10.25
Youth & Family Services	11.43	11.43
Thrift Shop	2.00	2.00
Total FTEs	176.08	173.58
Limited Term Equivalents (LTEs)	2024 Budgeted	2024 Actual
City Manager's Office ¹	1.00	3.00
Community Planning & Development ²	2.00	1.00
Finance	1.00	1.50
Public Works ³	4.00	5.75
Youth & Family Services	2.03	2.01
Thrift Shop	7.50	7.20
Total LTEs	17.53	20.46
Total FTEs & LTEs	193.61	194.04

FTE Vacancies:

- 1.0 Development Engineer
- 1.0 Financial Analyst
- 1.0 Planner
- 0.5 Utility Billing Admin Assistant

Footnotes:

- ¹ 5/23/2023: Extend 1.0 LTE Management Analyst [AB 6255](#)
- ² 5/23/2023: New 1.0 LTE Assistant Planner [AB 6255](#)
- ³ 5/23/2023: New 1.0 LTE Support Services Foreman [AB 6255](#)
- ⁴ 3/1/2024: New 1.0 LTE Planner [3/1 Minutes](#)

CERTIFICATION OF CLAIMS

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.



Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date

Report	Warrants	Date	Amount
Check Register	219548-219641	5/3/24	\$1,818,385.10 \$1,818,385.10

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
Org Key: 001000 - General Fund-Admin Key				
P0121314	00219598	NCL-LAKE WA CHAPTER	FA-6989 completed. Returning	500.00
Org Key: 345000 - Technology-Admin Key				
	00219566	CONNER HOMES GROUP LLC, THE	REISSUE: UNUSED SITE DEV REFND	169.20
	00219566	CONNER HOMES GROUP LLC, THE	REISSUE: UNUSED SITE DEV REFND	55.20
Org Key: 402000 - Water Fund-Admin Key				
	00219597	MORRIS, CHERIE	REFUND: MISAPPLIED PAYMENTS	1,506.11
P0121313	00219581	H D FOWLER	INVENTORY PURCHASES	1,439.70
P0121316	00219579	GRAINGER	INVENTORY PURCHASES	628.93
Org Key: 814074 - Garnishments				
	00219565	CHAPTER 13 TRUSTEE	PR EARLY WARRANTS 05.03.2024	572.00
Org Key: 814075 - Mercer Island Emp Association				
	00219593	MI EMPLOYEES ASSOC	PR EARLY WARRANTS 05.03.2024	250.00
Org Key: AS1100 - Administrative Services				
P0121326	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	216.38
P0121322	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	214.01
P0121327	00219614	VERIZON WIRELESS	SEPT 2023-OCT 2023 VERIZON ANG	213.97
P0121322	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	213.89
P0121326	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	141.75
	00219619	Amazon Capital Services Inc	2794790-9060243	18.74
Org Key: CA1100 - Administration (CA)				
P0121359	00219605	RELX INC DBA LEXISNEXIS	Invoice #3095080917 Legal	394.52
P0121326	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	87.26
P0121326	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	87.23
	00219619	Amazon Capital Services Inc	6735695-9371466	71.62
P0121321	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	53.13
P0121321	00219614	VERIZON WIRELESS	FEB 2024 - MAR 2024 VERIZON SW	29.71
Org Key: CA1200 - Prosecution & Criminal Mngmnt				
P0121360	00219595	MOBERLY AND ROBERTS	Invoice #1167 Professional Ser	7,904.69
Org Key: CM1100 - Administration (CM)				
P0121326	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	244.29
P0121326	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	216.25
	00219619	Amazon Capital Services Inc	7313867-1184262	8.64
Org Key: CM1400 - Communications				
P0121318	00219576	ETC INSTITUTE	2024 Community Survey INV 3223	6,615.00
Org Key: CO6100 - City Council				
P0121326	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	338.52
P0121326	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	338.34
Org Key: CR1100 - Human Resources				
P0121319	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	42.25
P0121319	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	42.22
	00219619	Amazon Capital Services Inc	7967487-7873861	22.77
	00219619	Amazon Capital Services Inc	3691893-4589015	15.86

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
Org Key: CT1100 - Municipal Court				
P0121370	00219558	Bradley Public Safety	BPSS invoice 043006P-24	1,575.00
P0121340	00219585	INTERCOM LANGUAGE SERVICES INC	Intercom invoice #24-199	1,029.16
	00219619	Amazon Capital Services Inc	0230629-9669076	110.19
	00219619	Amazon Capital Services Inc	6246443-8981051	87.05
	00219619	Amazon Capital Services Inc	5125231-1545804	72.06
P0121320	00219614	VERIZON WIRELESS	FEB 2024 - MAR 2024 VERIZON JE	42.25
P0121320	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	42.22
	00219619	Amazon Capital Services Inc	3405975-3047409	30.28
Org Key: DS0000 - Development Services-Revenue				
	00219566	CONNER HOMES GROUP LLC, THE	REISSUE: UNUSED SITE DEV REFND	5,640.00
	00219608	Sophy & Steve Yang	REISSUE: DEPOSIT	3,267.57
	00219566	CONNER HOMES GROUP LLC, THE	REISSUE: UNUSED SITE DEV REFND	1,840.00
	00219606	SCHULTZ MILLER LLC	REISSUE: OVERPAYMENT REFUND	1,452.00
	00219604	REDMOND BUILDERS LLC	REISSUE: OVERPAYMENT DEV21-005	1,234.15
	00219564	CHAN REVOCABLE	REISSUE: WITHDRAWN#ADU21-004	1,125.21
	00219604	REDMOND BUILDERS LLC	REISSUE: OVERPAYMENT ADU21-005	979.98
	00219607	SEATOWN ELECTRIC CORP	REISSUE: PERMIT REFUND	283.20
Org Key: DS1100 - Administration (DS)				
P0121315	00219589	KIMLEY-HORN AND ASSOC.	Policy Coord-Meetings-Analysis	8,395.00
P0121329	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	744.29
P0121329	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	743.92
P0121311	00219551	AT&T MOBILITY	APRIL AT&T	362.97
Org Key: FN1100 - Administration (FN)				
	00219619	Amazon Capital Services Inc	7226224-6390624	220.39
Org Key: FR2100 - Fire Operations				
P0121325	00219614	VERIZON WIRELESS	DEC 2023 - JAN 2024 VERIZON FI	575.47
Org Key: FR2105 - Fire Mobile Integrated Health				
P0121330	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	40.01
P0121331	00219614	VERIZON WIRELESS	JAN 2024 - FEB 2024 VERIZON YF	40.01
P0121332	00219614	VERIZON WIRELESS	DEC 2023 - JAN 2024 VERIZON YF	40.01
Org Key: GB0100 - Building Repairs				
P0121292	00219555	Baklinski Group	COURT OFFICE RENOVATION LABOR	5,460.95
P0121292	00219555	Baklinski Group	COURT OFFICE RENOVATION LABOR	1,207.33
Org Key: GE0107 - Fleet Replacements				
P0118967	00219559	BUD CLARY FORD HYUNDAI	2024 FORD F350 PICKUP, 4WD FOR	57,096.45
P0118956	00219559	BUD CLARY FORD HYUNDAI	2024 FORD F350 PICKUP, 2WD FOR	53,996.21
P0121310	00219599	OSW EQUIPMENT & REPAIR	BOSS 8' SNOW PLOW FOR VEC. #54	11,194.12
P0121310	00219599	OSW EQUIPMENT & REPAIR	BOSS 8' SNOW PLOW FOR VEC. #54	11,194.12
Org Key: GGM004 - Gen Govt-Office Support				
P0121352	00219587	KELLEY IMAGING SYSTEMS	Copier Service Lease IN1624678	2,447.44
	00219619	Amazon Capital Services Inc	3556699-8697837	42.86
	00219619	Amazon Capital Services Inc	3556699-8697837	42.86
Org Key: GGM005 - Genera Govt-LI Retiree Costs				

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0121351	00219569	DEEDS, EDWARD G	LEOFF 1 Retiree Medical Expens	628.72
	00219630	HILTNER, PETER	LEOFF1 Medicare Reimb	619.50
P0121350	00219548	ADAMS, RONALD E	LEOFF 1 Retiree Medical Expens	536.14
	00219622	BOOTH, GLENDON D	LEOFF1 Medicare Reimb	344.90
	00219624	DEEDS, EDWARD G	LEOFF1 Medicare Reimb	273.10
	00219621	BARNES, WILLIAM	LEOFF1 Medicare Reimb	271.10
	00219627	FORSMAN, LOWELL	LEOFF1 Medicare Reimb	271.10
	00219633	LYONS, STEVEN	LEOFF1 Medicare Reimb	247.80
	00219639	THOMPSON, JAMES	LEOFF1 Medicare Reimb	245.90
	00219637	SCHOENTRUP, WILLIAM	LEOFF1 Medicare Reimb	240.60
	00219638	SMITH, RICHARD	LEOFF1 Medicare Reimb	239.90
	00219617	ABBOTT, RICHARD	LEOFF1 Medicare Reimb	239.10
	00219628	GOODMAN, J C	LEOFF1 Medicare Reimb	236.30
	00219626	ELSOE, RONALD	LEOFF1 Medicare Reimb	220.10
	00219618	ADAMS, RONALD E	LEOFF1 Medicare Reimb	214.40
	00219631	JOHNSON, CURTIS	LEOFF1 Medicare Reimb	212.60
	00219620	AUGUSTSON, THOR	LEOFF1 Medicare Reimb	209.90
	00219632	LOISEAU, LERI M	LEOFF1 Medicare Reimb	209.90
	00219634	MYERS, JAMES S	LEOFF1 Medicare Reimb	179.80
	00219625	DOWD, PAUL	LEOFF1 Medicare Reimb	174.70
	00219629	HAGSTROM, JAMES	LEOFF1 Medicare Reimb	174.70
	00219636	RUCKER, MANORD J	LEOFF1 Medicare Reimb	174.70
	00219640	WEGNER, KEN	LEOFF1 Medicare Reimb	170.10
	00219641	WHEELER, DENNIS	LEOFF1 Medicare Reimb	164.90
	00219635	RAMSAY, JON	LEOFF1 Medicare Reimb	136.20
	00219573	EHRlich, ALAN	REISSUE: FIRE MEDICARE REIMBUR	125.00
	00219561	CARLSON, LARRY	LEOFF1 MEDICARE REIMBURSEMENT	92.60
P0121354	00219557	BOOTH, GLENDON D	LEOFF 1 Retiree Medical Expens	83.51
P0121353	00219574	ELSOE, RONALD	LEOFF 1 Retiree Medical Expens	58.83
Org Key: GGM100 - Emerg Incident Response				
	00219619	Amazon Capital Services Inc	7459996-1385851	128.48
	00219619	Amazon Capital Services Inc	4166740-4470606	37.12
	00219619	Amazon Capital Services Inc	4808461-3769064	19.47
Org Key: GGM606 - Excess Retirement-Fire				
	00219621	BARNES, WILLIAM	LEOFF1 Excess Benefit	3,133.75
	00219623	COOPER, ROBERT	LEOFF1 Excess Benefit	3,085.43
	00219631	JOHNSON, CURTIS	LEOFF1 Excess Benefit	1,978.49
	00219637	SCHOENTRUP, WILLIAM	LEOFF1 Excess Benefit	1,577.32
	00219635	RAMSAY, JON	LEOFF1 Excess Benefit	1,074.17
Org Key: GT0170 - ARPA-Slater Rm Public Meetings				
	00219619	Amazon Capital Services Inc	4772760-1251442	145.59
	00219619	Amazon Capital Services Inc	4772760-1251442	145.59
	00219619	Amazon Capital Services Inc	4772760-1251442	118.96
Org Key: IGV012 - MW Pool Operation Subsidy				
P0116895	00219594	MI SCHOOL DISTRICT #400	2024 MI SCHOOL DISTRICT FOR PO	14,601.27
Org Key: IS2100 - IGS Network Administration				
P0121328	00219549	AdRem Software, Inc.	Netcrunch Monitoring	7,812.00

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0121378	00219563	CENTURYLINK	CenturyLink (not on autopay)	1,036.40
	00219619	Amazon Capital Services Inc	0439252-2290615	76.14
	00219619	Amazon Capital Services Inc	9855502-7333843	53.88
	00219619	Amazon Capital Services Inc	9855502-7333843	53.88
	00219619	Amazon Capital Services Inc	9855502-7333843	53.88
	00219619	Amazon Capital Services Inc	9855502-7333843	53.88
	00219619	Amazon Capital Services Inc	9855502-7333843	53.88
	00219619	Amazon Capital Services Inc	9855502-7333843	53.88
	00219619	Amazon Capital Services Inc	4171767-8524257	32.04
	00219619	Amazon Capital Services Inc	1744491-0217028	31.95
Org Key: MT2100 - Roadway Maintenance				
P0121373	00219578	GEOTECH CONSULTANTS INC	Engineering, Observation & Tes	714.75
	00219619	Amazon Capital Services Inc	0064428-1548222	66.11
P0121266	00219610	TRAFFIC SAFETY SUPPLY	"LAKEVIEW HIGHLANDS E." STREET	101.14
Org Key: MT2500 - ROW Administration				
	00219611	TROY, BRIAN CASEY	REISSUE: MILEAGE	116.48
Org Key: MT3000 - Water Service Upsizes and New				
P0121288	00219581	H D FOWLER	METER ADAPTER FOR 1" TO 1-1/2"	279.37
Org Key: MT3100 - Water Distribution				
P0121380	00219603	PUGET SOUND ENERGY	Account Number: 220033704754 (131.37
Org Key: MT3200 - Water Pumps				
	00219563	CENTURYLINK	CENTURYLINK NOT ON AUTOPAY	776.62
Org Key: MT3500 - Sewer Pumps				
P0121317	00219579	GRAINGER	BRASS FITTINGS	99.06
	00219588	KELLEY, CHRIS M	REISSUE: CALLOUT E	19.54
Org Key: MT3800 - Storm Drainage				
P0121267	00219575	ENVIRO-CLEAN EQUIPMENT INC	RETERM KIT-DISPOSABLES	971.96
	00219611	TROY, BRIAN CASEY	REISSUE: WORK CLOTHES REIMBURS	150.77
Org Key: MT4150 - Support Services - Clearing				
P0121324	00219614	VERIZON WIRELESS	2024 JAN 24 - FEB 23 VERIZON P	4,691.48
P0121333	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	4,604.60
P0121333	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	4,550.56
P0121335	00219614	VERIZON WIRELESS	MAY 2023 - JUNE 2023 VERIZON P	4,207.36
P0121336	00219614	VERIZON WIRELESS	MARCH 2023 - APRIL 2023 PARKS	84.22
P0121337	00219614	VERIZON WIRELESS	MAY 2023 - JUNE 2023 PARKS VER	84.22
P0121334	00219614	VERIZON WIRELESS	FEB 2024 - MAR 2024 PARKS VERI	84.22
P0121334	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	84.22
P0121323	00219614	VERIZON WIRELESS	JAN 24 - FEB 23, 2024 PARKS VE	84.22
Org Key: MT4200 - Building Services				
	00219619	Amazon Capital Services Inc	7239402-0029842	219.40
	00219619	Amazon Capital Services Inc	1652563-7456260	79.86
	00219619	Amazon Capital Services Inc	3931137-2117008	64.41
	00219619	Amazon Capital Services Inc	3980929-2327439	39.24
	00219619	Amazon Capital Services Inc	9207154-4490637	34.75

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
	00219619	Amazon Capital Services Inc	2688890-1233046	32.70
	00219619	Amazon Capital Services Inc	3931137-2117008	30.69
	00219619	Amazon Capital Services Inc	3931137-2117008	30.04
	00219619	Amazon Capital Services Inc	6057626-3388237	24.92
	00219619	Amazon Capital Services Inc	3931137-2117008	24.23
	00219619	Amazon Capital Services Inc	7239402-0029842	17.61

Org Key: MT4270 - ARPA-Asbestos Response

P0121276	00219580	GREEN LATRINE	Site: S8212, 9601 SE 36th St,	500.00
P0121382	00219580	GREEN LATRINE	Site: City of Mercer Island Ci	350.00

Org Key: MT4272 - ARPA-Police Iterim Site

P0121289	00219552	ATCO	G.1 Lease large Mar 20, 2024-	3,742.30
P0121371	00219552	ATCO	Project Number: PNW2023-101	3,742.30
	00219619	Amazon Capital Services Inc	0112769-8062664	341.56
	00219619	Amazon Capital Services Inc	3118621-1696203	295.26
	00219619	Amazon Capital Services Inc	6606154-3683435	251.20
	00219619	Amazon Capital Services Inc	5416981-5106635	237.36
	00219619	Amazon Capital Services Inc	9663764-8222637	202.46
	00219619	Amazon Capital Services Inc	7946181-6427457	185.76
	00219619	Amazon Capital Services Inc	2694832-1624208	121.21
	00219619	Amazon Capital Services Inc	2694832-1624208	111.95
	00219619	Amazon Capital Services Inc	2694832-1624208	111.95
	00219619	Amazon Capital Services Inc	2694832-1624208	97.47
	00219619	Amazon Capital Services Inc	8574223-8744262	75.62
	00219619	Amazon Capital Services Inc	6753763-0933818	62.30
	00219619	Amazon Capital Services Inc	2694832-1624208	59.72
	00219619	Amazon Capital Services Inc	8986651-1364217	47.00
	00219619	Amazon Capital Services Inc	7289309-1781069	44.05
	00219619	Amazon Capital Services Inc	7289309-1781069	44.05
	00219619	Amazon Capital Services Inc	7289309-1781069	44.05
	00219619	Amazon Capital Services Inc	7289309-1781069	44.05
	00219619	Amazon Capital Services Inc	2366787-4975440	36.23
	00219619	Amazon Capital Services Inc	2366787-4975440	33.69

Org Key: MT4300 - Fleet Services

	00219619	Amazon Capital Services Inc	9417654-7326628	407.74
	00219619	Amazon Capital Services Inc	9867311-1469007	219.29
	00219619	Amazon Capital Services Inc	3921550-6598637	213.69
	00219619	Amazon Capital Services Inc	4581202-4101855	189.08
	00219619	Amazon Capital Services Inc	7778211-1245830	61.00
	00219619	Amazon Capital Services Inc	2699301-6855441	51.34
	00219619	Amazon Capital Services Inc	6297315-3689028	47.45
	00219619	Amazon Capital Services Inc	4023849-0299447	34.93
	00219619	Amazon Capital Services Inc	4023849-0299447	14.49
	00219619	Amazon Capital Services Inc	6705658-3047412	14.31

Org Key: MT4403 - Customer Response - Water

	00219588	KELLEY, CHRIS M	REISSUE: CALLOUT EMERGENCY	19.54
	00219588	KELLEY, CHRIS M	REISSUE: CALLOUT E	19.54

Org Key: MT4420 - Transportation Planner Eng

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0118253	00219584	IDAX DATA SOULTIONS	IDAX On-Call Traffic Data	1,125.00
<i>Org Key: MT4450 - Cust Resp - Clearing Acct</i>				
	00219583	HARVEY, RICHARD ALEX	REISSUE: REIMB SAFETY BOOTS	181.61
<i>Org Key: MT6100 - Park Maintenance</i>				
P0121334	00219614	VERIZON WIRELESS	FEB 2024 - MAR 2024 PARKS VERI	446.91
P0121323	00219614	VERIZON WIRELESS	JAN 24 - FEB 23, 2024 PARKS VE	446.85
P0121334	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	446.46
P0121337	00219614	VERIZON WIRELESS	MAY2023 - JUNE 2023 PARKS VERI	444.73
P0121336	00219614	VERIZON WIRELESS	MARCH 2023 - APRIL 2023 PARKS	431.61
	00219619	Amazon Capital Services Inc	3247551-1353864	36.35
	00219619	Amazon Capital Services Inc	2184938-8952213	26.44
	00219619	Amazon Capital Services Inc	1698703-6856228	15.42
	00219619	Amazon Capital Services Inc	3247551-1353864	6.60
<i>Org Key: MT6200 - Athletic Field Maintenance</i>				
P0121323	00219614	VERIZON WIRELESS	JAN 24 - FEB 23, 2024 PARKS VE	42.11
P0121334	00219614	VERIZON WIRELESS	FEB 2024 - MAR 2024 PARKS VERI	42.11
P0121334	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	42.11
P0121336	00219614	VERIZON WIRELESS	MARCH 2023 - APRIL 2023 PARKS	42.11
P0121337	00219614	VERIZON WIRELESS	MAY 2023 - JUNE 2023 PARKS VER	42.11
<i>Org Key: MT6500 - Luther Burbank Park Maint</i>				
P0121277	00219577	FIRE PROTECTION INC	Fire Alarm Monitoring Quarterl	1,816.65
P0120611	00219572	DEPT OF NATURAL RESOURCES	LA WA CITY OF MERCER ISLAND	229.16
P0121323	00219614	VERIZON WIRELESS	JAN 24 - FEB 23, 2024 PARKS VE	82.14
P0121334	00219614	VERIZON WIRELESS	FEB 2024 - MAR 2024 PARKS VERI	82.14
P0121334	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	82.14
P0121336	00219614	VERIZON WIRELESS	MARCH 2023 - APRIL 2023 PARKS	82.14
P0121337	00219614	VERIZON WIRELESS	MAY 2023 - JUNE 2023 PARKS VER	82.14
	00219619	Amazon Capital Services Inc	6564142-3231406	48.49
<i>Org Key: MT6800 - Trails Maintenance</i>				
P0121323	00219614	VERIZON WIRELESS	JAN 24 - FEB 23, 2024 PARKS VE	47.11
P0121334	00219614	VERIZON WIRELESS	FEB 2024 - MAR 2024 PARKS VERI	47.11
P0121334	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	47.11
P0121336	00219614	VERIZON WIRELESS	MARCH 2023 - APRIL 2023 PARKS	47.11
P0121337	00219614	VERIZON WIRELESS	MAY 2023 - JUNE 2023 PARKS VER	47.11
<i>Org Key: MT6900 - Aubrey Davis Park Maint</i>				
P0121374	00219580	GREEN LATRINE	4/19/2024 LONG TERM RENTAL	790.00
<i>Org Key: PA0100 - Open Space Management</i>				
P0118265	00219550	APPLIED ECOLOGY LLC	REISSUE: 23-08B Isld Crest Prk	3,384.22
	00219619	Amazon Capital Services Inc	4565385-0913838	305.52
P0121323	00219614	VERIZON WIRELESS	JAN 24 - FEB 23, 2024 PARKS VE	47.16
P0121334	00219614	VERIZON WIRELESS	FEB 2024 - MAR 2024 PARKS VERI	47.16
P0121334	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	47.16
P0121336	00219614	VERIZON WIRELESS	MARCH 2023 - APRIL 2023 PARKS	47.16
P0121337	00219614	VERIZON WIRELESS	MAY 2023 - JUNE 2023 PARKS VER	47.16
	00219619	Amazon Capital Services Inc	5847872-2157848	37.04
	00219619	Amazon Capital Services Inc	4565385-0913838	24.22

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PO #	Check #	Vendor:	Transaction Description	Check Amount
Org Key: PA0101 - Recurring Parks Minor Capital				
P0121379	00219556	Bellingham Lock & Safe	TE2-GS: Trip Charge Electronic	1,136.10
Org Key: PA0109 - Aubrey Davis Park Trail Safety				
P0112473	00219591	KPG	Aubrey Davis Park Trail Safety	9,308.00
P0112473	00219591	KPG	Aubrey Davis Park Trail Safety	2,518.75
P0110899	00219616	WA ST DEPT OF TRANSPORTATION	JZ AUBREY DAVIS PARK SAFETY	1,442.96
P0110899	00219616	WA ST DEPT OF TRANSPORTATION	JZ AUBREY DAVIS PARK SAFETY	219.32
Org Key: PA0122 - Luther Burbank Dock Repair & R				
P0114806	00219590	KPFF CONSULTING ENGINEERS	Luther Burbank Park Final Desi	382.50
Org Key: PA0123 - Luther Burbank Minor Capital L				
P0120968	00219609	Tech Heads Inc.	Wireless Transceivers Caretake	5,798.87
P0121245	00219571	DEPT OF NATURAL RESOURCES	FEBRUARY 1, 2024 - JANUARY 31,	1,870.00
Org Key: PA0129 - Pioneer Park/Engstrom OS Fores				
P0121262	00219582	HANSON TREE SERVICE LLC	Pioneer Park NE + Engstrom PP1	20,474.86
P0121262	00219582	HANSON TREE SERVICE LLC	ret Pioneer Park NE + Engstrom	2,001.00
	00219619	Amazon Capital Services Inc	3134366-3115438	285.00
P0121374	00219580	GREEN LATRINE	4/19/2024 long term rental	200.00
Org Key: PA0133 - MICEC Tech & Equipment Replace				
P0119933	00219596	MORGAN SOUND INC	Mercer Room Audio Upgrade	74,522.04
Org Key: PA122B - LB Shoreline Access Improvemen				
P0114806	00219590	KPFF CONSULTING ENGINEERS	Luther Burbank Park Final Desi	13,041.25
P0121259	00219579	GRAINGER	THINAIR HAND DRYER	846.01
Org Key: PA122D - LB Storm Drainage KC Flood Con				
P0114806	00219590	KPFF CONSULTING ENGINEERS	Luther Burbank Park Final Desi	387.50
Org Key: PO1100 - Administration (PO)				
	00219570	DEPT OF LABOR AND INDUSTRIES	EARLY WARRANT PENALTY	11,900.00
	00219570	DEPT OF LABOR AND INDUSTRIES	EARLY WARRANT PENALTY	4,800.00
P0121338	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	282.31
P0121338	00219614	VERIZON WIRELESS	MARCH 2024 - APRIL 2024 VERIZO	282.28
Org Key: PO1350 - Police Emergency Management				
	00219619	Amazon Capital Services Inc	2301454-3182638	242.38
	00219619	Amazon Capital Services Inc	9053829-1358644	86.38
	00219619	Amazon Capital Services Inc	2301454-3182638	47.00
P0121349	00219568	DATAQUEST LLC	Background Check INV 23120	41.50
Org Key: PO1800 - Contract Dispatch Police				
P0121367	00219602	PowerDMS	PowerReady Subscription 6/24-5	3,853.50
Org Key: PO2100 - Patrol Division				
P0121369	00219592	KROESENS UNIFORM COMPANY	Patrol uniform items and equip	2,764.48
	00219619	Amazon Capital Services Inc	5171778-0407439	147.93
	00219619	Amazon Capital Services Inc	1563003-3173817	81.69
	00219619	Amazon Capital Services Inc	5970042-9453828	66.11
	00219619	Amazon Capital Services Inc	7155589-6109835	59.24
	00219619	Amazon Capital Services Inc	7155589-6109835	47.94

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PO #	Check #	Vendor:	Transaction Description	Check Amount
	00219619	Amazon Capital Services Inc	9906298-5885867	29.94
	00219619	Amazon Capital Services Inc	7629182-8625015	20.93
<i>Org Key: PO2200 - Marine Patrol</i>				
	00219619	Amazon Capital Services Inc	7307876-6212255	138.42
	00219619	Amazon Capital Services Inc	7307876-6212255	138.42
	00219619	Amazon Capital Services Inc	0238686-5942652	50.66
<i>Org Key: PR1100 - Administration (PR)</i>				
P0121306	00219587	KELLEY IMAGING SYSTEMS	paper for plotter	790.85
P0121307	00219612	ULINE	bollard sleeves and round tabl	619.52
P0121307	00219612	ULINE	bollard sleeves	335.18
	00219619	Amazon Capital Services Inc	3337847-3734623	322.96
	00219619	Amazon Capital Services Inc	9857266-5116209	242.43
	00219619	Amazon Capital Services Inc	8666967-3116254	235.54
	00219619	Amazon Capital Services Inc	8666967-3116254	235.54
	00219619	Amazon Capital Services Inc	3337847-3734623	187.79
	00219619	Amazon Capital Services Inc	3337847-3734623	187.79
	00219619	Amazon Capital Services Inc	3337847-3734623	187.79
	00219619	Amazon Capital Services Inc	3337847-3734623	187.79
	00219619	Amazon Capital Services Inc	3337847-3734623	187.79
P0121319	00219614	VERIZON WIRELESS	FEB 2024 - MARCH 2024 VERIZON	136.75
P0121319	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	136.66
	00219619	Amazon Capital Services Inc	2587407-6322666	103.04
	00219619	Amazon Capital Services Inc	3337847-3734623	96.88
P0121349	00219568	DATAQUEST LLC	Background Checks INV 23119	79.50
	00219619	Amazon Capital Services Inc	6310648-5053045	59.82
	00219619	Amazon Capital Services Inc	9857266-5116209	57.24
	00219619	Amazon Capital Services Inc	2754485-4121035	41.33
	00219619	Amazon Capital Services Inc	0004283-9776245	38.70
	00219619	Amazon Capital Services Inc	8551620-5590630	28.60
	00219619	Amazon Capital Services Inc	8827007-5837836	17.84
	00219619	Amazon Capital Services Inc	0654396-1734639	15.86
	00219619	Amazon Capital Services Inc	1377182-3959448	12.99
	00219619	Amazon Capital Services Inc	8827007-5837836	12.11
	00219619	Amazon Capital Services Inc	4920097-8672244	7.35
<i>Org Key: PR2104 - Special Events</i>				
P0121016	00219601	PERFORMERS NORTHWEST	Leap for Green performance 4/2	222.02
<i>Org Key: PR4100 - Community Center</i>				
P0119933	00219596	MORGAN SOUND INC	Mercer Room Audio Upgrade	3,992.46
P0121308	00219553	AVI-SPL LLC	service call for meeting room	710.00
	00219619	Amazon Capital Services Inc	7840861-0502631	133.20
	00219619	Amazon Capital Services Inc	8973301-3657013	82.72
	00219619	Amazon Capital Services Inc	1964054-6312250	73.13
	00219619	Amazon Capital Services Inc	2244135-3145841	54.61
	00219619	Amazon Capital Services Inc	3833624-9775464	43.34
	00219619	Amazon Capital Services Inc	3833624-9775464	20.36
<i>Org Key: SP0135 - ICW Corridor Improvements</i>				
P0121376	00219567	DAILY JOURNAL OF COMMERCE	BC:ISLAND CREST CROSSWALK	418.20

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PO #	Check #	Vendor:	Transaction Description	Check Amount
Org Key: VCP104 - CIP Streets Salaries				
P0121312	00219615	WA ASPHALT PAVEMENT ASSOC	TRAINING FOR IAN POWELL, TYREL	585.00
Org Key: VCP343 - CIP Parks Salaries				
	00219619	Amazon Capital Services Inc	4706954-2054626	24.23
Org Key: WU0103 - Water Reservoir Improvements				
P0117582	00219600	PASO ROBLES TANK INC	NORTH AND SOUTH RESERVOIR	473,924.31
P0117582	00219600	PASO ROBLES TANK INC	NORTH AND SOUTH RESERVOIR	346,970.91
Org Key: WU0130 - 2023 Water Sys Improvements				
P0119570	00219586	KAR-VEL CONSTRUCTION INC	2023 Water System Improvements	530,402.90
Org Key: WU0175 - ARPA-PRV Replacement Design				
P0114151	00219562	CAROLLO ENGINEERS INC	REISSUE:Risk&Resilience Assess	4,156.75
Org Key: YF1100 - YFS General Services				
P0121332	00219614	VERIZON WIRELESS	DEC 2023 - JAN 2024 VERIZON YF	950.37
P0121331	00219614	VERIZON WIRELESS	JAN 2024 - FEB 2024 VERIZON YF	950.08
P0121330	00219614	VERIZON WIRELESS	MAR 2024 - APRIL 2024 VERIZON	948.84
	00219619	Amazon Capital Services Inc	0023324-2867444	80.64
P0121349	00219568	DATAQUEST LLC	Background Check INV 23121	26.50
Org Key: YF1200 - Thrift Shop				
	00219619	Amazon Capital Services Inc	4196427-2893041	298.71
	00219619	Amazon Capital Services Inc	5064030-0557069	148.30
	00219619	Amazon Capital Services Inc	5064030-0557069	74.15
Org Key: YF2600 - Family Assistance				
P0121348	00219554	ESSEX PORTFOLIO L.P.	Rental assistance for EA clien	294.59
Org Key: YF2850 - Federal SPF Grant				
P0121347	00219560	CACTUS PRODUCTIONS	HYI media services Year 3 mont	4,812.50
	00219619	Amazon Capital Services Inc	2119104-2336230	334.97
Total				1,818,385.10

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00219548	05/03/2024	ADAMS, RONALD E LEOFF 1 Retiree Medical Expens	P0121350	05012024	05/01/2024	536.14
00219549	05/03/2024	AdRem Software, Inc. Netcrunch Monitoring	P0121328	AS-086-05-2024	05/01/2024	7,812.00
00219550	05/03/2024	APPLIED ECOLOGY LLC REISSUE: 23-08B Isld Crest Prk	P0118265	1604.01	04/30/2024	3,384.22
00219551	05/03/2024	AT&T MOBILITY APRIL AT&T	P0121311	4975X04132024	04/13/2024	362.97
00219552	05/03/2024	ATCO G.1 Lease large Mar 20, 2024-	P0121371	2988008	10/20/2023	7,484.60
00219553	05/03/2024	AVI-SPL LLC service call for meeting room	P0121308	833392	09/23/2022	710.00
00219554	05/03/2024	ESSEX PORTFOLIO L.P. Rental assistance for EA clien	P0121348	05012024	05/01/2024	294.59
00219555	05/03/2024	Baklinski Group COURT OFFICE RENOVATION LABOR	P0121292	3068-01.01	01/02/2024	6,668.28
00219556	05/03/2024	Bellingham Lock & Safe TE2-GS: Trip Charge Electronic	P0121379	356114	03/18/2024	1,136.10
00219557	05/03/2024	BOOTH, GLENDON D LEOFF 1 Retiree Medical Expens	P0121354	05012024	05/01/2024	83.51
00219558	05/03/2024	Bradley Public Safety BPSS invoice 043006P-24	P0121370	043006P-24	05/02/2024	1,575.00
00219559	05/03/2024	BUD CLARY FORD HYUNDAI 2024 FORD F350 PICKUP, 4WD FOR	P0118956	3RX681 X681	04/26/2024	111,092.66
00219560	05/03/2024	CACTUS PRODUCTIONS HYI media services Year 3 mont	P0121347	1263	04/22/2024	4,812.50
00219561	05/03/2024	CARLSON, LARRY LEOFF1 MEDICARE REIMBURSEMENT		04302024	04/30/2024	92.60
00219562	05/03/2024	CAROLLO ENGINEERS INC REISSUE:Risk&Resilience Assess	P0114151	FB44421.01	04/30/2024	4,156.75
00219563	05/03/2024	CENTURYLINK CenturyLink (not on autopay)		2756X02022024	02/02/2024	1,813.02
00219564	05/03/2024	CHAN REVOCABLE REISSUE: WITHDRAWN#ADU21-004		ADU21-004.01	05/02/2024	1,125.21
00219565	05/03/2024	CHAPTER 13 TRUSTEE PR EARLY WARRANTS 05.03.2024		PR 05.03.2024	05/03/2024	572.00
00219566	05/03/2024	CONNER HOMES GROUP LLC, THE REISSUE: UNUSED SITE DEV REFND		OH012915.01	05/02/2024	7,704.40
00219567	05/03/2024	DAILY JOURNAL OF COMMERCE BC:ISLAND CREST CROSSWALK	P0121376	3398181	04/02/2024	418.20
00219568	05/03/2024	DATAQUEST LLC Background Check INV 23120	P0121349	3119/3120/3121	04/30/2024	147.50
00219569	05/03/2024	DEEDS, EDWARD G LEOFF 1 Retiree Medical Expens	P0121351	05012024	05/01/2024	628.72
00219570	05/03/2024	DEPT OF LABOR AND INDUSTRIES EARLY WARRANT PENALTY		317978714	04/15/2024	16,700.00
00219571	05/03/2024	DEPT OF NATURAL RESOURCES FEBRUARY 1, 2024 - JANUARY 31,	P0121245	04022024	04/02/2024	1,870.00
00219572	05/03/2024	DEPT OF NATURAL RESOURCES LA WA CITY OF MERCER ISLAND	P0120611	RENT04302024	04/30/2024	229.16
00219573	05/03/2024	EHRlich, ALAN REISSUE: FIRE MEDICARE REIMBUR		020123.01	04/30/2024	125.00

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Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00219574	05/03/2024	ELSOE, RONALD LEOFF 1 Retiree Medical Expens	P0121353	05022024	05/02/2024	58.83
00219575	05/03/2024	ENVIRO-CLEAN EQUIPMENT INC RETERM KIT-DISPOSABLES	P0121267	24-62736	04/16/2024	971.96
00219576	05/03/2024	ETC INSTITUTE 2024 Community Survey INV 3223	P0121318	32233	04/29/2024	6,615.00
00219577	05/03/2024	FIRE PROTECTION INC Fire Alarm Monitoring Quarterl	P0121277	88894	04/01/2024	1,816.65
00219578	05/03/2024	GEOTECH CONSULTANTS INC Engineering, Observation & Tes	P0121373	61062	04/05/2024	714.75
00219579	05/03/2024	GRAINGER INVENTORY PURCHASES	P0121259	9091210501	04/18/2024	1,574.00
00219580	05/03/2024	GREEN LATRINE Site: S8212, 9601 SE 36th St,	P0121374	I43412	04/19/2024	1,840.00
00219581	05/03/2024	H D FOWLER INVENTORY PURCHASES	P0121288	I6678545	04/23/2024	1,719.07
00219582	05/03/2024	HANSON TREE SERVICE LLC Pioneer Park NE + Engstrom PP1	P0121262	195032	04/23/2024	22,475.86
00219583	05/03/2024	HARVEY, RICHARD ALEX REISSUE: REIMB SAFETY BOOTS		JST0032902.01	04/30/2024	181.61
00219584	05/03/2024	IDAX DATA SOULTIONS IDAX On-Call Traffic Data	P0118253	INV-0004489	04/19/2024	1,125.00
00219585	05/03/2024	INTERCOM LANGUAGE SERVICES INC Intercom invoice #24-199	P0121340	24-199	04/30/2024	1,029.16
00219586	05/03/2024	KAR-VEL CONSTRUCTION INC 2023 Water System Improvements	P0119570	03/01-03/31/2024	04/22/2024	530,402.90
00219587	05/03/2024	KELLEY IMAGING SYSTEMS Copier Service Lease IN1624678	P0121306	IN1613944	04/22/2024	3,238.29
00219588	05/03/2024	KELLEY, CHRIS M REISSUE: CALLOUT E		042822.01	05/02/2024	58.62
00219589	05/03/2024	KIMLEY-HORN AND ASSOC. Policy Coord-Meetings-Analysis	P0121315	090179000-0324	03/31/2024	8,395.00
00219590	05/03/2024	KPFF CONSULTING ENGINEERS Luther Burbank Park Final Desi	P0114806	515025	04/14/2024	13,811.25
00219591	05/03/2024	KPG Aubrey Davis Park Trail Safety	P0112473	206784	03/26/2024	11,826.75
00219592	05/03/2024	KROESENS UNIFORM COMPANY Patrol uniform items and equip	P0121369	7993/8812/8465	04/22/2024	2,764.48
00219593	05/03/2024	MI EMPLOYEES ASSOC PR EARLY WARRANTS 05.03.2024		PR 05.03.2024	05/03/2024	250.00
00219594	05/03/2024	MI SCHOOL DISTRICT #400 2024 MI SCHOOL DISTRICT FOR PO	P0116895	APRIL 2024	04/30/2024	14,601.27
00219595	05/03/2024	MOBERLY AND ROBERTS Invoice #1167 Professional Ser	P0121360	1167	05/01/2024	7,904.69
00219596	05/03/2024	MORGAN SOUND INC Mercer Room Audio Upgrade	P0119933	MSI117386	04/11/2024	78,514.50
00219597	05/03/2024	MORRIS, CHERIE REFUND: MISAPPLIED PAYMENTS		05022024	05/02/2024	1,506.11
00219598	05/03/2024	NCL-LAKE WA CHAPTER FA-6989 completed. Returning	P0121314	INV-58807	04/25/2024	500.00
00219599	05/03/2024	OSW EQUIPMENT & REPAIR BOSS 8' SNOW PLOW FOR VEC. #54	P0121310	0806/0808	04/23/2024	22,388.24

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00219600	05/03/2024	PASO ROBLES TANK INC NORTH AND SOUTH RESERVOIR	P0117582	04/01-04/30/2024	04/25/2024	820,895.22
00219601	05/03/2024	PERFORMERS NORTHWEST Leap for Green performance 4/2	P0121016	1206	03/26/2024	222.02
00219602	05/03/2024	PowerDMS PowerReady Subscription 6/24-5	P0121367	INV-49173	03/07/2024	3,853.50
00219603	05/03/2024	PUGET SOUND ENERGY Account Number: 220033704754 (P0121380	33704754 FEB2024	02/22/2024	131.37
00219604	05/03/2024	REDMOND BUILDERS LLC REISSUE: OVERPAYMENT DEV21-005		ADU21-005.01	04/30/2024	2,214.13
00219605	05/03/2024	RELX INC DBA LEXISNEXIS Invoice #3095080917 Legal	P0121359	3095080917	04/30/2024	394.52
00219606	05/03/2024	SCHULTZ MILLER LLC REISSUE: OVERPAYMENT REFUND		110521.01	04/30/2024	1,452.00
00219607	05/03/2024	SEATOWN ELECTRIC CORP REISSUE: PERMIT REFUND		2207-224/225.01	04/30/2024	283.20
00219608	05/03/2024	Sophy & Steve Yang REISSUE: DEPOSIT		SUB21-003.01	05/02/2024	3,267.57
00219609	05/03/2024	Tech Heads Inc. Wireless Transceivers Caretake	P0120968	8759/8964	04/12/2024	5,798.87
00219610	05/03/2024	TRAFFIC SAFETY SUPPLY "LAKEVIEW HIGHLANDS E." STREET	P0121266	INV069260	04/19/2024	101.14
00219611	05/03/2024	TROY, BRIAN CASEY REISSUE: MILEAGE		081321.01	04/30/2024	267.25
00219612	05/03/2024	ULINE bollard sleeves and round tabl	P0121307	1501/2858	03/18/2024	954.70
00219614	05/03/2024	VERIZON WIRELESS FEB 2024 - MARCH 2024 VERIZON	P0121332	9954938732	01/23/2024	30,218.93
00219615	05/03/2024	WA ASPHALT PAVEMENT ASSOC TRAINING FOR IAN POWELL, TYREL	P0121312	24007	04/11/2024	585.00
00219616	05/03/2024	WA ST DEPT OF TRANSPORTATION JZ AUBREY DAVIS PARK SAFETY	P0110899	RE41JZ1035L017	04/15/2024	1,662.28
00219617	05/03/2024	ABBOTT, RICHARD LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	239.10
00219618	05/03/2024	ADAMS, RONALD E LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	214.40
00219619	05/03/2024	Amazon Capital Services Inc 2794790-9060243		19Y6-34JC-JCJD	04/02/2024	11,943.82
00219620	05/03/2024	AUGUSTSON, THOR LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	209.90
00219621	05/03/2024	BARNES, WILLIAM LEOFF1 Medicare Reimb		MAY2024A	05/01/2024	3,404.85
00219622	05/03/2024	BOOTH, GLENDON D LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	344.90
00219623	05/03/2024	COOPER, ROBERT LEOFF1 Excess Benefit		MAY2024A	05/01/2024	3,085.43
00219624	05/03/2024	DEEDS, EDWARD G LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	273.10
00219625	05/03/2024	DOWD, PAUL LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	174.70
00219626	05/03/2024	ELSOE, RONALD LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	220.10

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00219627	05/03/2024	FORSMAN, LOWELL LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	271.10
00219628	05/03/2024	GOODMAN, J C LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	236.30
00219629	05/03/2024	HAGSTROM, JAMES LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	174.70
00219630	05/03/2024	HILTNER, PETER LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	619.50
00219631	05/03/2024	JOHNSON, CURTIS LEOFF1 Medicare Reimb		MAY2024A	05/01/2024	2,191.09
00219632	05/03/2024	LOISEAU, LERI M LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	209.90
00219633	05/03/2024	LYONS, STEVEN LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	247.80
00219634	05/03/2024	MYERS, JAMES S LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	179.80
00219635	05/03/2024	RAMSAY, JON LEOFF1 Medicare Reimb		MAY2024A	05/01/2024	1,210.37
00219636	05/03/2024	RUCKER, MANORD J LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	174.70
00219637	05/03/2024	SCHOENTRUP, WILLIAM LEOFF1 Medicare Reimb		MAY2024A	05/01/2024	1,817.92
00219638	05/03/2024	SMITH, RICHARD LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	239.90
00219639	05/03/2024	THOMPSON, JAMES LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	245.90
00219640	05/03/2024	WEGNER, KEN LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	170.10
00219641	05/03/2024	WHEELER, DENNIS LEOFF1 Medicare Reimb		MAY2024B	05/01/2024	164.90
					Total	<u>1,818,385.10</u>

CERTIFICATION OF CLAIMS

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.



Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date

Report	Warrants	Date	Amount
Check Register	219642-219730	5/10/2024	\$1,755,261.86 \$1,755,261.86

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
Org Key: 402000 - Water Fund-Admin Key				
P0121364	00219670	GRAINGER	INVENTORY PURCHASES	995.86
P0121365	00219674	HOME DEPOT CREDIT SERVICE	INVENTORY PURCHASES	643.94
P0121408	00219670	GRAINGER	INVENTORY PURCHASES	633.50
P0121363	00219723	TRAFFIC SAFETY SUPPLY	INVENTORY PURCHASES	268.82
Org Key: AS1100 - Administrative Services				
P0121386	00219677	ICMA	Spietz Membership Dues	1,200.00
Org Key: CM1100 - Administration (CM)				
P0121389	00219707	Race Forward	2024-2025 GARE MEMBERSHIP DUES	1,000.00
Org Key: CO6100 - City Council				
P0121390	00219684	KUSAK CRYSTAL	INV 4708393 2023 COMMUNITY MEM	308.56
Org Key: CR1100 - Human Resources				
P0121410	00219702	OCCUPATIONAL HEALTH CTRS OF WA	DOT PHYSICAL INV 82977363	130.00
Org Key: CT1100 - Municipal Court				
P0121405	00219686	LANGUAGE LINE SERVICES	Language Line invoice #1128220	81.74
Org Key: DS0000 - Development Services-Revenue				
	00219679	KDP PLUMBLING	REISSUE: PERMIT REFUND	185.12
Org Key: DS1100 - Administration (DS)				
	00219688	MANAHAN, GRACE	REISSUE: PER DIEM	566.37
Org Key: FN1100 - Administration (FN)				
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	53.13
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	47.22
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	42.22
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	42.22
Org Key: FN4501 - Utility Billing (Water)				
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	47.22
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	42.22
Org Key: FR2100 - Fire Operations				
P0121427	00219663	EASTSIDE FIRE & RESCUE	MAY 2024 Contract Fees	656,228.83
Org Key: FR2500 - Fire Emergency Medical Svcs				
	00219690	Mechanical Engineering	REISSUE: REIMBURSE 2 LIGHT BOX	2,200.00
Org Key: GB0100 - Building Repairs				
P0112427	00219646	Ankrom Moisan Architects Inc.	Architectural Design and Space	526.00
Org Key: GB0115 - Facilities Plan				
P0121441	00219701	Northwest Studio	FACILITIES ASSESSMENT PROJECT	10,862.48
Org Key: GB0116 - Facility Access Control-Secure				
P0120954	00219722	THE GORDIAN GROUP, INC.	PD Modular Building Utility	7,554.21
P0120954	00219722	THE GORDIAN GROUP, INC.	PD Modular Building Utility	4,829.74
P0120954	00219722	THE GORDIAN GROUP, INC.	PD Modular Building Utility	487.80
Org Key: GB0121 - Precinct Facility Assessment				

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0121440	00219701	Northwest Studio	TULLY'S SITE PLANNING	37,362.17
<i>Org Key: GGM005 - General Govt-LI Retiree Costs</i>				
P0121344	00219673	HAGSTROM, CRAIG	LEOFF 1 Retiree Medical Expens	476.79
P0121343	00219669	FORSMAN, LOWELL	LEOFF 1 Retiree Medical Expens	235.00
	00219728	WHEELER, DENNIS	REISSUE: LEOFF1 MEDICARE REIMB	181.70
P0121346	00219727	WEGNER, KEN	LEOFF 1 Retiree Medical Expens	144.98
	00219656	CARLSON, LARRY	REISSUE: FIRE MEDICARE REIMBUR	125.00
P0121341	00219651	AUGUSTSON, THOR	LEOFF 1 Retiree Medical Expens	48.63
P0121342	00219664	ELSOE, RONALD	LEOFF 1 Retiree Medical Expens	44.05
P0121345	00219713	SMITH, RICHARD	LEOFF 1 Retiree Medical Expens	14.35
<i>Org Key: GGX620 - Custodial Disbursements</i>				
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	2,779.62
P0121391	00219726	WA ST TREASURER'S OFFICE	Remit March 2024 Newcastle Cou	1,587.83
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	1,413.59
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	1,135.06
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	1,096.70
P0121391	00219726	WA ST TREASURER'S OFFICE	Remit March 2024 Newcastle Cou	981.14
P0121391	00219726	WA ST TREASURER'S OFFICE	Remit March 2024 Newcastle Cou	761.97
P0121391	00219726	WA ST TREASURER'S OFFICE	Remit March 2024 Newcastle Cou	495.95
P0121391	00219726	WA ST TREASURER'S OFFICE	Remit March 2024 Newcastle Cou	230.56
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	221.74
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	218.45
P0121431	00219681	KING CO PROSECUTING ATTORNEY	CRIME VICTIMS APR 2024	176.09
P0121391	00219726	WA ST TREASURER'S OFFICE	Remit March 2024 Newcastle Cou	165.76
P0121391	00219726	WA ST TREASURER'S OFFICE	Remit March 2024 Newcastle Cou	159.55
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	99.99
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	99.99
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	49.63
P0121392	00219726	WA ST TREASURER'S OFFICE	REMIT March 2024 Court Transmi	48.21
<i>Org Key: GT0106 - Enterprise Resource Planning S</i>				
P0121449	00219724	TYLER TECHNOLOGIES INC	KHAWAJA GHOUSE PROJECT	1,600.00
<i>Org Key: IGHS00 - Human Service Contracts</i>				
P0121435	00219657	CITY OF BELLEVUE	Human Services pooled contract	5,000.00
P0121435	00219657	CITY OF BELLEVUE	Pooled contract admin fee	2,324.00
P0121435	00219657	CITY OF BELLEVUE	Human Services pooled contract	2,125.00
<i>Org Key: IGHS02 - Eastside Legal Aid Program</i>				
P0121435	00219657	CITY OF BELLEVUE	Human Services pooled contract	875.00
<i>Org Key: IGHS05 - King County Sexual Assault</i>				
P0121435	00219657	CITY OF BELLEVUE	Human Services pooled contract	1,000.00
<i>Org Key: IGHS07 - Domestic Violence</i>				
P0121435	00219657	CITY OF BELLEVUE	Human Services pooled contract	2,500.00
<i>Org Key: IS2100 - IGS Network Administration</i>				
P0121445	00219725	VERIZON WIRELESS	MAR 24- APR 23, 2024 IT/IGS CI	231.10
P0121423	00219710	Ringsquared Telecom LLC	APRIL 2024 LONG DISTANCE CALLI	79.97

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
Org Key: MT2100 - Roadway Maintenance				
P0121383	00219642	AG ENTERPRISE SUPPLY INC	300 GAL. WATERING SKID	6,005.87
P0121424	00219730	ZUMAR INDUSTRIES	VIS-Z-SHIELDS FOR SIGN POSTS	573.06
P0121362	00219675	HORIZON	IRRIGATION FITTINGS	465.08
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	40.01
P0121398	00219694	MI HARDWARE - ROW	MISC. HARDWARE FOR THE MONTH O	43.58
Org Key: MT2150 - Pavement Marking				
P0121384	00219645	ALPINE PRODUCTS INC	WHITE TRAFFIC PAINT (250 GAL T	4,419.02
Org Key: MT2255 - Urban Forest Management (ROW)				
P0120570	00219665	FACET	Town Center Urban Forest Manag	885.00
Org Key: MT2500 - ROW Administration				
	00219652	BARNETT, JASON	MILEAGE	31.57
Org Key: MT3100 - Water Distribution				
P0121385	00219699	NELSON TRUCK EQUIPMENT CO INC	SLIDE OUT BED & STEPS FOR VEC.	7,429.46
P0121384	00219645	ALPINE PRODUCTS INC	BLUE LOCATING PAINT (12 PK)	683.24
P0121411	00219667	FERGUSON ENTERPRISES LLC	MAGNETIC VALVE BOX LIFTER	476.06
P0121411	00219667	FERGUSON ENTERPRISES LLC	6' GATE VALVE KEY	119.95
P0121387	00219674	HOME DEPOT CREDIT SERVICE	ANCHOR SHACKLES & QUICK LINK	24.93
Org Key: MT3300 - Water Associated Costs				
	00219654	BOROVINA, RAYMOND	PER DIEM	153.95
	00219695	MOLTZ, ERIC	PER DIEM	153.95
	00219706	PULU, ANDRU	PER DIEM	153.95
	00219706	PULU, ANDRU	MILEAGE	91.12
	00219650	AUCKLAND, JOSH	MILEAGE	49.45
	00219680	KELLEY, CHRIS M	REISSUE: MILEAGE SR10592	21.88
	00219680	KELLEY, CHRIS M	REISSUE: MILEAGE WO48722	21.87
	00219654	BOROVINA, RAYMOND	MILEAGE	20.83
Org Key: MT3400 - Sewer Collection				
P0121395	00219714	SOLID WASTE SYSTEMS INC	REPAIR WORK ON CAMERA FOR VEC.	1,730.40
P0121384	00219645	ALPINE PRODUCTS INC	GREEN LOCATING PAINT (12 PK)	683.24
Org Key: MT3600 - Sewer Associated Costs				
P0121375	00219715	SOUND SAFETY PRODUCTS	SAFETY BOOTS & MISC. WORK CLOT	414.25
	00219652	BARNETT, JASON	MILEAGE	31.57
	00219689	MARTIN, ERIC	MILEAGE	14.34
Org Key: MT4200 - Building Services				
P0121401	00219662	EASTSIDE EXTERMINATORS	bi-monthly treatment	298.60
	00219696	MURPHY, TAMARA	WORK CLOTHES REIMBURSEMENT	126.89
	00219692	MI HARDWARE - BLDG	REISSUE: JUNE HARDWARE	21.36
Org Key: MT4272 - ARPA-Police Iterim Site				
P0119634	00219647	ATCO	PD Deployment and Processing	10,166.74
P0121418	00219703	PACIFIC TOPSOIL INC.	DUMPING FEES	4,976.70
P0121441	00219701	Northwest Studio	POLICE TRANSITION/RELOCATION	245.00
Org Key: MT4300 - Fleet Services				
P0121361	00219698	NELSON REISNER	2024 DIESEL DELIVERY	2,416.79

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0121406	00219697	NAPA AUTO PARTS	REPAIR PARTS	708.19
P0121388	00219644	ALL BATTERY SALES & SERVICE	BATTERIES	498.13
P0121357	00219670	GRAINGER	MALE ADAPTER 2-1/2" PVC	5.78
<i>Org Key: MT4405 - Customer Response - Storm</i>				
P0121393	00219699	NELSON TRUCK EQUIPMENT CO INC	TOOL BOXES FOR VEC. # 552	1,608.20
<i>Org Key: MT4450 - Cust Resp - Clearing Acct</i>				
	00219680	KELLEY, CHRIS M	REISSUE: MILEAGE SR10606	21.88
<i>Org Key: MT4502 - Sewer Administration</i>				
P0120214	00219682	KING COUNTY TREASURY	2024 JAN-DEC MONTHLY SEWER CHA	501,045.39
<i>Org Key: MT4920 - ARPA-Open Space Baseln Monitor</i>				
P0121271	00219661	DYLAN MENDENHALL	23-37 Open Space Forest Health	2,433.70
<i>Org Key: MT6100 - Park Maintenance</i>				
P0121415	00219675	HORIZON	TRIMMER & HEADS	471.94
P0121412	00219675	HORIZON	MISC. IRRIGATION FITTINGS	96.99
P0121356	00219670	GRAINGER	RAINSUIT (XXXLG)	40.75
P0121397	00219693	MI HARDWARE - MAINT	MISC. HARDWARE FOR THE MONTH O	13.86
<i>Org Key: MT6500 - Luther Burbank Park Maint</i>				
P0121415	00219675	HORIZON	HEDGE TRIMMER HEAD	279.65
P0121413	00219674	HOME DEPOT CREDIT SERVICE	1" FIP X 3/4" FIP REDUCER BRAS	20.99
<i>Org Key: MT6900 - Aubrey Davis Park Maint</i>				
P0121415	00219675	HORIZON	IRRIGATION HUNTER HEADS	405.32
P0121422	00219704	PAYBYPHONE TECHNOLOGIES INC	BILLING PERIOD: APR 24	256.60
<i>Org Key: PO1100 - Administration (PO)</i>				
P0121425	00219659	DEPT OF ENTERPRISE SERVICES	Police - 1000 envelopes	100.31
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Reid Business Cards	35.12
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Phan Business Cards	35.10
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Jeff Business Cards	35.10
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Paz Business Cards	35.10
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Pala Business Cards	35.10
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Tranter	35.10
<i>Org Key: PO2100 - Patrol Division</i>				
P0121409	00219668	FIRST RESPONDER OUTFITTERS INC	Patrol Uniform - Jumpsuit	594.85
	00219687	LARIOS, CARLOS	STYROFOAM RECYCLE	51.23
<i>Org Key: PO2200 - Marine Patrol</i>				
	00219711	SCHUMACHER, CHAD C	PER DIEM	759.00
<i>Org Key: PR1100 - Administration (PR)</i>				
P0121144	00219658	CONSOLIDATED PRESS	8.5x5.5 Summer Camps Postcard	542.73
P0121429	00219729	WRPA	Ryan Daly 2024 WRPA conference	363.00
P0121144	00219658	CONSOLIDATED PRESS	USPS delivery	310.13
P0121144	00219658	CONSOLIDATED PRESS	Taxes	88.25
P0121396	00219692	MI HARDWARE - BLDG	MISC. HARDWARE FOR THE MONTH O	7.70
<i>Org Key: PR4100 - Community Center</i>				
P0121404	00219649	AUBURN MECHANICAL	4/16/24 - Arrived on site and	1,427.09

Date: 05/10/24

Report Name: Accounts Payable Report by GL Key

CouncilAP5

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17:05:38

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: SP0100 - Residential Street Resurfacing</i>				
P0118825	00219685	LAKESIDE INDUSTRIES INC.	2023 Residential Street Overla	87,400.34
<i>Org Key: SP0101 - Arterial Street Preservation</i>				
P0118825	00219685	LAKESIDE INDUSTRIES INC.	2023 Residential Street Overla	3,014.36
<i>Org Key: SP0111 - 80th Ave SE Sidewalk Improve</i>				
P0104658	00219683	KPG	80TH AVE SE PEDESTIAN IMPROVEM	3,490.00
<i>Org Key: SP0114 - WMW P3 Shoulder Improvements</i>				
P0120685	00219700	NEW X INC	WMW Roadside Shoulder Improvem	80,336.96
P0120685	00219700	NEW X INC	WMW Roadside Shoulder Improvem	27,328.64
P0120685	00219700	NEW X INC	WMW Roadside Shoulder Improvem	12,151.89
<i>Org Key: SP0135 - ICW Corridor Improvements</i>				
P0118254	00219683	KPG	ICW Corridor Safety Analysis a	43,706.77
<i>Org Key: SU0108 - Comprehensive Pipeline R&R Pro</i>				
P0119153	00219716	STACHELI TRENCHLESS CONSULTANTS	Basin 40 CIPP Sewer Lining Pro	24,998.23
<i>Org Key: SU0113 - SCADA System Replacement-Sewer</i>				
P0103284	00219655	BROWN AND CALDWELL CONSULTANTS	PH1 SCADA EQUIPMENT REPLACEMEN	9,006.29
P0103284	00219655	BROWN AND CALDWELL CONSULTANTS	PH1 SCADA EQUIPMENT REPLACEMEN	6,532.52
P0121000	00219708	ReyComm, LLC	5 Antenna towers plus bases	2,527.25
<i>Org Key: SU0115 - Sewer Pipe Upsize</i>				
P0114350	00219717	Staheli Trenchless Consultants	21-48 Sewer Pipe Replacements	3,730.00
<i>Org Key: SU0117 - Pump Station Rehab Assessment</i>				
P0114014	00219709	RH2 ENGINEERING INC	21-29 SEWER PUMP STATION CONDI	29,497.30
<i>Org Key: VCP104 - CIP Streets Salaries</i>				
	00219719	SUZOR-HOY, TYREL	WORK CLOTHES REIMBURSEMENT	288.97
<i>Org Key: WU0103 - Water Reservoir Improvements</i>				
P0121399	00219720	TACOMA SCREW PRODUCTS INC	MISC. HARDWARE	268.76
<i>Org Key: WU0117 - Meter Replacement Implementati</i>				
	00219705	PSE POLE SERVICES	PSE SITE APP FOR ROANOKE PARK	2,000.00
P0121355	00219671	H D FOWLER	120) 5/8" X 3/4" METER ADAPTER	2,179.76
P0121414	00219666	FERGUSON ENTERPRISES LLC	1-1/2" & 2" OMNI TEST PORT ADA	1,450.52
P0121355	00219671	H D FOWLER	METER BOXES & LIDS	1,246.10
P0121394	00219672	H2 Pre-Cast Inc.	B-10 ALUMINUM LID "WATER METER	1,103.50
P0121358	00219671	H D FOWLER	2" ADAPTER & METER FLANGE	262.29
P0121416	00219643	ALASKA RUBBER GROUP	3/8" COUPLER & PLUG	16.16
<i>Org Key: WU0131 - 2024 Water System Improvements</i>				
P0119884	00219648	Atwell LLC	2024 Water System Improvements	41,158.00
<i>Org Key: WU0145 - Emergency Repair-SPU SE 40th</i>				
P0121428	00219660	DESAUTEL COMMUNICATIONS	4/24 Water Emergency Communica	34,276.50
<i>Org Key: YF1100 - YFS General Services</i>				
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Marina Business Cards	35.12
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Derek Business Cards	35.12

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0121426	00219659	DEPT OF ENTERPRISE SERVICES	Michelle Business Cards	35.12
P0121400	00219686	LANGUAGE LINE SERVICES	Phone Translation INV 11287563	5.88
Org Key: YF1175 - ARPA-YFS Community Needs Asses				
P0121437	00219653	BERK CONSULTING	Community needs assessment	7,966.25
Org Key: YF1200 - Thrift Shop				
P0121442	00219718	Sterling Volunteers	Background Checks INV 9840172	252.00
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	47.22
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	42.22
P0121444	00219725	VERIZON WIRELESS	MAR 24- APR23, 2024 FINANCE DE	42.22
Org Key: YF2600 - Family Assistance				
P0121435	00219657	CITY OF BELLEVUE	Human Services pooled contract	11,250.00
P0121434	00219721	TAURAN PROPERTY MANAGEMENT CO	Rental assistance for EA clien	2,426.53
P0121433	00219712	SHOREWOOD #14885	Rental assistance for EA clien	2,105.00
P0121436	00219691	MI FARMERS MARKET	Market Bucks for EA clients	1,000.00
P0121432	00219678	KC HOUSING AUTHORITY	Rental assistance for EA clien	446.00
P0121433	00219712	SHOREWOOD #14885	Utility assistance for EA clie	183.31
Org Key: YF2850 - Federal SPF Grant				
P0121233	00219676	HOWELL-KISER, KATHERINE	Design for parenting MI promot	1,000.00
Total				1,755,261.86

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00219642	05/10/2024	AG ENTERPRISE SUPPLY INC 300 GAL. WATERING SKID	P0121383	INV056987	04/29/2024	6,005.87
00219643	05/10/2024	ALASKA RUBBER GROUP 3/8" COUPLER & PLUG	P0121416	R098771	05/07/2024	16.16
00219644	05/10/2024	ALL BATTERY SALES & SERVICE BATTERIES	P0121388	61265880	03/06/2024	498.13
00219645	05/10/2024	ALPINE PRODUCTS INC WHITE TRAFFIC PAINT (250 GAL T	P0121384	TM-222836	03/29/2024	5,785.50
00219646	05/10/2024	Ankrom Moisan Architects Inc. Architectural Design and Space	P0112427	90226	04/12/2024	526.00
00219647	05/10/2024	ATCO PD Deployment and Processing	P0119634	267085	04/14/2024	10,166.74
00219648	05/10/2024	Atwell LLC 2024 Water System Improvements	P0119884	0341650	04/25/2024	41,158.00
00219649	05/10/2024	AUBURN MECHANICAL 4/16/24 - Arrived on site and	P0121404	42677	04/23/2024	1,427.09
00219650	05/10/2024	AUCKLAND, JOSH MILEAGE		04302024	04/30/2024	49.45
00219651	05/10/2024	AUGUSTSON, THOR LEOFF 1 Retiree Medical Expens	P0121341	05012024	05/01/2024	48.63
00219652	05/10/2024	BARNETT, JASON MILEAGE		04302024	04/30/2024	63.14
00219653	05/10/2024	BERK CONSULTING Community needs assessment	P0121437	10884-04-24	05/06/2024	7,966.25
00219654	05/10/2024	BOROVINA, RAYMOND PER DIEM		04302024-2	04/30/2024	174.78
00219655	05/10/2024	BROWN AND CALDWELL CONSULTANTS PH1 SCADA EQUIPMENT REPLACEMEN	P0103284	14517768	04/22/2024	15,538.81
00219656	05/10/2024	CARLSON, LARRY REISSUE: FIRE MEDICARE REIMBUR		020123.01	05/08/2024	125.00
00219657	05/10/2024	CITY OF BELLEVUE Pooled contract admin fee	P0121435	48917	04/02/2024	25,074.00
00219658	05/10/2024	CONSOLIDATED PRESS 8.5x5.5 Summer Camps Postcard	P0121144	32366	04/23/2024	941.11
00219659	05/10/2024	DEPT OF ENTERPRISE SERVICES Police - 1000 envelopes	P0121426	731131847	03/04/2024	416.29
00219660	05/10/2024	DESAUTEL COMMUNICATIONS 4/24 Water Emergency Communica	P0121428	005833	04/30/2024	34,276.50
00219661	05/10/2024	DYLAN MENDENHALL 23-37 Open Space Forest Health	P0121271	MI-001	04/05/2024	2,433.70
00219662	05/10/2024	EASTSIDE EXTERMINATORS bi-monthly treatment	P0121401	814576	04/23/2024	298.60
00219663	05/10/2024	EASTSIDE FIRE & RESCUE MAY 2024 Contract Fees	P0121427	6157	05/07/2024	656,228.83
00219664	05/10/2024	ELSOE, RONALD LEOFF 1 Retiree Medical Expens	P0121342	05012024	05/01/2024	44.05
00219665	05/10/2024	FACET Town Center Urban Forest Manag	P0120570	0054382	04/18/2024	885.00
00219666	05/10/2024	FERGUSON ENTERPRISES LLC 1-1/2" & 2" OMNI TEST PORT ADA	P0121414	0035926	04/17/2024	1,450.52
00219667	05/10/2024	FERGUSON ENTERPRISES LLC MAGNETIC VALVE BOX LIFTER	P0121411	0261138	04/29/2024	596.01

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00219668	05/10/2024	FIRST RESPONDER OUTFITTERS INC Patrol Uniform - Jumpsuit	P0121409	3548-3	04/08/2024	594.85
00219669	05/10/2024	FORSMAN, LOWELL LEOFF 1 Retiree Medical Expens	P0121343	05012024	05/01/2024	235.00
00219670	05/10/2024	GRAINGER INVENTORY PURCHASES	P0121356	9102063931	04/29/2024	1,675.89
00219671	05/10/2024	H D FOWLER 120) 5/8" X 3/4" METER ADAPTER	P0121358	I6686007	04/30/2024	3,688.15
00219672	05/10/2024	H2 Pre-Cast Inc. B-10 ALUMINUM LID "WATER METER	P0121394	172602	04/26/2024	1,103.50
00219673	05/10/2024	HAGSTROM, CRAIG LEOFF 1 Retiree Medical Expens	P0121344	05012024	05/01/2024	476.79
00219674	05/10/2024	HOME DEPOT CREDIT SERVICE INVENTORY PURCHASES	P0121413	47116286546	05/07/2024	689.86
00219675	05/10/2024	HORIZON IRRIGATION FITTINGS	P0121415	3M511667	05/03/2024	1,718.98
00219676	05/10/2024	HOWELL-KISER, KATHERINE Design for parenting MI promot	P0121233	04162024	04/16/2024	1,000.00
00219677	05/10/2024	ICMA Spietz Membership Dues	P0121386	471105-2024	05/03/2024	1,200.00
00219678	05/10/2024	KC HOUSING AUTHORITY Rental assistance for EA clien	P0121432	05032024	05/03/2024	446.00
00219679	05/10/2024	KDP PLUMBLING REISSUE: PERMIT REFUND		OH013120.01	05/09/2024	185.12
00219680	05/10/2024	KELLEY, CHRIS M REISSUE: MILEAGE SR10592		10262023.01	05/09/2024	65.63
00219681	05/10/2024	KING CO PROSECUTING ATTORNEY CRIME VICTIMS APR 2024	P0121431	CRIME APRIL2024	04/30/2024	176.09
00219682	05/10/2024	KING COUNTY TREASURY 2024 JAN-DEC MONTHLY SEWER CHA	P0120214	30038755	05/01/2024	501,045.39
00219683	05/10/2024	KPG 80TH AVE SE PEDESTIAN IMPROVEM	P0118254	207938	04/25/2024	47,196.77
00219684	05/10/2024	KUSAK CRYSTAL INV 4708393 2023 COMMUNITY MEM	P0121390	IN-5708393	04/23/2024	308.56
00219685	05/10/2024	LAKESIDE INDUSTRIES INC. 2023 Residential Street Overla	P0118825	NOV2023	04/29/2024	90,414.70
00219686	05/10/2024	LANGUAGE LINE SERVICES Language Line invoice #1128220	P0121400	11287563	04/30/2024	87.62
00219687	05/10/2024	LARIOS, CARLOS STYROFOAM RECYCLE REIMBURSEMEN		05062024	05/06/2024	51.23
00219688	05/10/2024	MANAHAN, GRACE REISSUE: PER DIEM		10/24/22.01	05/09/2024	566.37
00219689	05/10/2024	MARTIN, ERIC MILEAGE		04302024	04/30/2024	14.34
00219690	05/10/2024	Mechanical Engineering REISSUE: REIMBURSE 2 LIGHT BOX		UVB012.01	05/09/2024	2,200.00
00219691	05/10/2024	MI FARMERS MARKET Market Bucks for EA clients	P0121436	504	04/29/2024	1,000.00
00219692	05/10/2024	MI HARDWARE - BLDG REISSUE: JUNE HARDWARE	P0121396	146749	04/09/2024	29.06
00219693	05/10/2024	MI HARDWARE - MAINT MISC. HARDWARE FOR THE MONTH O	P0121397	146728	04/01/2024	13.86

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00219694	05/10/2024	MI HARDWARE - ROW MISC. HARDWARE FOR THE MONTH O	P0121398	146803	04/29/2024	43.58
00219695	05/10/2024	MOLTZ, ERIC PER DIEM		04302024	04/30/2024	153.95
00219696	05/10/2024	MURPHY, TAMARA WORK CLOTHES REIMBURSEMENT		05022024	05/02/2024	126.89
00219697	05/10/2024	NAPA AUTO PARTS REPAIR PARTS	P0121406	APRIL 2024	04/30/2024	708.19
00219698	05/10/2024	NELSON REISNER 2024 DIESEL DELIVERY	P0121361	0862243-IN	04/29/2024	2,416.79
00219699	05/10/2024	NELSON TRUCK EQUIPMENT CO INC SLIDE OUT BED & STEPS FOR VEC.	P0121393	753117	05/02/2024	9,037.66
00219700	05/10/2024	NEW X INC WMW Roadside Shoulder Improvem	P0120685	APRIL 2024	04/30/2024	119,817.49
00219701	05/10/2024	Northwest Studio FACILITIES ASSESSMENT PROJECT	P0121441	2304-11	04/25/2024	48,469.65
00219702	05/10/2024	OCCUPATIONAL HEALTH CTRS OF WA DOT PHYSICAL INV 82977363	P0121410	82977363	04/24/2024	130.00
00219703	05/10/2024	PACIFIC TOPSOIL INC. DUMPING FEES	P0121418	APRIL 2024	03/26/2024	4,976.70
00219704	05/10/2024	PAYBYPHONE TECHNOLOGIES INC BILLING PERIOD: APR 24	P0121422	INVPBP-US783	04/30/2024	256.60
00219705	05/10/2024	PSE POLE SERVICES PSE SITE APP FOR ROANOKE PARK		04292024	04/29/2024	2,000.00
00219706	05/10/2024	PULU, ANDRU MILEAGE		04302024	04/30/2024	245.07
00219707	05/10/2024	Race Forward 2024-2025 GARE MEMBERSHIP DUES	P0121389	INV-04640	04/15/2024	1,000.00
00219708	05/10/2024	ReyComm, LLC 5 Antenna towers plus bases	P0121000	Q11062023A	03/15/2024	2,527.25
00219709	05/10/2024	RH2 ENGINEERING INC 21-29 SEWER PUMP STATION CONDI	P0114014	94682	02/15/2024	29,497.30
00219710	05/10/2024	Ringsquared Telecom LLC APRIL 2024 LONG DISTANCE CALLI	P0121423	IN203134	05/03/2024	79.97
00219711	05/10/2024	SCHUMACHER, CHAD C PER DIEM		05062024	05/06/2024	759.00
00219712	05/10/2024	SHOREWOOD #14885 Utility assistance for EA clie	P0121433	05062024	05/06/2024	2,288.31
00219713	05/10/2024	SMITH, RICHARD LEOFF 1 Retiree Medical Expens	P0121345	05012024	05/01/2024	14.35
00219714	05/10/2024	SOLID WASTE SYSTEMS INC REPAIR WORK ON CAMERA FOR VEC.	P0121395	0168514-IN	04/18/2024	1,730.40
00219715	05/10/2024	SOUND SAFETY PRODUCTS SAFETY BOOTS & MISC. WORK CLOT	P0121375	288762/3	04/29/2024	414.25
00219716	05/10/2024	STAHELI TRENCHLESS CONSULTANTS Basin 40 CIPP Sewer Lining Pro	P0119153	24-071	04/11/2024	24,998.23
00219717	05/10/2024	Staheli Trenchless Consultants 21-48 Sewer Pipe Replacements	P0114350	24-072	04/12/2024	3,730.00
00219718	05/10/2024	Sterling Volunteers Background Checks INV 9840172	P0121442	9840172	04/30/2024	252.00
00219719	05/10/2024	SUZOR-HOY, TYREL WORK CLOTHES REIMBURSEMENT		04262024	04/26/2024	288.97

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00219720	05/10/2024	TACOMA SCREW PRODUCTS INC MISC. HARDWARE	P0121399	160097141-00	05/03/2024	268.76
00219721	05/10/2024	TAURAN PROPERTY MANAGEMENT CO Rental assistance for EA clien	P0121434	05072024	05/07/2024	2,426.53
00219722	05/10/2024	THE GORDIAN GROUP, INC. PD Modular Building Utility	P0120954	INVTGG159438	04/26/2024	12,871.75
00219723	05/10/2024	TRAFFIC SAFETY SUPPLY INVENTORY PURCHASES	P0121363	INV069485	04/26/2024	268.82
00219724	05/10/2024	TYLER TECHNOLOGIES INC KHAWAJA GHOUSE PROJECT MANAGEM	P0121449	045-465550	04/30/2024	1,600.00
00219725	05/10/2024	VERIZON WIRELESS MAR 24- APR23, 2024 FINANCE DE	P0121444	9962374453	04/23/2024	677.00
00219726	05/10/2024	WA ST TREASURER'S OFFICE REMIT March 2024 Court Transmi	P0121391	85001555 MAR24	03/31/2024	11,545.74
00219727	05/10/2024	WEGNER, KEN LEOFF 1 Retiree Medical Expens	P0121346	05012024	05/01/2024	144.98
00219728	05/10/2024	WHEELER, DENNIS REISSUE: LEOFF1 MEDICARE REIMB		DEC2019B.01	05/09/2024	181.70
00219729	05/10/2024	WRPA Ryan Daly 2024 WRPA conference	P0121429	9859	05/03/2024	363.00
00219730	05/10/2024	ZUMAR INDUSTRIES VIS-Z-SHIELDS FOR SIGN POSTS	P0121424	47436	05/08/2024	573.06
					Total	<u>1,755,261.86</u>



CITY COUNCIL MINUTES REGULAR HYBRID MEETING MAY 7, 2024

Item 4.

CALL TO ORDER & ROLL CALL

Mayor Salim Nice called the Regular Hybrid Meeting to order at 5:01 pm in the Slater Room Council Chambers at the Mercer Island Community & Event Center, 8236 SE 24th Street, Mercer Island, Washington.

Mayor Salim Nice, Deputy Mayor Dave Rosenbaum, and Councilmembers Lisa Anderl, Jake Jacobson, Wendy Weiker, and Ted Weinberg participated in person in the Slater Room Council Chambers. Councilmember Craig Reynolds attended via Zoom.

PLEDGE OF ALLEGIANCE

The City Council delivered the Pledge of Allegiance.

AGENDA APPROVAL

It was moved by Anderl; seconded by Jacobson to:
Approve the agenda as presented.

It was moved by Weinberg; seconded by Reynolds to:
Remove Agenda Bill 6440 the reconstitution of the Planning Commission from the Agenda.
FAILED: 2-5
FOR: 2 (Reynold and Weinberg)
AGAINST: 5 (Anderl, Jacobson, Nice, Rosenbaum, and Weiker)

PASSED: 7-0
FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Weinberg)

SPECIAL BUSINESS

City Manager Jessi Bon presented Support Services Manager Jaime Page with a City Manager's Award. Support Services Manager Page has been instrumental since the closure of City Hall and City Manager Bon wished to recognize her for her work.

City Council thanked Support Services Manager Page for her work and service.

CITY MANAGER REPORT

City Manager Jessi Bon reported on the following items:

- **Council, Boards & Commission Meetings:** Next City Council Meeting – May 21 at 5:00 PM, Planning Commission – May 8 at 6:00 PM, Utility Board – May 14 at 5:00 PM, Planning Commission May 15 at 6pm, and Design Commission on May 16 at 6pm.
- **Update on SPU Water Supply Pipeline Repair:** On April 3, 2024 the Emergency Operations Center was activated due to a leak in the underground Seattle Public Utilities (SPU) water main that supplies water to the island. The City and SPU are evaluating plans for the repair work. Additional evaluation is needed and being completed including assessing hydrology, capacity, and slope stability. Water conservation will likely be needed this summer as planning for the pipeline repair continues. Updates will be posted to Let's Talk.
- **Update on City Hall Transitions:** Police Staff have begun moving into the locker rooms in the Police modular buildings, staff are continuing work to get card readers online.

- **City Services Updates:** Work continues on the Luther Burbank Boiler Building including seismic retrofits, chimney reinforcement, and renovations of the bathrooms. West Mercer Way Shoulder Improvement Project is underway, construction is anticipated to be completed in June. Councilmembers went on a preview line of the Sound Transit Link 2 Line from Bellevue to Redmond. City contractors will be collecting parking inventory usage and data around Town Center on May 9 and May 11.
- **Upcoming Events:** PRIDE in the Park and Puppy parade on June 15, Juneteenth Celebration on June 19, Shakespear in the Park in June, July and August, Summer Celebration on July 13, and Mostly Music in the Park in July and August.
- **News:** MIPA Circus was a success, City teams supplied multiple tractors, a street sweeper, and a fire truck. The City received a \$3.2 million Public Work Board Low-interest loan for the Booster Chlorination Project.

APPEARANCES

Don Cohen (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

Orm Sherwood (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

Suzanne Skone (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

Carolyn Boatsman (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

Dan Thompson (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

Lucia Pirzio-Biroli (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

Jason Trout, spoke about the proposal to ban fireworks.

Alan Markle (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

Katrina Dohn, spoke about the proposal to ban fireworks.

Jenni Mechem (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

Adam Ragheb (Mercer Island) spoke about the proposal to reconstitute the Planning Commission.

CONSENT AGENDA

AB 6457: April 19, 2024 Payroll Certification

Recommended Action: Approve the April 19, 2024 Payroll Certification in the amount of \$842,066.77 and authorize the Mayor to sign the certification on behalf of the entire City Council.

Certification of Claims:

A. Check Register | 219348-219412 | 4/11/24 | \$171,088.32

B. Check Register | 219413-219479 | 4/19/24 | \$682,158.90

C. Check Register | 219480-219547 | 4/26/24 | \$836,209.83

D. EFT Payments | March 2024 | \$2,315,825.71

Recommended Action: Certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

City Council Regular Hybrid Meeting Minutes of April 16, 2024

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of April 16, 2024.

AB 6456: Island Crest Way Crosswalk Improvements Bid Award

Recommended Action: Award the Island Crest Way Crosswalk Improvements construction contract to Active Construction Inc.

AB 6458: Affordable Housing Week (Proclamation No. 328)

Recommended Action: Approve Proclamation No. 328 proclaiming the week of May 13 to 17, 2024 as Affordable Housing Week.

AB 6459: 1% for Art in Public Places – Public Art Restorations

Recommended Action: Appropriate \$20,000 from the 1% for Art in Public Places Fund to restore Totem by Bernard Hosey and the Luther Burbank Park Mosaic Murals by Sandy Glass and José Orantes.

AB 6461: Utility Rate Modeling Appropriation

Recommended Action: Appropriate \$18,360 from the Water Fund, \$18,360 from the Sewer Fund, and \$4,080 from the Storm Water Fund (total of \$40,800) for the Utility Rate Model Update.

AB 6465: Luther Burbank Sport Courts Renovation Appropriation Request and Update on Lighting Design

Recommended Action: Appropriate \$240,000 from the Capital Improvement Fund and \$136,190 in ARPA funds to construct the Luther Burbank Park Sport Courts Renovation.

AB 6466: Ratification of Local Emergency Orders Issued by the City Manager

Recommended Action: Ratify and confirm the Local Emergency Orders issued by the City Manager on April 3, 2024 in Proclamation No. 327 for the emergency declaration to remain in effect until the SPU water main repair can be completed.

It was moved by Jacobson; seconded by Weinberg to:

Approve the Consent Agenda as presented, and the recommended actions contained therein.

PASSED: 7-0

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

REGULAR BUSINESS**AB 6460: Reconstitution of the Planning Commission – Consideration of Amendments to MICC, Chapter 3.46 (Ordinance No. 24C-06, Second Reading and Adoption)**

City Council discussed the proposed ordinance to reconstitute the Planning Commission.

It was moved by Rosenbaum; seconded by Jacobson to:

Move to adopt Ordinance No. 24C-06 amending MICC Chapter 3.46 to reconstitute the Planning Commission.

It was moved by Rosenbaum; seconded by Jacobson to:

Amend the previous motion by striking section A(4) and adding language shown in section B(1).

A. Qualifications

...

~~4. Any vacancy may be filled by a resident lay person if unable to find a qualified paid practitioner. If two resident paid practitioners apply, the council should give preference to appointing resident paid practitioner applicants for any open non[1]resident practitioner positions.~~

B. Membership

1. Number. The planning commission shall consist of five members, serving in nonpartisan positions as follows:

- a. Two Paid Practitioner Non-Resident.
- b. Two Lay Person Resident.
- c. One Paid Practitioner Resident.

Notwithstanding the above, any vacancy may be filled by a resident lay person if unable to find a qualified paid practitioner. Additionally, the council should give preference to appointing resident paid practitioner applicants for any open Planning Commission positions.

MOTION TO AMEND PASSED: 7-0

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

It was moved by Weinberg; seconded by Reynolds to:

Keep the Planning Commission as volunteer Island residents and use the \$1500 per meeting for a non-voting consultant to advise the Planning Commission.

MOTION TO AMEND FAILED: 2-5

FOR: 2 (Reynold and Weinberg)

AGAINST: 5 (Anderl, Jacobson, Nice, Rosenbaum, and Weiker)

MAIN MOTION PASSED AMENDED: 5-2

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

AGAINST: 2 (Reynolds and Weinberg)

AB 6463: Puget Sound Regional Council (PSRC) General Assembly Voting Delegate

Mayor Nice explained that the Puget Sound Regional Council (PSRC) General Assembly meeting is on May 30 and asked if any Councilmember would be interested in attending and being the voting delegate. Councilmember Weinberg volunteered.

It was moved by Rosenbaum; seconded by Weiker to:

Appoint Councilmember Weinberg as the voting delegate at the PSRC General Assembly on May 30, 2024.

PASSED: 7-0

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

AB 6462: 2024 Board & Commission Appointments (Resolution No. 1659)

Mayor Nice reviewed the process for board and commission appointments noting that the applicants that receive the most votes, provided they received a minimum of four votes, would be appointed to the vacant positions on the board or commission. The names of the applicants would then be added to Resolution No. 1644 with final approval by a vote of the City Council.

Arts Council – Two open positions; three applications received.

Position 5 - Term 2028 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Daniel Becker, Irene Rajagopal, and John Shute.

The ballots were tallied, and Daniel Becker received seven votes to be appointed to the Arts Council, Position 5, expiring May 31, 2028.

Position 5 Ballot Results:

Anderl - Becker
 Jacobson - Becker
 Nice - Becker
 Reynolds - Becker
 Rosenbaum - Becker
 Weiker - Becker
 Weinberg - Becker

Position 6 - Term 2028 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Daniel Becker, Irene Rajagopal, and John Shute.

The ballots were tallied, and Irene Rajagopal received six votes to be appointed to the Arts Council, Position 6, expiring May 31, 2028.

Position 6 Ballot Results:

Anderl - Rajagopal
 Jacobson - Rajagopal
 Nice - Rajagopal
 Reynolds - Rajagopal
 Rosenbaum - Shute
 Weiker - Rajagopal
 Weinberg - Rajagopal

Mayor Nice reminded Council that in accordance with City Code City Council should seek to fill the open position on the Design Commission with an urban planner.

Design Commission – Two open positions; two applications received.

Position 3 - Term 2028 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Laura Uskevich and Yang (John) Xu.

The ballots were tallied, and Laura Uskevich received six votes to be appointed to the Design Commission, Position 3, expiring May 31, 2028.

Position 1 Ballot Results:

Anderl - Uskevich
 Jacobson - Uskevich
 Nice - Uskevich
 Reynolds - Uskevich
 Rosenbaum - Uskevich
 Weiker - Uskevich
 Weinberg - Xu

Position 4 - Term 2028 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Laura Uskevich and Yang (John) Xu.

The ballots were tallied, and Yang (John) Xu received six votes to be appointed to the Design Commission, Position 2, expiring May 31, 2028.

Position 2 Ballot Results:

Anderl - Xu
 Jacobson - Xu
 Nice - Xu
 Reynolds - Xu
 Rosenbaum - Xu
 Weiker - Xu
 Weinberg - Uskevich

Open Space Conservancy Trust – Two open positions; five applications received.

Position 1 - Term 2028 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Hillary Ethe, Brian Gaspar, Kirk Griffin, Craig Olson, and Mark Weyna.

The ballots were tallied, and Hillary Ethe received six votes to be appointed to the Open Space Conservancy Trust, Position 1, expiring May 31, 2028.

Position 1 Ballot Results:

Anderl - Ethe
 Jacobson - Ethe
 Nice - Gaspar
 Reynolds - Ethe
 Rosenbaum - Ethe
 Weiker - Ethe
 Weinberg - Ethe

Position 6 - Term 2026 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Hillary Ethe, Brian Gaspar, Kirk Griffin, Craig Olson, and Mark Weyna.

The ballots were tallied, and Brian Gaspar received five votes to be appointed to the Open Space Conservancy Trust, Position 6, expiring May 31, 2028.

Position 6 Ballot Results:

Anderl - Gaspar
Jacobson - Gaspar
Nice - Gaspar
Reynolds - Gaspar
Rosenbaum - Gaspar
Weiker - Griffin
Weinberg - Griffin

Parks & Recreation Commission – One open position; seven applications received.

Position 7 - Term 2028 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Brian Gaspar, Courtney Hampson, Larry Sarchin, John Shute, Barbara Smith, Peter Struck, and Mark Weyna.

The ballots were tallied, and Peter Struck received seven votes to be appointed to the Parks & Recreation Commission, Position 7, expiring May 31, 2028.

Position 7 Ballot Results:

Anderl - Struck
Jacobson - Struck
Nice - Struck
Reynolds - Struck
Rosenbaum - Struck
Weiker - Struck
Weinberg - Struck

Utility Board – Two open positions; four applications received.

Position 1 - Term 2028 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Craig Olson, Sarry Sarchin, Todd White, and Yang (John) Xu.

The ballots were tallied, and Craig Olson received five votes to be appointed to the Utility Board, Position 1, expiring May 31, 2028.

Position 1 Ballot Results:

Anderl - Olson
Jacobson - White
Nice - Olson
Reynolds - Olson
Rosenbaum - White
Weiker - Olson
Weinberg - Olson

Position 2 - Term 2028 - City Clerk Larson distributed ballots to each Councilmember with a list of the following applicants: Craig Olson, Sarry Sarchin, Todd White, and Yang (John) Xu.

The ballots were tallied, and Todd White received six votes to be appointed to the Utility Board, Position 2, expiring May 31, 2028.

Position 2 Ballot Results:

Anderl - White
Jacobson - White
Nice - White
Reynolds - White
Rosenbaum - White
Weiker - White
Weinberg - Sarchin

City Clerk Larson read the appointments section of Resolution No. 1659.

It was moved by Jacobson; seconded by Weinberg to:

Approve Resolution No. 1659, appointing those voted on to fill the vacancies on the Arts Council, Design Commission, Open Space Conservancy Trust, Parks & Recreation Commission, and Utility Board.

PASSED: 7-0

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

AB 6467: Permanent Fireworks Ban (Ordinance No. 24C-10 First Reading)

City Manager Jessi Bon spoke about the temporary order that was issued on May 1 temporarily banning the use of fireworks on Mercer Island for this summer, about emergency Proclamation No. 329 that was also issued on May 1, 2024 regarding water capacity issues, and about the proposal to permanently ban fireworks on Mercer Island. She discussed the risks associated with fireworks including the increased risk of ignition of fires, depletion of water resources, and major fire spread have grown greatly due to increasingly hotter and drier summers. City Manager Bon spoke about how most cities in King County have a ban on fireworks, how permitted public displays of fireworks will still be allowed under the proposed code amendment and spoke about how the changes made in the ordinance will go into effect one year after approval.

Eastside Fire & Rescue Chief Ben Lane spoke about how Mercer Island is the only jurisdiction in Eastside Fire & Rescue service area where fireworks are allowed, and about how banning fireworks is the safest way to protect life and property.

Police Chief Ed Holmes spoke about the concerns around safety with fireworks, how the City sees an increase in people coming to the Island to light fireworks, and about the difficulty in distinguishing between legal and illegal fireworks.

City Council discussed the proposal and asked questions of staff.

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.

PASSED: 7-0

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

It was moved by Weinberg; seconded by Rosenbaum to:

Adopt Ordinance No. 24C-10.

PASSED: 7-0

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

AB 6451: Fiscal Year 2023 Year-End Financial Status Update and Budget Amending Ordinance

Finance Director Matt Mornick presented the 2023 year-end financial status update and provided an overview of the funds included in the fund balance. He discussed the unassigned funds in the General Fund, remaining ARPA Funds, and the Utilities Fund. Finance Director Mornick spoke about the Contingency Fund balance, the Street Fund, and the Capital Improvement Fund. He discussed a decline in REET revenues, Mercer Island Thrift Shop revenues that exceeded revenue targets, License, Permit, and Zoning revenues. He discussed the special revenue fund for Community Planning & Development. Finance Director Mornick spoke about Parks & Recreation revenues that continue to increase, the budget to actual revenues versus the amended budget that showed revenues exceeded expenditures, and the year over year growth that has continued in general sales tax. He presented the interest earnings that were earned in 2023 and looked at the schedule this fall for the development and adoption of the 2025-2026 biennial budget.

City Council asked questions of staff.

It was moved by Rosenbaum; seconded by Jacobson to:

Adopt Ordinance No. 24-04, amending the 2023-2024 Biennial Budget

PASSED: 7-0

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

It was moved by Rosenbaum; seconded by Anderl to:

Appropriate unassigned General Fund balance and direct the City Manager to include in a subsequent budget amending ordinance that includes:

- a. **\$150,000 to the YFS Operating Fund Balance.**
- b. **\$2,400,000 to the Municipal Facility Replacement Fund.**
- c. **\$150,000 to long-term support for facility-related work.**

PASSED: 7-0

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

OTHER BUSINESS

Planning Schedule

City Manager Jessi Bon spoke about the May 21 meeting and noted that the July 2 meeting would be held.

Councilmember Absences and Reports

Councilmember Jacobson may be absent on July 2.

Deputy Mayor Rosenbaum noted that on May 8 both the PTA Council and the SCA PIC are meeting.

Councilmember Weinberg noted that the Superintendent's Advisory Council met in April.

Councilmember Reynolds noted that the Comprehensive Plan Open House was last week.

City Council was in recess from 7:41 pm – 7:51 pm.

EXECUTIVE SESSION

At 7:51 pm, Mayor Nice convened an Executive Session in Room 104 at the Mercer Island Community & Event Center, 8236 SE 24th Street, Mercer Island, WA and via Microsoft Teams. The Executive Session was to discuss with legal counsel litigation or potential litigation pursuant to RCW 42.30.110(1)(i).

Mayor Salim Nice, Deputy Mayor Rosenbaum, and Councilmembers Jake Jacobson and Ted Weinberg participated in person in Room 104. Councilmembers Lisa Anderl, Craig Reynolds and Wendy Weiker attended via Microsoft Teams.

Mayor Nice adjourned the Executive Session at 8:54 pm.

ADJOURNMENT

The Regular Hybrid Council Meeting adjourned at 8:54 pm.

Attest:

Salim Nice, Mayor

Andrea Larson, City Clerk



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6471
May 21, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6471: Ratification of Proclamation of Emergency Issued by the City Manager	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Ratify and confirm the Proclamation of Emergency issued by the City Manager on May 1, 2024.	

DEPARTMENT:	City Manager
STAFF:	Jessi Bon, City Manager Bio Park, City Attorney Amanda Keverkamp, Emergency Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Emergency Proclamation No. 329
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

On May 1, the City Manager issued [Proclamation No. 329](#) (Exhibit 1) Declaring a Local Emergency because of the reduction in the supply of incoming potable water to Mercer Island caused by a leak in the Seattle Public Utilities (SPU) primary water supply pipeline to Mercer Island. The City Council is asked to ratify the Proclamation until the repair can be completed and the supply of potable water is restored to normal.

BACKGROUND

Seattle Public Utilities (SPU) is the sole provider of potable water to Mercer Island. On April 3, 2024, the City of Mercer Island (City) learned that the SPU primary water supply pipeline to Mercer Island was leaking. The leak could potentially cause a landslide on the slope holding the pipeline, which could in turn lead to a larger pipe failure. To prevent this risk, SPU crews significantly reduced water flow in the pipeline, eliminating its use as the primary supply line. Mercer Island has been receiving water through a smaller backup water line since April 4.

ISSUE/DISCUSSION

Since April 4, the City and SPU staff have been working to identify a solution to repair the primary water supply pipeline. The pipeline, however, is located in a challenging area, and it is reasonably expected that repairs will not be completed until late summer.

Until repairs are completed, SPU is supplying potable water to Mercer Island via a smaller backup water supply line, which can reliably supply approximately 2.73 million gallons of potable water to Mercer Island per day. By comparison, Mercer Island water demand during summer months historically averages 2.83 million gallons per day, peaking at over 3 million gallons in July. Additionally, the City must keep its reservoirs at or above 62% capacity to meet firefighting requirements.

Because summer water demand will exceed water supply, a local water emergency has been declared in Proclamation No. 329. The Proclamation invokes all emergency powers and authority set forth in RCW 38.52.070, including limitation to the right to enter into contract, employ temporary workers, and incur obligations without regard to time-consuming procedures and formalities prescribed by law (except mandatory constitutional requirements).

Prior to issuance of Emergency Proclamation No. 329, the City Council was notified of the local water emergency, and its impact on both public health, safety and welfare, and continuity of government operations, by City Manager Bon.

NEXT STEPS

Staff will continue to work with SPU on a resolution for repairing the SPU primary water supply pipeline and restoring the normal supply of potable water to Mercer Island. The City is anticipating water conservation measures will be needed until the repair is complete and will be rolling out a water conservation program in early June.

RECOMMENDED ACTION

Ratify and continue the ratification of Emergency Proclamation No. 329, issued by the City Manager on May 1, 2024 declaring a local water emergency, until the same is rescinded by the City Manager after the supply of potable water to Mercer Island is restored to normal levels.



City of Mercer Island, Washington

EMERGENCY PROCLAMATION

DECLARING A LOCAL EMERGENCY

WHEREAS, the City of Mercer Island (City) is a non-charter code city organized under title 35A RCW; and

WHEREAS, RCW 38.52.070 has authorized the creation of local organizations for emergency management within the City; and

WHEREAS, pursuant to Ordinance 95C-007, the City established an Emergency Management Organization and designated the Police Chief (or Emergency Manager as designee) to administer the Emergency Management Organization; and

WHEREAS, the City Manager and Emergency Manager have reported to the City Council that a state of emergency exists within the city of Mercer Island based on certain impairments to Seattle Public Utilities' (SPU) primary water supply pipeline to Mercer Island that has reduced the supply of incoming potable water to Mercer Island; and

WHEREAS, SPU is the sole supplier of potable water to Mercer Island; and

WHEREAS, SPU has taken its primary water supply pipeline to Mercer Island offline until repairs thereto can be safely completed; and

WHEREAS, it is reasonably expected that repairs to SPU's primary water supply pipeline will be ongoing throughout this summer; and

WHEREAS, meanwhile, a smaller backup water supply pipeline is being used to supply potable water to Mercer Island; and

WHEREAS, the smaller backup water supply pipeline's capacity to supply potable water to Mercer Island is lower than SPU's primary supply pipeline's capacity; and

WHEREAS, the smaller backup water supply pipeline's capacity to reliably supply potable water to Mercer Island is 2.73 million gallons per day; and

WHEREAS, Mercer Island's daily potable water demand during summer months averages 2.83 million gallons (3.11 million gallons in July); and

WHEREAS, City reservoirs need to be maintained above 61.4% capacity to meet firefighting requirements; and

WHEREAS, water conservation and other measures may be needed to ensure that (1) Mercer Island's water demand does not exceed the supply provided by the backup pipeline; and (2) City reservoirs can continue to meet resident needs while sustaining water quality, safety, and firefighting requirements; and

WHEREAS, this proclamation declaring a local emergency is necessary to preserve the public health, safety and welfare of Mercer Island;

NOW, THEREFORE, IT IS HEREBY PROCLAIMED AS FOLLOWS:

1. **Emergency Declaration.** A state of emergency, specifically under Chapter 38.52 RCW, exists within the city of Mercer Island, Washington, because of reduction in the supply of incoming potable water to Mercer Island caused by certain impairments to SPU's primary water supply pipeline to Mercer Island. This emergency impacts public health, safety and welfare of those living and working at Mercer Island, as well as continuity of government operations.
2. **Emergency Powers.** All pertinent emergency powers and authority set forth in RCW 38.52.070 are hereby invoked, including without limitation to the right to enter into contract, employ temporary workers and incur obligations without regard to time-consuming procedures and formalities prescribed by law (except mandatory constitutional requirements).
3. **Limitations.** This emergency proclamation is not intended as a "proclamation of civil emergency" under MICC 9.40.010 or as a finding of "public danger" under RCW 35A.13.030.

DATED this 1st day of May 2024



Jessi Bon
City Manager



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6472
May 21, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6472: Public Display of Fireworks Permit Issuance – Summer Celebration	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Authorize grant of operational permit to Western States Fireworks.	

DEPARTMENT:	Fire
STAFF:	Ben Lane, Eastside Fire & Rescue Fire Chief Jeromy Hicks, Eastside Fire & Rescue Fire Marshal
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Insurance Verification 2. Site Layout, Display Area Map, Safety Information
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to issue a public display of firework permit as required under International Fire Code (IFC) section 105 and Mercer Island City Code [\(MICC\) 8.35.020](#).

- Western Display Fireworks has applied for an operational permit for the public display of fireworks.
- This display will take place during the City of Mercer Island's Summer Celebration and conforms to applicable City adopted codes and Washington State RCW (70.77.295).
- The Fire Marshal's Office is required to investigate the validity of the permit application and make a recommendation for approval or denial of the permit to the City Council.
- The Fire Marshal's Office recommends approval of the permit.

BACKGROUND

On average, the City of Mercer Island approves one to two public fireworks displays per year. In this instance, the information provided by Western Display Fireworks meets submission requirements. The applicant provided information containing MICC required insurance (see Exhibit 1), discharge location, loading, firework manifest, safety plan, security plan, timing, and applicable licenses (see Exhibit 2).

Mercer Island Marine Patrol was contracted to provide security of the required isolation zone as done with previous displays of this type. Professional public displays provide a safe and controlled environment for spectators to observe from a distance. These displays are designed with a high level of safety margin and operated by a licensed pyrotechnician.

ISSUE/DISCUSSION

While this display is being conducted on a barge in a waterway, the jurisdiction for the barge location falls under the Mercer Island Fire Marshal's Office for a public display of fireworks permit and is subject to our adopted code.

MICC 8.35.020(C) states: *"The local fire official shall investigate and submit a report of findings and recommendations for or against the issuance of the permit to the city council. The city council shall have the power in its discretion to grant or deny the application, subject to such reasonable conditions, if any, as it shall prescribe."*

During the application review it was found that the applicant meets all state and local requirements, including licensed pyrotechnician, General Display Fireworks License, barge layout and manifest, isolation area, and safety plan. Additionally, the applicant provided a Certificate of Liability Insurance (see Exhibit 1) with the proper insurance limits required by [RCW 70.77.295](#) and [MICC 8.35.020\(F\)](#).

The discharge of fireworks occurs on a barge in the water. Firework displays are conducted in/around water areas due to the increased safety margin. The applicant will secure proper waterway permits (where applicable) and security for exclusion zones.

NEXT STEPS

If approved the Fire Marshal's Office will issue an operational permit to Western Display Fireworks. This permit will contain specific conditions as outlined by best practices, applicable laws, and industry standards. The operational permit is only valid for this one event. Any further displays requests will follow the same requirements and be brought before the City Council.

RECOMMENDED ACTION

Authorize grant of operational permit for Western Display Firework's application for a Public Display of Fireworks to be discharged per the permit conditions on July 13, 2024 at or about 2200hrs (10:00 pm) for a total duration of approximately 20 minutes pursuant to MICC 8.35.020(C).



CERTIFICATE OF LIABILITY INSURANCE

Item 6.

DATE (MM/DD/YYYY)

1/18/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Acrisure, LLC dba Britton Gallagher & Associates One Cleveland Center, Floor 30 1375 East 9th Street Cleveland OH 44114	CONTACT NAME: PHONE (A/C, No, Ext): 216-658-7100 FAX (A/C, No): 216-658-7101 E-MAIL: ADDRESS:
INSURED Western Display Fireworks Ltd. P. O. Box 932 Canby OR 97013	INSURER(S) AFFORDING COVERAGE INSURER A : Everest Indemnity Insurance Co. NAIC # 10851 INSURER B : Axis Surplus Ins Company 26620 INSURER C : Alaska National Insurance Company INSURER D : Everest Denali Insurance Company 16044 INSURER E : INSURER F :

COVERAGES**CERTIFICATE NUMBER:** 798179697**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC		SI8ML00215-241	1/15/2024	1/15/2025	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
D	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		SI8CA00098-241	1/15/2024	1/15/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$		P-001-000069176-06	1/15/2024	1/15/2025	EACH OCCURRENCE \$ 4,000,000 AGGREGATE \$ 4,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N N/A If yes, describe under DESCRIPTION OF OPERATIONS below		SI8ML00215-241	1/15/2024	1/15/2025	WC STATUTORY LIMITS <input checked="" type="checkbox"/> OTHER Stop Gap E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Washington USLH		22D WU 08933 (WA)	4/16/2023	4/16/2024	Bl by Accident \$1,000,000 Bl by disease policy limit \$1,000,000 Bl by disease Each Employee \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Additional Insured extension of coverage is provided by above referenced General Liability policy where required by written agreement.

Display Date: July 13, 2024

Display Site: Barge on Lake Washington in front Luther Burbank Park, 2040 84th Ave SE, Mercer Island, WA 98040

Additional Insured:

City of Mercer Island and it's employees

City of Bellevue

City of Medina

San Juan Enterprises

CERTIFICATE HOLDER**CANCELLATION**City of Mercer Island
8236 SE 24th St.
Mercer Island WA 98040

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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POLICY NUMBER: SI8ML00215-241

COMMERCIAL GENERAL LIABILITY
ECG 20 592 05 09**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE**Name Of Additional Insured Person(s) Or Organization(s)**

ANY PERSON OR LEGAL ENTITY IN WHICH YOU HAVE A WRITTEN CONTRACT, AGREEMENT, OR PERMIT WHICH REQUIRES THAT YOU NAME THE CONTRACTING PARTY AS AN ADDITIONAL INSURED.

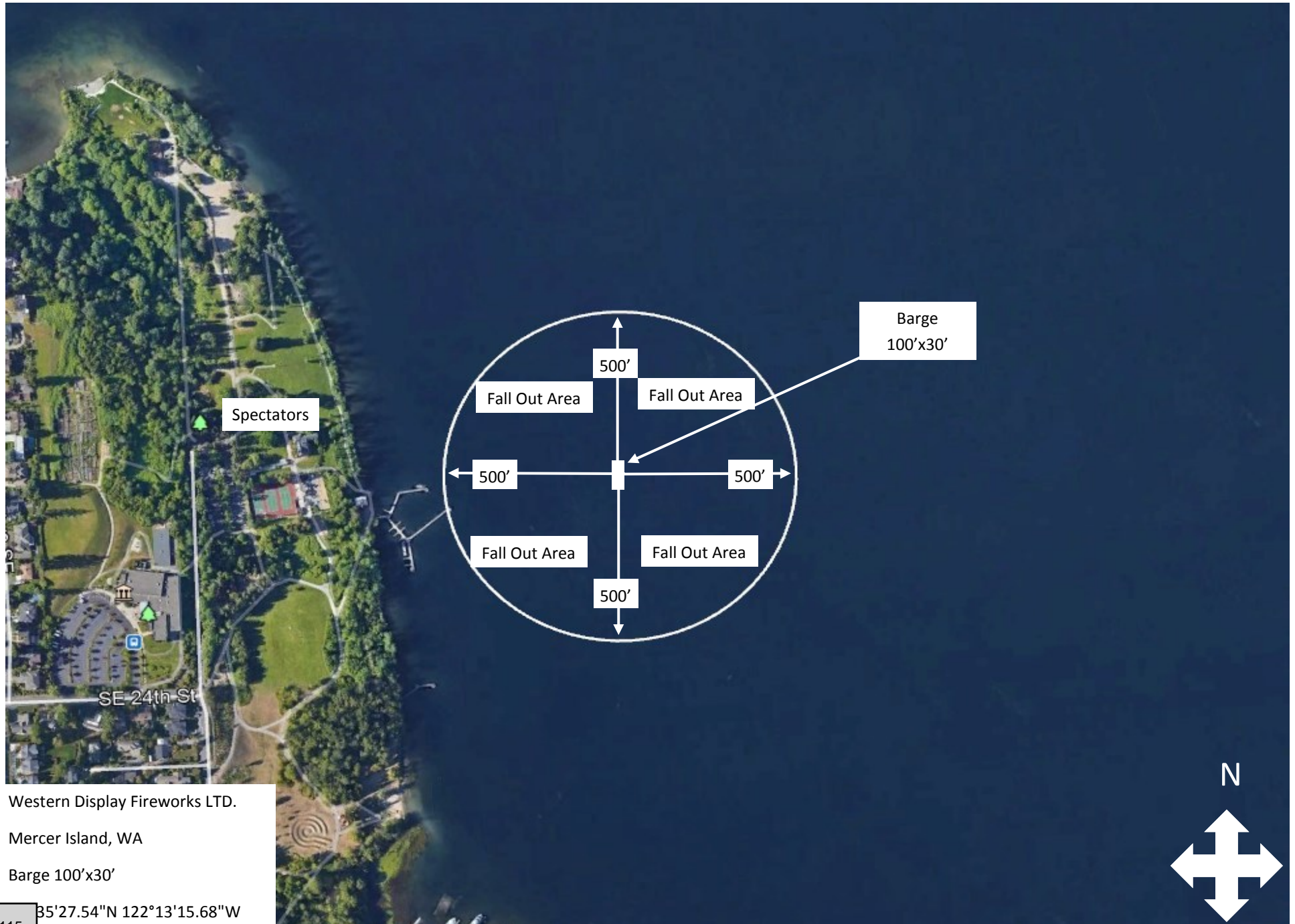
City of Mercer Island and it's employees
 City of Bellevue
 City of Medina
 San Juan Enterprises

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" but only to the extent caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
1. In the performance of your ongoing operations; or
 2. In connection with your premises owned by or rented to you.
- B.** The insurance afforded to an additional insured shall only include the insurance required by the terms of the written agreement and shall not be broader than the coverage provided within the terms of the Coverage Part.
- C.** The Limits of Insurance afforded to an additional insured shall be the lesser of the following:
1. The Limits of Insurance required by the written agreement between the parties; or
 2. The Limits of Insurance provided by this Coverage Part.
- D.** With respect to the insurance afforded to an additional insured, the following additional exclusion applies:
- This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of any act or omission of an additional insured or any of its employees.

Exhibit A—Display Site Map—Mercer Island

Item 6.



US Coast Guard Permit – has been submitted to the USCG as of 1/26/24.

Communication information –

Lead Pyrotechnician Jason Veentjer Cell 206-612-7642

- No Smoking signs posted, no smoking allowed.
- Personal safety devices (PFD life jacket) shall be worn by all individuals.
- During continuity checks, all personal will be moved away from discharge area.
- Fire suppression equipment will be located for easy access during the display
- Safety shelter will be installed for crew on barge
- Towing vessel will be always attached to the barge (Landing Craft)
- Communications with the (Landing Craft) will be by Cell Phone
- Emergency personal will be nearby during the show in case of emergency
- Egress for crew to the cabin of the landing craft will be available throughout the show in case of emergency
- Notify Coast Guard Vessel Traffic Service Puget sound (VTS) at least one hour prior to and upon conclusion of event via phone 206-217-6152
- Show will start approximately 10:00 PM
- Following the display, Pyrotechnician and crew will perform a safety check, and barge will be in contact with Mercer Island Boat Patrol to open safety zone to the public.
- In an emergency where there are injuries on the barge, Western Display will call the Mercer Island Boat Patrol. We will also notify the Coast Guard via phone at 206-217-6152.
- If there is any polluting spill into the water, we will notify the National Response Center at (800) 424-8802 or Sector Puget Sound Operation Center at (206) 217-6001.

3/22/2024 2:30:49 PM

US Coast Guard Permit has been submitted to the USCG as of 1/26/24.

Lead Pyrotechnician:

Jason Veentjer cell 206-612-7642

Loading Site address:

Medina City Hall (Dock)

501 Evergreen Point Rd

Medina, WA 98038

- The landing craft will arrive at the Medina City Hall dock at approximately 11:00am with the mortars already in place previously loaded at the Port of Everett.
- Fireworks will be delivered by a DOT licensed hazmat driver in a placarded truck in compliance with all state and federal regulations and arrive at the Medina City Hall dock at approximately 12-Noon.
- Fireworks will be moved from the truck to the landing craft in sealed DOT approved packaging.
- Fireworks crew will board the landing craft
- Fireworks delivery truck will depart
- After fireworks are loaded the landing craft will be travel from Medina City Hall dock to the fireworks launch site and be anchored in place (see attached barge location map)
- The fireworks will remain in this sealed packaging until show setup commences on the anchored barge.
- Show will be fired at approximately 10pm for a duration of approximately 20 minutes
- Following the show, the crew will conduct an initial cleanup of the barge and fire any live shells that did not fire during the show
- The landing craft will travel back to the Medina City Hall dock to offload the crew
- Landing craft will depart the area and start the transit back to the Port of Everett where the mortars will be unloaded the next day

WASHINGTON STATE PUBLIC FIREWORKS DISPLAY PERMIT

Applicant

Name of Event Mercer Island Summer Celebration

Street Address Barge in Lake Washington in front Luther Burbank Park, 2040 84th Ave SE

City Mercer Island

County King

Event Date 7/13/2024

Event Time Approx. 10:00

☐ AM ☒ PM

Applicant's/Sponsor's Name City of Mercer Island

Phone No. 206-795-8518

Pyrotechnic Operator Jason Veentjer

License No. P-04344

Experienced Assistant's Name Allan McDonald

General Display Company Name Western Display Fireworks Ltd

Phone No. 503-656-1999

Attach a separate piece of paper and/or copies of the following documents:

- The number of set pieces, shells (specify single or multiple break), and other items.
- The manner and place of storage of such fireworks prior to the display.
- A diagram of the grounds on which the display is to be held showing the point at which the fireworks are to be discharged; the location of all buildings, highways, and other lines of communication; the lines behind which the audience will be restrained; and the location of all nearby trees, telegraph or telephone lines, or other overhead obstruction.
- Documentary proof of procurement of Surety bond or public liability insurance.

Local Fire Code Authority

Authority Having Jurisdiction _____

Name of Permitting Official _____

Title _____

Phone No. _____

Permit Granted:

☐ Yes

☐ Yes, with Restrictions (see "Notations" below)

☐ No

Restrictions/Notations _____

Signature of Permitting Official _____

Date of Approval _____

Permit Number _____

If approved, this permit is granted for the date and time noted herein under the authority of the International Fire Code in accordance with Revised Code of Washington 70.77 and all applicable rules and ordinances pertaining to fireworks in this jurisdiction. This permit is INVALID unless in the possession of a properly licensed Pyrotechnic Operator, who is responsible for any and all activities associated with the firing of this show.

MUST BE APPROVED BY THE AUTHORITY HAVING JURISDICTION

SHOW SHELL COUNT

SPONSOR

Mercer Island, City of

SHOW NAME

Mercer Island Summer Celebration

SHOW DATE

Sat, July 13, 2024

TYPE OF SITE

BARGE

SHOW # 7555

SHELLS

2.5" SHELLS

6" SHELLS

112 3" SHELLS

8" SHELLS

177 4" SHELLS

10" SHELLS

77 5" SHELLS

CAKES, BOXES, CANDLES, SINGLE SHOT, & MODULAR ITEMS

2 1.75" AND SMALLER CAKES

2.5" BOXES

8 1.75" AND SMALLER ZIP / FAN CAKES

2.5" FANNED BOXES

2 2" BOXES

3 3" BOXES

2" FANNED BOXES

3" FANNED BOXES

6 1.2" AND SMALLER MODULAR ITEMS

CANDLES

2" MODULAR ITEMS

SINGLE SHOT

2.5" MODULAR ITEMS

SET PIECES, CLOSE PROXIMATE

SET PIECES

CLOSE PROXIMATE

ADDITIONAL PRODUCT NOTE 1

ADDITIONAL PRODUCT NOTE 2

NOTES



Washington State Patrol Fire Protection Bureau
Office of the State Fire Marshal

11148P

Item 6.

Pyrotechnic Operator License

Licensee Data

Jason A. Veentjer
7511 52nd Place Northeast
Marysville, WA 98270
License Number: P-04344

Phone Number: (206) 612-7642
Email Address: ranchhandv@msn.com
Date of Issue: January 31, 2024
Date of Expiration: January 31, 2025

State Fire Marshal

3000-420-043 (10/18)

Licensee Signature

Licensee Wall Mount Card



Washington State Patrol Fire Protection Bureau
Office of the State Fire Marshal

11148P

Pyrotechnic Operator License

Licensee Data

Jason A. Veentjer
7511 52nd Place Northeast
Marysville, WA 98270
License Number: P-04344

Phone Number: (206) 612-7642
Email Address: ranchhandv@msn.com
Date of Issue: January 31, 2024
Date of Expiration: January 31, 2025

State Fire Marshal

3000-420-043 (10/18)

Licensee Signature

General Display Employer Portion

- 1) Cut along dotted lines to release the four license cards.
- 2) All four license cards are individually legal and valid evidence of licensing.
- 3) All four cards constitute an entire license for a single operator.
- 4) The Licensee must sign all four portions of the license.
- 5) ALL four license cards are legal and valid evidence of licensing.
- 6) The Licensee must carry either the wallet (landscape) or the lanyard card (portrait).

License Number: P-04344

Pyrotechnic Operator License



Washington State Patrol
Fire Protection Bureau

11148P

January 31, 2025
Current/Valid Until

Jason A. Veentjer
Pyrotechnic Operator

120

State Fire Marshal

3000-420-043 (10/18)

Licensee Signature



11148P

License Number: P-04344

Washington State Patrol
Fire Protection Bureau

Pyrotechnic Operator
Licensing Type

January 31, 2025

Current and Valid Until

Jason A. Veentjer

Pyrotechnic Operator

Licensee Signature

State Fire Marshal

3000-420-043 (10/18)



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6478
May 21, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6478: Gun Violence Awareness Day (Proclamation No. 330)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Proclaim June 9, 2024 as Gun Violence Awareness Day in Mercer Island.	

DEPARTMENT:	City Council
STAFF:	Salim Nice, Mayor Andrea Larson, City Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 330
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to proclaim June 9, 2024 as Gun Violence Awareness Day and join other cities across the region and nation to recognize, respond to, and help end gun violence.

BACKGROUND

In January 2013, Hadiya Pendleton was tragically shot and killed at age 15. Soon after this tragedy, Hadiya's childhood friends decided to commemorate her life by wearing orange, the color hunters wear in the woods to protect themselves and others. **Wear Orange** originated on June 2, 2015—what would have been Hadiya's 18th birthday. Now, it is observed nationally on the first Friday in June and the following weekend each year.

ISSUE/DISCUSSION

The 10th National Gun Violence Awareness Day is on June 7, 2024 and people across the United States will **wear orange** in tribute to Hadiya Pendleton and other victims of gun violence, and the loved ones of those victims.

Join Mercer Island in **wear orange** on Sunday, June 9, 2024 at Mercerdale Park beginning at 11am. [Click here](#) for more information.

More information about **#WearOrange** 2024 or how you can participate, visit www.MomsDemandAction.org and www.StudentsDemandAction.org.

RECOMMENDED ACTION

Proclaim June 9, 2024 as Gun Violence Awareness Day in Mercer Island.



City of Mercer Island, Washington

Proclamation

WHEREAS, In 2023, the United States witnessed 42,967 gun-related deaths, along with roughly 83,019 nonfatal firearm injuries. The number of firearm related deaths has grown nearly 43% between 2010 to 2020.

Gun violence is the leading cause of death among children under age 19, and the second leading cause of death among young adults in the United States, surpassed only by fentanyl-related overdoses in Americans aged 18 to 45.

National Gun Violence Awareness Day is dedicated to commemorating the lives lost to gun violence and fostering initiatives to prevent such tragedies, such as WEAR ORANGE DAY inspired by Hadiya Pendleton—a teenager tragically shot and killed days after her participation in the 2013 Presidential Inauguration Parade.

WEAR ORANGE acknowledges that America has a proud heritage of responsible gun ownership and the color orange, symbolizing the value of human life and chosen for its visibility and use by hunters for safety, represents this cause.

Numerous organizations and individuals nationwide, including National PTA partnering with Everytown for Gun Safety, tirelessly advocate for sensible gun laws and policies that aim to reduce gun violence, employing strategies that encompass education, legal advocacy, and public health.

NOW, THEREFORE, I, Salim Nice, Mayor of the City of Mercer Island, do hereby proclaim June 7, 2024, as

Gun Violence Awareness Day

in the City of Mercer Island. This proclamation also marks the start of Wear Orange Weekend from June 7-9, featuring both virtual and in-person events locally and nationwide.

I urge all resident to support local initiatives to prevent gun violence, reduce firearm injuries, and ensure secure storage of firearms to prevent unintended access. We honor and remember all victims and survivors of gun violence and encourage everyone to wear orange on this day to promote awareness and contribute to a safer community.

APPROVED, this 21st day of May 2024.

Mayor Salim Nice
Proclamation No. 330





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6479
May 21, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6479: Jewish American Heritage Month (Proclamation No. 331)	<input type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Proclaim May 2024 as Jewish American Heritage Month on Mercer Island.	

DEPARTMENT:	City Council
STAFF:	Salim Nice, Mayor Dave Rosenbaum, Deputy Mayor Andrea Larson, City Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 331
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to proclaim May 2024 as Jewish American Heritage Month in Mercer Island.

ISSUE/DISCUSSION

Each May, Americans of all backgrounds join together to discover, explore, and celebrate the vibrant and varied American Jewish experience from the dawn of our nation to the present day. Jewish American Heritage Month is an opportunity to recognize the contributions of Jewish people to American culture, history, science, government, music, and arts.

RECOMMENDED ACTION

Proclaim May 2024 as Jewish American Heritage Month on Mercer Island.



City of Mercer Island, Washington

Proclamation

WHEREAS, Since 1654 when the first Jewish people landed on the shores of New Amsterdam, which would become the United States, the Jewish community has significantly contributed to the founding, growth, prosperity, and enrichment of our nation.

The first wave of Jewish American settlers arrived in the Northwest in the middle of the 19th Century. By 1889, when the Washington Territory became the forty-second state in the Union, Jewish citizens and their businesses had been contributing to the development of this state for four decades. Washington's early Jewish history includes a Territorial Governor, state legislators, and several Jewish mayors.

Mercer Island is the proud home of one of Washington State's largest Jewish populations and to several Jewish institutions and organizations. Jewish Americans have made significant contributions to the Mercer Island community.

The narrative of Jewish Americans is a pivotal chapter in the broader American story, contributing significantly to the religious, cultural, political, economic, and intellectual life of our nation.

The Jewish community has been an integral part of the Mercer Island community for many years. Jewish festivals and events educate and enrich the cultural landscape of Mercer Island, bringing together people of all backgrounds to celebrate the Jewish religion, heritage, and culture.

Last year, the Anti-Defamation league tracked over 400 incidents of antisemitism in the State of Washington, including four on Mercer Island. Despite facing ongoing challenges of antisemitism, hatred, and discrimination, Jewish Americans strive for a more inclusive and equitable society.

We stand united with individuals of all faiths and backgrounds in denouncing bigotry and hatred, promoting values of equality, compassion, and tolerance, and committing to eradicating prejudice wherever it is found. Jewish American Heritage Month offers a valued opportunity to acknowledge and celebrate Jewish heritage, thereby fostering understanding and respect, which are essential in combatting antisemitism.

NOW, THEREFORE, I, Salim Nice, Mayor of the City of Mercer Island, do hereby proclaim May 2024, as

Jewish American Heritage Month

in the City of Mercer Island and urge all to recognize this observance, celebrate the contributions of our Jewish community, and continue to work towards a society that reflects the dignity and worth of every community member and work diligently against antisemitism and all forms of hatred.

APPROVED, this 21st day of May 2024.

Mayor Salim Nice

Proclamation No. 331



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6480
May 21, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6480: National Public Works Week (Proclamation No. 332)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Proclaim May 19-25, 2024 as National Public Works Week on Mercer Island.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Alaine Sommargren, Public Works Deputy Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 332
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to proclaim May 19-25, 2024 as National Public Works Week to celebrate the City of Mercer Island Public Works professionals their contributions to the health, safety, and quality of life on Mercer Island.

ISSUE/DISCUSSION

The American Public Works Association (APWA) has celebrated National Public Works Week across North America since 1960 and uses this week to energize and educate the public on the importance of Public Works in daily life.

The theme for National Public Works Week 2024 is “Advancing Quality of Life for All.” Public Works professionals focus on infrastructure, facilities, and services that are of vital importance to sustainable and resilient communities and the public health, high quality of life, and well-being of the Mercer Island community.

RECOMMENDED ACTION

Proclaim May 19-25, 2024 as National Public Works Week on Mercer Island.



City of Mercer Island, Washington

Proclamation

WHEREAS, Public Works professionals focus on infrastructure, facilities, and services that are of vital importance to sustainable and resilient communities and the public health, high quality of life, and well-being of the Mercer Island community.

These critical services could not be provided without the dedicated efforts of the employees of the Mercer Island Public Works Department, who are engineers, inspectors, maintenance workers, project managers, mechanics, and support staff that are responsible for maintaining, improving, and protecting transportation, water supply, solid waste systems, parks and open spaces, stormwater, and public facilities.

The year 2024 marks the 64th annual National Public Works Week sponsored by the American Public Works Association.

NOW, THEREFORE, I, Salim Nice, Mayor of the City of Mercer Island, do hereby proclaim May 19-25, 2024, as

NATIONAL PUBLIC WORKS WEEK

and I urge all Islanders to join with representatives of the American Public Works Association and government agencies in activities, events, and ceremonies designed to pay tribute to our Public Works professionals and to recognize the substantial contributions they make to protecting critical infrastructure and ensuring community health, safety, and well-being.

APPROVED, this 21st day of May 2024.

Mayor Salim Nice

Proclamation No. 332





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB ####
May 21, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6481: Asian Pacific American Heritage Month (Proclamation No. 333)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Proclaim May 2024 as Asian Pacific American Heritage Month on Mercer Island.	

DEPARTMENT:	City Council
STAFF:	Salim Nice, Mayor Andrea Larson, City Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 333
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to proclaim May 2024 as Asian Pacific American Heritage Month in Mercer Island.

ISSUE/DISCUSSION

Asian Pacific American Heritage Month is an annual celebration that recognizes the historical and cultural contributions of the people of Asian and Pacific Islander descent in the United States and takes place each May. Asian Pacific American Heritage Month is the time to reflect and celebrate the important role that Asian Americans, Native Hawaiians, and Pacific Islanders have played in American culture and history.

RECOMMENDED ACTION

Proclaim May 2024 as Asian Pacific American Heritage Month on Mercer Island.



City of Mercer Island, Washington

Proclamation

WHEREAS, More than 24 million Americans proudly identify themselves to be of Asian, Native Hawaiian, and/or other Pacific Island heritage.

Asian and Pacific Island Americans have lived and worked in Washington State for over 160 years and have played a part in the rich cultural heritage of this state. The diverse Asian Pacific American population in Washington State numbers more than 674,000 and is representative of more than eleven Asian and seven Pacific Island nations.

Approximately 22.2% of Mercer Island's population is comprised of Asian or Pacific Islanders

Asian Pacific American Heritage Month acknowledges and celebrates the contributions made by Asian Pacific American in the arts, education, and sciences and to our state's economic, social, and democratic institutions.

Asian Pacific American Heritage Month provides the opportunity to educate the public on the Asian Pacific role in American history and is a time to celebrate the advancement of civil rights and equal opportunity for all people of this state.

The 2024 Asian Pacific American Heritage Month theme is *Advancing Leaders Through Innovation* and pays homage to the visionaries and trailblazers who have shaped Asian Pacific American history and continue to influence the collective future, through Innovation, resilience, and pioneering spirit.

NOW, THEREFORE, I, Salim Nice, Mayor of the City of Mercer Island, do hereby proclaim May 2024 as

Asian Pacific American Heritage Month

on Mercer Island and encourage all to celebrate the many contributions of Asians and Pacific Islanders to our community.

APPROVED, this 21st day of May 2024.

Mayor Salim Nice

Proclamation No. 333



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6473
May 21, 2024
Public Hearing

AGENDA BILL INFORMATION

TITLE:	AB 6473: Public Hearing - Interim Regulations in MICC 19.16.010 Related to Emergency Shelters and Housing, Transitional Housing, and Permanent Supportive Housing (Ordinance No. 24C-03)	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Hold a Public Hearing on Interim Zoning Ordinance No. 24C-03.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Alison Van Gorp, Community Planning and Development Deputy Director
COUNCIL LIAISON:	n/a
EXHIBITS:	n/a
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to hold a public hearing on Interim Zoning [Ordinance No. 24C-03](#), which was adopted by the City Council on April 2, 2024. The ordinance reinstates interim regulations previously adopted in Mercer Island City Code (MICC) [19.16.010](#) related to emergency shelters and housing, transitional housing, and permanent supportive housing in response to HB 1220.

- During the 2021 state legislative session, the legislature passed [HB 1220](#), requiring amendment of MICC Title 19. The timeline imposed by this legislation required the City to comply with the new requirements by September 30, 2021.
- Interim regulations were adopted by Ordinance No. 21C-23 at the September 21, 2021, City Council meeting. Ordinance Nos. 22C-14, 23C-02, and 23C-11 renewed the interim regulations for concurrent six-month periods.
- The interim regulations adopted on April 2, 2024, are the same as the previously adopted version and allow the City to comply with state law while awaiting completion of the City's periodic update to the Comprehensive Plan.
- The City anticipates developing permanent regulations for adoption concurrent with the Comprehensive Plan (or shortly thereafter).

BACKGROUND

HB 1220: Emergency Shelters and Housing

[HB 1220](#) addresses transitional housing, emergency shelters, and permanent supportive housing. The bill contains new requirements for Comprehensive Plan housing element updates and creates new requirements for cities' zoning/development regulations regarding indoor shelters and housing for the homeless, summarized below:

- The bill forbids cities from prohibiting transitional or permanent supportive housing in residential zones or zones where hotels are allowed.
- The bill also forbids cities from prohibiting indoor emergency shelters and indoor emergency housing in any zones in which hotels are allowed (except for cities that authorize indoor emergency shelters/housing in a majority of zones within a one-mile proximity to transit).
- Any regulations regarding occupancy, spacing, and intensity of use requirements regarding the four types of housing listed above must be reasonable and designed to protect public health and safety.
- Finally, such restrictions cannot be used to prevent the siting of a sufficient number of housing units necessary to meet Mercer Island's projected need for such housing and shelter as determined by the WA Department of Commerce (Commerce) and King County.

The City's development code currently includes some spacing restrictions; staff recommend retaining these restrictions for now and will further evaluate them for compliance with HB 1220 when developing a permanent code amendment.

Projected Housing Need

HB 1220 amended the Growth Management Act (GMA) to require cities to include in the housing element of their comprehensive plans "an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth, as provided by the department of commerce, including: (i) Units for moderate, low, very low, and extremely low-income households; and (ii) Emergency housing, emergency shelters, and permanent supportive housing" ([RCW 36.70A.070\(2\)\(a\)](#)). In addition to including this inventory and analysis, the City will be required to identify sufficient land capacity to accommodate the projected need ([RCW 36.70A.070\(2\)\(c\)](#)).

The City received its allocation of affordable housing needs from King County in 2023. The City proceeded to analyze options for providing adequate capacity to accommodate these housing needs and to address racially disparate impacts in housing through the adoption of a new Housing Element in the Comprehensive Plan. In addition, the City will need to adopt code amendments to provide additional capacity for multi-family housing along with the adoption of the periodic update of the Comprehensive Plan before the end of 2024. City staff plan to incorporate additional amendments to the development code related to emergency and permanent supportive housing as a part of this effort. This action should bring the City into full compliance with the provisions of HB 1220.

ISSUE/DISCUSSION

Interim regulations were adopted in 2021 to comply with the emergency and permanent supportive housing provisions in HB 1220. The interim regulations were subsequently renewed for three successive 6-month periods thereafter. The last of these interim ordinances expired on March 21, 2024, leaving the City out of compliance with state law.

On April 2, 2024, the City Council took action to adopt new interim regulations to come back into compliance ([AB 6444](#)). The new interim regulations are the same as the previously adopted version and allow the City to comply with state law while awaiting completion of the City's periodic update to the Comprehensive Plan. The City anticipates developing permanent regulations for adoption concurrent with the Comprehensive Plan (or shortly thereafter) that align with the policy direction now in development in the Housing Element.

Because the City was out of compliance with state law due to the expiration of the previous interim regulations, it needed to act quickly to adopt new interim regulations. Interim Zoning Ordinance 24C-03 was adopted in accordance with state law that allows emergency interim ordinances to become effective immediately upon adoption, provided the ordinance is approved by a majority plus one vote of the City Council and a public hearing is held within sixty days of such action. The City will hold the required public hearing at the May 21, 2024 City Council meeting.

Interim Zoning Ordinance No. 24C-03

HB 1220 Section 4 requires the City to allow the following:

- Transitional housing and permanent supportive housing in any zones in which residential dwelling units or hotels are allowed, and
- Indoor emergency shelters and indoor emergency housing in any zones in which hotels are allowed.

The City currently allows social service transitional housing and special needs group housing as defined in [MICC 19.16.010](#) in residential zones. The definitions for these uses include many uses similar to those required by HB 1220 Section 4 and only require minor clarifying amendments to be consistent. [Ordinance No. 24C-03](#) enacts these provisions for a period of up to one year.

NEXT STEPS

City staff will work to develop permanent regulations to address the requirements of HB 1220 for adoption with adoption of the Periodic Update to the Comprehensive Plan (or shortly thereafter).

RECOMMENDED ACTION

Hold a Public Hearing on Interim Zoning Ordinance No. 24C-03.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6474
May 21, 2024
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6474: Financial Status Update for the First Quarter 2024 and Budget Amending Ordinance	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive the FY 2024 First Quarter Financial Status Update and adopt Ordinance No. 24-11, amending the 2023-2024 Biennial Budget.	

DEPARTMENT:	Finance
STAFF:	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director Ben Schumacher, Financial Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Financial Status Update – First Quarter FY 2024 2. Ordinance No. 24-11 2023-2024 Budget Amendments
CITY COUNCIL PRIORITY:	4. Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

EXECUTIVE SUMMARY

The purpose of this agenda bill is to provide the City Council with a financial status update for the first quarter of fiscal year (FY) 2024.

- As of January 1, 2024, the City transitioned 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). A key impact resulting from this change is the timing of revenues.
- The change from accrual to cash basis does not affect total revenues, only the timing of when those revenues are recognized as received. This impacts year-over-year comparisons in the financial status update during the 2024 transition year.
- All funds are performing as expected through the first three months of the year.
- Analysis across all funds is provided in the FY 2024 First Quarter Financial Status Update (Exhibit 1).
- Budget amending Ordinance No. 24-11 (Exhibit 2) outlines changes to the 2023-2024 biennial budget since May 7, 2024.
- Budget appropriation requests for the Firefighters Pension Fund and multiple facilities projects are also included for City Council consideration.

ISSUE/DISCUSSION

Change to Cash Basis Reporting

The Finance departments 2023-2024 workplan includes the objective to change the City's annual financial report from Generally Accepted Accounting Practices (GAAP) full accrual financial statements to the cash basis method as defined by the Washington State Auditor's Office (SAO).

Cash basis reporting as prescribed in the Budgeting, Accounting, and Reporting System (BARS) manual offers several advantages for cities in Washington state, particularly smaller ones. Cash basis reporting focuses on what money is received and spent in real time, making it easier to understand and manage. Because cash basis is more straightforward, it requires less staff time to administer compared to full accrual accounting. Cash basis reporting provides a clearer picture of how well the City is adhering to its long-term financial plans, with the same accountability, oversight, and control achieved with reporting under GAAP.

The primary reporting impact of this change in accounting practice is the timing of when cash flows are considered revenues or expenditures. Under accrual-based accounting, the process the City used through the end of 2023, revenues are recorded in the period earned regardless of when payment is received. Similarly with full accrual accounting, an expenditure is recognized when the liability for goods or services is incurred. For example, a revenue that is received 2024 for a grant reimbursing 2023 expenditures would be recognized and earned in 2023.

Cash basis accounting requires revenues to be recognized when the cash is received. Expenditures are recognized when payment is issued. Using the same example, a payment received today for a grant reimbursing 2023 expenditures will be recognized as revenue in 2024.

The result in the transition to cash basis accounting is financial reports that are easier to understand and more closely align with budgets. Staff anticipates the change will also significantly reduce staff time, particularly related to the preparation and audit of annual financial statements.

Impact of Transition to Cash Basis Reporting

Beginning January 1, 2024, Finance staff implemented changes in accounting procedures to align with cash basis reporting as defined by the SAO. In 2024, certain revenues that were previously reported on an accrual basis with each quarterly Financial Status Update have switched to a true cash basis. Staff expects the transition to cash basis reporting to have minor impacts throughout the year and will attempt to highlight the related changes with each quarterly financial update in 2024.

The year-end 2023 financial status update presented to Council on May 7 reported ending fund balances using the modified accrual basis of accounting. Modified accrual accounting requires certain cash receipts in January 2024 be reported as revenue for year-end 2023.

Most notable impacts to the first quarter of 2024 are State shared revenues (sales tax, fuel taxes), Real Estate Excise Taxes, and limited external utility taxes. Distributions of these taxes received in January 2024 were accounted for as revenue that was earned and reported in December 2023.

These receipts are not being reported again in the 2024 Financial Status Update. This will impact year-to-year comparisons throughout the 2024 transition year.

Financial Status Update Q1 2024

The Financial Status Update (Exhibit 1) includes detailed analysis on the City's revenue and expenditure actuals from January 1 through March 31, 2024. The budget reflected in the update includes budget amendments adopted by ordinance through May 7, 2024 (see [Ordinance No. 24-04](#)).

General Fund revenues ended the quarter at \$6.0 million, which are within budget expectations but below the same period of the prior year due to the change in accounting procedures. General sales tax revenues are consistent with FY 2023 numbers when comparing month-to-month returns due to higher-than-expected production across most business sectors, especially revenues related to the construction sector. Sales tax increases are tied to construction activity on the island, lingering effects of inflation, and the strength of the regional economy at this point in time.

Interest earnings in the first quarter of 2024 amount to \$557,534, markedly exceeding budget expectations. The Local Government Investment Pool (LGIP) saw a consistent increase in yields throughout 2023 and the higher yields have maintained in the first quarter of 2024 ending March at 5.43%, which represents a 0.66% increase compared to March 2023.

Expenditures in the General Fund were \$9.8 million at the end of the first quarter, on par with budget expectations as outlined in figure 1. Expenditures are up \$0.6 million from the prior year. "Salaries & Benefits" appear lower than the prior year due to the new partnership with Eastside Fire & Rescue (EFR) and how expenditures for fire service personnel are now recorded as costs relating to a contract instead of salary and benefit costs. The increase in expenditures over the prior year can be attributed to one-time transition costs for services provided by EFR in "Other Services & Charges."

GENERAL FUND EXPENDITURES (\$ in millions)	FY 2024 AMENDED BUDGET	% of AMENDED BUDGET	FY 2023 QUARTER 1 ACTUALS	FY 2024 QUARTER 1 ACTUALS	YTD as % of AMENDED BUDGET
Salaries & Benefits	26.40	68%	5.77	4.55	17%
Supplies	0.79	2%	0.19	0.13	17%
Contract Services	3.52	9%	0.57	0.40	11%
Other Services & Charges	7.99	20%	2.45	4.74	59%
Interfund Transfers Out	0.35	1%	0.22	0.03	7%
TOTAL EXPENDITURES	\$39.05	100%	\$9.19	\$9.85	25%

Figure 1

The Water, Sewer, and Stormwater Utility Funds are operating within budget expectations. Capital project expenditures in the beginning of the year are traditionally low, given much of the capital work occurs in late spring through the early fall. Work is well underway on projects such as the Meter Replacement Implementation and Water System Improvements.

All other operating and capital funds throughout the City are within budget expectations, and there are no significant variances to either revenues or expenditures unless otherwise stated with the transition in accounting procedure.

Budget Amending Ordinance

The Firefighters Pension Fund requires additional budget authority to meet 2024 pension obligations. The excess pension benefit for pre-LEOFF 1 firefighters is tied to the cost-of-living-adjustments (COLA) provided to current active fire positions.

With the 8.6% COLA and 3.75% additional adjustment tied to the transition to Eastside Fire & Rescue in 2023, the resulting COLA for pre-LEOFF 1 excess pension benefits exceeded original budget expectations. The Pension Fund needs additional budget authority of \$39,100 to meet the 2024 pension obligations, as outlined in Exhibit 2. This budget adjustment is needed to increase budget authority using existing Pension Fund resources and has no impact on the General Fund.

Furthermore, multiple facility projects require additional funding of \$565,200 to meet anticipated future costs. This additional funding need will come entirely from ARPA funds and is outlined in Exhibit 2. A summarized list is provided below:

- **City Hall Facilities:** Additional funds are required to manage the closure of City Hall, including supplies for displaced staff teams, additional portable bathrooms, and continued work moving City materials out of City Hall.
- **Police Interim Workspace:** Additional funds are required related to the installation and lease payments for the modular buildings located on the former City Hall parking lot. Costs in 2024 include water and power utility modifications and connections to the three police modular buildings, installation fees, furnishings, and lease costs through the end of the year.
- **Slater Room:** Additional investments in the Slater room including audio visual upgrades, window shading, and furniture to better facilitate City Council and Board & Commission meetings.
- **Northwest Studio Pre-Design:** Contract costs with the City architectural consultant Northwest Studio for the pre-design and early cost estimates for the new Public Safety & Maintenance building.
- **OAC Consulting:** Consulting contract with the construction management firm OAC for advisement on potentially pursuing alternative Public Works contracting methods for the Public Safety & Maintenance building and other City capital projects.

RECOMMENDED ACTION

Adopt Ordinance No. 24-11, amending the 2023-2024 Biennial Budget.

INTRODUCTION

The Financial Status Update provides a budget to actual comparison of revenues and expenditures for the General Fund and all other funds from January through March 2024. This report is comprised of the following four sections:

- General Fund
- Utility Funds
- All Other Funds
- Budget Adjustment Summary

Beginning Fund Balance represents net excess resources from a prior year that have been appropriated to fund budgeted expenditures in fiscal year 2024.

Accounting Procedure Change

As of January 1, 2024, the City updated its accounting procedures to transition 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 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.

As a result, certain revenues previously reported on an accrual basis in quarterly Financial Status Updates have switched to a true cash basis, impacting how financial information is reported in 2024 relative to prior years. Staff will highlight the related changes in each quarterly financial status update.

Most notable impacts in the first quarter of 2024 are State shared revenues (sales tax, fuel taxes), Real Estate Excise Taxes, and limited external utility taxes. Distributions of these revenues received in January 2024 were accounted as revenue earned and reported in December 2023.

These receipts are not being reported again, impacting year-to-year comparisons throughout the 2024 transition year.

MAY 21, 2024

FINANCIAL STATUS
UPDATE

MARCH 31, 2024

2024 General Fund
Adopted Revenue Budget
\$36.2 million

Amended Revenue Budget
\$39.0 million

Revenue Actuals
as of March 31,
\$6.0 million
(15.6% of amended budget)

Adopted Expenditure Budget
\$36.2 million

Amended Expenditure Budget
\$39.0 million

Expenditure Actuals
as of March 31,
\$9.8 million
(25.2% of amended budget)

Contingency Fund Balance
\$4.9 million

GENERAL FUND

Revenues

Overall, General Fund revenues are on track with budget expectations through the first three months of the year. The 2024 amended revenue budget is included in the table below along with year-to-date (YTD) actuals, and YTD actuals as a percentage of the amended budget. Prior YTD actuals are presented for comparative purposes.

The budget and actual amounts are for the first three months of the year, January 1 through the end of March. Additional detail regarding primary General Fund revenues and material variances from the original budget is discussed in the narrative below.

GENERAL FUND: Revenues

As of March 31, 2024

Revenue Category	2024 Adopted Budget	2024 Amended Budget	Prior YTD 3/31/2023	YTD 3/31/2024	YTD Revenue as % of Amended Budget
Property Tax	\$ 13,726,032	\$ 13,726,032	\$ 1,127,094	\$ 1,036,165	7.5%
Sales Tax - General	4,847,450	4,847,450	1,474,632	1,020,426	21.1%
Sales Tax - Criminal Justice	752,419	752,419	225,788	152,822	20.3%
Utility Taxes	4,342,112	4,342,112	1,470,646	875,474	20.2%
B&O Taxes	706,483	706,483	382,835	381,314	54.0%
Shared Revenues	1,603,017	1,740,517	131,411	60,098	3.5%
Cost Allocation-Overhead	1,105,166	1,105,166	263,964	276,041	25.0%
EMS Revenues	1,850,872	1,850,872	497,113	310,966	16.8%
Parks & Recreation	1,413,501	1,413,501	252,048	300,631	21.3%
License, Permit & Zoning	2,924,101	3,056,101	897,696	1,014,374	33.2%
Municipal Court	192,895	192,895	61,942	24,946	12.9%
Miscellaneous Revenue	250,333	250,333	111,483	69,895	27.9%
Interest Earnings	10,828	10,828	487,841	557,534	5149.0%
Interfund Transfers	0	0	0	0	N/A
Total Revenues	\$ 33,725,209	\$ 33,994,709	\$ 7,384,493	\$ 6,080,686	17.9%
Beginning Fund Balance	2,495,149	5,055,980	0	0	0.0%
Total Resources	\$ 36,220,358	\$ 39,050,689	\$ 7,384,493	\$ 6,080,686	15.6%

Property Tax is at 7.5 percent of the budget at the end of March. This reflects the annual timing of property tax payments to the City which typically occur in April and October.

General Sales Tax is 21.1 percent of the adopted budget through the first quarter. This revenue category is impacted by the change to cash basis reporting. The sales tax distribution received in January 2024 was accrued and reported as revenue in December 2023 and is excluded from Q1 2024. It is expected that year-to-year comparisons for this revenue category in 2024 will remain lower than prior years due to the change in accounting practice.

Construction has historically been the largest component of Sales Tax revenue and has outperformed the Retail & Wholesale Trade sector in both 2023 and 2024. Retail & Wholesale trade has begun 2024 performing better than the previous year, while construction has declined but continued to maintain its place as the top performing business sector. The following table compares Sales Tax revenue by business sector through February and March for 2023 and 2024.

Business Sector	FEB & MAR 2023	FEB & MAR 2024	Increase / (Decrease)	% of Total		
				2023	2024	Sector Totals Change
Construction	\$403	\$361	(\$42)	43.2%	35.4%	-7.8%
Retail & Wholesale Trade	\$259	\$349	\$90	27.7%	34.2%	6.5%
All Other Sectors	\$77	\$92	\$15	8.2%	9.0%	0.8%
Admin & Support Services	\$69	\$84	\$14	7.4%	8.2%	0.8%
Food Services	\$40	\$46	\$6	4.3%	4.5%	0.2%
Professional, Scientific & Tech	\$33	\$32	(\$1)	3.5%	3.1%	-0.4%
Finance/Insurance/Real Estate	\$31	\$31	\$1	3.3%	3.1%	-0.2%
Telecommunications	\$22	\$25	\$4	2.3%	2.5%	0.2%
Total	\$934	\$1,020	\$87	100.0%	100.0%	

*-For the sake of comparison, excludes January for 2023 & 2024 due to the change in accounting procedures.

Criminal Justice Sales Tax is 20.3 percent of the adopted budget at the end of March. This revenue consists of a 0.1 percent sales tax imposed by King County that is shared amongst cities in the county on a per capita (population) basis. It is closely tied to county wide taxable sales numbers. According to King County's Office of Economic and Financial Analysis, taxable sales showed consistent growth throughout 2023 although the rate of growth has slowed in 2024 as higher interest rates continue to impact consumer behavior.

Utility Taxes are 20.2 percent of budget at the end of the first quarter. This revenue category is impacted by the change to cash basis reporting. Reporting and remittance of utility taxes are typically delayed by one month. For private utilities reporting on a quarterly basis (e.g., cable and garbage), first quarter tax payments are received in April resulting in zero revenue reported in the first quarter. It is expected that in year-to-year comparisons for this revenue category the 2024 revenue will remain lower than in prior years due to the change in accounting practice.

Business & Occupation (B&O) Tax is 54.0 percent of budget at the end of the first quarter. Most of the City's registered businesses file an annual B&O tax return where the deadline for remitting annual taxes is April 15th of the following year. This revenue is within expectations when compared to prior year actuals.

Shared Revenues are 3.6 percent of the budget through the end of March. This revenue category is impacted by the change to cash basis reporting. State shared revenues received in January 2024 were accrued and reported as revenue in December 2023 and are excluded from Q1 2024. It is expected that year-to-year comparisons for this revenue category in 2024 will remain lower than prior years due to the change in accounting practice.

Major revenue sources include State shared taxes; hazardous waste grants; the I-90 corridor landscape maintenance revenue from the Washington State Department of Transportation; vessel registration fees received from the state through King County; the marine patrol services contract revenue from multiple

contract cities; and financial support for the School Resource Officer received from the Mercer Island School District. The timing of these revenues is variable with most expected in the fourth quarter of the year.

EMS Revenues are 16.8 percent of budget at the end of March. Revenues in this line are impacted by the change to cash basis reporting. Dollars associated with the King County EMS Levy that have historically been received in April and accrued back to March are now not recognized until the second quarter of the fiscal year. Other revenues in this category align with historical expectations.

Parks and Recreation revenues are 21.3 percent of budget at the end of March. Revenue sources include field rentals, boat launch fees, program fees, and rent payments from the annex building outside the Mercer Island Community and Event Center (MICEC). Recreation program revenues are above prior year totals primarily due to Community Center rentals and the Drop-In Sports program which are up \$56 thousand and \$13 thousand respectively.

License, Permit, and Zoning Fees are 33.2 percent of budget at the end of the first quarter. This revenue category consists of fees related to development services, business licenses, and a cable franchise. Revenues are performing well in part due to higher than expected permit activity. Permit revenues are also trending higher than the previous year due to work on the Riot Games building in Town Center and North Mercer Sewer Upgrades projects that have continued into 2024.

Municipal Court revenues are 12.9 percent of budget through the end of March. Revenues in this category are impacted by the transition to cash basis. March revenues are received in April and under cash basis accounting, will be reported in the second quarter. In addition, total revenues have decreased compared to the prior year due to the volume of case filings declining through the first quarter, from 475 in 2023 to 269 in 2024. Case filings in the first quarter of 2024, however, are above those observed in the first quarter of 2022.

Interest Earnings are budgeted in the General Fund as an estimate of earnings tied to the balance of the reserve for LEOFF-1 long-term care. The City's idle cash resources are invested in the State Treasury Local Government Investment Pool (LGIP). Per current budget policy, interest earnings are distributed to the various funds based on their relative cash balances at the end of each quarter.

Revenues continue to be higher than anticipated in this category for two primary reasons. The first being LGIP yields continuing to increase compared to prior the prior period, from 4.77 percent in March of 2023 to 5.43 percent at the end of March 2024. The second being the expectation at time of FY 2024 budget adoption that interest earnings would be allocated to the Contingency Fund via necessity to maintain its funding target level. The Contingency Fund has achieved and maintained its funding target at 12.5 percent of budgeted General Fund expenditures, as defined in the Council adopted financial management policies and the majority of interest earnings have stayed in the General Fund as a result.

All other revenues are within expectations through the end of March.

Expenditures

Overall, General Fund expenditures are within budget estimates at the end of the first quarter. The table below lists the 2024 amended expenditure budget, year-to-date actuals, and year-to-date actuals as a percentage of the amended budget. Prior year actuals are presented for comparative purposes.

The budget and actual amounts are for the first three months of the year, through the end of March. Additional details of material variances from the adopted budget are discussed in the narrative below.

GENERAL FUND: Expenditures

As of March 31, 2024

General Fund Department	2024 Adopted Budget	2024 Amended Budget	Prior YTD 3/31/2023	YTD 3/31/2024	YTD Expense as % of Amended Budget
Administrative Services	\$ 483,807	\$ 483,807	\$ 141,862	\$ 113,329	23.4%
City Attorney's Office	988,464	988,464	240,147	181,910	18.4%
City Council	55,404	55,404	25,026	10,912	19.7%
City Manager's Office	1,158,166	1,158,166	212,893	233,184	20.1%
Community Planning & Development	3,411,393	3,680,893	707,536	727,866	19.8%
Finance	1,410,476	1,410,476	264,415	265,319	18.8%
Fire	7,898,317	8,616,220	2,007,138	2,804,276	32.5%
Human Resources	861,493	861,493	153,489	166,643	19.3%
Information & Geographic Services	194,981	194,981	45,874	47,514	24.4%
Municipal Court	549,259	549,259	106,825	91,558	16.7%
Non-Departmental	2,323,526	4,166,454	1,648,328	1,475,135	35.4%
Parks & Recreation	2,217,919	2,217,919	401,154	479,235	21.6%
Police	8,978,307	8,978,307	2,106,903	2,233,368	24.9%
Public Works	5,353,668	5,353,668	914,804	995,972	18.6%
Total Expenditures	\$ 35,885,180	\$ 38,715,511	\$ 8,976,396	\$ 9,826,222	25.4%
Interfund Transfers	335,178	335,178	217,971	25,074	7.5%
Total Expenditures + Interfund Transfers	\$ 36,220,358	\$ 39,050,689	\$ 9,194,366	\$ 9,851,296	25.2%

In reviewing expenditures by department, the following are noteworthy:

Fire department expenditures are 32.5 percent of budget at the end of March. This reflects payment of transition costs to represented Fire staff, while other expenditures are within budget.

Non-Departmental expenditures ended March at 35.4 percent of budget. The largest line-item expenditure in this department is the annual payment of liability and property insurance that occurs in full in January. Other expenditures are expected to remain within budget throughout the remainder of the year.

All other expenditures are meeting expectations through the end of March.

UTILITY FUNDS

At the end of March, all three Utility funds are within expectations for operating revenues and expenditures.

Revenues

The table below lists the 2024 adopted and amended revenue budget, January through March actuals, and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the first three months of the year. Additional detail regarding major variances is discussed in the narrative following the table.

UTILITY FUNDS: Revenues

As of March 31, 2024

Revenue Category	2024 Adopted Budget	2024 Amended Budget	Prior YTD 3/31/23	YTD 3/31/24	YTD Revenue as % of Amended Budget
Operating Revenues					
Water Utility	\$ 11,695,463	\$ 11,695,463	\$ 1,953,734	\$ 2,189,187	18.7%
Sewer Utility	12,022,731	12,022,731	3,023,500	3,133,668	26.1%
Storm Water Utility	2,716,585	2,716,585	671,006	711,271	26.2%
Interest Earnings					
Water Utility	87,729	87,729	216,267	202,736	231.1%
Sewer Utility	38,881	38,881	113,996	129,835	333.9%
Storm Water Utility	21,422	21,422	52,012	64,762	302.3%
Proceeds of Debt Issuance					
Water Utility	-	-	-	-	N/A
Sewer Utility	-	-	-	-	N/A
Storm Water Utility	-	-	-	-	N/A
Total Revenues	\$ 26,582,811	\$ 26,582,811	\$ 6,030,514	\$ 6,431,458	24.2%

Water, Sewer, and Storm Water Utility operating revenues are within budget expectations and reflect the seasonality of utility revenues. Adopted rate increases that became effective January 1, 2024, result in dollar increases as compared to fiscal year 2023 revenues over the same period.

Interest earnings for the Water, Sewer, and Storm Water Utility funds have continued to exceed revenue expectations. The Local Government Investment Pool has held a consistent yield throughout the beginning of FY 2024, ranging from 5.45 percent at the beginning of January to 5.43 percent through the end of March.

It should be noted that no debt was issued within 2023 for the Water Utility fund as originally budgeted. Finance and Public Works staff are currently working to prepare for a bond issuance in the second half of 2024.

Expenditures

The table below lists the 2024 adopted and amended expenditure budget by Utility fund and category, January through March actuals, and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the first three months of the year. Additional details of major variances are discussed following the table.

UTILITY FUNDS: Expenditures

As of March 31, 2024

Category	2024 Adopted Budget	2024 Amended Budget	Prior YTD 3/31/23	YTD 3/31/24	YTD Expense as % of Amended Budget
Operating Expenditures					
Water Utility	\$ 6,884,883	\$ 6,884,883	\$ 1,212,868	\$ 1,345,204	19.5%
Sewer Utility	8,893,670	8,893,670	1,967,628	2,074,507	23.3%
Storm Water Utility	2,276,786	2,276,786	438,293	411,196	18.1%
Capital Projects					
Water Utility	12,272,064	13,347,064	646,017	2,594,907	19.4%
Sewer Utility	3,753,377	3,753,377	267,028	378,276	10.1%
Storm Water Utility	1,399,235	1,399,235	59,562	73,088	5.2%
Debt Service					
Water Utility	1,581,973	1,581,973	-	-	0.0%
Sewer Utility	1,031,829	1,031,829	-	-	0.0%
Storm Water Utility	-	-	-	-	N/A
Total Expenditures	\$ 38,093,817	\$ 39,168,817	\$ 4,591,396	\$ 6,877,179	18%

Due to the seasonal nature of utility operations, expenditures in the Sewer and Storm Water Utility funds are within expectations at the end of the first quarter. The Water Utility debt service expenditures are blank due to not paying principal and interest on debt that was originally budgeted for 2023 as the City is now positioned for a bond issuance in 2024. At the beginning of 2024, multiple large capital improvement projects are either in the design phase or in early stages of construction.

The **Water Reservoir Improvements** project will replace the interior coatings of both the City's water reservoirs, repaint the exteriors of both tanks, and install numerous safety improvements such as stairways and hand railings. Council awarded this contract in 2023 ([AB 6211](#)). Work on this \$7 M investment began in Q4 2023 following material procurement and permitting. Work included installation of roof railings, rain gutters, and stairways on the outside of the two reservoirs to improve safety and access. Sand blasting and spot welding of the interior of the north tank began and continued through the end of the year. Because only one reservoir can be under construction at a time due to water system operational constraints, this project will take until Q2 2025 to be completed.

The **Meter Replacement Implementation** project will replace approximately 7,900 aging water meters throughout the City with a new Advanced Metering Infrastructure (AMI) system. City Council awarded the bid in July 2022 ([AB 6112](#)). Deployment began Q1 2024, with meter replacement scheduled for completion at the end of Q3 2024. Work on data collector stations is ongoing. When the AMI system is fully

operational, the new meters will send water usage data directly to the City's utility billing system and will allow customers to access information about water use, leak notifications, and alerts via an online portal.

The **2023 Water System Improvements** project consists of installing over 6,500 linear feet of new 8-inch ductile iron water mains at six different locations on the northern portion of Mercer Island. Water services and fire hydrants in these areas will also be replaced. The contract was awarded to Kar-Vel Construction in July 2023 ([AB 6300](#)). Construction began in October of 2023, with project completion planned for Q3 2024.

Design work for the **Sewer SCADA System Replacement** was completed in Q3 2022 and a construction contract was awarded in Q4 2022 ([AB 6190](#)). With persistent supply chain delays, construction is scheduled to begin in late Q3 2024.

The current **Comprehensive Pipeline Replacement Rehabilitation & Replacement Program** involves relining existing sewer mains using a cured-in-place pipe process in the Sewer Basin 40 area (the Mercerwood neighborhood). The project occurred in two phases. Phase 1 was awarded in December 2022 ([AB 6191](#)) and construction is complete. Phase 2 was awarded in July 2023 ([AB 6295](#)) and construction is nearly complete, with 10,600 of the 12,000 feet of sewer mains lined by the end of 2023. Project completion is anticipated in Q2 2024. Phase 1 and 2 projects will reline approximately 3.0 miles of City sewer mains.

ALL OTHER FUNDS

Revenues

The table below lists the 2024 amended revenue budget, first quarter actuals, and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of March. Additional details of major variances are discussed in the narrative following the table.

ALL OTHER FUNDS: Revenues

As of March 31, 2024

Fund Name	2024 Adopted Budget	2024 Amended Budget	Prior YTD 3/31/2023	YTD 3/31/2024	YTD Revenue as % of Amended Budget
Self Insurance Claim	\$ 10,000	\$ 10,000	\$ -	\$ -	N/A
Street	5,998,008	5,998,008	462,696	1,353,245	22.6%
Contingency	151,805	151,805	-	65,712	43.3%
1% for the Arts	25,000	25,000	-	-	0.0%
Youth & Family Services	3,368,606	3,468,606	471,018	523,779	15.1%
ARPA	-	2,403,517	-	-	0.0%
Capital Improvement	10,929,288	11,079,288	400,235	339,835	3.1%
Technology & Equipment	268,000	268,000	70,000	-	0.0%
Equipment Rental	1,505,420	1,505,420	278,419	278,513	18.5%
Computer Equipment	1,305,536	1,305,536	317,661	327,932	25.1%
Firefighter's Pension	68,210	68,210	11,641	13,598	19.9%

Street Fund revenues are 22.6 percent of budget at the end of March. The primary revenue sources in the Street Fund for fiscal year 2024 are Real Estate Excise Tax (REET) and expected reimbursements from Sound Transit Mitigation monies.

This revenue category is impacted by the change to cash basis reporting. REET distribution received in January 2024 was accrued and reported as revenue in December 2023 and is excluded from Q1 2024. It is expected that in year-to-year comparisons for this revenue category in 2024 will remain lower than prior years due to the change in accounting practice. A total of \$1.0 million of Sound Transit Mitigation reimbursements were received by the end of March.

As for REET, property sales recorded in February and March of 2024 were down four sales when compared to the same period in 2023. The property sales recorded for both 2023 and 2024 are well below the 10-year historical average.

Revenues in the **Contingency Fund** are made up of interest earnings. The Contingency Fund achieved its desired cash balance, dictated by the City's financial management policies, of at least 12.5 percent of the General Fund expenditures budget at the end of fiscal year 2023 and has maintained that target level through the first quarter of 2024.

Youth & Family Services revenues ended March at 15.1 percent of the amended budget. Thrift shop revenues are up \$69.6 thousand in fiscal year 2024 relative to the same period of the prior year. Other revenues are within budget expectations through the first quarter.

Capital Improvement Fund revenues are 3.1 percent of budget at the end of the first quarter. Similar to the Street Fund, the Capital Improvement Fund's primary revenue source is REET. Staff will continue to monitor factors relating to REET to better inform the revenue forecast coming in the fall of this year as part of the biennial budget process.

In addition, the budget for revenues in 2024 includes \$3.4 million in State Grant funding of which 2.7 percent has been collected to date.

All other revenues are within expected norms through the end of March.

Expenditures

The table below lists the 2024 amended expenditures budget by fund, end of March actuals, and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of the first quarter. Additional details of major variances are discussed in the narrative following the table.

ALL OTHER FUNDS: Expenditures

As of March 31, 2024

Fund Name	2024 Adopted Budget	2024 Amended Budget	Prior YTD 3/31/2023	YTD 3/31/2024	YTD Expense as % of Amended Budget
Self Insurance Claim	\$ 10,000	\$ 10,000	\$ -	\$ -	N/A
Street	9,658,917	9,713,917	669,397	353,277	3.6%
1% for the Arts	15,000	15,000	1,350	513	3.4%
Youth & Family Services	3,368,606	3,511,053	741,282	755,266	21.5%
ARPA	2,807,243	3,951,743	42,047	234,975	5.9%
Bond Redemption (Non-Voted)	5,038	5,038	-	-	0.0%
Capital Improvement	11,121,741	11,301,741	286,930	869,180	7.7%
Technology & Equipment	145,250	145,250	192,223	100,708	69.3%
Equipment Rental	1,377,116	1,349,664	280,927	441,505	32.7%
Computer Equipment	1,316,488	1,316,488	429,119	517,334	39.3%
Firefighter's Pension	103,000	103,000	28,448	43,397	42.1%

Street Fund: Total expenditures are 3.6 percent of budget at the end of March. Operating expenditures are within budget expectations. This level of expenditure at the beginning of a fiscal year is commonplace given many capital projects are underway, resulting in notable expenditures in the latter half of 2024. Capital project updates include the following:

The **80th Avenue Sidewalk Improvements** will consist of replacing sidewalks along the east side of 80th Avenue from SE 27th Street to SE 32nd Street. Much of the sidewalk removal is the result of street tree roots raising sidewalk panels. Many of the trees will be replaced or removed based on declining health and impact on sidewalks. New trees will be planted utilizing planting cells underneath the new sidewalks. In addition, street lighting will be replaced on both sides of 80th Avenue and a small area of sidewalk in the 3000 block of 78th Avenue will be rebuilt. Design work was 90 percent complete in December 2023, with construction expected to begin in Q3 2024.

ARPA Fund: Total expenditures are 5.9 percent of budget at the end of the first quarter. These expenditures consist of projects that qualify for ARPA funding. The largest expenditure lines for 2024 are related to the modular buildings currently serving as the base of operations for the City's Police Department and two interfund transfers tied to the YFS Fund and Capital Improvement projects. No interfund transfers from this fund have been made through March.

Capital Improvement Fund expenditures ended the year at 7.7 percent of budget. This level of expenditure at the beginning of a fiscal year is commonplace given many capital projects are underway, resulting in notable expenditures in the latter half of 2024. Project updates include the **Luther Burbank Boiler Building Improvements Phase 1** project, which was advertised for bids in October with bid award in January 2024 ([AB 6380](#)). This project will reinforce the building's structure against earthquake damage

and install a new roof. Construction began in Q1 2024. Staff estimate project completion in Q3 2024, which may overlap with the start of the dock and waterfront improvements.

Technology & Equipment Fund: Total expenditures are 69.3 percent of budget at the end of March. This higher than anticipated percentage of budget spent includes two projects, the new financial software implementation and Fire self-contained breathing apparatus equipment, that have budget remaining from FY 2023 that has not yet been carried over into the current fiscal year. All expenditures in this fund are within budget expectations.

Equipment Rental Fund expenditures ended March at 32.7 percent of budget. Expenditures in this fund include Honeywell Site Remediation and fleet services. Funds are encumbered for fleet replacements but, due to supply chain issues and delivery dates for new vehicles being pushed back if not canceled, staff is holding onto current fleet assets for longer, resulting in lower-than-expected replacement expenditures to date. In addition, new vehicles and equipment prices are 15-70% higher than anticipated.

With these current market pressures, staff is carefully managing current fleet assets and adjusting replacement schedules as required. An appropriation request in 2024 may be required to use additional replacement reserves depending on how market conditions evolve over the next 6-12 months.

Firefighter's Pension Fund expenditures are 42.1 percent of budget at the end of March. The Firefighter's excess pension benefit for pre-LEOFF 1 Firefighters is tied to cost-of-living adjustments (COLAs) given to current active fire positions. Due to the COLA and impact bargaining with the transition to Eastside Fire & Rescue, the resulting COLA for pre-LEOFF 1 benefits was higher than budget expectations. Staff is seeking a budget appropriation to address the increased expenditure cost as part of the Q1 2024 Financial Status Update.

All other variances meet budget expectations through the end of March.

Two summary listings of the originally adopted 2023-2024 Budget (expenditures only), broken down by year, and amendments adopted by Ordinance through May 7, 2024, are presented below.

Fund Type / Fund Name	Original 2023 Budget	2023 Budget Adjustments						Amended 2023 Budget
		Administrative Biennial Corrections	ORD 23-05 22 to 23 Carry forward	ORD 23-06 Q1 FSU	ORD 23-12 Q2 FSU	ORD 23-20 Q3 FSU		
General Purpose Funds:								
General	34,796,307		440,209	676,090	159,525	1,109,176		37,181,307
Self-Insurance	10,000							10,000
Youth Services Endowment	-							-
Special Revenue Funds:								
Street*	5,136,091		1,505,480		250,000			6,891,571
Contingency	-				217,725			217,725
1% for the Arts	15,000				50,000			65,000
Youth & Family Services	3,325,282		64,863					3,390,145
ARPA Funds	1,983,672		857,218		291,000	(765,000)		2,366,890
Debt Service Funds:								
Bond Redemption (Voted)	-							-
Bond Redemption (Non-Voted)	142,800							142,800
Capital Projects Funds:								
Town Center Parking Facilities*	-							-
Capital Improvement*	10,664,404		571,905			(760,000)		10,476,309
Technology & Equipment*	495,186		708,140					1,203,326
Capital Reserve*	-							-
Enterprise Funds:								
Water*	22,052,286		9,168,243	1,245,279				32,465,808
Sewer*	14,120,007		809,688	1,533,625				16,463,320
Stormwater*	3,192,949		168,366					3,361,315
Internal Service Funds:								
Equipment Rental*	1,610,914	27,452	596,861		145,750			2,380,977
Computer Equipment*	1,155,078							1,155,078
Trust Funds:								
Firefighter's Pension	100,000							100,000
Total	98,799,975	27,452	14,890,973	3,454,994	1,114,000	(415,824)	-	117,871,570

* Capital Improvement Program (CIP) projects are accounted for in these funds.

Fund Type / Fund Name	Original 2024 Budget	2024 Budget Adjustments							Amended 2024 Budget
		Administrative Biennial Corrections	ORD 23-06 Q1 FSU	ORD 23-12 Q2 FSU	ORD 23-20 Q3 FSU	ORD 24-04 Q4 FSU			
General Purpose Funds:									
General	36,220,358		1,587,500	132,000	1,035,831	75,000			39,050,689
Self-Insurance	10,000								10,000
Youth Services Endowment	-								-
Special Revenue Funds:									
Street*	9,658,917			55,000					9,713,917
Contingency	-								-
1% for the Arts	15,000								15,000
Youth & Family Services	3,368,606				142,447				3,511,053
ARPA Funds	1,259,017			594,500	550,000				2,403,517
Debt Service Funds:									
Bond Redemption (Voted)	-								-
Bond Redemption (Non-Voted)	-								-
Capital Projects Funds:									
Town Center Parking Facilities*	-								-
Capital Improvement*	11,121,741				180,000	152,561			11,454,302
Technology & Equipment*	145,250								145,250
Capital Reserve*	-								-
Enterprise Funds:									
Water*	20,738,920					1,075,000			21,813,920
Sewer*	13,678,876								13,678,876
Stormwater*	3,676,021								3,676,021
Internal Service Funds:									
Equipment Rental*	1,377,116	(27,452)							1,349,664
Computer Equipment*	1,316,488								1,316,488
Trust Funds:									
Firefighter's Pension	103,000								103,000
Total	102,689,310	(27,452)	1,587,500	781,500	1,908,278	1,302,561	-	-	108,241,697

* Capital Improvement Program (CIP) projects are accounted for in these funds.

**CITY OF MERCER ISLAND
ORDINANCE NO. 24-11**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,
INCORPORATING CERTAIN BUDGET REVISIONS TO THE 2023-2024
BIENNIAL BUDGET AND AMENDING ORDINANCE NO 22-23, 23-05, 23-06, 23-
12, 23-20 AND 24-04**

(BUDGET AMENDMENT NO. 6)

WHEREAS, the City Council adopted the 2023-2024 Budget by Ordinance No. 22-23 on December 6, 2022, representing the total for the biennium of estimated resources and expenditures for each of the separate funds of the City; and

WHEREAS, budget adjustments are needed that have been previously approved by the City Council, as noted in the following table;

Fund	Department	Description	Agenda Bill	Budget Year	Expenditure Adjustment	Revenue Adj / Funding Source
General	Non-Departmental	Transfer to YFS Fund operating reserve per financial management policy	AB 6451	2024	\$ 150,000	Unappropriated fund balance
	Non-Departmental	Transfer to Municipal Facility Reserve fund	AB 6451	2024	\$ 2,400,000	
	Non-Departmental	Long term facility support	AB 6451	2024	\$ 150,000	
Street	Public Works	Island Crest Way crosswalk improvements	AB 6456	2024	\$ 601,121	Sound Transit mitigation funds
1% Arts	Public Works	Public Art restoration	AB 6459	2024	\$ 20,000	Unappropriated fund balance
ARPA	Public Works	Transfer to Capital Improvement Fund for Luther Burbank sports court renovation	AB 6465	2024	\$ 136,190	ARPA Funds
Capital Improvement	Public Works	Luther Burbank sports court renovation	AB 665	2024	\$ 136,190	Transfer from ARPA
Water	Finance	Utility rate model updates	AB6461	2024	\$ 18,360	Unappropriated fund balance
Sewer	Finance	Utility rate model updates	AB6461	2024	\$ 18,360	Unappropriated fund balance
Storm	Finance	Utility rate model updates	AB6461	2024	\$ 4,080	Unappropriated fund balance

WHEREAS, budget adjustments are needed that have not been previously approved by the City Council, as noted in the following table;

Fund	Department	Description	Budget Year	Amount	Funding Source
ARPA	Non-Departmental	Slater Room improvements	2024	\$ 37,500	ARPA Funds
	Non-Departmental	City Hall closure costs to abandon building	2024	\$ 10,000	
	Police	Police Interim Facility	2024	\$ 200,000	
	Public Works	Transfer to Capital Improvement Fund for Operations building predesign and project management	2024	\$ 317,700	
Capital Improvement	Public Works	Project management operations building pre-design	2024	\$ 67,700	Transfer from ARPA
	Public Works	Operations building pre-design	2024	\$ 250,000	
Firefighter Pension	Non-Departmental	Excess Pension Benefit adjusted for higher than expected COLA 2023 and 2024	2024	\$ 39,100	Unappropriated fund balance

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

Section 1. Amending the 2023-2024 Budget

The 2023-2024 Budget for the City of Mercer Island, as adopted in Ordinance No. 22-23 and amended by Ordinances 23-05, 23-06, 23-12, 23-20 and 24-04 is amended to incorporate increases in resources and expenditures in the following funds for the 2023-2024 biennium:

Fund	Fund Name	Resources	Expenditures
001	General Fund	\$ 2,700,000	\$ 2,700,000
104	Street Fund	\$ 601,121	\$ 601,121
140	1% Arts Fund	\$ 20,000	\$ 20,000
170	ARPA Fund	\$ 701,390	\$ 701,390
343	Capital Improvement	\$ 453,890	\$ 453,890
402	Water Fund	\$ 18,360	\$ 18,360
426	Sewer Fund	\$ 18,360	\$ 18,360
432	Storm Drain Fund	\$ 4,080	\$ 4,080
606	FF Pension Fund	\$ 39,100	\$ 39,100
Total		\$ 4,556,301	\$ 4,556,301

Section 2. Amending Previously Adopted Budget Ordinances

City Ordinance 22-23, 23-05, 23-06, 23-12, 23-20 and 24-04, as previously adopted and as hereby amended, are ratified, confirmed, and continued in full force and effect.

Section 3. Effective Date

This ordinance shall take effect and be in force 5 days after passage and publication.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON THE 21st DAY OF MAY 2024.

CITY OF MERCER ISLAND

Salim Nice, Mayor

ATTEST:

Andrea Larson, City Clerk

APPROVED AS TO FORM:

Bio Park, City Attorney

Date of Publication: _____

Log #	Received From	Comment/Question	Staff Response
1	Councilmember Weinberg	Should the B&O tax revenue received in April 2024 be accredited to tax year 2023?	<p>No. B&O taxes assessed by the City per MICC 4.10 transitioned to cash basis in 2023. Given the requirement to extend the payment deadline for annual taxpayers to April 15 of the following year staff transitioned B&O tax payments to cash basis revenue recognition in 2023.</p> <p>This change was highlighted in each quarterly financial status update in FY2023. B&O tax revenue reported in FY 2023 included annual tax remittances received for calendar year 2022 and quarterly tax payments for calendar year 2023. Amounts received January through April 2024 will be recognized on a cash basis as revenue in 2024.</p>
2	Councilmember Weinberg	By the same logic, if all the annually-paid B&O tax revenue for calendar year 2024 is expected be received in April 2025, doesn't that mean that, now that we're on a cash accounting basis, there will be no paid-annually B&O tax revenue in 2024?	<p>This is partially correct in that annual taxpayer remittances for the 2024 calendar year will be received and reported as revenue in 2025. By the same logic, annual taxpayer remittances for the 2023 calendar year will be received and reported as revenue in 2024.</p> <p>It is also important to note that while the majority of B&O taxpayers report and file on an annual basis, the largest taxpayers are required to file on a quarterly basis. Quarterly tax payments remitted and received in 2024 will be received and reported as revenue in 2024.</p>
3	Councilmember Weinberg	In the "General Fund: Revenues" table on page 6 of the agenda bill, why are we only predicting \$10,828 of interest income when the first quarter's income was 51 times that? Wouldn't it be more accurate to predict that interest rates will remain at least in the 3-4% range for the remainder of 2024 instead of 0.1%?	The <i>General Fund: Revenues</i> table includes the amended budget reference, which is separate and distinct from the Revenue Forecast. Staff will prepare an updated Revenue Forecast this fall, which will inform development of the Biennial Budget.
4	Councilmember Weinberg	In the "All Other Funds: Revenues" table on page 13 of the agenda bill, I'm noticing that there is \$65,712 of 2024 revenue showing for the Contingency Fund. If the Contingency Fund reached its target of 12.5% of General Fund expenditures in Q4 2023, should that \$65k go to the General Fund instead of back to the Contingency Fund?	Although the Contingency Fund did reach its target funding level of 12.5% in Q4 2023, due to budget amendments in ORD No. 24-04 to the total amount of General Fund expenditures in 2024, an allocation of interest earnings was required to maintain that target funding level.

5	Councilmember Weinberg	On page 14 of the agenda bill (page 125 of the packet), the 3rd paragraph indicates that we had budgeted \$3.4 million in state grant funding. Are these all grants that were applied for and approved, or does that \$3.4 million include the requests for marine patrol, EV charging infrastructure, and the EV sidewalk sweeper, which were all denied? If not, how much additional grant money did we ask for?	The entire \$3.4 million for 2024 state grant funding budgeted in the Capital Improvement Fund relates to the Luther Burbank Dock and Waterfront Improvements, or project PA0122, in the Capital Improvement Program in 2024. The grants for PA0122 were all applied for and approved.
6	Councilmember Weinberg	The last paragraph on page 12 of the agenda bill indicates that we're relining 12,000 feet of sewer mains in Sewer Basin 40. Does relining mean we are ending up with pipes with less overall throughput capacity? While these are sewer pipes and not pressurized water pipes, does the narrowing of the sewer pipes nonetheless restrict the ability to increase development density in this neighborhood?	<p>As growth occurs, additional customer flows can exceed sewer capacity. A capacity evaluation and hydraulic model is used to assess data in comparison with modeled flows. This work is completed as part of the General Sewer Plan and will be expanded to align with anticipated density levels during the next General Sewer Plan update.</p> <p>For this particular project, although relining of these pipes does reduce the overall pipe size slightly, it eliminates inflow and infiltration levels (I & I) which were found to be very high in this basin. In other words, although the overall pipe size may be slightly reduced, capacity is actually improved due to the elimination of non-wastewater components.</p>

7 Councilmember Weinberg	<p>Sometime this year I'd like to see a single-page infographic conveying the big picture of our utility infrastructure modernization efforts, which I sometimes refer to as our "race against entropy." Ideally, such a chart would include:</p> <ul style="list-style-type: none"> a. A graphical element representing the challenge we're facing (e.g. average age of equipment in each of the last 10 years). b. A graphical element representing the impact that challenge is having (e.g. emergency repairs/year for each of the last 10 years). c. A graphical element representing the increased investment we've made (e.g. capital investments in pipe/equipment modernization & replacement per year). <p>If the graphical elements display best as lines, ideally we would see:</p> <ul style="list-style-type: none"> - The impact line (or lines, if we have 1 each for water, sewer, and storm) would have a positive slope, reflecting the increasing number of water main breaks and other emergency repairs we've had to do in recent years. - The challenge line(s) would start off relatively flat and then show a downward bend as we've accelerated the rate at which we're replacing the oldest parts of the system, causing its average age to decrease. - The investment line would start off relatively flat and then show an upward bend, showing how we've dramatically increased the rate at which we're proactively replacing and modernizing the aging infrastructure. <p>I think such a chart could really help the public visualize the big picture. It can also help to build support in future</p>	<p>At this time staff does not have capacity to prepare this graphic but will take it under future consideration.</p>
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		<p>years for a further expansion of our infrastructure modernization efforts – once we have space built to house the additional public works staff we'd need.</p> <p>Thoughts?</p>	
8	Councilmember Reynolds	<p>Exhibit 1 page 9 shows total 1Q fire expenditures of \$2.8 MM. What is the breakdown of this between one time and ongoing costs?</p>	<p>The breakdown between one time and ongoing costs is as follows.</p> <p>One-time costs include:</p> <ul style="list-style-type: none"> \$114,000 - 2024 contribution to EF&R equipment replacement fund per the contract. Will only occur in the 1st quarter. \$369,872 - 1st installment to transfer compensated absence liability funding to EF&R. \$254,586 in payroll costs to cover 12/23/2023 - 12/31/2023 firefighter payroll up to transition (paid on first payroll 1.12.2024). \$27,804 in payroll costs for the 1.0 FTE position related to Mobile Integrated Health program. This employee was transitioned to EF&R at the end of March and is no longer a City of Mercer Island employee. <p>Ongoing costs include:</p> <ul style="list-style-type: none"> January, February, and March contract payments to EF&R, totaling \$1,968,686.
9	Councilmember Reynolds	<p>The explanatory text below this table states that budget overages are due to one time costs.</p> <p>Does this mean that we did not budget for one time costs or that we did, but not enough?</p> <p>Is this a timing issue, where one time costs will come in lower than expected in later quarters?</p> <p>Or do we expect total one time costs when we are all done with them to be higher than expected?</p> <p>If so, how much and why?</p>	<p>This is a primarily a timing issue for the first quarter of 2024. The contributions to the equipment replacement fund per the EF&R contract and final payroll payments to former Mercer Island Firefighters to close out 2023 are strictly a result of the start of the new fiscal year.</p> <p>Together they represent costs of nearly \$369,000 that will see no further increases in FY 2024.</p>

10	Councilmember Reynolds	<p>I am not understanding how the transition to cash basis is reflected in the financials. It sounds like you made a one time adjustment at 12.31.23 to adjust to cash.</p> <p>But doesn't that mean 2023 is really cash basis?</p> <p>Either way, whenever you did the transition, can you provide a recap by fund and my major expenditure and revenue category of the total amount of the change?</p>	<p>There has been no adjustment to cash balances in the quarterly Financial Status update.</p> <p>The change in accounting procedure impacts the timing of when cash inflows are recognized as revenues. The change in timing of revenue recognition creates the appearance of revenues being lower than budget expectations in the first quarter of 2024.</p> <p>A good example of the timing changes is monthly remittances for Real Estate Excise Taxes (REET). King County collects REET on recorded property sales throughout the month. The County then distributes the City's portion on the 10th of the following month. REET for property sales that were recorded in January 2024 were distributed to Mercer Island on February 10, 2024.</p> <p>Under GAAP the City is required to record REET from home sales in January as a revenue and receivable based on the month the sale was recorded. Under Cash basis the REET from January property sales will be recorded as revenue in February based on the cash receipt date.</p> <p>The underlying revenue is the same. The <u>timing</u> of when the City recognizes and "earns" the revenue is different under cash vs accrual:</p> <table><tr><th>Sale Recorded</th><th>Jan 2024</th><th>Feb 2024</th><th>Mar 2024</th><th>Apr 2024</th></tr><tr><td>GAAP Rev <i>\$ thousands</i></td><td>\$149.7</td><td>\$165.8</td><td>\$263.5</td><td></td></tr><tr><td>Cash Rev <i>\$ thousands</i></td><td></td><td>\$149.7</td><td>\$165.8</td><td>\$263.5</td></tr></table>	Sale Recorded	Jan 2024	Feb 2024	Mar 2024	Apr 2024	GAAP Rev <i>\$ thousands</i>	\$149.7	\$165.8	\$263.5		Cash Rev <i>\$ thousands</i>		\$149.7	\$165.8	\$263.5
Sale Recorded	Jan 2024	Feb 2024	Mar 2024	Apr 2024														
GAAP Rev <i>\$ thousands</i>	\$149.7	\$165.8	\$263.5															
Cash Rev <i>\$ thousands</i>		\$149.7	\$165.8	\$263.5														

11	Councilmember Reynolds	<p>Exhibit 1 page 16 refers to pre-LEOFF 1 retirees.</p> <p>How many of these are there and what is the approximate annual payment to these retirees?</p> <p>How do their benefit increases get impacted by impact bargaining? COLA, in contrast, makes sense to me.</p>	<p>There are currently five fire retirees receiving benefit payments from the Pre-LEOFF 1 Firefighter Pension Fund.</p> <p>In 2024, the current monthly benefit totals \$10,849 for an annual cost of \$130,190 to the Pension Fund. The excess benefit is calculated based on the current salary of active firefighters in the same or equivalent position the retiree was in at retirement.</p> <p>In 2023, the percentage increases (COLA and bargaining impacts) that active firefighter personnel received increased the benefit due to each retiree.</p>
12	Councilmember Reynolds	Do we have any sense as to whether a material number of other municipalities or counties were hit with a similar finding?	Staff is aware that the City of Bellevue, the City of Bothell, and the City of Edmonds all received essentially the same audit finding.

13	Councilmember Reynolds	The ARPA funds were certainly an unusual thing in city history. When such unusual situations arise, do we have a process for discussing accounting policies with other peer cities as an informal peer review of processes?	<p>The State Auditor's Office (SAO) is the primary resource used in determining the best application of GAAP in accounting for new programs.</p> <p>The Budgeting, Accounting and Reporting System (BARS) Manual prescribes accounting and reporting for local governments in accordance with RCW 43.09.200. Its purpose is to provide (1) uniform accounting and financial reporting to allow for meaningful use and comparison of financial data; (2) accounting and reporting instructions as a resource for local government managers; and (3) a consistent framework for financial reporting to intended users, including managers, governing bodies, granting and regulatory agencies, the state Legislature, and the general public.</p> <p>Typically, any time there is a significant new program affecting local governments statewide the SAO provides clear and definitive instructions on how to account for the new program. Most recently, the SAO provided detailed instructions on how to account for distributions from the opiate settlement agreements.</p> <p>No information was provided about how to record ARPA revenues. There remains no direct information on the SAO website or within the BARS manual to suggest that ARPA funds were best accounted for as a Grant received in advance.</p>
14	Councilmember Reynolds	Are we required to use the state auditor? Could we, for example, engage a private firm instead? Or do they have a monopoly?	The City is required to use the Washington State Audit office per RCW 43.09.230

AB 6474

Financial Status Update - Q1 2024

May 21, 2024

Item 12.



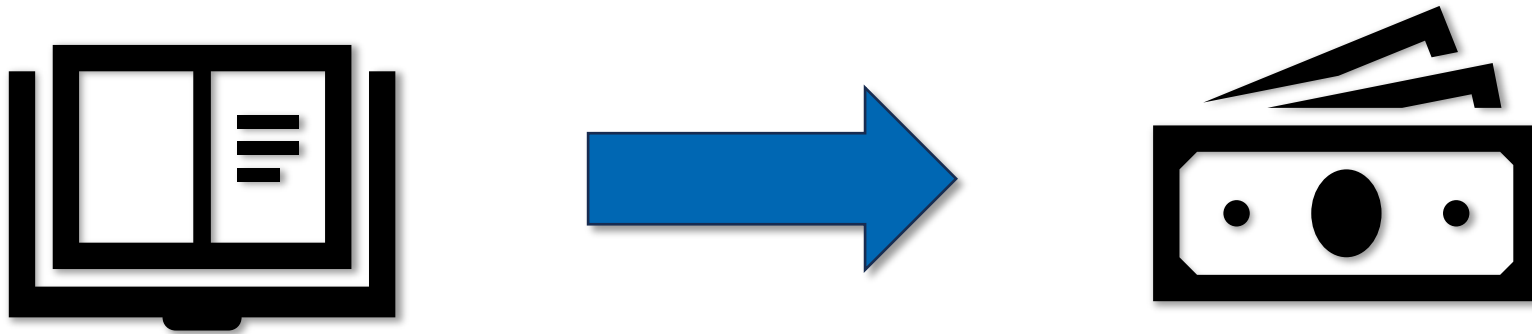
Agenda

1. Accounting Procedure Change
2. Budget versus Actuals as of March 31, 2024
3. Additional Funding Needs
4. Questions

Accounting Procedure Change

Item 12.

The City transitioned from full accrual to cash basis accounting on January 1, 2024.



Accounting Procedure Change

Item 12.

- ❑ What does this mean for 2024 Q1 Financial Status Update?
 - ❑ Impacts the timing of revenue recognition.
 - ❑ Affects year-over-year comparisons with Q1 being the most obvious.
 - ❑ For revenues impacted by the change, cash received in January 2024 was accrued and reported as revenue in December 2023.

Budget v. Actuals Overview

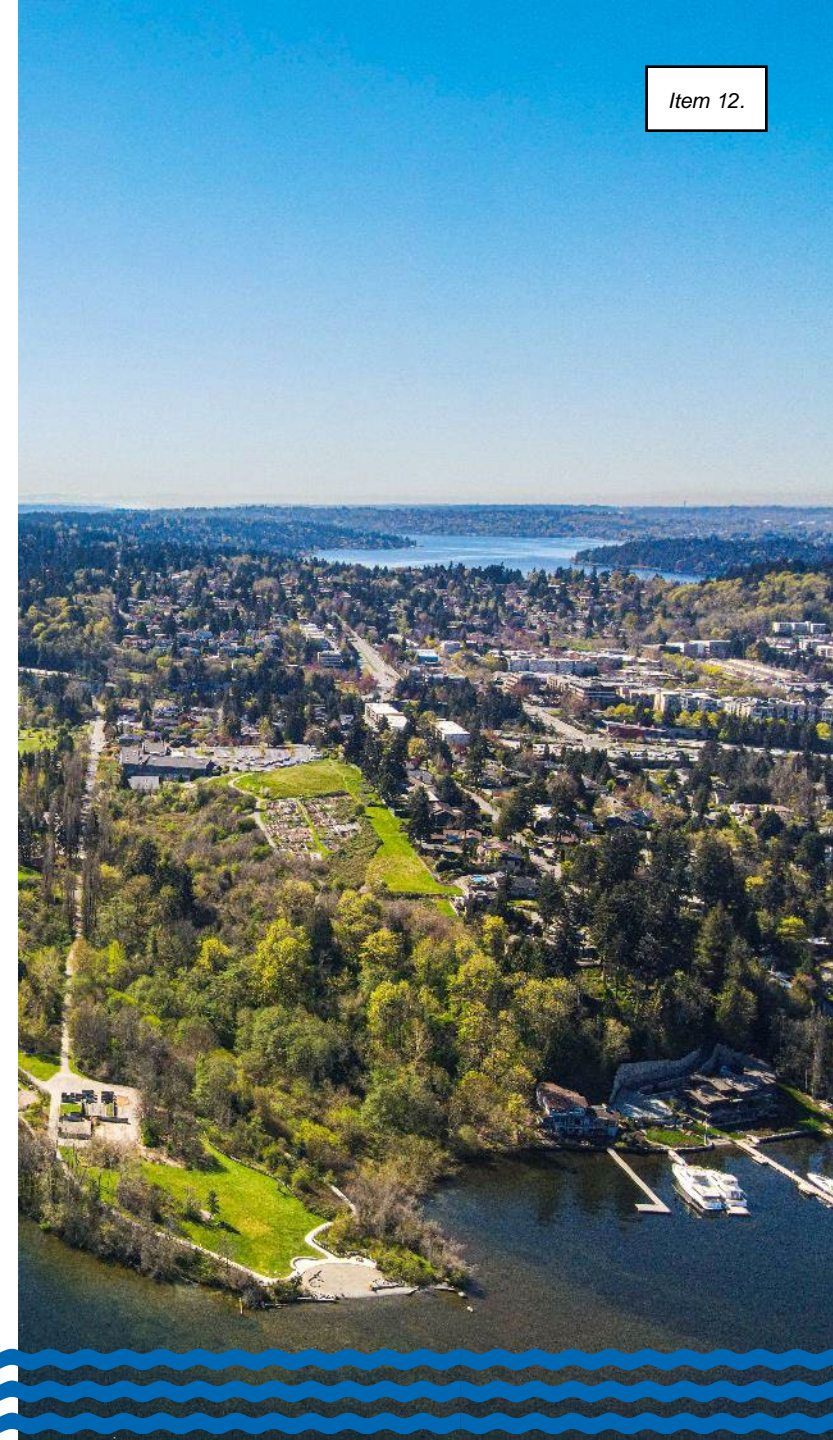
	2024 Amended Budget	Q1 2023 Actuals	Q1 2024 Actuals	2024 Actuals v Amended Budget
GENERAL FUND				
Revenues	\$39.0 M	\$7.4 M	\$6.0 M	16%
Expenditures	\$39.0 M	\$9.1 M	\$9.8 M	25%
UTILITY FUNDS				
Revenues	\$26.5 M	\$6.0 M	\$6.4 M	24%
Expenditures	\$39.1 M	\$4.5 M	\$6.8 M	17%

**Differences may occur due to rounding.*

General Fund Revenues

- ❑ February and March **sales tax revenues** up \$87,000 compared to last year.
 - ❑ Inflationary impacts + increased activity in retail & wholesale trade sector.
- ❑ **Interest earnings** are exceeding budget expectations.
 - ❑ Federal funds target rate constant at 5.5% since July 2023.

Other City Revenues



REET Revenues

- ❑ Primary resource for Street and Capital Funds.
- ❑ Major swings in revenue from 2021 – 2022.
 - ❑ In 2021, experienced a 15-year high in total sales.
 - ❑ In 2022 and 2023, total number of sales were lowest since 2009.
 - ❑ Same number of property sales in Q1 2024 as Q1 2023.

REET Revenues

- Low activity in the market continues into Q1 2024.

REET Analysis	January 1 - March 31				2023-2024
	2021	2022	2023	2024*	% Change
AVG Monthly Inventory	35	6	40	15	-61%
AVG Properties Sold	35	20	17	17	0%
Total Revenue	\$1,019,401	\$ 644,576	\$ 570,111	\$ 315,550	-45%

* With the City's transition to cash basis, Jan 2024 cash receipts were accrued as revenue in Dec 2023.
Source: King County Assessor's Office. Inventory data from Redfin data center, 2024.

- Revenue impacted by changes in the federal funds rate.

Additional Funding Needs

□ Facility projects funded by ARPA.

Project Name	Add. Cost
City Hall Facilities	\$10,000
Police Interim Workspace	200,000
Slater Room Improvements	37,500
Operations Building Pre-Design	250,000
OAC Consulting Firm	67,700
Total	\$565,200

Staff Recommendation

Item 12.

- ❑ Adopt Ordinance No. 24-11, amending the 2023-2024 Biennial Budget.

Questions

Prepared By

Matt Mornick, Finance Director

LaJuan Tuttle, Deputy Finance Director

Ben Schumacher, Financial Analyst

Gracie Liu, Financial Systems Analyst





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6475
May 7, 2024
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6475: 2024 Update to the City's Cost Allocation Plan	<input type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Adopt Resolution No. 1660 amending the City's Financial Management policies to adopt the Cost Allocation Plan update for 2024.	<input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution

DEPARTMENT:	Finance
STAFF:	Matthew Mornick, Finance Director Robbie Cunningham Adams, Management Analyst to the City Manager
COUNCIL LIAISON:	Salim Nice Craig Reynolds Wendy Weiker
EXHIBITS:	1. Resolution No. 1660 2. Red-line Financial Management Policies with 2024 Cost Allocation Plan Update
CITY COUNCIL PRIORITY:	4. Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to introduce for City Council review and adoption an update to the City's Financial Management Policies to include a Cost Allocation Plan.

- A goal outlined in the 2023-2024 Biennial Budget Work Plan included a comprehensive review and update to the approach used to assign direct and indirect expenses to the departments, projects, funds, or other cost centers that benefit from them, referred to as "cost allocation."
- In 2023, staff compared established best practices and recently adopted procedures in neighboring cities with long-standing approaches to allocate costs in Mercer Island.
- In early 2024, the City Council Ad Hoc Finance Committee met with staff to review findings and discuss potential process improvements.
- The result of these efforts is the newly drafted Cost Allocation Plan, Appendix B in the City's Financial Management Policies (see Exhibit 1). A redline version of the revisions is included in Exhibit 2.
- The Cost Allocation Plan provides clear direction as to why allocating costs is important and how to effectively and efficiently do it. It creates continuity, promotes transparency in budgeting, and ensures City programs and operating departments are allocated resources based on actual needs.

BACKGROUND

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.

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. Between January and March, Mayor Nice, Councilmember Reynolds, and Councilmember Weiker met with staff to provide feedback and help shape the Cost Allocation Policy update.

The result of these combined efforts is the Cost Allocation Plan, Appendix B of the Financial Management Policies (see Exhibit 1).

ISSUE/DISCUSSION

The Cost Allocation Plan, as presented, will exist separate from the biennial budget, and will be reviewed and updated as required or at minimum, every five to seven years. The framework for the new Cost Allocation policy is as follows:

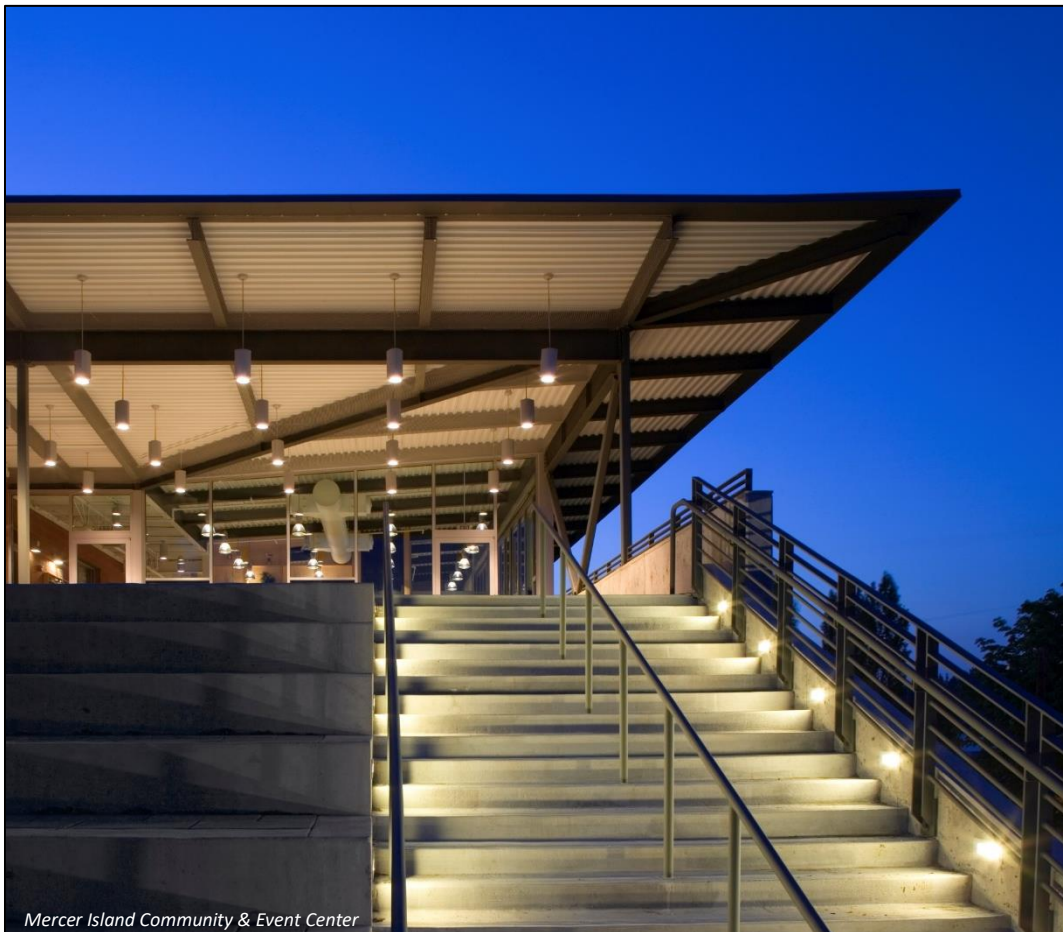
- Accurately calculate the full cost of providing public goods and services.
- Establish an equitable way to identify and allocate indirect costs.
- Maintain the basis for allocating direct and indirect costs that is reasonably implementable and does not require excessive staff time or outside support to maintain and update.
- Ensure alignment of user fees with actual costs to ensure cost-recovery goals are met and fees are updated annually in the Master Fee Schedule.
- Monitor and evaluate data related to internal services, informing City leadership on how best to distribute overhead resources.
- Ensure accurate pricing for services provided externally.

The Cost Allocation Plan provides consistency and continuity across biennial budgets and promotes transparency and fairness in budgeting. It ensures City programs, external services, operating departments, and/ or allocable funds are assigned resources based on actual needs. It also supports ongoing work to strengthen the City’s financial position and service levels overtime.

RECOMMENDED ACTION

Adopt Resolution No. 1660 amending the City’s Financial Management policies to adopt the Cost Allocation Plan update for 2024.

CITY OF MERCER ISLAND FINANCIAL MANAGEMENT POLICIES



Mercer Island Community & Event Center

Adopted
09/21/2021

Amended

CITY COUNCIL

Benson Wong
Mayor

Wendy Weiker
Deputy Mayor

Lisa Anderl
Jake Jacobson
Salim Nice
Craig Reynolds
David Rosenbaum

FINANCE AD HOC COMMITTEE

Wendy Weiker *Deputy Mayor*
Salim Nice *Councilmember*
Craig Reynolds *Councilmember*
Matthew Mornick *Finance Director*

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1. Background and Purpose

The Financial Management Policies (Policies) of the City of Mercer Island (City) serves as a blueprint for City staff to draft the biennial budget, achieve goals set forth in budget work plans, the Comprehensive Plan, and other City planning documents by maintaining sound financial practices in accordance with all Federal, State, and local laws. The Policies are set by City Council and strategically direct financial resources towards meeting the City's long-term goals.

Should any requirement in these Policies conflict with powers, authority, or discretion granted to the City Manager by law, such requirement should be considered guidance or a recommendation from the City Council to the City Manager. If the Policies conflict with state, federal law, or with regulations promulgated thereunder, then the Policies will be interpreted to the maximum extent possible without being in conflict. Once adopted by the City Council, the City's Financial Management Policies will be amended as needed and reviewed every five to seven years with modifications submitted to the City Council for approval.

2. Fiscal Sustainability Philosophy

Mercer Island is committed to fiscal sustainability. Fiscal sustainability means maintaining a long-term view of financial planning for current and future generations that anticipates risks and preserves and enhances services and quality of life as prioritized by the City Council. The City strives for:

- 2.1. **Informed decision-making.** City administration will provide the City Council in depth analysis of both the short-term and long-term financial impacts of issues brought before the Council for consideration.
- 2.2. **Transparency.** The City will conduct public business with transparency and seek opportunities for citizen education, public participation, and public problem solving. The City will make financial information publicly available pursuant to applicable local and State laws as well as pursue new ways to make the City's finances more accessible and easier to understand.
- 2.3. **Aligned investments.** The City will seek opportunities to invest in ways that do not conflict with community values and priorities as reflected in the City's Comprehensive Plan.
- 2.4. **Diversified revenue sources.** The City will pursue diversified revenue sources and cost-containment measures to protect the delivery of public goods and services and safeguard against changing economic conditions.
- 2.5. **Managing long-term liabilities.** The City will proactively identify and monitor long-term financial liabilities and seek to mitigate these impacts, when possible, while accruing assets to fund these liabilities in a fiscally responsible and intergenerationally equitable manner.



- 2.6. **Shared Responsibility.** The City recognizes a shared responsibility between the employee and employer to appropriately fund employee compensation to attract and retain employees while maintaining a long-term sustainable and balanced budget.
- 2.7. **Equity, efficiency, and effectiveness.** The City will continuously explore new ways to improve day-to-day operations and provide more equitable, efficient, and effective delivery of public goods and services.

3. Operating Budget

The operating budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes what programs, projects, and operations will be funded in each department within the confines of anticipated municipal revenues. The policies below guide how the City organization develops and implements the operating budget.

- 3.1. The Biennial Budget will be balanced with resources in that biennium, and the City will adopt the Biennial Budget before January 1st of its initial fiscal year of the biennium budget-cycle.
- 3.2. The City Council will adopt a Biennial Budget that reflects estimated revenues and expenditures for the ensuing two years. A mid-biennium review and update will take place as prescribed by State law during the first year of the biennium.
- 3.3. The Biennial Budget will establish municipal service levels and priorities for the ensuing two years.
- 3.4. **Expenditure control budgeting** is a budgeting approach that promotes sound fiscal management and offers flexibility and resources to respond to emerging or changing needs. When implemented, at the end of each fiscal year, the City will return one-third of each department's non-salary operating budget savings back to the respective department. Upon City Manager approval, such General Fund savings may be used at the department director's discretion to fulfill the mission of the department. The remaining two-thirds of such savings will return to the General Fund Balance to replenish City reserves and support the Emerging Innovations Reserve, consistent with adopted policies.
- 3.5. The Biennial Budget will establish measurable work plan goals and allow reasonable time to accomplish those goals within the biennium. The City Manager will report back to the City Council on work plan progress during the biennium and report any potential issues in a timely manner.
- 3.6. Prior to budget adoption, the City Council will review and provide the City Manager feedback on the preliminary Biennial Budget.
- 3.7. The City will work proactively with the State, County, and local government agencies, and bodies, such as Association of Washington Cities and Sound Cities Association, to monitor and, when appropriate, act on legislation that may impact the City financially.

4. Revenues and Expenditures

Annual revenues are estimated using established best practices as a basis for preparation of the Biennial Budget. Expenditures approved by the City Council in the Biennial Budget define the City's spending limits for the upcoming biennium. Beyond legal requirements, the City will maintain an operating philosophy of controlling the City's costs and maintaining diverse revenues. The following policies apply to the City's management of revenues and expenditures.

- 4.1 The City will maintain revenue and expenditure categories according to State statute and administrative regulation.
- 4.2 The City will endeavor to maintain a diversified and stable revenue system to minimize the impact of short-term fluctuations in any one revenue source.
- 4.3 Current revenues will be sufficient to support current expenditures.
- 4.4 One-time revenues will be used only for one-time expenditures.
- 4.5 The City will investigate potential new revenue sources and partnerships, particularly those that will not add to the tax burden of residents and local businesses.
- 4.6 Fees for service may be reviewed and adjusted annually to ensure cost recovery goals are being met. At minimum, fees for service shall be re-evaluated (where needed) every three years.
- 4.7 All revenue forecasts will be performed using established local government best practices.
- 4.8 The City will review and update, as needed, its cost allocation methodology plan (Appendix B) every five to seven years, which outlines the policy objectives and underlying process of accounting and recording the fully allocated costs of an internal public service by including indirect costs or "overhead" in addition to direct service costs ~~of service~~. The cost allocation plan shall be used as an information tool to inform a variety of budgetary decision-making situations including the allocation of resources, establishment of fees designed to recover costs, recovery of indirect costs to administer grant programs, and cost reimbursements associated with providing support services to enterprise and other special revenue funds.
- 4.9 Credit card fee surcharges, cash discounts, and online payment methods shall be reviewed and evaluated at least every five years to ensure that the cost of service is being covered and the City is taking advantage of improving technology and market developments.
- 4.10 Grants to fund new service programs will be reviewed by the City, as they become available, with due consideration given to whether they are cost effective, meet City goals, and are sustainable in the long-term.
- 4.11 The City will establish and maintain Special Revenue Funds to account for proceeds received from a substantial restricted or committed revenue source used to finance designated activities that are required by statute, ordinance, resolution, or executive order.



- 4.12 Investment earnings are distributed based on the percent each Fund makes up of the City's total investments (e.g., if General Fund dollars make up 20% of the City's total investments, then 20% of investment earnings are returned to the General Fund).
- 4.13 Excess investment earnings above Fund and Reserve balance thresholds may be used to finance one-time capital investments or time-limited services at the City Council's discretion.
- 4.14 If decisions are needed to balance a proposed Biennial Budget, the City Council will provide policy direction to the City Manager as to the priority order and combination for raising revenues, reducing expenditures, and/or using reserves.
- 4.15 The use of reserve balances will only be authorized to address temporary revenue shortfalls and/or temporary expenditure increases, or in response to evidence-based revised reserve targets.
- 4.16 The Biennial Budget will be formally amended by the City Council as needed to reflect unforeseen expenditures or revenues. Funding requests will be analyzed by the Finance Department and approved by the City Manager. The City Council will be provided with a review of the legality and/or policy basis for the expenditure, the recommended funding source and fiscal impact, and previously approved amendments since budget adoption.
- 4.17 The City Council will be presented with timely financial status updates and year-end budget reviews including budget amendments, as necessary, to ensure that expenditures are within budget authority.

5. Capital Budget

Every two years, the City develops a Capital Improvement Program (CIP) for City Council review and approval as part of the Biennial Budget process. The City is responsible for considerable investments related to the acquisition, expansion, or rehabilitation of land, technology, buildings, and other major public infrastructure. The preservation, qualified maintenance, and future improvement of these facilities is the focus of the CIP and resulting capital budget.

Planning and implementing sound capital improvement practices and programs will help the City avoid unforeseen costs in the future. The following policies apply:

- 5.1. The City will establish and implement a comprehensive multi-year CIP.
- 5.2. Per State law, the City will develop and annually adopt a six-year Transportation Improvement Program (TIP), which becomes a component of the CIP (RCW 35.77.010).
- 5.3. The CIP will be prepared biennially concurrent with the development of the Biennial Budget. A mid-biennium review and update will take place during the first year of the biennium to reflect any changes in the updated Capital Improvement Program.



- 5.4. The City Council will designate annual ongoing funding levels for each of the major project categories within the Capital Improvement Program. Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
- 5.5. A CIP outlines specific resources to maintain and enhance public infrastructure, including but not limited to prior money in reserves, State and Federal grants, long-term leases, low-interest loans, and debt financing.
- 5.6. The CIP will incorporate City Council priorities and community objectives for the acquisition, expansion, and/or rehabilitation of land, technology, buildings, and other major public infrastructure. The Capital Improvement Program will be consistent with the Capital Facilities Element of the Comprehensive Plan.
- 5.7. The City will maintain an inventory of physical assets, their condition, and remaining useful life.
- 5.8. Consistent with best practices, budgets for capital projects will include appropriate contingency budget between 10 – 20% of the total estimated project budget. Staff will provide additional analysis and context to the City Council for capital projects with contingency estimates greater than 20% of the total estimated budget.
- 5.9. The City will strive to maintain all assets at a sufficient level to protect the City's capital investment and to limit future maintenance and replacement costs.
- 5.10. When evaluating capital investments, the City will elect options with due consideration of long-term cost of ownership and expected useful life or regulatory constraints.
- 5.11. The City Manager may authorize the reallocation of CIP project funds between CIP projects within a CIP category. Funding may only be reallocated within a CIP project category (e.g., within Parks, Recreation, and Open Space Projects, or Sewer Projects, or Water Projects, etc.) when one project is over budget and, in the same period, a second project within the same CIP category has been completed under budget. The City Council will be informed when funds are reallocated between projects as part of the Quarterly reporting process.

6. Reserves and Fund Balance

Adequate fund balance and reserves are a core element of the City's fiscal management strategy and a vital measurement of the City's financial position (outlined in [Appendix A – Fund Balances and Reserves](#)). City and State regulations allow the City to create and maintain specific reserves. Reserves and Fund Balances provide the City with options to respond to unexpected issues, natural disasters, ensure adequate resources for cash flow purposes, afford a buffer against economic duress and other forms of risk, and fund long-term liabilities over time. Reserve and Fund Balances should not, however, grow beyond established policy levels.

The following policies outline reasonable measures that protect the City’s financial position and the continued provision of public goods and services from calculated risks.

- 6.0.1. The City will not hold a surplus of public funds to the detriment of providing public goods and services the community has come to expect.
- 6.0.2. The City will establish minimum fund balance targets for each Fund based on the Fund’s cash flow requirements, with all fund balances included in the Biennial Budget. The minimum fund balance will be attained and maintained through expenditure management, revenue management, and/or contributions from the General Fund.
- 6.0.3. The City will fully fund reserves for the planned replacement of vehicles, heavy equipment, and radios as well as computer-related hardware and equipment (e.g., servers, networks, PCs, laptops, printers, and phones). Contributions will be made through assessments to each respective department.
- 6.0.4. Additional reserves may be created to fund future known expenditures, special projects, or other specific purposes.
- 6.0.5. All Reserves and Fund Balances and guiding policies will be presented in the Biennial Budget.

6.1. Terminology of Fund Balance

- 6.1.1. **Fund Balance** is an accounting term defined as the excess of assets over liabilities in a Fund.
- 6.1.2. A **Reserve** is typically a portion of total fund balance with a use specified by the Administration, City Council, or by the restricted nature of the funds.
- 6.1.3. **Non-spendable Fund Balance** cannot be spent, such as the long-term portion of loans receivable, the principle of an endowment, and inventories.
- 6.1.4. **Restricted Fund Balance** has externally enforceable limitations on the use of fund balance, imposed by parties such as creditors, grantors, laws, or regulations of other governments.
- 6.1.5. **Committed Fund Balance** encompasses long-term limitations imposed by the City Council. For example, the City Council has committed a portion of the General Fund Balance to offset the long-term liability from the Washington Law Enforcement Officers' and Firefighters' System (the LEOFF Retirement Plan).
- 6.1.6. **Assigned Fund Balance** includes the portion of fund balance that is earmarked for an intended use that may be temporary or short-term in nature. The intent is established by the City Council.
- 6.1.7. **Unassigned Fund Balance** comprises all fund balances that are left after considering the other four categories. Use is least constrained in this category of fund balance.

6.2. Replenishment Guidance

Reserve replenishments occur in three ways during periods of economic recovery:

- 6.2.1 A **planned replenishment** is a specific one-time contribution included in the adopted Biennial Budget.
- 6.2.2 A **scheduled replenishment** establishes a schedule to repay the use of Reserves or Fund Balances over a specific time.
- 6.2.3 A **surplus replenishment** occurs when ending prior year fund balances are higher than budgeted, either due to greater than budgeted revenues, expenditure savings, or both.

All expenditures drawn from Fund Balances and Reserves shall require prior City Council approval unless previously authorized by the City Council for expenditure in a Biennial Budget or otherwise provided for by City policies. In terms of priority for replenishing the individual reserves, the following guidelines shall be collectively considered:

- 6.2.4 If the Contingency Fund is below target, replenish to target at the start of each biennium.
- 6.2.5 If committed funds are available because planned reserve uses did not occur, those funds should be maintained in the source reserve.
- 6.2.6 The degree to which an individual reserve is below target (for example, the reserve that is furthest from its target level on a percentage basis might receive a larger share of the funds).
- 6.2.7 Decisions on how replenishments are allocated to specific reserves will be based on where available funds came from and on each reserve's status at the time the decision is made.
- 6.2.8 City Council may take action to suspend replenishment policies if it is found that special conditions exist warranting such action.

Once reserves reach target levels, remaining funds shall be available for one or more of the following needs, depending on the nature of the funds available (one-time or ongoing) and in the following suggested order of priority:

- 6.2.9 Reduce liabilities related to sinking funds.
- 6.2.10 Fund one-time investments, projects, or studies.
- 6.2.11 Make a one-time contribution to the Emerging Innovations Investments Reserve.
- 6.2.12 Increase funding for capital purposes.
- 6.2.13 Restore previous program service reductions.
- 6.2.14 Create program and service enhancements.

7. Long-term Financial Planning

The City develops and maintains a six-year Financial Forecast that estimates resource and expenditure behavior for the two biennia beyond the current budget period. **Financial forecasting** is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient factors. The Financial Forecast will provide City leadership with an indication of the long-term fiscal impact of current policies and budget decisions.

- 7.1. **Time Horizon.** The Financial Forecast looks six-years into the future.
- 7.2. **Scope.** The Financial Forecast includes all appropriated Funds.
- 7.3. **Frequency.** The Financial Forecast is updated at least once a year to inform budget development, though it may be updated more often as circumstances warrant.
- 7.4. **Content.** A Financial Forecast includes an analysis of the financial environment, revenue forecasts, personnel, other significant operating costs and when appropriate, strategies for achieving and maintaining a balanced budget in future years.
- 7.5. **Visibility.** The Financial Forecast will be presented at a City Council meeting to ensure that the community is informed of the long-term financial prospects of the government.

8. Accounting, Financial Reporting, and Auditing

The City of Mercer Island will establish and maintain a high standard of accounting practices. At all times, the City's accounting and budgetary systems will conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (BARS), and local regulations.

- 8.1. The City will employ cash basis reporting, as prescribed in the Washington State *Budgeting, Accounting, and Reporting System* (BARS), for external and audit purposes.
- 8.2. The City will maintain an accounting system that provides comprehensive financial information to effectively operate the City and provide accountability, oversight, and internal controls over financial transactions.
- 8.3. The City will meet the financial reporting standards set by the Washington State Auditor's Office for Cash-Basis Financial Statements.
- 8.4. The City will be transparent and accurate in all City financial reports and bond representations based on the State Auditor's Office established best practices.
- 8.5. An annual audit will be performed by the State Auditor's Office and will include the issuance of an audit opinion for financial and accountability reports.

- 8.6. The City will strive to provide timely and quarterly and year-end financial reporting with a long-term goal to provide monthly reporting.

9. Investments

Per Washington State law, all municipal corporations are empowered to invest in certain types of securities. Within the confines of State law, the City will invest public funds in a manner that will provide a competitive rate of return after prioritizing investment instruments safety and liquidity needed to meet the daily cash flow demands of the City. Key principles that guide investment of public funds are listed below.

- 9.1. The City's cash will be invested in accordance with the City Council's [Adopted Investment Policies](#). Absent investment policies or staff trained to actively invest public funds; cash will be invested in the Local Government Investment Pool of the Washington State Treasurer.
- 9.2. Sufficient cash or other readily liquid instruments shall be maintained to provide for a minimum of 45-days of General Fund expenditures.
- 9.3. The City will manage the risk-reward tradeoff in financial decision making and will exercise good judgment, discretion, and intelligence, not for speculation but for investment, prioritizing safety of the City's investments while targeting an attractive risk-adjusted rate of return derived from investment decisions.
- 9.4. **Net investment income** is the amount of annual investment proceeds after first providing for all costs and expenses incurred in the administration of the City's investments. Net investment income will be allocated quarterly based on each funds relative cash balance as a percentage of the total invested assets. For example, if the Contingency Fund balance is only 10% of the City's total cash investments for a quarter, it would only receive 10% of the investment earnings for that quarter.

10. Debt Management Policy

This debt management policy sets forth guidelines to issue and repay debt. It is designed to ensure all debt is issued prudently and cost effectively to provide flexibility, preserve financial stability, and maintain the City's bond credit rating. All debt issued will follow this policy and all other relevant State and Federal regulations.

The City maintains conservative financial policies to assure strong financial health both in the short and long-term. From a policy perspective, the City uses debt as a mechanism:

- 10.0.1. To allocate the costs of needed improvements appropriately between present and future beneficiaries and users.
- 10.0.2. To reduce the immediate cash strain from substantial public improvements. This may include financing large capital investments such as construction of public infrastructure or significant property acquisitions.

10.1. Conditions of Debt Issuance

- 10.1.1. In the event there are any recommended deviations or exceptions from the Debt Management Policy when a certain bond issue is structured, those exceptions will be discussed in the agenda bills when the bond issue is presented for City Council's consideration.
- 10.1.2. Long-term debt will be used for capital investments. It will not be used to support operations such as non-capital furnishings, supplies, maintenance, or personnel.
- 10.1.3. When issuing debt, the City shall strive to use the most favorable debt-funding mechanism given market conditions, costs of debt issuance, and whether it be general obligation bonds or special assessment, revenue, or other self-supporting bonds.
- 10.1.4. The decision on whether to assume new debt shall be based on costs and benefits, current conditions of the municipal bond market, and the City's ability to afford new debt and service it as determined by an objective analytical approach. This process shall compare generally accepted measures of affordability to the current values for the City. These measures shall include:
 - 10.1.4.1. **Debt per capita** is a measure that describes the distribution of debt per capita of the community's population.
 - 10.1.4.2. **Debt as a percent of assessed valuation** is outstanding principal as a percentage of the Community's total assessed valuation.

10.2. Debt Limit

- 10.2.1. The City's indebtedness is limited by Washington State law, which states the City's bonded indebtedness may not exceed the sum of 7.5% percent of the total assessed valuation of taxable property within the City (outlined in the table below, reference RCW 39.36.020).

Type of Debt	Statutory Limitations
General Obligation:	2.5%
Non-Voted	1.5%

Voted	1.0%
Open Space & Parks	2.5%
Utilities	2.5%
Revenue	No limit
Local Improvement District	No limit

- 10.2.2. Debt issuance will be based on a comprehensive multi-year Capital Improvement Program (CIP) and financial analysis to align appropriate funding sources with proposed capital improvements.
- 10.2.3. Where borrowing is recommended, the source of funds to cover debt service requirements must be identified for the length of the debt instrument, and the effects of that financing projected through six years of the CIP.
- 10.2.4. The City Council may consider using long term debt toward public improvements associated with economic development. To the extent new revenues from the project can be identified and agreed upon, a portion of said revenues could go to support the debt service.
- 10.2.5. The City will plan and direct the use of debt so that service payments will be sustainable.

10.3. Debt Structuring

- 10.3.1. Debt will be structured consistent with a fair allocation of costs to current and future beneficiaries or users.
- 10.3.2. Borrowings by the City should be of a term to maturity that does not exceed the useful life of the improvement that it finances and where feasible, should be shorter than the projected economic life. **Useful life** is how long the improvement will do what it is intended to do, life measured in time or in number of uses. **Economic life** is how long the improvement will do what it is intended to do at a cost that is comparable to alternatives.
- 10.3.3. The standard term of long-term borrowing is typically 15-30 years. Maturity of all assessed bonds shall not exceed statutory limitations (RCW 36.83.050).
- 10.3.4. The City shall pay all interest and repay all debt in accordance with the terms of the bond ordinance and bond covenants. To the extent possible, the City will seek level or declining debt service repayment schedules.
- 10.3.5. A **debt refunding** is a refinance of debt typically done to take advantage of lower interest rates. The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt. Unless otherwise justified, such as a desire to remove or change a bond

covenant, a debt refunding will not be pursued without a positive net present value benefit after expenses.

- 10.3.6. Bond amortization schedules will be structured to minimize interest expense with the constraints of revenues available for debt service. The bonds may include call features to maximize the City's ability to advance refund or retire the debt early. However, call features should be balanced with market conditions to ensure that the total cost of the financing is not inappropriately affected.

10.4. Debt Issuance

- 10.4.1. City Council approval is required prior to the issuance of debt.
- 10.4.2. The City Manager, with in coordination with the Finance Director and the City's financial advisor and/ or bond counsel, shall determine the method of sale best suited for each issue of debt.
- 10.4.3. The City will generally issue its debt through a competitive process but may use a negotiated process under the following conditions:
 - 10.4.3.1. The bond issue is, or contains, a refinancing that is dependent on market/interest rate timing.
 - 10.4.3.2. At the time of issuance, the interest rate environment or economic factors that affect the bond issue are volatile.
 - 10.4.3.3. The nature of the debt is unique and requires specific skills from the underwriter(s) involved.
 - 10.4.3.4. The debt issued is bound by a compressed timeline due to extenuating circumstances such that time is of the essence and a competitive process cannot be accomplished, or a competitive process might result in selection of an underwriter or other situations inconsistent with City policies.
- 10.4.4. When determined appropriate by the City Manager and Finance Director, the City will negotiate financing terms with banks and financial institutions for specific borrowings on a private offering basis. Typically, private placements are carried out when extraneous circumstances preclude public offerings, such as an interim financing, or to avoid the costs of a public offering for smaller issuances. The Finance Director will consult with the City's Financial Advisor and/ or Bond Counsel on a case-by-case basis to determine an appropriate method of sale.
- 10.4.5. With City Council approval, financing for capital projects may be secured from the debt financing marketplace, public works trust funds, or other means including an interfund loan, as appropriate given the circumstances.



- 10.4.6. A thorough financial analysis shall be conducted prior to the issuance of debt including, but not limited to, monitoring of market opportunities, and structuring and pricing of the debt.
- 10.4.7. All debt issued by the City will include a written opinion by the City's financial advisor and/or bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all City and State constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's Federal income tax status and is compliant with legal and regulatory requirements by the State of Washington and the Federal Government's laws, rules, and regulations.
- 10.4.8. The Finance Director will confirm any debt issuance is conducted in compliance with the City's Financial Management Policies.

10.5. Credit Ratings

The City will maintain good communication with bond rating agencies about its financial condition.

- 10.5.1. The City will provide periodic updates to the City Council on the City's general financial condition, coordinating meetings, and presentations in conjunction with a new issuance.
- 10.5.2. The City will continually strive to maintain a Aaa bond rating by maintaining strong financial policies, budgets, forecasts, and improving the financial health of the City.
- 10.5.3. Credit enhancements may be used to improve or establish a credit rating on a City debt obligation. Credit enhancements should only be used if the enhancement will result in a net decrease in borrowing costs or otherwise provide significant benefits (e.g., making the bonds easier to sell).
- 10.5.4. The City will generally issue its debt through a competitive process. For any competitive sale of debt, the City will award the issue to the underwriter offering to buy the bonds at a price and interest rates that provides the lowest True Interest Cost (TIC).

10.6. Ongoing Debt Management Practices

The City shall comply with all applicable Federal, State, and contractual restrictions regarding the investment of bond proceeds, including City of Mercer Island's Investment Policy.

- 10.6.1. Annual disclosure information will be provided to established national information repositories and compliant with State and national regulatory bodies. Disclosure shall take the form of the City's Annual Financial Statements unless information is required by a particular bond issue that is not necessarily contained within the Annual Financial Statements.



- 10.6.2. The City will, unless otherwise permissible and justified, use bond proceeds within the established timeframe pursuant to the bond ordinance, contract, or other documents to avoid arbitrage.
- 10.6.3. **Arbitrage** is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the City will follow a policy of full compliance with all arbitrage rebate requirements of the Federal tax code and Internal Revenue Service regulations and will perform (internally or by contract consultants) arbitrage rebate calculations for each issue subject to rebate.
- 10.6.4. The City will take all necessary steps to preserve the tax-exempt status of its outstanding debt including, but not limited to, filing, and paying all necessary rebates when due. The City will communicate through its published Biennial Budget, Capital Improvement Program, and Annual Financial Statements the City's indebtedness.



Appendix A – Fund Balances and Reserves

FUND	NAME	DESCRIPTION
General Fund		
001	Fund Balance	The Fund Balance represents the working capital (e.g., current assets less current liabilities) in the General Fund established for cash flow purposes. It consists of non-spendable, assigned, committed, restricted, and unassigned amounts.
001	LEOFF-1 Long-term Care Reserve	<p>The Reserve is dedicated to pay for the aggregate annual long-term care expenditures for police officers and firefighters who retired under the LEOFF-1 state retirement system.</p> <p>The Reserve is funded by a committed \$83,000 annual contribution from property tax revenues plus a proportionate share of annual interest earnings each year until the Reserve balance is sufficient to fund all future LEOFF-1 long-term care obligations.</p> <p>All annual costs for long-term care (which include LEOFF-1 long-term care costs and the retirement excess compensation paid for by Fund 606 – Firefighter’s Pension Fund) that are above \$500,000 per year are covered by the LEOFF-1 Reserve and the Fund 606 Balance. All costs below this amount are covered by the General Fund.</p>
001	Compensated Absences Reserve	<p>The Reserve represents the City's actual liability for accumulated employee vacation and compensated time hours. The compensated absences liability will be measured using the pay or salary rates in effect at the balance sheet date.</p> <p>When the reserve is used, replenishment to the target of 50% of the total liability will be a priority, consistent with adopted policies.</p>
001	Emerging Innovations Investments Reserve	<p>The Reserve is funded in part by the City’s Expenditure Control Budgeting program to fund projects with a tangible return on investment within a reasonable period, or projects that reduce ongoing expenditures while maintaining or enhancing service levels.</p> <p>When the reserve is used, replenishment will be tied to Expenditure Control savings, and one-time contributions, consistent with adopted policies.</p>
Street Fund		
104	Operating Fund Balance	The Fund Balance is based on a 45-day operating reserve for cash flow purposes.
104	Transportation Impact Fee Reserve	The Reserve includes fees collected from development projects to increase capacity in the City's transportation network.



FUND	NAME	DESCRIPTION
104	Town Center Street (N) Reserve	The Reserve consists of fees collected from private developers for roadway repairs in specific locations in the Town Center.
Contingency Fund		
130	Contingency Fund	The City's Contingency Fund is maintained in accordance with State law (RCW 35A.33.145) to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the biennial budget. The target balance is set to 12.5% of General Fund budgeted expenditures for a given fiscal year.
Youth and Family Services Fund		
160	Operating Fund Balance	Fund Balance to address temporary revenue losses due to economic cycles or other time-limited causes. The Fund Balance will be maintained with YFS revenues at a target threshold of six-months of average monthly YFS expenditures, evaluated each biennium. The Fund Balance provides adequate reserves to address the asynchronous nature between the City's biennial budget and the Mercer Island School District's academic year. The balance may be used in its entirety; however, replenishment will be a priority, consistent with adopted policies.
Self-Insurance Claim Reserve		
037	Self-Insurance Claim Reserve	The Reserve Pays for insurance claims not covered under the City's property insurance policy through WCIA as well as the \$5,000 deductible per claim. Set a new target funding level at \$60,000 (MICC 4.40.130).
Capital Improvement Fund		
343	Operating Fund Balance	The Fund Balance is based on a 45-day operating reserve for cash flow purposes.
343	Field Replacement Reserve	The Reserve is a sinking fund for synthetic turf replacement at South Mercer Playfields and Island Crest Park. Funded by a portion of field use fees.
343	Park Impact Fees Reserve	The Reserve consists of fees collected from development projects for increasing capacity of publicly owned parks, open space, and recreation facilities (RCW 82.02.050(4) and RCW 82.02.090(7)).
343	KC Parks Expansion Levy Reserve	The Reserve is for protecting and preserving open space and developing regional trails. Funded by the King County Parks levy.



FUND	NAME	DESCRIPTION
343	Freeman Landing Reserve	The Reserve includes proceeds for the vacation of a portion of Freeman Avenue SE sold to adjacent landowner. Sale proceeds must be used for acquiring additional beach or water access, acquiring additional public view sites to a body of water, or acquiring additional moorage or launching sites (RCW 35.79.040).
343	Reserve - RCO Property	The Reserve includes proceeds from the vacation of a portion of Clarke Beach Park at 7700 East Mercer Way sold to adjacent property owners. Sale proceeds must be used for acquiring additional beach or water access, acquiring additional public view sites to a body of water, or acquiring additional moorage or launching sites.
Technology & Equipment Fund		
345	MICEC Equipment Replacement Reserve	The Reserve is a sinking fund to replace MICEC equipment and furnishings. Funded by \$40,000 in annual MICEC room rental revenue and \$18,000 in annual property tax revenue (based on long-term assessment).
345	State Seizure Funds Reserve	The Reserve consists of funds restricted to law enforcement activities related to controlled substance enforcement or education and cannot supplant existing funding. Funded by Eastside Narcotics Task Force drug seizures.
Water Fund		
402	Operating Fund Balance	The Fund Balance is based on a 90-day operating reserve for cash flow purposes, revisited each biennium.
402	Water Fund Capital Reserve	The Reserve serves as contingency for unplanned major repairs or capital projects costs. The target is 1% of total asset value, revisited each biennium.
Sewer Fund		
426	Operating Fund Balance	The Fund Balance is based on a 60-day operating reserve for cash flow purposes, revisited each biennium.
426	Sewer Fund Capital Reserve	The Reserve serves as contingency for unplanned major repairs or capital projects costs. The target is 2% of total capital assets, revisited each biennium.
426	Lake Line Reserve	The Reserve offsets the future cost to replace a portion of the Lake Line known as Reach-4. Reserve has been funded thru intentional rate increases as directed by the Utility Board.
Stormwater Fund		
432	Operating Fund Balance	The Fund Balance is based on a 45-day operating reserve for cash flow purposes, revisited each biennium.



FUND	NAME	DESCRIPTION
432	Storm Water Capital Reserve	The Reserve serves as contingency for unplanned major repairs or capital projects costs. The target is 2% of total capital assets, revisited each biennium.
432	Basin Improvement Reserve	The Reserve is for watercourse improvements on the Island that is funded by storm water in-lieu fees paid by developers.
<i>Equipment Rental Fund</i>		
503	Vehicle Replacement Reserve	The Reserve is a sinking fund to replace fleet vehicles and equipment. Funded by internal service charges to each department.
503	Fire Apparatus Replacement Reserve	The Reserve is a sinking fund in an Internal Service Fund to replace fire apparatus. Funded by 1.65% dedicated property tax levy and the excess annual levy proceeds from the Fire State & Fire Rescue Truck levy lid lift from 2014-2021.
503	800 MHz Radio Replacement Reserve	The Reserve is a sinking fund to replace 800 MHz radios used by Police, Fire, and Public Works staff. Funded by internal service charges to each department. Money earmarked for costs associated with transitioning to PSERN.
<i>Computer Equipment Fund</i>		
520	Computer Replacement Reserve	The Reserve is a sinking fund to replace computer, phone, and network hardware. Funded by internal service rates charged to each user department.

Appendix B – Cost Allocation Plan

1. Introduction

To execute the City Council priority of “focusing efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community,” the City of Mercer Island (hereinafter referred to as “the City”) reviews and updates the process of accounting and recording the full costs of public services on behalf of the Mercer Island community, as outlined in the cost allocation plan. The principles outlined below guide efforts related to the plan’s MAY 2024 update.

- 1.1. **Accurately calculate the full cost** of providing public goods and services.
- 1.2. **Establish an equitable methodology** for identifying and allocating indirect costs.
- 1.3. **Ensure appropriateness of cost-based user fees outlined in the Fee Schedule**, such as utilities, development review, parks and recreation, or any other service where the recipient of said service pays a fee.
- 1.4. **Generate data on the different internal services** provided to departments, informing City leadership on how best to distribute or allocate overhead resources.
- 1.5. **Ensure accurate pricing for services provided externally** so the City achieves full cost recovery with outside contracts.
- 1.6. **Develop a cost allocation methodology that is reasonably implementable** and does not require excessive staff resources to maintain and update.
- 1.7. **Comply with state law and minimize audit issues**. RCW 43.09.210 requires that all services rendered by one department to another shall be paid for at its true and full value by the receiving department, and that no department shall benefit in any financial manner by an appropriation made for the support of another department.

2. Definition of Terms

- 2.1. **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.
- 2.2. **Internal Services**: Internal services include operations provided by an internal service department to the City’s operating departments. Examples include City functions such as human resources, legal, finance, information technology, and geographical information systems.
- 2.3. **Overhead Grouping**: The individual department or internal service function whose costs are allocated.

For the basis of allocating costs, the following terms are defined. Each Overhead Grouping is collected by the Finance Department for the two prior fiscal years when updating the cost allocation plan.



- 2.4. Percent Hours Worked: To the best of their ability, staff track which City program, external service, operating department, and/ or allocable fund they spend time supporting.
- 2.5. Percent Prior Year Budget: Applicable costs of the overhead grouping are allocated based on the percentage of the City budget of each City program, external service, operating department, and/ or allocable fund relative to the total City budget.
- 2.6. Records Requests: Record requests are managed in the NextRequest software, which assigns each public record request made by a member of the public to the affiliated department.
- 2.7. Customer Service Log: The number of individual customer service calls, counter visits, and emails sorted by department/fund as collected throughout the year by the customer service team.
- 2.8. Recruitments/Onboardings: The number of recruitments processed through the NEOGOV system. Human Resources (HR) generates a report on each recruitment for each affiliated department. Only recruitments that have a status of "filled" or "open" are included. Each recruitment is followed by an employee onboarding, so this statistic represents both metrics.
- 2.9. Number of Paychecks: The ADP system generates a report of the number of paychecks per employee over a specified period.
- 2.10. Full-time Equivalent Position (FTE): Full-time equivalent, or FTE, measures the total number of full-time employees working within the organization. An FTE is equivalent to a full-time employee, working typically 2,088 hours per fiscal year.

3. Overview

Cost allocation refers to a process of accounting for the full costs of a government service by including its indirect costs or "overhead" in addition to its direct costs.

- 3.1. **Direct costs** clearly and directly tie to a specific fund or operating program, such as supplies, materials, employee compensation, or consultant fees that support a single department or project. For example, use of the City's information technology (IT) equipment results in a direct cost to departments who use the equipment via the City's IT equipment replacement program.
- 3.2. **Indirect costs**, commonly referred to as "overhead costs" or internal services, are not readily identifiable with a particular fund or operating program but are incurred for a joint purpose which benefits more than one cost objective. Examples include accounting, payroll, administration, or human resource support; information technology (IT); or operation and maintenance costs for public facilities shared by City departments.



Although indirect costs are not easily identifiable with direct operating programs, they are nevertheless incurred by the organization in providing a public good or service. The cost allocation plan outlines the methods to assess and distribute these indirect costs to funds and operating programs accurately given the services they receive.

Updates to the cost allocation plan ensure indirect costs are included in service-based fee updates, such as the City's annual water, sewer, and storm water utility rate modeling efforts and the Master Fee Schedule.

4. Process & Application

The steps involved in preparing the cost allocation plan include the following:

- 4.1. Identify the departments that provide support. These departments are referred to as internal service or allocating departments and provide indirect services as described above.
- 4.2. Identify the departments that receive support. These departments are referred to as operating or receiving departments and they provide direct services.
- 4.3. Accumulate the allowable actual expenditures of the internal service departments that provide support to the operating programs, departments, and/or funds.
- 4.4. Allocate the allowable expenditures of the internal service departments that provide support to the operating programs, departments, and/or funds based on available, meaningful, measurable, and auditable allocations that match the service provided to the service received.

By identifying total direct and indirect program costs, the cost allocation plan serves as an information tool for financial and budgetary decision-making, including when:

- 4.5. Identifying and recapturing all costs – direct and indirect – associated with fee-for-service activity.
- 4.6. Identifying the indirect costs incurred when administering and providing support services to enterprise funds and internal service funds.
- 4.7. Determining indirect cost rates associated with administering federal and state grant programs (2 CFR Part 200).

Generally, the Finance Department will oversee the organization-wide effort to gather data required to calculate and allocate direct and indirect costs. This process will take place during the biennial budget process in the second year of a biennium.

Some allocation methods may require record keeping by individual departments throughout the biennium. The Finance Department will communicate with the required departments in the second year of the biennium to update data sets. Data for the basis of the cost allocation plan update shall be collected from the previous two fiscal years.



City staff analyzed and compared several city and county cost allocation methodologies to establish best practices for allocating costs. The City also consulted resources at MRSC, the State Auditor's Office, ICMA, and GFOA in developing this cost allocation plan.

5. Overhead Groupings and Allocation Basis

5.1. Legal

The City Attorney advises the City Manager, City Council, City departments, and, as needed, Council-appointed boards and commissions. The City Attorney also drafts ordinances and resolutions, reviews contracts and leases, and represents the City in legal proceedings. This overhead grouping includes general municipal legal services provided in-house and on a contractual basis to the City, along with public record requests governed by the Public Records Act (RCW Chapter 42.56).

City Attorney costs are allocated based on the *percent of prior year budget* for each allocable City program, external service, operating department, and/ or fund.

Outside legal services provide ancillary support when there are capacity constraints with in-house Counsel. Costs captured include all contracted outside legal costs, invoiced via *percentage of billable hours* by each allocable City program, external service, City department and/or fund. Daily time tracking is common in the legal profession and is the most accurate cost allocation possible.

Costs associated with a portion of the Paralegal/Public Records Officer and the City Clerk positions tie to assisting with records requests as submitted by members of the public. Records management costs are based on the *number of public records requests* tied to each allocable City program, external service, operating department, and/ or fund.

5.2. Administration and Leadership

The Administration and Leadership overhead grouping includes oversight of major City-initiated projects, implementation of the biennial budget workplan and City Council policy objectives, and the administration of City services and programs, ensuring accountability and customer service excellence. It also includes customer service support along with coordination of public records requests.

The City Manager (including executive assistant support) provides leadership to operating departments, oversight of federal, state, and regional advocacy of City legislative priorities, guidance on the biennial budget process, and is responsible for the overall effective administration of City operations. Costs are allocated based on the *percent of prior year budget* for each allocable City program, external service, operating department, and/ or fund.



The Chief of Administration acts as a strategic partner to operating departments to oversee some internal services, collective bargaining, and major City-initiated projects. Costs are allocated based on the *number of budgeted FTE positions* for each allocable City program, external service, operating department, and/ or fund.

Public Works Administration oversees the City's largest operating department. Support includes managing the Department's operating budget, completing the City's Capital Improvement Program, monitoring responses to constituent inquiries, and staff oversight across most of the City's enterprise funds. It is also responsible for inter-departmental and interagency coordination. Costs are allocated based on the *number of budgeted FTE positions* for each allocable City program, external service, operating department, and/ or fund.

The Customer Service Team provides customer service via phone, email, and in-person for the City organization. Costs captured include the full cost of the Customer Service Team based on the *call, email, and in-person counter service* for each allocable City program, external service, operating department, and/ or fund. The customer service team log is submitted annually to the Finance Department.

The City Clerk fulfills all state requirements of the City Clerk position, supports the City Council and City Manager, and manages essential public records. The portion of the City Clerk position that is not related to public record requests is allocated based on the *percentage of prior year budget* for each allocable City program, external service, operating department, and/ or fund.

5.3. Human Resources

Human Resources (HR) plans, organizes, and administers uniform human resource policies, programs, and procedures. Costs captured include the full cost of the Human Resources Division. Cost allocation is based on the number of budgeted FTE positions and the *number of recruitments/onboardings* by each allocable City program, external service, operating department, and/or fund.

HR currently tracks the number and status of each recruitment and onboarding by department and submits an annual report to the Finance Department. The Finance Department generates the percentage of FTEs by each allocable City program, external service, operating department, and/or fund.

5.4. Payroll

This overhead grouping includes the full cost of payroll services. Costs are allocated based on the *number of paychecks tied* to each allocable City program, external service, operating department, and/or fund.



The payroll software system tracks this data. Human Resources submits an annual report with this information to the Finance Department.

5.5. Finance and Accounts Payable

This overhead grouping includes the costs of the Finance Team responsible for financial strategic planning, overseeing annual audits, processing financial statements, managing the City's budget, long-range financial projections, debt issuance, purchasing and accounts payable activities, along with the management and maintenance of the City's enterprise-wide financial management software systems. Costs are allocated based on the *percent of prior year budget* for each allocable City program, external service, operating department, and/ or fund.

This metric closely tracks the level of effort of the Finance Department in managing the City's budget and finances. However, after implementation of the new Enterprise ERP financial management software is complete, staff will evaluate the possibility of using the new software to track the number of financial transactions by each allocable City program, external service, operating department, and/ or fund. This will be considered as a separate overhead basis during a future cost allocation policy update.

5.6. Communications

This overhead grouping includes the cost of strategic Citywide communications, social media and web content, media relations, public outreach and surveying, neighborhood organization support, and public information assistance. Cost allocation is split between the *number of budgeted FTE positions* and the *percent of prior year budget* for each allocable City program, external service, operating department, and/or fund. This data is generated by the Finance Department.

5.7. General Liability Insurance

This overhead grouping includes the cost of general liability insurance. Costs are allocated based on a methodology maintained by the Finance Department that considers both *the risk profile and paid hours* for each City program, external service, operating department, and/or allocable fund. This closely tracks the actual costs and is adjusted biannually based on actual claims and risk profiles of each City program, external service, or operating department.

5.8. Facilities

This overhead grouping includes the costs to maintain and operate public facilities. This includes the cost for the upkeep and maintenance of City buildings, custodial services, and facility staff management and oversight. Costs are allocated based on a methodology maintained by the Facilities Division and Finance



Item 13.

Department based on the total square footage by FTE for each City program, external service, operating department, and/or allocable fund.

**CITY OF MERCER ISLAND
RESOLUTION NO. 1660**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCER ISLAND,
WASHINGTON, AMENDING FINANCIAL MANAGEMENT POLICIES**

WHEREAS, the City Council has well established and standalone financial management policies; and,

WHEREAS, the City's fiscal health is a critical factor in ensuring the efficient, effective, and equitable delivery of essential municipal services; and,

WHEREAS, the full Cost Allocation Plan is intended to ensure established best practices are in place and in compliance with state law for accounting and recording the full costs of public services on behalf of the Mercer Island community; and,

WHEREAS, the City of Mercer Island will prepare a Cost Allocation Plan update every five to seven years, to inform a variety of budgetary decision-making including allocating resources, establishing fees to recover costs, informing hourly billing rates for special services, recovering indirect costs to administer grant programs, and reimbursing support services provided to enterprise and special revenue funds; and,

WHEREAS, the City Council desires to amend policies that guide financial decisions and incorporate the latest Cost Allocation Plan update into the City's financial management policies;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AS FOLLOWS:

**Financial Management Policies of the City of Mercer Island are
amended as set forth in Exhibit One to this resolution.**

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON
AT ITS MEETING ON THE 21ST DAY OF MAY 2024.

CITY OF MERCER ISLAND

SALIM NICE, MAYOR

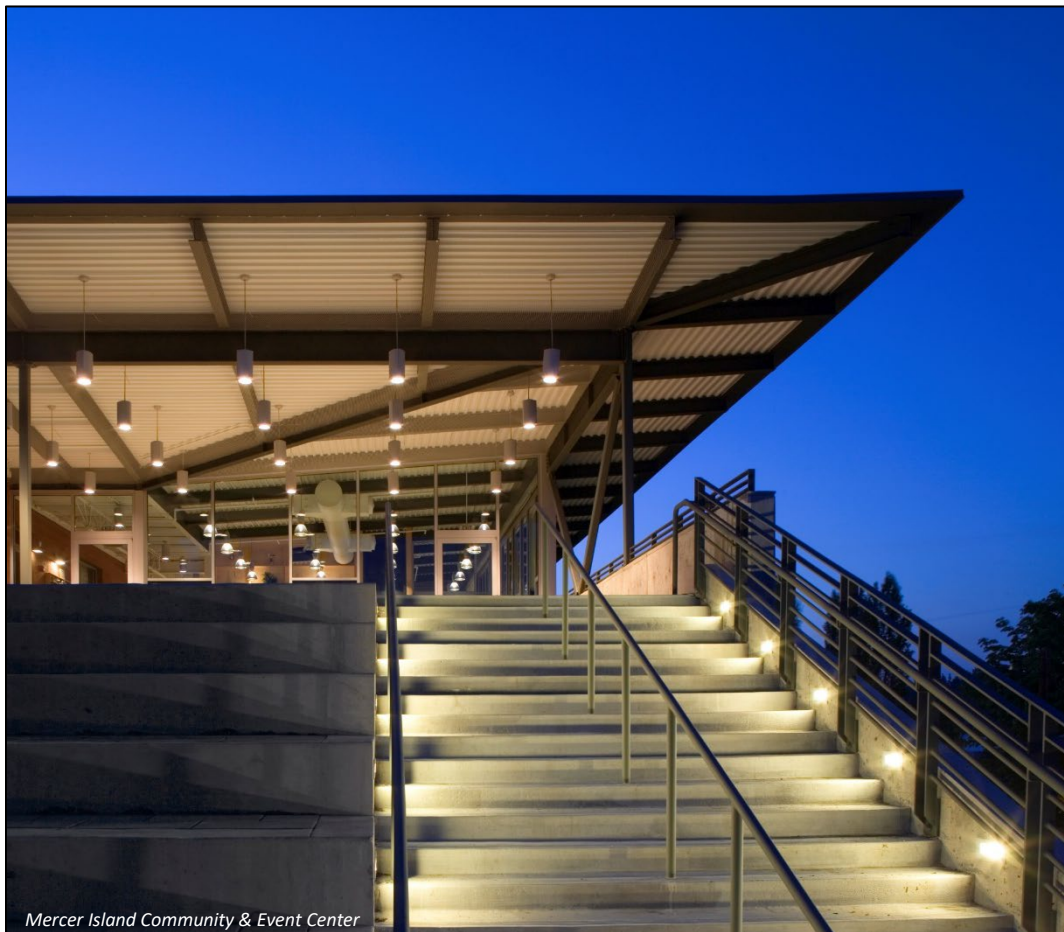
ATTEST:

ANDREA LARSON, CITY CLERK

EXHIBIT ONE TO RESOLUTION NO. 1660

CITY OF MERCER ISLAND

FINANCIAL MANAGEMENT POLICIES



Mercer Island Community & Event Center

Adopted
09/21/2021

Amended
5/21/2024

CITY COUNCIL

Mayor

Salim Nice

Deputy Mayor

Dave Rosenbaum

Councilmembers

Lisa Anderl

Jake Jacobson

Craig Reynolds

Wendy Weiker

Ted Weinberg

FINANCE AD HOC COMMITTEE

Salim Nice

Craig Reynolds

Wendy Weiker

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Financial Management Policies

1. Background and Purpose

The Financial Management Policies (Policies) of the City of Mercer Island (City) serves as a blueprint for City staff to draft the biennial budget, achieve goals set forth in budget work plans, the Comprehensive Plan, and other City planning documents by maintaining sound financial practices in accordance with all Federal, State, and local laws. The Policies are set by City Council and strategically direct financial resources towards meeting the City’s long-term goals.

Should any requirement in these Policies conflict with powers, authority, or discretion granted to the City Manager by law, such requirement should be considered guidance or a recommendation from the City Council to the City Manager. If the Policies conflict with state, federal law, or with regulations promulgated thereunder, then the Policies will be interpreted to the maximum extent possible without being in conflict. Once adopted by the City Council, the City’s Financial Management Policies will be amended as needed and reviewed every five to seven years with modifications submitted to the City Council for approval.

2. Fiscal Sustainability Philosophy

Mercer Island is committed to fiscal sustainability. Fiscal sustainability means maintaining a long-term view of financial planning for current and future generations that anticipates risks and preserves and enhances services and quality of life as prioritized by the City Council. The City strives for:

- 2.1. **Informed decision-making.** City administration will provide the City Council in depth analysis of both the short-term and long-term financial impacts of issues brought before the Council for consideration.
- 2.2. **Transparency.** The City will conduct public business with transparency and seek opportunities for citizen education, public participation, and public problem solving. The City will make financial information publicly available pursuant to applicable local and State laws as well as pursue new ways to make the City’s finances more accessible and easier to understand.
- 2.3. **Aligned investments.** The City will seek opportunities to invest in ways that do not conflict with community values and priorities as reflected in the City’s Comprehensive Plan.
- 2.4. **Diversified revenue sources.** The City will pursue diversified revenue sources and cost-containment measures to protect the delivery of public goods and services and safeguard against changing economic conditions.
- 2.5. **Managing long-term liabilities.** The City will proactively identify and monitor long-term financial liabilities and seek to mitigate these impacts, when possible, while accruing assets to fund these liabilities in a fiscally responsible and intergenerationally equitable manner.
- 2.6. **Shared Responsibility.** The City recognizes a shared responsibility between the employee and employer to appropriately fund employee compensation to attract and retain employees while maintaining a long-term sustainable and balanced budget.

- 2.7. **Equity, efficiency, and effectiveness.** The City will continuously explore new ways to improve day-to-day operations and provide more equitable, efficient, and effective delivery of public goods and services.

3. Operating Budget

The operating budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes what programs, projects, and operations will be funded in each department within the confines of anticipated municipal revenues. The policies below guide how the City organization develops and implements the operating budget.

- 3.1. The Biennial Budget will be balanced with resources in that biennium, and the City will adopt the Biennial Budget before January 1st of its initial fiscal year of the biennium budget-cycle.
- 3.2. The City Council will adopt a Biennial Budget that reflects estimated revenues and expenditures for the ensuing two years. A mid-biennium review and update will take place as prescribed by State law during the first year of the biennium.
- 3.3. The Biennial Budget will establish municipal service levels and priorities for the ensuing two years.
- 3.4. **Expenditure control budgeting** is a budgeting approach that promotes sound fiscal management and offers flexibility and resources to respond to emerging or changing needs. When implemented, at the end of each fiscal year, the City will return one-third of each department's non-salary operating budget savings back to the respective department. Upon City Manager approval, such General Fund savings may be used at the department director's discretion to fulfill the mission of the department. The remaining two-thirds of such savings will return to the General Fund Balance to replenish City reserves and support the Emerging Innovations Reserve, consistent with adopted policies.
- 3.5. The Biennial Budget will establish measurable work plan goals and allow reasonable time to accomplish those goals within the biennium. The City Manager will report back to the City Council on work plan progress during the biennium and report any potential issues in a timely manner.
- 3.6. Prior to budget adoption, the City Council will review and provide the City Manager feedback on the preliminary Biennial Budget.
- 3.7. The City will work proactively with the State, County, and local government agencies, and bodies, such as Association of Washington Cities and Sound Cities Association, to monitor and, when appropriate, act on legislation that may impact the City financially.

4. Revenues and Expenditures

Annual revenues are estimated using established best practices as a basis for preparation of the Biennial Budget. Expenditures approved by the City Council in the Biennial Budget define the City's spending limits for the upcoming biennium. Beyond legal requirements, the City will maintain an operating philosophy of controlling the City's costs and maintaining diverse revenues. The following policies apply to the City's management of revenues and expenditures.

- 4.1 The City will maintain revenue and expenditure categories according to State statute and administrative regulation.



- 4.2 The City will endeavor to maintain a diversified and stable revenue system to minimize the impact of short-term fluctuations in any one revenue source.
- 4.3 Current revenues will be sufficient to support current expenditures.
- 4.4 One-time revenues will be used only for one-time expenditures.
- 4.5 The City will investigate potential new revenue sources and partnerships, particularly those that will not add to the tax burden of residents and local businesses.
- 4.6 Fees for service may be reviewed and adjusted annually to ensure cost recovery goals are being met. At minimum, fees for service shall be re-evaluated (where needed) every three years.
- 4.7 All revenue forecasts will be performed using established local government best practices.
- 4.8 The City will review and update, as needed, its cost allocation plan (Appendix B) every five to seven years, which outlines the policy objectives and underlying process of accounting and recording the fully allocated costs of a public service by including indirect costs or "overhead" in addition to direct service costs. The cost allocation plan shall be used as an information tool to inform a variety of budgetary decision-making situations including the allocation of resources, establishment of fees designed to recover costs, recovery of indirect costs to administer grant programs, and cost reimbursements associated with providing support services to enterprise and other special revenue funds.
- 4.9 Credit card fee surcharges, cash discounts, and online payment methods shall be reviewed and evaluated at least every five years to ensure that the cost of service is being covered and the City is taking advantage of improving technology and market developments.
- 4.10 Grants to fund new service programs will be reviewed by the City, as they become available, with due consideration given to whether they are cost effective, meet City goals, and are sustainable in the long-term.
- 4.11 The City will establish and maintain Special Revenue Funds to account for proceeds received from a substantial restricted or committed revenue source used to finance designated activities that are required by statute, ordinance, resolution, or executive order.
- 4.12 Investment earnings are distributed based on the percent each Fund makes up of the City's total investments (e.g., if General Fund dollars make up 20% of the City's total investments, then 20% of investment earnings are returned to the General Fund).
- 4.13 Excess investment earnings above Fund and Reserve balance thresholds may be used to finance one-time capital investments or time-limited services at the City Council's discretion.
- 4.14 If decisions are needed to balance a proposed Biennial Budget, the City Council will provide policy direction to the City Manager as to the priority order and combination for raising revenues, reducing expenditures, and/or using reserves.
- 4.15 The use of reserve balances will only be authorized to address temporary revenue shortfalls and/or temporary expenditure increases, or in response to evidence-based revised reserve targets.
- 4.16 The Biennial Budget will be formally amended by the City Council as needed to reflect unforeseen expenditures or revenues. Funding requests will be analyzed by the Finance Department and approved by the City Manager. The City Council will be provided with a

review of the legality and/or policy basis for the expenditure, the recommended funding source and fiscal impact, and previously approved amendments since budget adoption.

- 4.17 The City Council will be presented with timely financial status updates and year-end budget reviews including budget amendments, as necessary, to ensure that expenditures are within budget authority.

5. Capital Budget

Every two years, the City develops a Capital Improvement Program (CIP) for City Council review and approval as part of the Biennial Budget process. The City is responsible for considerable investments related to the acquisition, expansion, or rehabilitation of land, technology, buildings, and other major public infrastructure. The preservation, qualified maintenance, and future improvement of these facilities is the focus of the CIP and resulting capital budget.

Planning and implementing sound capital improvement practices and programs will help the City avoid unforeseen costs in the future. The following policies apply:

- 5.1. The City will establish and implement a comprehensive multi-year CIP.
- 5.2. Per State law, the City will develop and annually adopt a six-year Transportation Improvement Program (TIP), which becomes a component of the CIP (RCW 35.77.010).
- 5.3. The CIP will be prepared biennially concurrent with the development of the Biennial Budget. A mid-biennium review and update will take place during the first year of the biennium to reflect any changes in the updated Capital Improvement Program.
- 5.4. The City Council will designate annual ongoing funding levels for each of the major project categories within the Capital Improvement Program. Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
- 5.5. A CIP outlines specific resources to maintain and enhance public infrastructure, including but not limited to prior money in reserves, State and Federal grants, long-term leases, low-interest loans, and debt financing.
- 5.6. The CIP will incorporate City Council priorities and community objectives for the acquisition, expansion, and/or rehabilitation of land, technology, buildings, and other major public infrastructure. The Capital Improvement Program will be consistent with the Capital Facilities Element of the Comprehensive Plan.
- 5.7. The City will maintain an inventory of physical assets, their condition, and remaining useful life.
- 5.8. Consistent with best practices, budgets for capital projects will include appropriate contingency budget between 10 – 20% of the total estimated project budget. Staff will provide additional analysis and context to the City Council for capital projects with contingency estimates greater than 20% of the total estimated budget.
- 5.9. The City will strive to maintain all assets at a sufficient level to protect the City's capital investment and to limit future maintenance and replacement costs.

- 5.10. When evaluating capital investments, the City will elect options with due consideration of long-term cost of ownership and expected useful life or regulatory constraints.
- 5.11. The City Manager may authorize the reallocation of CIP project funds between CIP projects within a CIP category. Funding may only be reallocated within a CIP project category (e.g., within Parks, Recreation, and Open Space Projects, or Sewer Projects, or Water Projects, etc.) when one project is over budget and, in the same period, a second project within the same CIP category has been completed under budget. The City Council will be informed when funds are reallocated between projects as part of the Quarterly reporting process.

6. Reserves and Fund Balance

Adequate fund balance and reserves are a core element of the City's fiscal management strategy and a vital measurement of the City's financial position (outlined in [Appendix A – Fund Balances and Reserves](#)). City and State regulations allow the City to create and maintain specific reserves. Reserves and Fund Balances provide the City with options to respond to unexpected issues, natural disasters, ensure adequate resources for cash flow purposes, afford a buffer against economic duress and other forms of risk, and fund long-term liabilities over time. Reserve and Fund Balances should not, however, grow beyond established policy levels.

The following policies outline reasonable measures that protect the City's financial position and the continued provision of public goods and services from calculated risks.

- 6.0.1. The City will not hold a surplus of public funds to the detriment of providing public goods and services the community has come to expect.
- 6.0.2. The City will establish minimum fund balance targets for each Fund based on the Fund's cash flow requirements, with all fund balances included in the Biennial Budget. The minimum fund balance will be attained and maintained through expenditure management, revenue management, and/or contributions from the General Fund.
- 6.0.3. The City will fully fund reserves for the planned replacement of vehicles, heavy equipment, and radios as well as computer-related hardware and equipment (e.g., servers, networks, PCs, laptops, printers, and phones). Contributions will be made through assessments to each respective department.
- 6.0.4. Additional reserves may be created to fund future known expenditures, special projects, or other specific purposes.
- 6.0.5. All Reserves and Fund Balances and guiding policies will be presented in the Biennial Budget.

6.1. Terminology of Fund Balance

- 6.1.1. **Fund Balance** is an accounting term defined as the excess of assets over liabilities in a Fund.
- 6.1.2. A **Reserve** is typically a portion of total fund balance with a use specified by the Administration, City Council, or by the restricted nature of the funds.
- 6.1.3. **Non-spendable Fund Balance** cannot be spent, such as the long-term portion of loans receivable, the principle of an endowment, and inventories.



- 6.1.4. **Restricted Fund Balance** has externally enforceable limitations on the use of fund balance, imposed by parties such as creditors, grantors, laws, or regulations of other governments.
- 6.1.5. **Committed Fund Balance** encompasses long-term limitations imposed by the City Council. For example, the City Council has committed a portion of the General Fund Balance to offset the long-term liability from the Washington Law Enforcement Officers' and Firefighters' System (the LEOFF Retirement Plan).
- 6.1.6. **Assigned Fund Balance** includes the portion of fund balance that is earmarked for an intended use that may be temporary or short-term in nature. The intent is established by the City Council.
- 6.1.7. **Unassigned Fund Balance** comprises all fund balances that are left after considering the other four categories. Use is least constrained in this category of fund balance.

6.2. Replenishment Guidance

Reserve replenishments occur in three ways during periods of economic recovery:

- 6.2.1 A **planned replenishment** is a specific one-time contribution included in the adopted Biennial Budget.
- 6.2.2 A **scheduled replenishment** establishes a schedule to repay the use of Reserves or Fund Balances over a specific time.
- 6.2.3 A **surplus replenishment** occurs when ending prior year fund balances are higher than budgeted, either due to greater than budgeted revenues, expenditure savings, or both.

All expenditures drawn from Fund Balances and Reserves shall require prior City Council approval unless previously authorized by the City Council for expenditure in a Biennial Budget or otherwise provided for by City policies. In terms of priority for replenishing the individual reserves, the following guidelines shall be collectively considered:

- 6.2.4 If the Contingency Fund is below target, replenish to target at the start of each biennium.
- 6.2.5 If committed funds are available because planned reserve uses did not occur, those funds should be maintained in the source reserve.
- 6.2.6 The degree to which an individual reserve is below target (for example, the reserve that is furthest from its target level on a percentage basis might receive a larger share of the funds).
- 6.2.7 Decisions on how replenishments are allocated to specific reserves will be based on where available funds came from and on each reserve's status at the time the decision is made.
- 6.2.8 City Council may take action to suspend replenishment policies if it is found that special conditions exist warranting such action.

Once reserves reach target levels, remaining funds shall be available for one or more of the following needs, depending on the nature of the funds available (one-time or ongoing) and in the following suggested order of priority:

- 6.2.9 Reduce liabilities related to sinking funds.
- 6.2.10 Fund one-time investments, projects, or studies.
- 6.2.11 Make a one-time contribution to the Emerging Innovations Investments Reserve.
- 6.2.12 Increase funding for capital purposes.
- 6.2.13 Restore previous program service reductions.
- 6.2.14 Create program and service enhancements.

7. Long-term Financial Planning

The City develops and maintains a six-year Financial Forecast that estimates resource and expenditure behavior for the two biennia beyond the current budget period. **Financial forecasting** is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient factors. The Financial Forecast will provide City leadership with an indication of the long-term fiscal impact of current policies and budget decisions.

- 7.1. **Time Horizon.** The Financial Forecast looks six-years into the future.
- 7.2. **Scope.** The Financial Forecast includes all appropriated Funds.
- 7.3. **Frequency.** The Financial Forecast is updated at least once a year to inform budget development, though it may be updated more often as circumstances warrant.
- 7.4. **Content.** A Financial Forecast includes an analysis of the financial environment, revenue forecasts, personnel, other significant operating costs and when appropriate, strategies for achieving and maintaining a balanced budget in future years.
- 7.5. **Visibility.** The Financial Forecast will be presented at a City Council meeting to ensure that the community is informed of the long-term financial prospects of the government.

8. Accounting, Financial Reporting, and Auditing

The City of Mercer Island will establish and maintain a high standard of accounting practices. At all times, the City's accounting and budgetary systems will conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (BARS), and local regulations.

- 8.1. The City will employ cash basis reporting, as prescribed in the Washington State *Budgeting, Accounting, and Reporting System* (BARS), for external and audit purposes.
- 8.2. The City will maintain an accounting system that provides comprehensive financial information to effectively operate the City and provide accountability, oversight, and internal controls over financial transactions.

- 8.3. The City will meet the financial reporting standards set by the Washington State Auditor's Office for Cash-Basis Financial Statements.
- 8.4. The City will be transparent and accurate in all City financial reports and bond representations based on the State Auditor's Office established best practices.
- 8.5. An annual audit will be performed by the State Auditor's Office and will include the issuance of an audit opinion for financial and accountability reports.
- 8.6. The City will strive to provide timely and quarterly and year-end financial reporting with a long-term goal to provide monthly reporting.

9. Investments

Per Washington State law, all municipal corporations are empowered to invest in certain types of securities. Within the confines of State law, the City will invest public funds in a manner that will provide a competitive rate of return after prioritizing investment instruments safety and liquidity needed to meet the daily cash flow demands of the City. Key principles that guide investment of public funds are listed below.

- 9.1. The City's cash will be invested in accordance with the City Council's [Adopted Investment Policies](#). Absent investment policies or staff trained to actively invest public funds; cash will be invested in the Local Government Investment Pool of the Washington State Treasurer.
- 9.2. Sufficient cash or other readily liquid instruments shall be maintained to provide for a minimum of 45-days of General Fund expenditures.
- 9.3. The City will manage the risk-reward tradeoff in financial decision making and will exercise good judgment, discretion, and intelligence, not for speculation but for investment, prioritizing safety of the City's investments while targeting an attractive risk-adjusted rate of return derived from investment decisions.
- 9.4. **Net investment income** is the amount of annual investment proceeds after first providing for all costs and expenses incurred in the administration of the City's investments. Net investment income will be allocated quarterly based on each funds relative cash balance as a percentage of the total invested assets. For example, if the Contingency Fund balance is only 10% of the City's total cash investments for a quarter, it would only receive 10% of the investment earnings for that quarter.

10. Debt Management Policy

This debt management policy sets forth guidelines to issue and repay debt. It is designed to ensure all debt is issued prudently and cost effectively to provide flexibility, preserve financial stability, and maintain the City's bond credit rating. All debt issued will follow this policy and all other relevant State and Federal regulations.

The City maintains conservative financial policies to assure strong financial health both in the short and long-term. From a policy perspective, the City uses debt as a mechanism:



- 10.0.1. To allocate the costs of needed improvements appropriately between present and future beneficiaries and users.
- 10.0.2. To reduce the immediate cash strain from substantial public improvements. This may include financing large capital investments such as construction of public infrastructure or significant property acquisitions.

10.1. Conditions of Debt Issuance

- 10.1.1. In the event there are any recommended deviations or exceptions from the Debt Management Policy when a certain bond issue is structured, those exceptions will be discussed in the agenda bills when the bond issue is presented for City Council's consideration.
- 10.1.2. Long-term debt will be used for capital investments. It will not be used to support operations such as non-capital furnishings, supplies, maintenance, or personnel.
- 10.1.3. When issuing debt, the City shall strive to use the most favorable debt-funding mechanism given market conditions, costs of debt issuance, and whether it be general obligation bonds or special assessment, revenue, or other self-supporting bonds.
- 10.1.4. The decision on whether to assume new debt shall be based on costs and benefits, current conditions of the municipal bond market, and the City's ability to afford new debt and service it as determined by an objective analytical approach. This process shall compare generally accepted measures of affordability to the current values for the City. These measures shall include:
 - 10.1.4.1. **Debt per capita** is a measure that describes the distribution of debt per capita of the community's population.
 - 10.1.4.2. **Debt as a percent of assessed valuation** is outstanding principal as a percentage of the Community's total assessed valuation.

10.2. Debt Limit

- 10.2.1. The City's indebtedness is limited by Washington State law, which states the City's bonded indebtedness may not exceed the sum of 7.5% percent of the total assessed valuation of taxable property within the City (outlined in the table below, reference RCW 39.36.020).

Type of Debt	Statutory Limitations
General Obligation:	2.5%
Non-Voted	1.5%
Voted	1.0%
Open Space & Parks	2.5%
Utilities	2.5%
Revenue	No limit

Local Improvement District	No limit
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- 10.2.2. Debt issuance will be based on a comprehensive multi-year Capital Improvement Program (CIP) and financial analysis to align appropriate funding sources with proposed capital improvements.
- 10.2.3. Where borrowing is recommended, the source of funds to cover debt service requirements must be identified for the length of the debt instrument, and the effects of that financing projected through six years of the CIP.
- 10.2.4. The City Council may consider using long term debt toward public improvements associated with economic development. To the extent new revenues from the project can be identified and agreed upon, a portion of said revenues could go to support the debt service.
- 10.2.5. The City will plan and direct the use of debt so that service payments will be sustainable.

10.3. Debt Structuring

- 10.3.1. Debt will be structured consistent with a fair allocation of costs to current and future beneficiaries or users.
- 10.3.2. Borrowings by the City should be of a term to maturity that does not exceed the useful life of the improvement that it finances and where feasible, should be shorter than the projected economic life. **Useful life** is how long the improvement will do what it is intended to do, life measured in time or in number of uses. **Economic life** is how long the improvement will do what it is intended to do at a cost that is comparable to alternatives.
- 10.3.3. The standard term of long-term borrowing is typically 15-30 years. Maturity of all assessed bonds shall not exceed statutory limitations (RCW 36.83.050).
- 10.3.4. The City shall pay all interest and repay all debt in accordance with the terms of the bond ordinance and bond covenants. To the extent possible, the City will seek level or declining debt service repayment schedules.
- 10.3.5. A **debt refunding** is a refinance of debt typically done to take advantage of lower interest rates. The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt. Unless otherwise justified, such as a desire to remove or change a bond covenant, a debt refunding will not be pursued without a positive net present value benefit after expenses.
- 10.3.6. Bond amortization schedules will be structured to minimize interest expense with the constraints of revenues available for debt service. The bonds may include call features to maximize the City's ability to advance refund or retire the debt early. However, call features should be balanced with market conditions to ensure that the total cost of the financing is not inappropriately affected.

10.4. Debt Issuance

- 10.4.1. City Council approval is required prior to the issuance of debt.



- 10.4.2. The City Manager, with in coordination with the Finance Director and the City's financial advisor and/ or bond counsel, shall determine the method of sale best suited for each issue of debt.
- 10.4.3. The City will generally issue its debt through a competitive process but may use a negotiated process under the following conditions:
 - 10.4.3.1. The bond issue is, or contains, a refinancing that is dependent on market/interest rate timing.
 - 10.4.3.2. At the time of issuance, the interest rate environment or economic factors that affect the bond issue are volatile.
 - 10.4.3.3. The nature of the debt is unique and requires specific skills from the underwriter(s) involved.
 - 10.4.3.4. The debt issued is bound by a compressed timeline due to extenuating circumstances such that time is of the essence and a competitive process cannot be accomplished, or a competitive process might result in selection of an underwriter or other situations inconsistent with City policies.
- 10.4.4. When determined appropriate by the City Manager and Finance Director, the City will negotiate financing terms with banks and financial institutions for specific borrowings on a private offering basis. Typically, private placements are carried out when extraneous circumstances preclude public offerings, such as an interim financing, or to avoid the costs of a public offering for smaller issuances. The Finance Director will consult with the City's Financial Advisor and/ or Bond Counsel on a case-by-case basis to determine an appropriate method of sale.
- 10.4.5. With City Council approval, financing for capital projects may be secured from the debt financing marketplace, public works trust funds, or other means including an interfund loan, as appropriate given the circumstances.
- 10.4.6. A thorough financial analysis shall be conducted prior to the issuance of debt including, but not limited to, monitoring of market opportunities, and structuring and pricing of the debt.
- 10.4.7. All debt issued by the City will include a written opinion by the City's financial advisor and/or bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all City and State constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's Federal income tax status and is compliant with legal and regulatory requirements by the State of Washington and the Federal Government's laws, rules, and regulations.
- 10.4.8. The Finance Director will confirm any debt issuance is conducted in compliance with the City's Financial Management Policies.

10.5. Credit Ratings

The City will maintain good communication with bond rating agencies about its financial condition.

- 10.5.1. The City will provide periodic updates to the City Council on the City's general financial condition, coordinating meetings, and presentations in conjunction with a new issuance.

- 10.5.2. The City will continually strive to maintain a Aaa bond rating by maintaining strong financial policies, budgets, forecasts, and improving the financial health of the City.
- 10.5.3. Credit enhancements may be used to improve or establish a credit rating on a City debt obligation. Credit enhancements should only be used if the enhancement will result in a net decrease in borrowing costs or otherwise provide significant benefits (e.g., making the bonds easier to sell).
- 10.5.4. The City will generally issue its debt through a competitive process. For any competitive sale of debt, the City will award the issue to the underwriter offering to buy the bonds at a price and interest rates that provides the lowest True Interest Cost (TIC).

10.6. Ongoing Debt Management Practices

The City shall comply with all applicable Federal, State, and contractual restrictions regarding the investment of bond proceeds, including City of Mercer Island's Investment Policy.

- 10.6.1. Annual disclosure information will be provided to established national information repositories and compliant with State and national regulatory bodies. Disclosure shall take the form of the City's Annual Financial Statements unless information is required by a particular bond issue that is not necessarily contained within the Annual Financial Statements.
- 10.6.2. The City will, unless otherwise permissible and justified, use bond proceeds within the established timeframe pursuant to the bond ordinance, contract, or other documents to avoid arbitrage.
- 10.6.3. **Arbitrage** is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the City will follow a policy of full compliance with all arbitrage rebate requirements of the Federal tax code and Internal Revenue Service regulations and will perform (internally or by contract consultants) arbitrage rebate calculations for each issue subject to rebate.
- 10.6.4. The City will take all necessary steps to preserve the tax-exempt status of its outstanding debt including, but not limited to, filing, and paying all necessary rebates when due. The City will communicate through its published Biennial Budget, Capital Improvement Program, and Annual Financial Statements the City's indebtedness.



Appendix A - Fund Balances and Reserves

FUND	NAME	DESCRIPTION
General Fund		
001	Fund Balance	The Fund Balance represents the working capital (e.g., current assets less current liabilities) in the General Fund established for cash flow purposes. It consists of non-spendable, assigned, committed, restricted, and unassigned amounts.
001	LEOFF-1 Long-term Care Reserve	<p>The Reserve is dedicated to pay for the aggregate annual long-term care expenditures for police officers and firefighters who retired under the LEOFF-1 state retirement system.</p> <p>The Reserve is funded by a committed \$83,000 annual contribution from property tax revenues plus a proportionate share of annual interest earnings each year until the Reserve balance is sufficient to fund all future LEOFF-1 long-term care obligations.</p> <p>All annual costs for long-term care (which include LEOFF-1 long-term care costs and the retirement excess compensation paid for by Fund 606 – Firefighter’s Pension Fund) that are above \$500,000 per year are covered by the LEOFF-1 Reserve and the Fund 606 Balance. All costs below this amount are covered by the General Fund.</p>
001	Compensated Absences Reserve	<p>The Reserve represents the City's actual liability for accumulated employee vacation and compensated time hours. The compensated absences liability will be measured using the pay or salary rates in effect at the balance sheet date.</p> <p>When the reserve is used, replenishment to the target of 50% of the total liability will be a priority, consistent with adopted policies.</p>
001	Emerging Innovations Investments Reserve	The Reserve is funded in part by the City’s Expenditure Control Budgeting program to fund projects with a tangible return on investment within a reasonable period, or projects that reduce ongoing expenditures while maintaining or enhancing service levels. When the reserve is used, replenishment will be tied to Expenditure Control savings, and one-time contributions, consistent with adopted policies.
Street Fund		
104	Operating Fund Balance	The Fund Balance is based on a 45-day operating reserve for cash flow purposes.
104	Transportation Impact Fee Reserve	The Reserve includes fees collected from development projects to increase capacity in the City's transportation network.
104	Town Center Street (N) Reserve	The Reserve consists of fees collected from private developers for roadway repairs in specific locations in the Town Center.



FUND	NAME	DESCRIPTION
Contingency Fund		
130	Contingency Fund	The City's Contingency Fund is maintained in accordance with State law (RCW 35A.33.145) to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the biennial budget. The target balance is set to 12.5% of General Fund budgeted expenditures for a given fiscal year.
Youth and Family Services Fund		
160	Operating Fund Balance	Fund Balance to address temporary revenue losses due to economic cycles or other time-limited causes. The Fund Balance will be maintained with YFS revenues at a target threshold of six-months of average monthly YFS expenditures, evaluated each biennium. The Fund Balance provides adequate reserves to address the asynchronous nature between the City's biennial budget and the Mercer Island School District's academic year. The balance may be used in its entirety; however, replenishment will be a priority, consistent with adopted policies.
Self-Insurance Claim Reserve		
037	Self-Insurance Claim Reserve	The Reserve Pays for insurance claims not covered under the City's property insurance policy through WCIA as well as the \$5,000 deductible per claim. Set a new target funding level at \$60,000 (MICC 4.40.130).
Capital Improvement Fund		
343	Operating Fund Balance	The Fund Balance is based on a 45-day operating reserve for cash flow purposes.
343	Field Replacement Reserve	The Reserve is a sinking fund for synthetic turf replacement at South Mercer Playfields and Island Crest Park. Funded by a portion of field use fees.
343	Park Impact Fees Reserve	The Reserve consists of fees collected from development projects for increasing capacity of publicly owned parks, open space, and recreation facilities (RCW 82.02.050(4) and RCW 82.02.090(7)).
343	KC Parks Expansion Levy Reserve	The Reserve is for protecting and preserving open space and developing regional trails. Funded by the King County Parks levy.
343	Freeman Landing Reserve	The Reserve includes proceeds for the vacation of a portion of Freeman Avenue SE sold to adjacent landowner. Sale proceeds must be used for acquiring additional beach or water access, acquiring additional public view sites to a body of water, or acquiring additional moorage or launching sites (RCW 35.79.040).



FUND	NAME	DESCRIPTION
343	Reserve - RCO Property	The Reserve includes proceeds from the vacation of a portion of Clarke Beach Park at 7700 East Mercer Way sold to adjacent property owners. Sale proceeds must be used for acquiring additional beach or water access, acquiring additional public view sites to a body of water, or acquiring additional moorage or launching sites.
Technology & Equipment Fund		
345	MICEC Equipment Replacement Reserve	The Reserve is a sinking fund to replace MICEC equipment and furnishings. Funded by \$40,000 in annual MICEC room rental revenue and \$18,000 in annual property tax revenue (based on long-term assessment).
345	State Seizure Funds Reserve	The Reserve consists of funds restricted to law enforcement activities related to controlled substance enforcement or education and cannot supplant existing funding. Funded by Eastside Narcotics Task Force drug seizures.
Water Fund		
402	Operating Fund Balance	The Fund Balance is based on a 90-day operating reserve for cash flow purposes, revisited each biennium.
402	Water Fund Capital Reserve	The Reserve serves as contingency for unplanned major repairs or capital projects costs. The target is 1% of total asset value, revisited each biennium.
Sewer Fund		
426	Operating Fund Balance	The Fund Balance is based on a 60-day operating reserve for cash flow purposes, revisited each biennium.
426	Sewer Fund Capital Reserve	The Reserve serves as contingency for unplanned major repairs or capital projects costs. The target is 2% of total capital assets, revisited each biennium.
426	Lake Line Reserve	The Reserve offsets the future cost to replace a portion of the Lake Line known as Reach-4. Reserve has been funded thru intentional rate increases as directed by the Utility Board.
Stormwater Fund		
432	Operating Fund Balance	The Fund Balance is based on a 45-day operating reserve for cash flow purposes, revisited each biennium.
432	Storm Water Capital Reserve	The Reserve serves as contingency for unplanned major repairs or capital projects costs. The target is 2% of total capital assets, revisited each biennium.
432	Basin Improvement Reserve	The Reserve is for watercourse improvements on the Island that is funded by storm water in-lieu fees paid by developers.



FUND	NAME	DESCRIPTION
<i>Equipment Rental Fund</i>		
503	Vehicle Replacement Reserve	The Reserve is a sinking fund to replace fleet vehicles and equipment. Funded by internal service charges to each department.
503	Fire Apparatus Replacement Reserve	The Reserve is a sinking fund in an Internal Service Fund to replace fire apparatus. Funded by 1.65% dedicated property tax levy and the excess annual levy proceeds from the Fire State & Fire Rescue Truck levy lid lift from 2014-2021.
503	800 MHz Radio Replacement Reserve	The Reserve is a sinking fund to replace 800 MHz radios used by Police, Fire, and Public Works staff. Funded by internal service charges to each department. Money earmarked for costs associated with transitioning to PSERN.
<i>Computer Equipment Fund</i>		
520	Computer Replacement Reserve	The Reserve is a sinking fund to replace computer, phone, and network hardware. Funded by internal service rates charged to each user department.

Appendix B - Cost Allocation Plan

1. Introduction

To execute the City Council priority of “focusing efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community,” the City of Mercer Island (hereinafter referred to as “the City”) reviews and updates the process of accounting and recording the full costs of public services on behalf of the Mercer Island community, as outlined in the cost allocation plan. The principles outlined below guide efforts related to the plan’s MAY 2024 update.

- 1.1. **Accurately calculate the full cost** of providing public goods and services.
- 1.2. **Establish an equitable methodology** for identifying and allocating indirect costs.
- 1.3. **Ensure appropriateness of cost-based user fees outlined in the Fee Schedule**, such as utilities, development review, parks and recreation, or any other service where the recipient of said service pays a fee.
- 1.4. **Generate data on the different internal services** provided to departments, informing City leadership on how best to distribute or allocate overhead resources.
- 1.5. **Ensure accurate pricing for services provided externally** so the City achieves full cost recovery with outside contracts.
- 1.6. **Develop a cost allocation methodology that is reasonably implementable** and does not require excessive staff resources to maintain and update.
- 1.7. **Comply with state law and minimize audit issues.** [RCW 43.09.210](#) requires that all services rendered by one department to another shall be paid for at its true and full value by the receiving department, and that no department shall benefit in any financial manner by an appropriation made for the support of another department.

2. Definition of Terms

- 2.1. 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.
- 2.2. Internal Services: Internal services include operations provided by an internal service department to the City’s operating departments. Examples include City functions such as human resources, legal, finance, information technology, and geographical information systems.
- 2.3. Overhead Grouping: The individual department or internal service function whose costs are allocated.

For the basis of allocating costs, the following terms are defined. Each Overhead Grouping is collected by the Finance Department for the two prior fiscal years when updating the cost allocation plan.

- 2.4. Percent Hours Worked: To the best of their ability, staff track which City program, external service, operating department, and/ or allocable fund they spend time supporting.



- 2.5. Percent Prior Year Budget: Applicable costs of the overhead grouping are allocated based on the percentage of the City budget of each City program, external service, operating department, and/or allocable fund relative to the total City budget.
- 2.6. Records Requests: Record requests are managed in the NextRequest software, which assigns each public record request made by a member of the public to the affiliated department.
- 2.7. Customer Service Log: The number of individual customer service calls, counter visits, and emails sorted by department/fund as collected throughout the year by the customer service team.
- 2.8. Recruitments/Onboardings: The number of recruitments processed through the NEOGOV system. Human Resources (HR) generates a report on each recruitment for each affiliated department. Only recruitments that have a status of "filled" or "open" are included. Each recruitment is followed by an employee onboarding, so this statistic represents both metrics.
- 2.9. Number of Paychecks: The ADP system generates a report of the number of paychecks per employee over a specified period.
- 2.10. Full-time Equivalent Position (FTE): Full-time equivalent, or FTE, measures the total number of full-time employees working within the organization. An FTE is equivalent to a full-time employee, working typically 2,088 hours per fiscal year.

3. Overview

Cost allocation refers to a process of accounting for the full costs of a government service by including its indirect costs or "overhead" in addition to its direct costs.

- 3.1. **Direct costs** clearly and directly tie to a specific fund or operating program, such as supplies, materials, employee compensation, or consultant fees that support a single department or project. For example, use of the City's information technology (IT) equipment results in a direct cost to departments who use the equipment via the City's IT equipment replacement program.
- 3.2. **Indirect costs**, commonly referred to as "overhead costs" or internal services, are not readily identifiable with a particular fund or operating program but are incurred for a joint purpose which benefits more than one cost objective. Examples include accounting, payroll, administration, or human resource support; information technology (IT); or operation and maintenance costs for public facilities shared by City departments.

Although indirect costs are not easily identifiable with direct operating programs, they are nevertheless incurred by the organization in providing a public good or service. The cost allocation plan outlines the methods to assess and distribute these indirect costs to funds and operating programs accurately given the services they receive.

Updates to the cost allocation plan ensure indirect costs are included in service-based fee updates, such as the City’s annual water, sewer, and storm water utility rate modeling efforts and the Master Fee Schedule.

4. *Process & Application*

The steps involved in preparing the cost allocation plan include the following:

- 4.1. Identify the departments that provide support. These departments are referred to as internal service or allocating departments and provide indirect services as described above.
- 4.2. Identify the departments that receive support. These departments are referred to as operating or receiving departments and they provide direct services.
- 4.3. Accumulate the allowable actual expenditures of the internal service departments that provide support to the operating programs, departments, and/or funds.
- 4.4. Allocate the allowable expenditures of the internal service departments that provide support to the operating programs, departments, and/or funds based on available, meaningful, measurable, and auditable allocations that match the service provided to the service received.

By identifying total direct and indirect program costs, the cost allocation plan serves as an information tool for financial and budgetary decision-making, including when:

- 4.5. Identifying and recapturing all costs – direct and indirect – associated with fee-for-service activity.
- 4.6. Identifying the indirect costs incurred when administering and providing support services to enterprise funds and internal service funds.
- 4.7. Determining indirect cost rates associated with administering federal and state grant programs ([2 CFR Part 200](#)).

Generally, the Finance Department will oversee the organization-wide effort to gather data required to calculate and allocate direct and indirect costs. This process will take place during the biennial budget process in the second year of a biennium.

Some allocation methods may require record keeping by individual departments throughout the biennium. The Finance Department will communicate with the required departments in the second year of the biennium to update data sets. Data for the basis of the cost allocation plan update shall be collected from the previous two fiscal years.

City staff analyzed and compared several city and county cost allocation methodologies to establish best practices for allocating costs. The City also consulted resources at MRSC, the State Auditor’s Office, ICMA, and GFOA in developing this cost allocation plan.

5. Overhead Groupings and Allocation Basis

5.1. Legal

The City Attorney advises the City Manager, City Council, City departments, and, as needed, Council-appointed boards and commissions. The City Attorney also drafts ordinances and resolutions, reviews contracts and leases, and represents the City in legal proceedings. This overhead grouping includes general municipal legal services provided in-house and on a contractual basis to the City, along with public record requests governed by the Public Records Act ([RCW Chapter 42.56](#)).

City Attorney costs are allocated based on the *percent of prior year budget* for each allocable City program, external service, operating department, and/ or fund.

Outside legal services provide ancillary support when there are capacity constraints with in-house Counsel. Costs captured include all contracted outside legal costs, invoiced via *percentage of billable hours* by each allocable City program, external service, City department and/or fund. Daily time tracking is common in the legal profession and is the most accurate cost allocation possible.

Costs associated with a portion of the Paralegal/Public Records Officer and the City Clerk positions tie to assisting with records requests as submitted by members of the public. Records management costs are based on the *number of public records requests* tied to each allocable City program, external service, operating department, and/ or fund.

5.2. Administration and Leadership

The Administration and Leadership overhead grouping includes oversight of major City-initiated projects, implementation of the biennial budget workplan and City Council policy objectives, and the administration of City services and programs, ensuring accountability and customer service excellence. It also includes customer service support along with coordination of public records requests.

The City Manager (including executive assistant support) provides leadership to operating departments, oversight of federal, state, and regional advocacy of City legislative priorities, guidance on the biennial budget process, and is responsible for the overall effective administration of City operations. Costs are allocated based on the *percent of prior year budget* for each allocable City program, external service, operating department, and/ or fund.

The Chief of Administration acts as a strategic partner to operating departments to oversee some internal services, collective bargaining, and major City-initiated projects. Costs are allocated based on the *number of budgeted FTE positions* for each allocable City program, external service, operating department, and/ or fund.

Public Works Administration oversees the City's largest operating department. Support includes managing the Department's operating budget, completing the City's Capital Improvement Program, monitoring

responses to constituent inquiries, and staff oversight across most of the City’s enterprise funds. It is also responsible for inter-departmental and interagency coordination. Costs are allocated based on the *number of budgeted FTE positions* for each allocable City program, external service, operating department, and/ or fund.

The Customer Service Team provides customer service via phone, email, and in-person for the City organization. Costs captured include the full cost of the Customer Service Team based on the *call, email, and in-person counter service* for each allocable City program, external service, operating department, and/ or fund. The customer service team log is submitted annually to the Finance Department.

The City Clerk fulfills all state requirements of the City Clerk position, supports the City Council and City Manager, and manages essential public records. The portion of the City Clerk position that is not related to public record requests is allocated based on the *percentage of prior year budget* for each allocable City program, external service, operating department, and/ or fund.

5.3. Human Resources

Human Resources (HR) plans, organizes, and administers uniform human resource policies, programs, and procedures. Costs captured include the full cost of the Human Resources Division. Cost allocation is based on the number of budgeted FTE positions and *the number of recruitments/onboardings* by each allocable City program, external service, operating department, and/or fund.

HR currently tracks the number and status of each recruitment and onboarding by department and submits an annual report to the Finance Department. The Finance Department generates the percentage of FTEs by each allocable City program, external service, operating department, and/or fund.

5.4. Payroll

This overhead grouping includes the full cost of payroll services. Costs are allocated based on the *number of paychecks tied* to each allocable City program, external service, operating department, and/or fund. The payroll software system tracks this data. Human Resources submits an annual report with this information to the Finance Department.

5.5. Finance and Accounts Payable

This overhead grouping includes the costs of the Finance Team responsible for financial strategic planning, overseeing annual audits, processing financial statements, managing the City’s budget, long-range financial projections, debt issuance, purchasing and accounts payable activities, along with the management and maintenance of the City’s enterprise-wide financial management software systems. Costs are allocated based on the *percent of prior year budget* for each allocable City program, external service, operating department, and/ or fund.

This metric closely tracks the level of effort of the Finance Department in managing the City's budget and finances. However, after implementation of the new Enterprise ERP financial management software is complete, staff will evaluate the possibility of using the new software to track the number of financial transactions by each allocable City program, external service, operating department, and/ or fund. This will be considered as a separate overhead basis during a future cost allocation policy update.

5.6. Communications

This overhead grouping includes the cost of strategic Citywide communications, social media and web content, media relations, public outreach and surveying, neighborhood organization support, and public information assistance. Cost allocation is split between the *number of budgeted FTE positions* and the *percent of prior year budget* for each allocable City program, external service, operating department, and/or fund. This data is generated by the Finance Department.

5.7. General Liability Insurance

This overhead grouping includes the cost of general liability insurance. Costs are allocated based on a methodology maintained by the Finance Department that considers both *the risk profile and paid hours* for each City program, external service, operating department, and/or allocable fund. This closely tracks the actual costs and is adjusted biannually based on actual claims and risk profiles of each City program, external service, or operating department.

5.8. Facilities

This overhead grouping includes the costs to maintain and operate public facilities. This includes the cost for the upkeep and maintenance of City buildings, custodial services, and facility staff management and oversight. Costs are allocated based on a methodology maintained by the Facilities Division and Finance Department based on the total square footage by FTE for each City program, external service, operating department, and/or allocable fund.

Log #	Received From	Comment/Question	Staff Response
1	Councilmember Weinberg	On page 2 of the Financial Management Policies document (page 31 of the agenda bill), did the Finance Committee discuss updating the page to reflect current roles – i.e. Salim Nice as Mayor, Dave Rosenbaum as Deputy Mayor, and add my name to the list of City Councilmembers? Did the Finance Committee consider adding another section on page 2 to reflect contributors to prior editions, including Mayor Benson Wong?	The names of the Councilmembers included on the cover page was from the original adoption of the Financial Management Policies. Given that there will be subsequent revisions to the policy document and the impracticality of recognizing every Councilmember as we go, the names of the Council will be struck from the document.
2	Councilmember Weinberg	I've been under the impression that CPD was a "self-supporting" department, meaning its building permit fees covered 100% of their permitting services costs. Per the new Appendix B, will building permit fees actually include some overhead covering a share of the City's indirect costs (HR, IT, Legal, etc)? Do they already?	<p>As a reminder, the City Council establishes cost recovery targets for CPD fee-based services. Current cost recovery targets were established in 2019 and are set to recover 95% of building services, 90% of engineering services, and 90% of planning services total costs. Please reference the enclosed email attachment with responses to a similar question you asked May 3.</p> <p>Inherent in permit fees is an indirect service charge distinct to services provided by the CPD Department (e.g., administration, customer service, inspection scheduling, software support, etc.) that support the direct permit-related services (e.g., plan review).</p> <p>In addition, Finance charges a 'City' administrative overhead for indirect services (HR, IT, Legal, etc.) to the portion of Community Planning and Development Department's fee-based operations – separate from the "CPD indirect service charge" inherent in permit fees. This is a current and long-standing practice that will continue when the new CPD special revenue fund is operational on January 1, 2025.</p>

<p>3 Councilmember Weinberg</p>	<p>The last sentence of section 3.4 on page 5 of the Financial Management Policies document states that 2/3 of non-salary operating budget savings “will return to the General Fund Balance to replenish City reserves and support the Emerging Innovations Reserve.” I’m looking at the 2023-2024 Biennial Budget and I’m not seeing an “Emerging Innovations Reserve” line item in the General Fund.</p> <p>Was it not listed in the 2023-24 budget because that reserve had only been conceived in September of 2021 and had not yet been implemented as of the passage of the 2023-2024 biennial budget?</p> <p>Did the reserve exist but not get listed in the budget because it had a zero balance?</p> <p>Were there any non-salary operating budget savings from 2023 which we expect to go into the Emerging Innovations Reserve, or are we planning to channel all such savings into the fund for replacing City Hall?</p>	<p>The Emerging Innovations Reserve is listed and included as part of the General Fund 2023 year-end fund balance, as indicated in the table on page 13 of AB 6451x1. The balance at the end of 2023 is \$0. The City Council has not taken action to move resources into the Emerging Innovations Reserve. Guidance for the use of year-end fund balance is outlined in section 6.2 of the Financial Management Policies.</p> <p>As a result of the Expenditure Control Budgeting policy, a total of \$19,053 of year-end savings was retained in the expenditure control budgeting reserve, increasing the total reserve to \$34,588 at the end of 2023. Permitted uses of this reserve are outlined in section 3.4 of the Financial Management Policies.</p>
<p>4 Councilmember Weinberg</p>	<p>Section 4.7 on page 6 of the Financial Management Policies document states that all revenue forecasts will be performed using established local government best practices. Is forecasting Interest Revenues to be 0.1% when in the prior year it was over 5.0% – 50 times as high – considered to be such a best practice? Is that what neighboring cities are also doing?</p>	<p>Please see response to question #3 in the AB 6474 Q&A Matrix, clarifying the distinction between the Revenue Forecast and the Amended Budget.</p> <p>The most recent Revenue Forecast (see AB 6357) projected interest earnings using, at the time, the most up to date information and forecasting techniques available. Please refer to pages nine and ten of AB 6357 Exhibit 1 for a detailed explanation of the most recent interest earning projections in the General Fund.</p>

5	Councilmember Weinberg	<p>In section 5.11 on page 8 of the Financial Management Policies document, we indicate that CIP project funds may only be reallocated within a CIP category and only when one project is over budget and another project, within the same period is under budget.</p> <p>Do you know whether the Finance Committee considered the possibility that the City may wish to place one project within a CIP category on hold, freeing up the funds it was using so another project might proceed?</p> <p>This is a normal practice at Seattle Public Utilities, where only 7 out of 10 capital IT projects scheduled to graduate from design into execution each year actually do so. This enables the City to move forward with those projects that are “most ready” and allows those projects which encounter unforeseen delays – often due to supply chain issues – to pause until a future fiscal year. This practice enables SPU to plan for \$15 million worth of projects each year (including some that were previously postponed) with just ~\$10.5 million of funding, counting on ~\$4.5m of the \$15m of projects to encounter delays and get postponed.</p>	<p>This did not come up in recent discussions with the Finance Ad Hoc Committee and was outside the scope of policy review work assigned to the Committee.</p>
6	Councilmember Weinberg	<p>In section 10.2.1 at the top of page 14 of the Financial Management Policies document, we indicate that state law limits us to issuing debt in support of Utilities equal to 2.5% of the total assessed valuation of taxable property on the island. With the significant uptick in utility infrastructure modernization work in recent years, how close are we currently to that 2.5% ceiling?</p>	<p>In 2024, the City’s total assessed valuation is \$20,284,128,934, of which 2.5% is \$507,103,223.</p> <p>The City’s non-voted outstanding general obligation debt associated with the Sewer Utility is \$3,450,000, and the Water Utility is \$655,000 at the end of 2023.</p>

7	Councilmember Weinberg	<p>The first sentence of section 10.2.4 on page 14 of the Financial Management Policies document states that the City Council may consider using long term debt toward public improvements associated with economic development.</p> <p>Considering the Tully's property's proximity to retail establishments in Town Center, would the addition of a dozen high-speed electric vehicle chargers to the proposed Tully's project be reasonably considered a public improvement associated with economic development?</p> <p>Could a bond issued for the addition of such chargers be structured to be paid for entirely or in part by user fees, effectively making their construction either low-cost or even zero-cost to Mercer Island residents and small businesses?</p> <p>Does the economic development aspect of such EV chargers enable us to apply for grants from other sources, such as the Port of Seattle?</p>	<p>The Ad-Hoc Finance Committee did not consider this scope of work, nor has direction been provided by the City Council to pursue this work.</p> <p>Electrical conduit is being placed as part of the Commuter Parking Project to accommodate the future deployment of EV Chargers at that facility.</p>
8	Councilmember Weinberg	<p>Should the new fund we've created for replacing facilities (e.g. City Hall, Police and Public Works building, etc) be added to the Capital Improvement Fund section of Appendix A?</p> <ul style="list-style-type: none"> If so, is Tuesday's discussion of AB 6475 the appropriate time for such a change, or should that wait until the next periodic review of the Financial Management Policies document? 	<p>Staff elected to keep revisions to the financial management policies focused on the cost allocation policy update. Staff will address other policy clean-up items this fall as part of the Biennial Budget process.</p>
9	Councilmember Weinberg	<p>What does the "(N)" refer to in the name of the "Town Center Street (N) Reserve" on page 19 of Appendix A of the Financial Management Policies document?</p>	<p>North. The balance is tied to dollars collected from private developers for roadway repair and investment in the Town Center.</p>

10	Councilmember Weinberg	<p>The last sentence in the description of the Self-Insurance Claim Reserve on page 19 of the Financial Management Policies document says, “Set a new target funding level at \$60,000 (MICC 4.40.130).”</p> <ul style="list-style-type: none"> Is this sentence a reminder to recommend to the Council that we raise the minimum balance from \$40k (per the current code) to \$60k? If so, would Tuesday’s meeting be an appropriate place and time to make such a motion, or should that be done as part of the next periodic review of the Financial Management Policies document? 	<p>When the City Council adopted the Financial Management Policies in September 2021, the new target funding level was set to \$60,000, down from the previous funding level of \$109,000. The current balance is \$60,000, as outlined on page 22 of AB 6451x1.</p>
11	Councilmember Weinberg	<p>I’m noticing that the balance of the Park Impact Fees Reserve in the 2023-2024 Biennial Budget is \$189,011 and that balance hasn’t changed in 4 years. According to the description of the reserve on page 19 of the Financial Management Policies document, “The Reserve consists of fees collected from development projects for increasing capacity of publicly owned parks, open space, and recreation facilities.” I’m curious as to why the balance hasn’t changed in 4 years.</p> <ul style="list-style-type: none"> Are parks impact fees only assessed on development projects of a certain type and size? If so, what types of projects would qualify for such fees? 	<p>The park impact fee reserve fluctuates year to year based on the impact fees collected relative to the expenditures on qualifying projects. At the end of 2021, the parks impact fee reserve was \$155,394. At the end of 2023, the reserve was reduced to \$36,793, as indicated in AB 6451x1, page 22 in the Capital Improvement Fund.</p> <p>Park impact fees are used to address the impact from new development on park facilities including publicly owned parks, open space, and recreational facilities. For more information on park impact fees, please review this webpage and the 2022 Parks Impact Fee Rate Study.</p>

12	Councilmember Weinberg	<p>I'm noticing in the 2023-2024 Biennial Budget that the balance in the KC Parks Expansion Levy Reserve was \$459,377 in 2021 but has been zero ever since.</p> <ul style="list-style-type: none"> Does this mean that we spent the last \$459k that was in that budget in 2021? Was it spent on acquiring the land at the corner of SE 40th and Island Crest Way? Prior to 2021, did Mercer Island receive an annual allotment from the KC Parks Expansion Levy, or is money from that levy only distributed from KC to a city when there's a specific project and/or land acquisition that the city wants to execute? If the KC Parks Expansion Levy is still an ongoing concern, and if one needs to apply for it with a specific project in mind, do we know whether the KC levy has enough to be able to consider buying back the East Seattle School site and converting it into open space? 	<p>The King County Parks Levy reserve in the Capital Improvement Fund ended FY 2023 at \$569,790. The City receives an annual allocation. Half of the allocation is based on population and the other half is based on assessed valuation. A total of \$872,000 is authorized for use on eligible projects in the 2023-2024 capital improvement program. Given the volume of parks capital project work this biennium (and in future years), the funds are fully encumbered.</p> <p>Unspent funds are maintained and can be spent on eligible parks projects within the 2020-2025 timeframe.</p> <p>The property purchased on SE 40th and Island Crest Way was purchased for future transportation purposes. That property acquisition is not an eligible use of KC Parks Levy Funds.</p>
13	Councilmember Weinberg	<p>I'm noticing that the "Freeman Landing Reserve" and the "Reserve - RCO Property" at the top of page 20 of the Financial Management Policies document have identical wording regarding the allowed uses of the funds.</p> <ul style="list-style-type: none"> Is there any reason why these two funds cannot or should not be merged? Would the discussion of AB 6475 on Tuesday be an appropriate time to discuss such a change, or is the scope of the discussion really just around Appendix B and any other changes should be reserved for the next periodic review of the Financial Management Policies document? 	<p>The restrictions on use are slightly different.</p> <p>The Freeman Landing reserve resulted from a street vacation and must be used in accordance with RCW 35.79.035 (3)</p> <p>The Washington State Recreation and Conservation Office (RCO) requires the City to acquire property of equivalent or greater value and recreation function as the property converted.</p>

14	Councilmember Weinberg	<p>I'm noticing that the "Police In-Car Camera Replacement Reserve" mentioned on page B-21 of the 2023-2024 Biennial Budget isn't listed among the Technology & Equipment Fund reserves on page 20 of the Financial Management Policies document.</p> <ul style="list-style-type: none"> Is that because the Finance Ad-Hoc Committee hasn't yet discussed what the target fund balance should be for that fund? Does funding for our in-car cameras come from another agency (e.g. a state or federal grant)? 	<p>The Police in-car camera replacement reserve came into existence to replace camera technology in patrol cars. A total of \$12,000 in general government dollars is set aside annually to replace in-car camera technology.</p> <p>This reserve lives in the Technology and Equipment Fund and will be incorporated into Appendix A of the Financial Management Policies during a future policy update.</p>
15	Councilmember Weinberg	<p>I'm curious as to why the Water Fund Operating Fund Balance on page 20 of the Financial Management Policies document has a 90-day operating reserve, while the Sewer Fund has a 60-day reserve and the Street & Storm Water funds just a 45-day reserve.</p> <p>Do Water and Sewer projects tend to involve more funding sources from other agencies resulting in it taking longer on average to get expenditures reimbursed?</p>	<p>The operating fund balances for each Utility Fund are based on the assessed value of each utility system, monthly cash flow needs, and the anticipated systemwide investments as outlined in the 2023-2028 capital improvement program. As a result, the Water Fund has a higher operating reserve relative to the Sewer Fund.</p>
16	Councilmember Weinberg	<p>The description for the Water Fund Capital Reserve on page 20 of the Financial Management Policies document says its target balance is 1% of total asset value, revisited each biennium.</p> <ul style="list-style-type: none"> With the increasing rate of water main breaks in recent years – and with the primary SPU line break in April of this year – have we needed to dip into this reserve recently? Would the 2025-2026 budget review in Q3-Q4 of this year be the right time to consider whether to raise the target balance above 1%? 	<p>Yes, staff has used the capital reserve to address the SPU water main break.</p> <p>During development of the 2025-2026 biennial budget, staff will work on the utility rate models and revisit the capital reserve funding target with the Utility Board. A recommendation will be made to the City Council on whether a new capital reserve target funding balance is appropriate.</p>

17	Councilmember Weinberg	I'm noticing that the Lake Line reserve on page 20 of the Financial Management Policies document wasn't listed in the 2023-2024 Biennial Budget. Is that because this reserve was created by the Utility Board subsequent to the publishing of the 2023-4 budget?	The sewer lake line reserve is included in the 2023-2024 budget. At the end of 2023, the reserve's funding level is \$1.5 million, as listed in AB 6451x1 , page 17.
18	Councilmember Weinberg	I'm noticing that the Basin Improvement Reserve listed on page 21 of the Financial Management Policies document doesn't show in the 2023-2024 Biennial Budget. Is that because this reserve's creation post-dated the 2023-2024 budget?	The basin improvement reserve is included in the 2023-2024 budget. At the end of 2023, the reserve's funding level is \$24,694, as listed in AB 6451x1 , page 17.
19	Councilmember Weinberg	<p>It would appear that the language of Appendix B of the Financial Management Policies document only discusses how the City will decide how much overhead to charge to each of the City's operating programs, departments and funds. It is *not* discussed or calculated in Appendix B how each program/department/fund will then translate its assigned overhead costs into fee adjustments. Is that translation of overhead costs into fee adjustments something that is captured in the every 3 years update to the Master Fee Schedule?</p> <ul style="list-style-type: none"> If so, the next time the Master Fee Schedule is published, could it include a breakdown of how much of the fee is direct costs from that program/department/fund and how much is indirect costs covering the overhead of internal services? 	<p>The cost allocation plan outlines the framework and basis for allocating internal service costs (AKA indirect costs) to the City programs, services, government funds, and operating departments that benefit from said services. The policy seeks to create consistency in how overhead costs are identified and allocated to internal and external functions.</p> <p>For operational divisions that recover costs by charging fees, overhead charges will be included in the cost recovery targets. The breakdown of direct versus indirect costs will be most evident in future expenditure budgets, not in the Master Fee Schedule. The cost allocation plan informs overhead rates and, where appropriate, staff incorporate these overhead charges in establishing fees for government services.</p>

AB 6475

Cost Allocation Update

May 21, 2024

Item 13.



Agenda

1. Background into Cost Allocation
2. Focus for the 2024 Update
3. Ad Hoc Committee
4. Questions

Cost Allocation in Mercer Island

Item 13.

- ❑ Spread indirect costs to the City funds or programs that benefit from those services.
 - ❑ *Ex: HR, Legal, Finance indirectly support Marine patrol.*
- ❑ Long-standing practice in Mercer Island.
- ❑ Good management to review costs allocation every 5-7 years.

Cost Allocation Update

- ❑ Evaluated best practices from GFOA, SAO, and MRSC.
- ❑ Compared basis for allocating costs among peer cities.
- ❑ Finance Ad Hoc Committee helped oversee 2024 update:
 - ❑ Reviewed indirect services and costs.
 - ❑ Improved the basis of allocating indirect costs.
 - ❑ Drafted policy to guide efforts here forward.

Cost Allocation Update

Goals for the new Cost Allocation Policy:

1. Accurately calculate the fully burdened cost of public services.
2. Equitably allocate indirect costs & use internal service data.
3. Maintain the basis for allocating costs & keep the process reasonable.

Internal Services

Item 13.

Eight overhead groupings with updated basis to allocate costs.

1. Legal
2. Administration & Leadership
3. Human Resources
4. Payroll
5. Finance & Accounts Payable
6. Communications
7. General Liability Insurance
8. Facilities

Cost Allocation Example

Item 13.

OVERHEAD GROUPING	BASIS OF ALLOCATION	COST CENTER	
		Marine Patrol <i>External Program</i>	Street Fund <i>Allocable Fund</i>
Finance & Accounts Payable	% of prior year budget	0.82%	4.95%

2023 charges for financial services to two cost centers

- ❑ Marine Patrol program charged \$9,436.
- ❑ Street Fund charged \$57,271.

Cost Allocation Benefits

Item 13.

- ❑ Promotes transparency and fairness in budgeting.
- ❑ Provides continuity across biennial budgets.
- ❑ It ensures City programs, external services, operating departments, and/ or allocable funds are assigned resources based on actual needs.
- ❑ Strengthens the City's financial position and service levels.

Next Steps

- ❑ Cost allocation well established for internal operations.
- ❑ Updated practices will be phased into interlocal agreements.
- ❑ Communications underway updating partner jurisdictions who contract City services.

Staff Recommendation

Item 13.

Adopt Resolution No. 1660 amending the City's Financial Management Policies to adopt the Cost Allocation Plan Update for 2024.

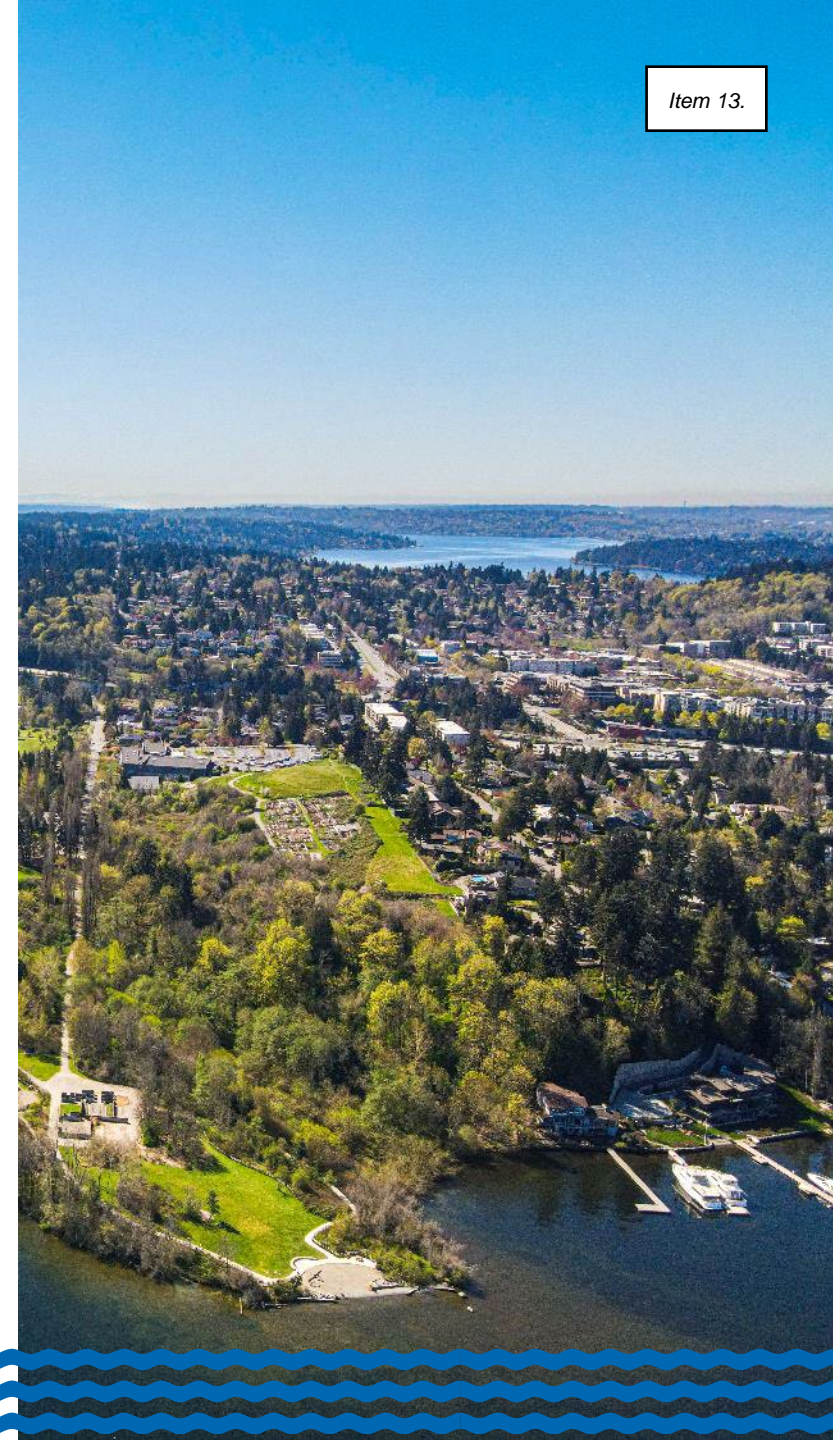
Questions

Prepared By

Matt Mornick, Finance Director

LaJuan Tuttle, Deputy Finance Director

Robbie Cunningham-Adams, CMO Management Analyst





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6477
May 21, 2024
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6477: Public Works Building Follow-Up to Facilities Conditions Assessment	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive report. No action necessary.	

DEPARTMENT:	Public Works
STAFF:	Jessi Bon, City Manager Jason Kintner, Chief of Operations Merrill Thomas-Schadt, Sr. Management Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Public Works Building Facility Condition Assessment (Final) 2. Quantum Consulting Seismic Assessment Letter (Draft)
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to introduce the findings from the Public Works Building Seismic Analysis and provide follow-up on the Public Works Building Facility Conditions Assessment (see Exhibit 1).

- In early 2023, the City began a planning process to complete a Facilities Conditions Assessment (FCA) for various municipal buildings and to develop a Long-Range Facilities Plan for select City facilities.
- The facilities planning project was interrupted due to the unexpected closure of City Hall in April 2023. The City Manager paused assessment work on other buildings, but due to the age and condition of the Public Works Building, directed that assessment to proceed.
- On February 6, 2024, the City Council received a presentation on the Draft Facilities Condition Assessment of the Public Works Building (see [AB 6402](#)).
- Based on the preliminary findings, the City Manager recommended the City Council prioritize the Public Works Building for replacement.
- The City Council authorized the City Manager to commence design of a new Public Safety and Maintenance Building at their Planning Session on March 1, 2024. The City Council will receive a separate presentation later this evening on the pre-design process and planning for the replacement building.

- Since February, the City has received the initial findings from a Seismic Assessment of the Public Works building and will present those findings and related recommendations to the City Council (see Exhibit 2).
- City staff is working to prioritize and develop cost estimates for the necessary work items identified in the FCA and seismic assessment to keep the existing Public Work Building functional while a new building is planned for and constructed. These projects will be presented during the 2025-2026 budget development process this fall.

BACKGROUND

Long-Range Facility Planning

In early 2023, the City began a planning process to complete a Facilities Conditions Assessment for various municipal buildings and to develop a Long-Range Facilities Plan for select City facilities. Northwest Studio was selected as the consultant for this project and is supported by a variety of specialized consultants.

The Long-Range Facility Planning project was intended to be completed in two phases, the first phase focusing on comprehensive Facilities Conditions Assessment (FCAs) for six buildings in 2023: Mercer Island City Hall, the Public Works Building, the Mercer Island Community & Event Center Annex Building, the Luther Burbank Administrative Building, the Mercer Island Thrift Shop, and the former Tully's Building. A second phase will include Facility Conditions Assessments for Fire Station 91, Fire Station 92, and the Mercer Island Community and Event Center.

The purpose of an FCA is to inventory and evaluate building and site infrastructure conditions, document observed deficiencies, and develop a recommended strategy for renovation or replacement to extend the life of the asset and ensure continuity of services. The second phase of facilities planning work included the development of a Long-Range Facilities Plan for these six facilities based on assessment and data collected from the FCA process. The Long-Range Planning Work was intended to be completed in 2024 and anticipated an extensive public engagement process. Unfortunately, just as the facilities planning work was kicking off in early 2023, City Hall was closed due to asbestos contamination.

City Hall Closure

In April 2023 City Hall was closed after asbestos was detected in several locations in the building, including in the HVAC system. Although airborne asbestos was not detected during air quality tests, abatement at City Hall would be required to re-open the facility. City staff and outside experts worked extensively to identify solutions to address the asbestos contamination and evaluate the best path forward for City Hall. Two scenarios for re-occupying the City Hall building, either fully or partially, were evaluated for timeline, preliminary costs, and impact to City operations. Unfortunately, the cost of both scenarios to re-occupy City Hall exceeded the benefits due to the age and condition of the building. On October 2, 2023, [Resolution No. 1650](#) was approved to cease City operations at City Hall and permanently close the building.

Facility Conditions Assessment – Public Works

Given the age and condition of the Public Works Building, the City Manager directed the staff and consulting teams to proceed with the FCA for this building, while pausing assessment work on the other buildings.

The Public Works building, located behind City Hall, was constructed primarily as a workshop and mechanic facility in 1981. The facility operates under an approved Conditional Use permit originally issued in 1979. The

Public Works Building is 15,350 square feet and currently houses the following operational and administrative teams:

- Right-of-Way & Stormwater Team (10 FTEs)
- Water Utility (8.5 FTEs, 3 LTEs)
- Sewer Utility (6.5 FTEs)
- Parks Maintenance (10 FTEs)
- Support Services Team (3 FTEs, 1 LTE)
- Public Works Engineering and Administration Teams (19 FTEs)

Following the closure of City Hall in April 2023, the City's Utility Billing Team was re-located at the Public Works Building (3 FTEs). In total, there are 64 employees (FTE and LTE equivalents) and 15 to 20 seasonal employees who currently operate out of this facility. In addition to the primary building, the site also includes the City warehouse and the "yard", which accommodates the storage of City vehicles, large equipment (plows, sanders, mowers, loaders, backhoes, etc.), small equipment and tools, and construction materials (gravel, pipe, waste, etc.).

Preliminary results from the FCA were presented to City Council on February 6, 2024 ([see AB 6402](#)), at which time staff shared significant findings from the report.

ISSUE/DISCUSSION

Public Works Facility Conditions Assessment

At the February 6, 2024 City Council meeting (see [AB 6402](#)), City staff presented initial findings from the FCA and a high-level overview of the potential repairs and investments necessary to keep the Public Works building operational. These include both critical systems repairs and basic safety, efficiency, and comfort-centered upgrades. The Facilities Conditions Assessment is now complete and attached as Exhibit 1.

While the results of these studies confirm the functional obsolescence of the existing Public Works building, it remains necessary to operate the facility for approximately five years while a new building and yard is designed, funding is secured for construction, and the project is completed. Near-term issues that need to be addressed include the following (seismic issues are identified in the next section):

- Fully restore the existing engine exhaust system or replace it with a new system.
- Provide additional fire extinguishers or extinguishing systems throughout the building.
- Include fall restraint guards at the Public Works building and select outbuildings.
- Incorporate a cooling system for the unconditioned or inadequately conditioned office spaces.
- Engage an electrical contractor to fully review the existing system and develop a work package to address observed deficiencies and code-based upgrades.
- Remove wired glass windows and replace them with safety glazing or apply safety film to existing glass to prevent shattering.
- Increase restroom facility availability based on current occupancy.

Seismic Analysis of Public Works Building

The City's consultant, Northwest Studio, engaged Quantum Consulting Engineers, a structural engineering firm, to conduct a detailed seismic analysis of the Public Works Building, and to identify specific structural retrofits required for the building. Quantum's recommendations (see Exhibit 2), include the following:

- Completely remove the existing green roof and accumulated soil.

- Install anchoring between the walls and the wood diaphragms at the two higher level roofs (the second-floor office space and high bay garage).
- Fully replace the roof once the green roof and soil are removed, and the retrofits to secure the roof to the walls are completed.
- Install a subsurface concrete-grade beam along the exterior at each end of the high-bay garage doors.
- Retrofit numerous unbraced interior CMU (concrete masonry unit) walls throughout the building.

City staff have started to address the priorities identified in the report to extend the useful life of the Public Works Building. Funding recommendations for the identified capital projects will be included for consideration this fall as part of the Biennial Budget Development process.

Cost Estimates for Occupancy

The Maintenance Building FCA includes preliminary cost estimates for each identified deficiency. It is important to note that these estimates are not “fully loaded” costs, and do not include project mobilization, coordination, or project management costs, nor do they account for dependencies with other related scopes or trades required for the work or specific circumstances that may be discovered once work begins.

It may be helpful to view the work required and the costs associated with continuing to occupy the current building in a series of phases. In the short-term, staff will present capital project recommendations and cost estimates for the work necessary to extend the life of the Public Works building to the City Council as part of the 2025-2026 Biennial Budget Development process this fall.

If occupancy of the Public Works building is anticipated to exceed five years, the next set of investments will be significant. Construction costs are expected to increase, and upgrades to meet current code requirements will become necessary, further expanding the cost of operating this facility at a minimally functional level.

NEXT STEPS

Staff will prepare a list of recommended capital projects for the Public Works Building for City Council consideration this fall. The staff team is also working on the pre-design for the new Public Safety and Maintenance Building and that work will be ongoing for the next 12 to 18 months.

The second phase of Facility Condition Assessments will likely resume toward the end of 2024 and is anticipated to be completed by the end of 2026. City Council will receive updates and presentations as these are completed.

RECOMMENDED ACTION

Receive report. No action necessary.

City of Mercer Island

Public Works Building Report

September 19, 2023



Prepared by MENG Analysis, September 2023

Report Preface

A note on cost estimates and cost markups in this document:

It should be noted that the cost estimates provided in this document are not equivalent to the full cost of the construction projects the City may wish to pursue. The cost estimates included for each deficiency are a high-level order of magnitude estimate. In the report, these costs are presented as “direct costs” and “marked up costs”.

Costs Included in the FCA Report

While the direct cost covers the direct expenses associated with labor, materials, and equipment required for the project's core construction (the component identified), markups account for various additional costs that are required for any construction project. This report contains some of the markups typically seen on a construction project, such as escalation, a contingency allowance, contractor overhead and profit, and general “soft costs” (administrative time, permitting, etc.)

Costs Excluded from the FCA Report

In addition to these allowances, to estimate the full project cost, additional project-specific markups must be taken into account. These include items such as:

- design fees
- signage
- parking/landscape modifications
- removals of structure, partitions, systems or finishes to access identified components
- structural or non-structural modifications to support new walls or equipment
- new partitions, systems, or finishes required to be installed or replaced when repairing or replacing identified components
- fixtures, furniture, and equipment (FF&E) required to be removed, modified, or replaced when repairing or replacing identified components
- WSST

Furthermore, if a building undergoes “substantial” modification, the authorities having jurisdiction (AHJ) may require additional facility upgrades to meet the current building code; costs associated with required code-related upgrades are not included in the component estimates provided.

In order to arrive at a total cost for component repair or replacement identified in the report, a full disciplinary scoping exercise should be undertaken to ensure all related and required costs are captured and understood.

Facility Summary

City of Mercer Island
Public Works Building
Public Works Building

9601 SE 36th Street
Mercer Island, WA 98040

Facility Size - Gross S.F. 26,000
Year Of Original Construction 1981
Facility Use Type Maintenance Shop
Construction Type Medium
of Floors 2
Energy Source Gas
Year Of Last Renovation 1981
Historic Register No



		Total Project Cost		Total Project Cost Present Value
Weighted Avg Condition Score	3.3			
Facility Condition Index (FCI)	0.21	Observed Deficiencies 2023 - 2028		\$3,674,000
Current Replacement Value (CRV)	\$9,473,000	Predicted Renewal Budget 2029 - 2042		\$3,730,000
Beginning Budget Year	2023	Opportunities		\$1,864,000
Escalation	3%			\$2,203,000
Discount Rate	1.5%			\$53,000
				N/A

Facility Condition Summary

The Public Works Building houses administration and engineering, public works roads and utilities, parks maintenance, vehicle maintenance, and warehouse. Shop areas have been repurposed for overflow office and work spaces, but the space was not designed to accommodate that occupancy use. Roofing is at end of life and leaks and includes built-up roofing and membrane roofing below a heavy section green roof (deep soil). Exterior walls have minimal insulation value and are painted CMU and cast-in-place concrete and are in need of cleaning and painting. Aluminum window systems are double-glazed, but are not in thermally broken frames.

HVAC is mostly industrial heat and vent throughout, except upper floor admin area which has full air conditioning. The significant changes in use for about half the building have rendered the original HVAC system mostly obsolete, delivering poor comfort, marginal air quality, and apparent high energy use. Plumbing is insufficient for the higher level of staffing, requiring the use of porta potties to meet staff sanitation needs. No fire sprinkler. While there is a newer fire alarm control panel, some detectors are reportedly non-functional. Multiple shop specialty systems are aged, with some abandoned in place, or no longer code compliant. Power is aged and insufficient throughout. Lighting includes newer LED at the vehicle repair shop, but otherwise mostly aged and failing fluorescent. High-speed data with WiFi.

Facility Summary

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Facility Components

Systems		Original System Date	Last Renewal Date	Score	Surveyor	Survey Date	Comments
A Substructure				3.0			
A10	Foundations						
A1010	Standard Foundations	1981	1981	3	TRB	08/29/23	Concrete footings, no evidence of settlement observed.
A1030	Slab On Grade	1981	1981	3	TRB	08/29/23	Concrete slab on grade, no major issues observed.
A20	Basements						
A2020	Basement Walls	1981	1981	3	TRB	08/29/23	Cast-in-place concrete on back side of daylight basements.
B Shell				3.2			
B10	Superstructure						
B1010	Floor Construction	1981	1981	3	TRB	08/29/23	Concrete on concrete beams.
B1020	Roof Construction	1981	1981	3	TRB	08/29/23	Concrete planks (likely hollow core) on cast-in-place concrete beams. Rigid insulation on top of deck (below vegetated roof where occurs). Leaks in warehouse and shop evident. See seismic/structural report by others.
B20	Exterior Closure						
B2010	Exterior Walls	1981	1981	3	TRB	08/29/23	Painted CMU and cast-in-place concrete. Moss, lichen, and algae growth. Walls in need of cleaning. Some peeling paint and cracks in west exterior of warehouse wall. CMU walls are reported to have vermiculite insulation in cells, but still underperform thermally. See also separate structural/seismic analysis report. Interior of administration wall with moisture intrusion peeling and bubbling paint on north interior below windows, likely minor maintenance to reseal window or flashing above.

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Systems		Original System Date	Last Renewal Date	Score	Surveyor	Survey Date	Comments
B Shell		3.2					
B20	Exterior Closure						
B2020	Exterior Windows	1981	1981	3	TRB	08/29/23	Thermally insulated glazing in aging and inefficient anodized aluminum frames. Aluminum frames are not thermally broken. No insect screens on operable vent units.
B2030	Exterior Doors	1981	1981	3	TRB	08/29/23	Hollow metal doors and frames. Non-thermally-broken anodized aluminum storefront on east entry. Four overhead doors at vehicle maintenance bays and single at warehouse and public works.
B30	Roofing						
B3010	Roof Coverings	1981	1981	4	TRB	08/29/23	Membrane below green roof is leaking and at end of life. Built-up asphalt roof over vehicle maintenance garage. Roof over admin inaccessible for viewing. Both built-up roofs are at expected end of life and in need of replacement (numerous leaks evident in garage).
B3030	Projections	1981	1981	3	TRB	08/29/23	Fabric canopy on steel over warehouse entry in need of cleaning. Glass canopy on aluminum at east entry.
C Interiors		3.2					
C10	Interior Construction						
C1010	Partitions	1981	1981	3	TRB	08/29/23	Painted CMU walls, gypsum on studs, and painted metal toilet partitions.
C1020	Interior Doors	1981	1981	3	TRB	08/29/23	Combination of wood doors and hollow metal doors in hollow metal frames.
C1030	Fittings	1981	1981	3	TRB	08/29/23	Rubber base, wood hand railings at stair and ramp, stainless grab bars at toilets and shower converted to ADA (minor maintenance to add vertical grab bars per current ADA). Display, white boards, and tack boards.

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Systems		Original System Date	Last Renewal Date	Score	Surveyor	Survey Date	Comments
C Interiors		3.2					
C20	Staircases						
C2010	Stair Construction	1981	1981	3	TRB	08/29/23	Concrete ramp and wood stairs.
C2020	Stair Finishes	1981	1981	3	TRB	08/29/23	Rubber safety tread at stair and internal ramp, stained with dirt. Rubber stringer loose with adhesive failing in areas at stair, minor maintenance to clean surfaces and adhere.
C30	Interior Finishes						
C3010	Wall Finishes	1981	1981	3	TRB	08/29/23	Paint typical, ceramic tile in restrooms.
C3020	Floor Finishes	1981	1981	4	TRB	08/29/23	Original VCT flooring worn, stained, and nearing end of life. Some seams separated from moisture intrusion. Ceramic tile in restroom/locker/shower. Newer carpet in second floor administration.
C3030	Ceiling Finishes	1981	1981	3	TRB	08/29/23	Painted gypsum typical, other areas of suspended acoustic tile.
D Services		3.6					
D10	Vertical Transportation						
D1090	Other Conveying Systems	1981	1981	3	DCS	08/29/23	Estimated 3-ton motorized traveling trolley hoist in the vehicle repair shop with no issues reported.

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Facility Components

Systems			Original Renewal Date Last System Date	Score	Surveyor	Survey Date	Comments
D Services				3.6			
D20 Plumbing							
D2010 Plumbing Fixtures			1981 1981	3	DCS	08/29/23	Mix of mostly original and some newer fixtures with mix of mostly newer and some original trim (faucets and flush valves). Some traps need cleaning and trim adjustment as minor maintenance. Most fixtures and trim have five to ten years life remaining life, then due for complete replacement throughout. Insufficient plumbing fixtures, which includes conversion of significant shop and warehouse space into human-occupied office area. Two porta potties has been added to help relieve the need, but this is only a temporary fix - more fixtures are needed to improve sanitation.
D2020 Domestic Water Distribution			1981 1981	3	DCS	08/29/23	City water to copper distribution. One 2017 Ruud 85-gallon electric hot water heater in the women's locker room alcove including seismic straps, B&G 1/12-hp recirculation pump, and pipe insulation, but no observed expansion tank - minor maintenance to install. Water heater controls reportedly fail regularly.
D2030 Sanitary Waste			1981 1981	3	DCS	08/29/23	Cast iron drain, waste, and vent piping where observed with most tested fixtures flushing and draining well - some appear to need P-trap cleaning as minor maintenance. No observed trap primers - minor ongoing custodial maintenance to keep floor drain traps primed to keep sewer gas from entering. During future full building modernization or replacement, include automatic trap primers to eliminate this problem.
D2040 Rain Water Drainage			1981 1981	4	DCS	08/29/23	Mix of low green roof with unclear under-drainage and built-up high roof with roof drains and overflow scuppers through the parapet, all in conjunction with aging roof covering, leading to rain water intrusion into spaces below in multiple locations.

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Facility Components

Facility Components		Original System Date	Renewal Date	Last Date	Score	Surveyor	Survey Date	Comments
Systems								
D Services					3.6			
D20	Plumbing							
D2090	Other Plumbing Systems	1981	2000	3	DCS	08/29/23	2023 air compressor with estimated 7.5-hp motor supplying mix of older and newer distribution piping to shop spaces. The 1981 air compressor is abandoned in place in the original compressor room, which also houses a refrigerated air dryer with unclear function - minor maintenance to demolish the original compressor and separate minor maintenance to service or replace the air dryer. One portable air compressor is dedicated to the outside compressed air hose reel - minor maintenance to serve from the permanent compressed air system. A single hose reel set serves both vehicle repair bays with three shop fluids from the fluids storage and pumping room, remote from the shop, in a room opening to the open office area, with no observed ventilation. One 500-gallon (estimated) waste oil storage tank inside the vehicle repair shop.	
D30	HVAC							
D3010	Energy Supply	1981	1981	3	DCS	08/29/23	Aging gas piping to shop unit heaters and office gas furnaces. Inspect aging lines and renew as needed as minor maintenance.	
D3020	Heat Generating Systems	1981	2000	3	DCS	08/29/23	Two somewhat newer Reznor standard-efficiency (80%) gas-fired unit heaters - one in the back of the warehouse, the other at the NW corner of the vehicle repair shop. One older Reznor gas-fired unit heater in the NE corner of the shop, but with five to ten years remaining life with good maintenance.	

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Systems		Original System Date	Renewal Date	Last Date	Score	Surveyor	Survey Date	Comments
D Services					3.6			
D30	HVAC							
D3040	HVAC Distribution Systems	1981	1981	4	DCS	08/29/23	Aged HVAC throughout with multiple spaces including minimal light industrial heat and vent HVAC systems with insufficient heat, no cooling, and marginal or no ventilation for office use. Odors build up in some spaces, potentially toxic to staff, especially over time. No apparent ventilation at all for some spaces, such as the warehouse area. The former machine shop and repurposed carpenter shop (now groundskeeping) HVAC system was completely off during the site visit, with strong pesticide and/or fertilizer odors present. This system includes a relatively new Reznor Preeva gas-fired heat and vent air handling unit with estimated 25% fixed outside air. No general ventilation for the vehicle repair garage (only the abandoned engine exhaust system).	
D3050	Terminal and Package Units	1981	2001	4	DCS	08/29/23	One rooftop gas-pack unit serving the upper level office area at end of life. Various electrical panels indicate power to duct heaters and other heaters that may be concealed - mix of somewhat newer and aged. Two electric unit heaters near front of the warehouse space - minor maintenance to replace upon failure or to replace with one small gas-fired unit heater.	
D3060	Controls and Instrumentation	1981	1981	4	DCS	08/29/23	Aged and obsolete National Emco HVAC controls with poor comfort and high energy use. Battery-operated carbon monoxide sensors in several locations, but no NOx sensors observed - minor maintenance to upgrade to hardwired CO and NOx sensors with alarm to vehicle repair shop.	
D3090	Other HVAC Systems and Equipment	1981	1981	3	DCS	08/29/23	Welding shop exhaust system with somewhat newer exhaust fan. In-floor vehicle engine exhaust system appears abandoned in place.	
D40	Fire Protection							
D4030	Fire Protection Specialties	1981	1981	2	DCS	08/29/23	Fire extinguishers, first aid kit, and AED.	

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Systems			Original Renewal Date Last System Date	Score	Surveyor	Survey Date	Comments
D Services				3.6			
D50	Electrical						
D5010	Electrical Service and Distribution	1981	1981	4	DCS	08/29/23	Mostly 1981 service and distribution throughout with Westinghouse 208V, three-phase, 1,200A main distribution panel in the far back corner of the warehouse space with a 1,000A main breaking including fault-current settable controls and ten feeder breaker including to approximately six 225A lettered distribution panels throughout the building, one "electric air handling unit," air compressor, environmental trailer, and standby power automatic transfer switch; no observed surge suppression. Reports of insufficient power, circuits tripping (especially to shop areas converted to office), and modifications throughout the years.
D5020	Lighting and Branch Wiring	1981	1981	4	DCS	08/29/23	Newer LED lighting at vehicle repair shop, but otherwise original T12 fluorescent fixtures, some still with obsolete T12 lamps, but most upgraded to T8, however many lamps are discolored or failed. Mix of mostly manual, but some automatic local occupancy sensor lighting control for private offices and utility spaces.
D5032	Low Voltage Communication	1981	2000	3	DCS	08/29/23	VoIP telephone, CATV, shop music, and others, with few issues reported - minor maintenance to address minor concerns.
D5037	Low Voltage Fire Alarm	1981	2010	3	DCS	08/29/23	Silent Knight 5820XL fire alarm control panel, but reportedly with multiple older painted-over and failing detectors.
D5038	Low Voltage Security	1981	2010	3	DCS	08/29/23	Mix of card-key, keypad, and cipher lock access control, and CCTV cameras, no issues reported.
D5039	Low Voltage Data	1981	2010	2	DCS	08/29/23	High-speed fiber-optic data with server rack in former nurse's office. Staff report a few areas with marginal data speed and/or WiFi coverage - assume minor maintenance to improve in these areas.

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Systems		Original System Date	Renewal Date	Last Date	Score	Surveyor	Survey Date	Comments
D Services					3.6			
D50	Electrical							
D5090	Other Electrical Systems	1981	2000	3	DCS	08/29/23	2000 Onan 280V, 400A automatic transfer switch to power essential loads. Exit sign placards and unclear emergency egress pathway lighting.	
E Equipment and Furnishings					2.7			
E10	Equipment							
E1010	Commercial Equipment	1981	1981	3	DCS	08/29/23	Kitchenette appliances. Two sets of commercial washers and dryers. Office equipment.	
E1020	Institutional Equipment	1981	1981	3	DCS	08/29/23	Shop and specialty equipment including one built-in Rotary-brand vehicle lift and four Koni-brand (18,500-lb.) mobile lifts. The Rotary lift indicates last inspection was 2016, hence overdue for inspection as minor maintenance. The original heavy vehicle lift has been partially removed and appears no longer operable. The associated deep pit abandoned in place and appears flooding to a depth of several feet at times - suggest determining the need for this pit and either converting to under carriage pit access or restoring the heavy duty lift.	
E1030	Vehicular Equipment	1981	2001	2	DCS	08/29/23	Four vehicle bay roll-up door LiftMaster motor operators.	
E20	Furnishings							
E2010	Fixed Furnishings	1981	1981	3	TRB	08/29/23	Limited amount of built-in wood casework with laminate counter in break area, dated. Painted metal lockers, wood benches in locker rooms.	
E2020	Moveable Furnishings (Capital Funde	1981	1981	3	TRB	08/29/23	Heavy-duty industrial shelving in shop and warehouse spaces.	

Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Building							Discount Rate 1.5%

B1020	Roof Construction	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		5	2023	2023	200	\$82.00	LF	\$16,400	\$32,000

Deficient Material: Fall Guard
Green roofs on public works building are accessible, but have no perimeter fall restraint guard railings at the leading edges over the yard and ground below on the west, north, and east sides.

Remedial Action:
Install perimeter safety guard rail system.

Action Type:
Life Safety



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

B2010	Exterior Walls	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2027	10,000	\$2.00	SF	\$20,000	\$39,000

Deficient Material: Exterior Walls
Moss, lichen, and algae growth. Exterior walls are in need of cleaning.

Remedial Action:
Clean all exterior walls.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building						Escalation	3%
Facility:		Public Works Building						Discount Rate	1.5%

B2010	Exterior Walls	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2027	2,000	\$6.00	SF	\$12,000	\$24,000

Deficient Material: Exterior Walls
Some peeling paint and cracks in west and north exterior of warehouse walls.

Remedial Action:
Strip paint, seal cracks, and repaint.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

B3010	Roof Coverings	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		5	2023	2023	17,000	\$28.00	SF	\$476,000	\$932,000

Deficient Material: Membrane Roofing

Membrane below green roof is leaking and at end of life. Built-up asphalt roof over vehicle maintenance garage and admin are at expected end of life.

Remedial Action:

Replace all roofing. At built-up asphalt roof areas, remove roofing (verify condition of insulation), add rigid insulation to meet or exceed current code (taper at parapet edges for transition), and install new roofing. At green roofing, remove soil medium (per G2050 Landscaping), remove existing insulation and membrane roofing, and install new rigid insulation and new membrane roofing. Install new green roof per G2050 Landscaping.

Action Type:

Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

C1020	Interior Doors	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		5	2023	2023	18	\$775.00	EA	\$13,950	\$27,000

Deficient Material: Wire Glass

Wire glass in rated doors and internal windows. Wire glass is now known as a safety hazard and liability.

Remedial Action:

Remove existing wire glass and retrofit with modern rated safety glazing.

Action Type:

Life Safety



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building						Escalation	3%
Facility:		Public Works Building						Discount Rate	1.5%

C3020	Floor Finishes	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2026	4,000	\$15.00	SF	\$60,000	\$118,000

Deficient Material: Vinyl Composition Tile
VCT flooring worn, stained, and nearing end of life. Some seams separated from moisture intrusion.

Remedial Action:
Install new flooring. Consider seam welded marmoleum over existing.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island
Site: Public Works Building
Facility: Public Works Building

Escalation 3%
Discount Rate 1.5%

D2010	Plumbing Fixtures	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	2	\$38,000.00	EA	\$76,000	\$149,000

Deficient Material: Restrooms
Insufficient restroom facilities, with two porta potties currently in use on a temporary basis.

Remedial Action:
Expand permanent restroom capability to replace the current porta potties.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Building							Discount Rate 1.5%

D2040	Rain Water Drainage	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	15,232	\$1.60	SF	\$24,371	\$48,000

Deficient Material: **Roof Drain**
Aged and failing low green roof under-drains and undersized high-roof drains, contributing to roof leaks.

Remedial Action:
Replace the low green roof under-drain system and increase high-roof drains from 2-inch to 4-inch, all in conjunction with new roof covering.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Building							Discount Rate 1.5%

D2090	Other Plumbing Systems	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	1	\$40,000.00	LS	\$40,000	\$78,000

Deficient Material: Shop Fluids
Shop fluids room has no observed ventilation and opens directly into the open office area.

Remedial Action:
Renew shop fluids system and especially the room to provide direct outside access, isolation from office areas, code-required ventilation, electrical divisional classification if required by shop fluid hazard level, and one to two additional pumped fluids as needed by the shop crew for efficient and safe operation.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D3030	Cooling Generating Systems	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	2	\$7,000.00	EA	\$14,000	\$27,000

Deficient Material: Communications Cooling
No mechanical or dedicated cooling for the mission critical SCADA room or facility main telecom and data room.

Remedial Action:
Install ductless split-Dx cooling for both SCADA and main telecom rooms.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D3030	Cooling Generating Systems	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	1	\$17,500.00	LS	\$17,500	\$34,000

Deficient Material: Cooling
Heat and vent HVAC system for former shop area now used for office area for public works staff, resulting in hot uncomfortable working conditions.

Remedial Action:
Install cooling for the main floor open office area.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D3040	HVAC Distribution Systems	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	13,000	\$30.00	SF	\$390,000	\$764,000

Deficient Material: HVAC System

Aged HVAC throughout with multiple spaces including minimal light industrial heat and vent HVAC systems with insufficient heat, no cooling, and marginal or no ventilation for office use. Odors build up in some spaces, potentially toxic to staff, especially over time. No apparent ventilation at all for some spaces, such as the warehouse area. The former machine shop and repurposed carpenter shop (now groundskeeping) HVAC system was completely off during the site visit, with significant pesticide and/or fertilizer odors present. No general ventilation for the vehicle repair garage (only the abandoned engine exhaust system).

Remedial Action:

Re-engineer the HVAC for the main floor (lower level) including office, warehouse, shop, and support spaces, and provide an HVAC system meeting code and industry standards.

Action Type:

Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D3050	Terminal and Package Units	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	1	\$24,000.00	LS	\$24,000	\$47,000

Deficient Material: Rooftop Units
Upper level office area rooftop gas-pack units is aged (2001) and near end of life - could completely fail at any time.

Remedial Action:
Budget to replace immediately upon failure.

Action Type:
Energy Efficiency



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D3050	Terminal and Package Units	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2026	5	\$2,250.00	EA	\$11,250	\$22,000

Deficient Material: Unit Heaters
Multiple aged electric duct and unit heaters.

Remedial Action:
Budget to replace immediately upon failure.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D3060	Controls and Instrumentation	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	15,232	\$4.25	SF	\$64,736	\$127,000

Deficient Material: HVAC Controls
Aged and obsolete National Emco HVAC controls with poor comfort and high energy use.

Remedial Action:
Replace with city standard DDC system to include remote monitoring by the facilities department.

Action Type:
Energy Efficiency



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D3090	Other HVAC Systems and Equipment	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	1	\$7,500.00	LS	\$7,500	\$15,000

Deficient Material: Engine Exhaust
Vehicle engine exhaust system appears abandoned in place.

Remedial Action:
Fully service and restore vehicle engine exhaust system to operational condition.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D4010	Fire Protection Sprinkler Systems	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		5	2023	2023	15,232	\$10.50	SF	\$159,936	\$313,000

Deficient Material: Fire Sprinkler
No fire sprinkler system.

Remedial Action:
Install fire sprinkler system, including any specialty coverage, such as for tire rack, flammable or combustible liquid, and high-pile combustible storage areas.

Action Type:
Life Safety



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Building							Discount Rate 1.5%

D5010	Electrical Service and Distribution	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	15,232	\$10.00	SF	\$152,320	\$298,000

Deficient Material: **Electrical Distribution**
Mostly 1981 service and distribution throughout with reports of insufficient power, circuits tripping, and many modifications over the years.

Remedial Action:
Renew the entire electrical distribution system including service capacity increase to carry all current and future anticipated loads, such as HVAC upgrade to all-electric heat per city climate action plan, and electric vehicle charging stations; including modern circuit coordination to larger loads and distribution panels, and surge protection.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island

Site: Public Works Building

Facility: Public Works Building

Escalation 3%

Discount Rate 1.5%

D5020	Lighting and Branch Wiring	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	12,000	\$9.50	SF	\$114,000	\$223,000

Deficient Material: Lighting

Most areas with original fluorescent lighting fixtures with manual control, poor lighting, and failed ballasts and lamps.

Remedial Action:

Upgrade to modern LED lighting with automatic control throughout.

Action Type:

Energy Efficiency



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D5020	Lighting and Branch Wiring	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	15,232	\$5.00	SF	\$76,160	\$149,000

Deficient Material: **Wiring and Devices**
Aged wiring and devices, insufficient hardwired distribution at shop and storage areas converted to office area, minimal ground fault protection, and aged and failing switches and receptacles throughout.

Remedial Action:
Renew wiring and devices throughout.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D5037	Low Voltage Fire Alarm	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	15,232	\$1.00	SF	\$15,232	\$30,000

Deficient Material: Fire Alarm
Multiple painted-over and failing detectors.

Remedial Action:
Replace damaged detectors.

Action Type:
Life Safety



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

D5090	Other Electrical Systems	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	15,232	\$1.00	SF	\$15,232	\$30,000

Deficient Material: **Emergency lighting**
Despite generator, there are no lighted exit signs, and no observed continuously-on egress pathway lighting fixtures.

Remedial Action:
Upgrade to modern emergency lighting system including both egress pathway and exit signs.

Action Type:
Life Safety



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Building							Discount Rate 1.5%

E1020	Institutional Equipment	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	15,232	\$4.00	SF	\$60,928	\$119,000

Deficient Material: Shop Equipment
Signs of aged, obsolete, and abandoned shop and other specialized equipment in multiple locations.

Remedial Action:
Renew, replace, or repurpose aged, obsolete, and abandoned shop and other specialized equipment.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Building									

E1020	Institutional Equipment	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	1	\$15,000.00	LS	\$15,000	\$29,000

Deficient Material: Vehicle shop pit & lift

The original heavy vehicle lift has been partially removed and appears no longer operable. The associated deep pit is abandoned in place and appears flooding to a depth of several feet at times.

Remedial Action:

Repurpose lift pit as undercarriage access or fill in pit as needed by shop program.

Action Type:

Other



Facility Summary

City of Mercer Island

Public Works Building

Public Works Infrastructure

**9601 SE 36th Street
Mercer Island, WA 98040**

Facility Condition Summary

The site houses the public works building, in addition to numerous other related supportive structures including cast-in-place concrete storage open-air garage bays, metal covered pole buildings for material storage and fueling station, canopy covered storage, and open-air materials storage. An asphalt drive connects the upper yard (materials storage), the main building, and storage bays, and the lower yard with vehicle and equipment parking and more storage. City water, sewer, and fire, but to fire hydrants only, not to buildings; irrigation is present, but unclear if separately metered. Puget Sound Energy power and natural gas to main building, in turn subfeeding out buildings, with insufficient site power and multiple electrical safety, reliability, and fire hazard concerns. High-speed data; fenced site with motorized gate.

Facility Summary

City of Mercer Island
Public Works Building
Public Works Infrastructure

9601 SE 36th Street
Mercer Island, WA 98040

Facility Components

Systems		Original System Date	Last Renewal Date	Score	Surveyor	Survey Date	Comments
G Sitework							
G20	Site Improvements						
G2010	Roadways	1981	1981	3	TRB	08/29/23	Asphalt drive, numerous patched areas. Surface weathering, other sections with significant alligating.
G2020	Parking Lots	1981	1981	3	TRB	08/29/23	Asphalt personal vehicle and equipment parking, surface weathering, some areas with faded paint striping, ADA stall missing ADA paint symbol and access aisle paint striping.
G2030	Pedestrian Paving	1981	1981	3	TRB	08/29/23	Stamped pattern from pedestrian secured access gate to building, other areas of concrete stairs, and areas of mixed asphalt and concrete. Wood bridge with plastic grate deck surface. Some walk panels showing settlement on east side above bridge; continue monitoring and replace if trip hazard develops.
G2040	Site Development	1981	1981	3	TRB	08/29/23	Newer powder-coated chain link fence and motor operated vehicular swing gates at drive into yard. Older manual chain link gates still in place, but appear out of alignment and now abandoned in place. Secure pedestrian access gate. Building-mounted flagpole. Stone retaining walls. Ecology block retaining walls for stored materials. Picnic bench tables on roof. Other wood and metal benches.
G2050	Landscaping	1981	1981	3	TRB	08/29/23	Mix of mature trees around perimeter and within site. Perimeter and stream side underbrush contains a significant amount of invasive blackberry and English ivy. Green roofing at end of life. Prune trees away from site lighting as minor maintenance.

Facility Summary

City of Mercer Island
Public Works Building
Public Works Infrastructure

9601 SE 36th Street
Mercer Island, WA 98040

Facility Components

Systems	Original System Date	Last Renewal Date	Score	Surveyor	Survey Date	Comments
G Sitework						
G30 Site Civil / Mechanical Utilities						
G3010 Water Supply	1981	1981	3	DCS	08/29/23	Two city water services, both with two-inch meters in hand vaults and downstream reduced pressure backflow preventers in above grade hotboxes, insulated, but not heat-traced; no issues (freezing) reported. City fire service loop with fire hydrants, but no fire sprinkler service to building. An irrigation system is installed, but with unclear water source and unclear operability. The irrigation controlled in the shop space appears failed - minor maintenance to selectively restore irrigation to key areas. Multiple frost-free yard utility hydrants, some older and damaged (minor maintenance to repair) and some newer.
G3020 Sanitary Sewer	1981	1981	3	DCS	08/29/23	City sewer with no issues reported; no oil/water separator observed for shop floor drains. Open wash rack at lower (east) yard area with no apparent wash water recycle system. Apparent makeshift covered vector truck decant facility at lower (east) service yard.
G3030 Storm Sewer	1981	1981	3	DCS	08/29/23	Network of catch basins, underground piping, swales, creeks, rockeries, and other features; no apparent treatment or detention. A substantial apparent subsurface soil contamination remediation project appears actively underway north of the main building, appearing to extend beyond the creek to north, onto the adjacent property.

Facility Summary

City of Mercer Island
Public Works Building
Public Works Infrastructure

9601 SE 36th Street
Mercer Island, WA 98040

Facility Components

Systems		Original Renewal Date System Date	Score	Surveyor	Survey Date	Comments	
G Sitework							
G30 Site Civil / Mechanical Utilities							
G3060	Fuel Distribution	1981	1981	4	DCS	08/29/23	Puget Sound Energy natural gas meter No. 325897 with 425 cfh capacity and no seismic shut-off valve; meter is located behind warehouse space at upper yard area with aged piping and no meter stand. No bollard protection from adjacent vehicle parking and/or heavy equipment operations area. Two diesel fuel storage tanks, 1,000-gallon est. at upper (west) yard and 5,000-gallon est. at lower (east) yard, both with newer GasBoy single-hose dispensers with newer Petro-Vend metering equipment. The electrical service panel to the lower (east) fuel tank includes non-classified connections increasing fire hazard - minor maintenance to safely reconfigure. Estimated 500-gallon propane fuel storage tank north of main building. There is exposed electrical wiring in the work box adjacent to the propane emergency shut-off switch - minor maintenance to protect wiring from the weather.
G40 Site Electrical utilities							
G4010	Electrical Distribution	1981	1981	3	DCS	08/29/23	Utility power underground from street to pad-mounted 150 kVA transformer, then underground to main electrical room toward the center of the main building (in the back of the warehouse), with apparent remote wireless meter cabinet outside the NE corner of the shop wing, with no observed utility meter. Power from main building underground to covered storage building No. 1 aged electrical distribution panel, in turn appearing to feed buildings 2, 3, and 4, with unclear fault protection and no observed submetering. Power from unclear source to the pole barn buildings to SW. Power from unclear source to lower (east) service yard, powering the fuel island, brine system and other unclear functions, some with non-rated extension cords creating, reliability, shock, and fire hazard. A 2000 estimated 50-kW diesel generator with estimated 250-gallon storage tank is present just beyond the west wing of the main building. Several portable generators are also present in the upper (west) service yard. Temporary power runs overhead from the main building to the environmental remediation system north of the main building, 208V. 200A disconnect.

Facility Summary

City of Mercer Island
Public Works Building
Public Works Infrastructure

9601 SE 36th Street
Mercer Island, WA 98040

Facility Components

Systems	Original System Date	Last Renewal Date	Score	Surveyor	Survey Date	Comments
G Sitework						
G40 Site Electrical utilities						
G4020 Site Lighting	1981	2018	3	DCS	08/29/23	Newer LED lamps in original fixtures, some on during daylight hours - minor maintenance to tune-up lighting controls. Aged lighting at the four concrete covered storage buildings and two pole barn buildings. Insufficient service yard general lighting is reported, noting overgrown tree and landscape makes this worse than it needs to be (see G2050 Landscaping for detail).
G4030 Site Communications and Security	1981	2010	3	DCS	08/29/23	High-speed fiber-optic data; main entry with motorized security gate with card-key and/or keypad code entry; mix of older and newer CCTV cameras.
G90 Other Site Construction						
G9090 Other Site Systems	1981	1981	3	TRB	08/29/23	Four cast-in-place concrete garages / storage bays with green roofs, two substantial wood pole barns, other wood and metal material goods storage sheds, and bulk material covered storage with arched tent covers. No apparent heated storage for vactor trucks.

Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Infrastructure									

G2010	Roadways	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2026	46,000	\$1.50	SF	\$69,000	\$135,000

Deficient Material: Asphalt Paving
Asphalt surface weathering, other sections with significant alligating.

Remedial Action:
Patch asphalt, fill and seal cracks, and fog coat to prolong system life.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Infrastructure									

G2020	Parking Lots	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2027	9,000	\$1.00	SF	\$9,000	\$18,000

Deficient Material: Asphalt Parking
Asphalt surface weathering, some areas with faded paint striping, ADA stall missing ADA paint symbol and access aisle paint striping.

Remedial Action:
Fog coat to prolong life, repaint stripe, including ADA stall and access aisle.

Action Type:
ADA



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Infrastructure							Discount Rate 1.5%

G2050	Landscaping	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		5	2023	2024	14,000	\$46.00	SF	\$644,000	\$1,261,000

Deficient Material: Eco Roof
Green roofing on main public works buildings and concrete garages at end of life.

Remedial Action:
Remove plant and deep soil medium from roofs. Replace with modern eco-roof system with root barrier over roof membrane and drainage mat (consider alternative to deep soil by installing low-profile tray-type system with more appropriate vegetation), and add irrigation system.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Infrastructure							Discount Rate 1.5%

G2050	Landscaping	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2028	1	\$10,000.00	LS	\$10,000	\$20,000

Deficient Material: Invasive Species
Perimeter and stream side underbrush contains a significant amount of invasive blackberry and English ivy. Blackberries encroaching on material storage. Ivy noted climbing trees.

Remedial Action:
Eliminate invasive species. Prune trees away from site lighting.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Infrastructure							Discount Rate 1.5%

G3020	Sanitary Sewer	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	1	\$250,000.00	LS	\$250,000	\$490,000

Deficient Material: **Decant facility**
Apparent makeshift partially covered vactor truck decant facility at NE corner of the lower (east) service yard.

Remedial Action:
Design and construct a modern permanent decant facility.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Infrastructure									

G3020	Sanitary Sewer	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	1	\$13,500.00	LS	\$13,500	\$26,000

Deficient Material: Oil Water Separator
No oil/water separator observed for vehicle repair shop floor drains.

Remedial Action:
Install oil/water separator for floor drain waste from the shop bays.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							
Facility:		Public Works Infrastructure							
								Escalation	3%
								Discount Rate	1.5%

G3030	Storm Sewer	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2024	1	\$65,000.00	LS	\$65,000	\$127,000

Deficient Material: **Subsurface Soil**
Apparent subsurface soil contamination north of the main building with multiple monitoring wells, significant disturbed soil, active and abandoned well points and piping; appearing to extend to neighboring creek and property to north.

Remedial Action:
Complete remediation and restore affected site to fully usable status.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							
Facility:		Public Works Infrastructure							
								Escalation	3%
								Discount Rate	1.5%

G3060	Fuel Distribution	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	1	\$6,500.00	LS	\$6,500	\$13,000

Deficient Material: Gas Service

Gas meter is located behind warehouse space at upper yard area with aged piping and no meter stand. No bollard protection from adjacent vehicle parking and/or heavy equipment operations area.

Remedial Action:

Relocate and replace meter and install per current Puget Sound Energy and applicable code.

Action Type:

Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island							
Site: Public Works Building							
Facility: Public Works Infrastructure							
						Escalation	3%
						Discount Rate	1.5%

G4010	Electrical Distribution	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	1	\$100,000.00	LS	\$100,000	\$196,000

Deficient Material: Electrical Service

Aged and undersized electrical service for this campus, which has grown considerably from 1981 construction, with multiple powered out buildings, powered yard equipment, and substantial environmental remediation system load.

Remedial Action:

Replace the campus electrical service and upgrade from 150 kVA to 300 kVA to support current and future loads, plus likely switch over from gas to electric heat to comply with climate action plan requirements and provide electric vehicle charging. Provide engineered power to permanent out buildings including all four concrete covered storage buildings and the two pole barn buildings, plus general upper and lower service yard process and support equipment and out buildings.

Action Type:
Code Issue



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Infrastructure							Discount Rate 1.5%

G4020	Site Lighting	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	6	\$1,500.00	EA	\$9,000	\$18,000

Deficient Material: Out-building lighting
Aged, inefficient, broken, or damaged lighting at most the permanent out buildings.

Remedial Action:
Upgrade to modern LED lighting at all permanent out buildings.

Action Type:
Energy Efficiency



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building							Escalation 3%
Facility:		Public Works Infrastructure							Discount Rate 1.5%

G4020	Site Lighting	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		4	2023	2025	7	\$3,800.00	EA	\$26,600	\$52,000

Deficient Material: Outside lighting
Site lighting reportedly insufficient to support safe year-round operation.

Remedial Action:
Install additional site lighting to fully support operational needs; assume seven new fixtures.

Action Type:
Other



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island								Escalation	3%
Site: Public Works Building								Discount Rate	1.5%
Facility: Public Works Infrastructure									

G9090	Other Site Systems	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		5	2023	2023	100	\$82.00	LF	\$8,200	\$16,000

Deficient Material: Fall Restraint

Green roofs on concrete garage opposite public works building is accessible, used for storage, but has no fall restraint at the leading edge over the yard below.

Remedial Action:

Install fall guard railing along accessible edge of roof.

Action Type:

Life Safety



Detailed Assessment - Observed Deficiencies 2023 - 2028

City of Mercer Island									
Site:		Public Works Building						Escalation	3%
Facility:		Public Works Infrastructure						Discount Rate	1.5%

G9090	Other Site Systems	Score	Survey Year	Budget Year	Qty	Unit Cost	Unit	Direct Cost	Marked Up Cost
		5	2023	2023	200	\$125.00	LF	\$25,000	\$49,000

Deficient Material: Screen Fence

Wood screen walls on upper concrete storage bays have been damaged by falling trees and some are completely missing.

Remedial Action:

Remove or replace screen walls.

Action Type:

Other



Deficiency Repair Cost Markups By System

2023 - 2028

City of Mercer Island	Escalation	3%
Site: Public Works Building	Discount Rate	1.5%

Facility	System	Direct Construction Cost	Contingency 20%	Contractor's OH & P 20%	Project Soft Cost 36%	Total Project Cost	Total Project Cost (Present Value)
Public Works Building	B10 Superstructure	\$16,400	\$3,280	\$3,936	\$8,502	\$32,000	\$32,000
	B20 Exterior Closure	\$32,000	\$6,400	\$7,680	\$16,589	\$63,000	\$67,000
	B30 Roofing	\$476,000	\$95,200	\$114,240	\$246,758	\$932,000	\$932,000
	C10 Interior Construction	\$13,950	\$2,790	\$3,348	\$7,232	\$27,000	\$27,000
	C30 Interior Finishes	\$60,000	\$12,000	\$14,400	\$31,104	\$118,000	\$123,000
	D20 Plumbing	\$140,371	\$28,074	\$33,689	\$72,768	\$275,000	\$279,000
	D30 HVAC	\$528,986	\$105,797	\$126,957	\$274,226	\$1,036,000	\$1,053,000
	D40 Fire Protection	\$159,936	\$31,987	\$38,385	\$82,911	\$313,000	\$313,000
	D50 Electrical	\$372,944	\$74,589	\$89,507	\$193,334	\$730,000	\$751,000
	E10 Equipment	\$75,928	\$15,186	\$18,223	\$39,361	\$148,000	\$153,000
Facility Total		\$1,876,515	\$375,303	\$450,364	\$972,786	\$3,674,000	\$3,730,000
Public Works Infrastructure	G20 Site Improvements	\$732,000	\$146,400	\$175,680	\$379,469	\$1,434,000	\$1,461,000
	G30 Site Civil / Mechanical Utilities	\$335,000	\$67,000	\$80,400	\$173,664	\$656,000	\$673,000
	G40 Site Electrical utilities	\$135,600	\$27,120	\$32,544	\$70,295	\$266,000	\$274,000
	G90 Other Site Construction	\$33,200	\$6,640	\$7,968	\$17,211	\$65,000	\$65,000
Facility Total		\$1,235,800	\$247,160	\$296,592	\$640,639	\$2,421,000	\$2,473,000
Site Total		\$3,112,315	\$622,463	\$746,956	\$1,613,424	\$6,095,000	\$6,203,000

Opportunity Summary By Subsystem

City of Mercer Island						
Site: Public Works Building						
Total Site Opportunity Cost:						\$2,343,000

Subsystem		Opportunity	Action	Qty	Unit Cost	Unit	Direct Cost	Total Project Cost
Facility: Public Works Building								
System: Plumbing								
D2010 Plumbing Fixtures								
		Bottled water in use and no observed hydration stations.	Install two filter water hydration stations and eliminate bottled water dispensers.	2.00	\$3,500.00	EA	\$7,000	\$14,000
D2090 Other Plumbing Systems								
		The waste oil storage tank is inside the shop, taking up valuable shop floor space.	Move waste oil tank outside the shop and provide remove fill and drain piping.	1.00	\$15,000.00	EA	\$15,000	\$29,000
Facility: Public Works Building								
System: HVAC								
D3030 Cooling Generating Systems								
		High-bay vehicle repair shop with no cooling.	Add ceiling fans to improve working comfort in summer and return warm ceiling air to floor in winter.	4.00	\$1,250.00	EA	\$5,000	\$10,000
Facility: Public Works Infrastructure								
System: Site Civil / Mechanical Utilities								
G3020 Sanitary Sewer								
		Wash rack with no apparent wash water recycle system.	Install full-featured wash rack including wash water recycle system.	1.00	\$110,000.00	LS	\$110,000	\$215,000
G3030 Storm Sewer								

Note: Cost estimates shown include project markups, but exclude escalation. Page 1 of 3

Opportunity Summary By Subsystem

City of Mercer Island						
Site: Public Works Building						
Total Site Opportunity Cost:						\$2,343,000

Subsystem		Opportunity	Action	Qty	Unit Cost	Unit	Direct Cost	Total Project Cost
G3060	Fuel Distribution	Significant impervious surface with variety of industrial activities associated with public works operations, with no apparent storm water detention.	Install storm water detention system.	1.00	\$250,000.00	LS	\$250,000	\$490,000
		Significant impervious surface with variety of industrial activities associated with public works operations, with no apparent storm water treatment.	Install storm water treatment.	1.00	\$50,000.00	LS	\$50,000	\$98,000
		Multiple gas-powered vehicles on-site, but no apparent gas tank and dispenser (only diesel).	Install 1,000-gallon gas fuel storage tank, dispenser, and metering.	1.00	\$17,000.00	LS	\$17,000	\$33,000
Facility: Public Works Infrastructure								\$83,000
System: Site Electrical utilities								
G4010	Electrical Distribution	One makeshift Type 1 electric vehicle charging station outside upper level admin area entry, and presumed growing interested in electric vehicles for both staff personal and city fleet use.	Install five dual-cable Type 2 electric vehicle charging stations, with rough-in for five more. Assumes the overall campus electrical service systems is upgraded prior to installing electric vehicle changers so there is adequate system capacity to charge.	5.00	\$8,500.00	EA	\$42,500	\$83,000

Opportunity Summary By Subsystem

City of Mercer Island						
Site: Public Works Building						
Total Site Opportunity Cost:						\$2,343,000

Subsystem	Opportunity	Action	Qty	Unit Cost	Unit	Direct Cost	Total Project Cost
Facility: Public Works Infrastructure							
System: Other Site Construction							\$1,371,000
G9090 Other Site Systems							
	No observed heated covered storage for vactor trucks.	Construct heated vactor truck storage facility - assume four bays in pre-engineered metal building.	4,000.00	\$175.00	SF	\$700,000	\$1,371,000

April 18, 2024

Aaron Young
northwest studio
 1205 E Pike Street, #2F
 Seattle, WA 98122

Subject: City of Mercer Island Public Works Department Maintenance Building
 Seismic Upgrade design
 Quantum Project #23452.01

Dear Aaron Young:

Quantum recently issued a draft of our seismic upgrade drawings for the Mercer Island Shop Facility, dated April 5, 2024. This draft set of drawings is close to 90% complete, barring any changes requested by the City, and is based on the seismic analysis work performed by our firm.

The analysis was completed for 100% of the current IBC 2021 seismic loads for "Risk Category 2". However, since this is an existing building, we also used provisions from the Existing Building Code (IEBC 2021) which allow for the analysis to be completed using "Intermediate Masonry Shear Wall" and "Ordinary Concrete Shear Wall" seismic systems that are otherwise not permitted by the IBC 2021 in our seismic zone. If we were to construct this building today under the 2021 IBC, we would use "Special" seismic systems which need slightly more rebar in the shear walls and a thicker concrete topping slab.

Using "Intermediate" and "Ordinary" seismic systems results in the Code requiring that these shear walls be designed for higher seismic forces than what a currently required "Special" system with more rebar would be designed for (because they are less ductile). So, while these systems are not permitted for new construction today, the IEBC recognizes that they do still have capacity. This approach is similar to the approach used by ASCE 41 "Seismic Evaluation and Retrofit of Existing Buildings."

Our conclusion is that the existing shear walls are adequate if the soil on the roof is completely removed. The impact of removing the vegetative roof cannot be understated in allowing this building to comply with the Code, in conjunction with the select retrofit work as detailed in the drawings. A general order of retrofit priority is outlined below (all predicated on the removal of the vegetative roof):

As noted in the previously issued Stemper/MLA report, the first retrofit priority is anchoring the masonry walls to the wood diaphragms at the two higher roofs: the office and the high-bay garage. In past major earthquakes the lack of a robust, positive attachment from the masonry walls to the roof diaphragms has led to partial and full wall collapses. Therefore, we strongly recommend that the retrofit shown on sheet S2.2 of the drawings be made in the near term. This retrofit could be accomplished from the exterior as part of a re-roof to minimize the impact to the building use.

The second priority is to reinforce the foundations along the high bay doors on both the east and west sides, as shown on sheet S2.0 of the drawings. This retrofit may have more impact on the use of the building but should be able to be completed relatively quickly.

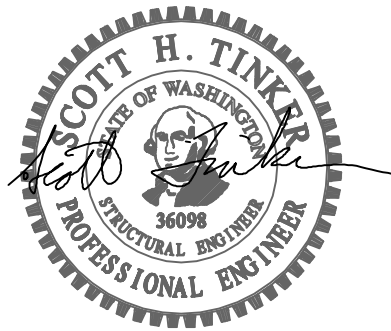
The third priority is to brace the internal non-bearing CMU walls against toppling over in an earthquake, as it is unclear if they are currently attached to the roof. This work is shown on sheet S2.1 of the drawings and should have minimal impact on the use of the facility.

* * * * *

Please feel free to call me or Travis at 206-957-3900 if you have any questions regarding this memo.

Sincerely,
Quantum Consulting Engineers, LLC


Scott Tinker, P.E., S.E., Principal





Public Works Building Facility Conditions Assessment Follow-Up

AB 6477 | May 21, 2024





Presentation Overview

- Long-Range Facilities Planning
- Public Works Building Background
- Facility Conditions Assessment Critical Findings
- Seismic Assessment & Recommendations
- Summary of Recommended Actions
- Key Action Items
- Next Steps

Long Range Facilities Planning

- In early 2023 the City began work on a Long-Range Facilities Plan to guide decisions about use and improvements to City facilities.
- The first phase of the project included Facilities Conditions Assessments (FCA) for the following buildings:
 - City Hall
 - **Public Works Building**
 - MICEC Annex Building
 - Luther Burbank Administration Building
 - Mercer Island Thrift Shop
 - Former Tully's Building
- The purpose of an FCA is to inventory and evaluate building and site infrastructure conditions, document observed deficiencies, and develop a recommended strategy for **renovation or replacement** to extend the life of the asset and ensure continuity of services.



Public Works Building Summary

- The Public Works Building houses many essential services.
- It was constructed primarily as a workshop and mechanic facility in 1981.
- The facility operates under an approved Conditional Use permit originally issued in 1979.



Public Works Building Summary

The Public Works Building is 15,350 square feet and currently houses the following operational and administrative teams:

- Right-of-Way & Stormwater Team (10 FTEs)
- Water Utility (8.5 FTEs, 3 LTEs)
- Sewer Utility (6.5 FTEs)
- Parks Maintenance (10 FTEs)
- Support Services Team (3 FTEs, 1 LTE)
- Public Works Engineering and Administration Teams (19 FTEs)
- Following the closure of City Hall in April 2023, the City's Utility Billing Team was re-located at the Public Works Building (3 FTEs).



Public Works Building Summary

- In total, there are 64 employees (FTE and LTE equivalents) and 15 to 20 seasonal employees who currently operate out of this facility.
- In addition to the primary building, the site also includes the City warehouse and the “yard,” which accommodates the storage of City vehicles equipment, and materials.
- Due to the complex equipment and critical-response teams operating out of this area, access is restricted to staff only. There is no public access or public meeting space at the building or yard.



Item 14.

Public Works Building Summary

- An FCA was recently completed for the Public Works Building and has identified multiple systems that are failing or in need of significant repair or investment.
- The City Manager is recommending the City Council prioritize the Public Works Building for replacement.
- Staff will present the capital reinvestment strategies to the City Council as part of the upcoming 2025-2026 Biennial Budget Development process.





Public Works Building Critical Issues



FCA Findings

- The results of the Public Works Building FCA confirms that the **facility has reached the end of its useful life.**
- It remains necessary to **keep the building operational for about five years** while a new facility is planned and constructed.
- Capital investment is needed to keep the building operational on a short-term basis and address items ranging from minor safety and efficiency improvements to structural repairs. They are summarized on the following slides.
- Staff are working on cost estimates for these projects and will include these recommendations as part of the capital budget discussion this fall.

Roofing and Water Intrusion



- The roofing membrane over the warehouse and operations spaces is more than 10 years beyond end-of-life and leaking profusely.
- The flat roofs over the administrative offices and the mechanic's shop are not properly sloped, resulting in standing water.

Roofing and Water Intrusion: Recommendation

- The roof leaks need to be addressed to extend the life of the building and provide reasonable workspace for City staff.
- In the development of the roof replacement scope of work, structural deficiencies were also identified. (More on that later.)
- The existing green roof soil must be removed in order to address the roof leaks and structural concerns.

Heating, Cooling & Ventilation

- There is no cooling in the lower level of the building where the operations teams work.
- The HVAC system on the upper level is at the end of its useful life.
- There is a lack of adequate ventilation to address vehicle exhaust, the welding hood, and the fluid storage room.
- The exterior walls are concrete block with minimal insulation value.
- The aluminum-framed windows are not insulated and the double panes are unsealing.



Heating, Cooling & Ventilation: Recommendation

- The existing engine exhaust system is now operational.
- Air quality monitors have been installed throughout the building.
- Installing a new HVAC system would likely cost hundreds of thousands of dollars and require extensive electrical modifications. Given the building's short-term expected occupancy, we are not proceeding with this recommendation.
- The existing HVAC systems will be run to failure and components replaced or repaired if necessary.

Fall Protection Railings



- Accessible roofs on top of the Public Works Building and outbuildings have no railing system to protect against falls.
- Several of these areas are used for material storage (benches, holiday displays, plants, etc.)
- A railing system must be installed on all edges to meet code requirements.

Fall Protection Railings: Recommendation

- Include fall restraint guards at the Public Works building and select outbuildings.
- This project will be completed this year.

Wired Glass



- The glass installed on the interior windows and doors includes wired glass, which is now considered a potential safety hazard.
- Wire mesh weakens the glass and creates jagged glass shards when broken.
- The windows can be covered with a protective film to contain glass if broken.

Wired Glass: Recommendation

- Given the expected lifespan of the building, the windows will be treated with a safety film to prevent shattering rather than being replaced.
- This work will be completed this year.

Electrical Service & Distribution



- There is not enough electrical capacity currently, circuits are tripping regularly.
- The electrical system must be assessed and updated before any modifications can be made to the HVAC or lighting systems.

Electrical Service & Distribution: Recommendation

- The findings of the FCA include a recommendation to engage an electrical contractor to fully review the existing system and develop a work package to address observed deficiencies and code-based upgrades.
- If long-term occupancy of this building was anticipated, the electrical panels and distribution system should be replaced.
- Due to the expected short-term occupancy, we are not moving forward with this recommendation.
- Operational changes have been made to distribute the loads that were causing breakers to trip.

Insufficient Restroom Capacity



- The Public Works Building only has 5 restroom stalls, which is insufficient for current staffing needs as determined per WAC 296-800-23020.
- Two portable toilets are on-site to meet needs.
- There are no restrooms on the second floor of the building.

Insufficient Restroom Capacity: Recommendation

Item 14.

- Staff will continue to provide on-site portable restrooms to address the capacity needs for the current workforce.

Fire Suppression System



- The building does not have a fire suppression system.
- The existing system is comprised of fire/heat detection only.
- This is of particular concern in the Mechanic's Shop and Warehouse where flammable materials and liquids are stored.

Fire Suppression System: Recommendation

- The existing fire suppression system meets the code requirements for this building.
- Additional fire extinguishers have been procured for the facility.



Seismic Assessment & Recommended Retrofits



Structural Deficiencies



- The Public Works Building was not designed to meet the seismic resilience required for a building that must operate as an essential facility following an earthquake.
- ASCE 41-17 seismic evaluation found that the existing building structure is inadequate to remain operational as a Seismic Risk Category II building.
- A standalone Public Works' operations facility should meet Seismic Risk Category III or preferably Category IV to ensure that it can perform essential functions following a seismic event.

Seismic Assessment



- Quantum Consulting Engineers conducted a detailed seismic analysis of specific issues identified as priorities from prior structural reports and the building's FCA.
- The report includes specific structural retrofits required for the building to meet code-based seismic performance.

Roofing and Walls



- The weight of the green roof's soil and vegetation must be addressed as soon as possible to reduce weight on the structure and allow for membrane replacement.
- The existing shear walls are adequate only if the green roof and soil on the roof is completely removed.

Wall Anchoring



- There is no evident anchoring between the walls and the wood diaphragms at the two higher roofs: the office and the high-bay garage.
- The connection between the wood-framed roofs and the exterior walls is inadequate and must be retrofitted now, even with short-term occupancy.

High-Bay Doors and CMU Walls



- Inadequate foundations along the high-bay doors on both the east and west sides.
- The building has numerous unbraced interior Concrete Masonry Unit (CMU) walls. It is unclear if these are secured to the roof.

Structural Deficiencies: Recommendations

Item 14.

- Remove all of the green roof soil to reduce the weight on the structure. Remove roof decking material as needed to install seismic retrofits. Install new, short-term roof system.
- Install anchoring between the walls and the wood diaphragms at the second-floor office and high-bay garage roofs.
- Install a subsurface concrete-grade beam along the exterior at each end of the high-bay garage doors.
- Brace the internal non-bearing CMU walls to protect against potential collapse.

Structural Deficiencies: Recommendations Continued

- Staff and consultants are developing design and cost estimates for the short-term roof and structural repairs.
- The preliminary cost estimate is \$1 million, with work expected to be completed in 2025-2026. Further cost refinement will be completed thru the design process and this estimate will change.

Summary of Key Action Items

- Plan for structural improvements for the green roof removal and roof replacement, wall anchoring and reinforcement, and high-bay door support.
- Address immediate safety concerns for fall protection and wire glass replacement.
- Operate existing HVAC system to failure.
- Operate the electrical system as-is, with the understanding that no significant new loads can be added.
- Continue to offer mobile restroom facilities.



Preliminary Cost Estimates

- Preliminary Cost Estimates:
 - 2025-2026 Roof and Structural Repairs: \$1,000,000
 - 2027-2028 TBD: \$1,000,000
- Preliminary cost estimates are not equivalent to full construction costs.
- Cost estimates may not consider dependencies between components or unique circumstances uncovered during work.



Key Takeaways

- There will be several phases of work required to keep the existing Public Works Building operational.
- The most immediate phase will address basic safety improvements.
- Subsequent phases will address specific structural retrofits resulting from a seismic analysis of the building.
- If the Public Works Building is not replaced within approximately five years, the repairs and interventions necessary to address deferred maintenance will increase and become more costly.



Next Steps

- Staff will present scopes of work and cost estimates for the work necessary to extend the life of the Public Works building to the City Council as part of the 2025-2026 Biennial Budget Development process this fall.
- The second phase of Facility Condition Assessments will resume toward the end of 2024 and is anticipated to be completed by the end of 2026. City Council will receive updates and presentations as these are completed.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6476
May 21, 2024
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6476: Public Safety and Maintenance Building Design Progress Update	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive report. No action necessary.	

DEPARTMENT:	City Manager
STAFF:	Jessi Bon, City Manager Robbie Cunningham Adams, Management Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	n/a
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to present an update on the preliminary programming and building capability needs of the future Public Safety and Maintenance building.

- Given the current condition of the Public Works building and unexpected closure of City Hall in 2023, the City Council directed the City Manager at the March 1 Planning Session to commence planning for a new Public Safety and Maintenance Building (PSM) on the current City Hall Campus ([AB 6420](#)).
- This new facility will replace the existing Public Works Building and provide a new combined home for the City's Public Works teams, Police Department, Emergency Operations Center, and IT & GIS.
- Staff and the City's architectural consultant team, Northwest Studio, have conducted workshops with the staff teams expected to be housed in the future PSM building to inform the ongoing design work.
- The new building is intended to be a Level IV Risk Category Building. The risk category of a building reflects the relative resilience to natural disasters and other building failure risks. Risk Category IV includes buildings that are essential in that their continuous use is needed, particularly in response to disasters. Police stations and emergency vehicle garages, Emergency Operations Centers, public works staff areas, and equipment necessary for emergency response, must remain operational during and after major disaster type events.

BACKGROUND

City Hall Closure

In April 2023, City Hall was closed after asbestos was detected in several locations in the building, including in the HVAC system. Although airborne asbestos was not detected during air quality tests, abatement at City Hall would be required to re-open the facility. City staff and outside experts worked extensively to identify solutions to address the asbestos contamination and evaluate the best path forward for City Hall. Two scenarios for re-occupying the City Hall building, either fully or partially, were evaluated for timeline, preliminary costs, and impact to City operations. Unfortunately, the cost of both scenarios to re-occupy City Hall exceeded the benefits due to the age and condition of the building. On October 2, 2023, [Resolution No. 1650](#) was approved to cease City operations at City Hall and permanently close the building.

Facility Conditions Assessment –Public Works Building

Given the age and condition of the Public Works Building, the City Manager directed the staff and consulting teams to proceed with the facilities conditions assessment (FCA) for this building. The Preliminary Facility Conditions Assessment for the Public Works Building was presented to the City Council on February 6, 2024 ([AB 6402](#)). The FCA identified multiple systems that are failing or in need of significant repair or investment. Based on these findings, the City Manager recommended the City Council prioritize the Public Works Building for replacement. The Public Works Building houses many essential services and some short-term reinvestment is needed to extend the life of the building until a replacement strategy is identified as discussed in AB 6477: Public Works Building Follow-Up, also on the agenda for discussion with the City Council at the May 21, 2024 City Council meeting.

Public Safety and Maintenance Building

During the March 1, 2024 Planning Session, the City Council contemplated the replacement strategy for City Hall and the Public Works Building. The Council directed the City Manager to commence planning for a new Public Safety and Maintenance Building (PSM) on the current City Hall Campus ([AB 6420](#)). This new facility will replace the existing Public Works Building and provide a new combined home for the City's Public Works teams, Police Department, Emergency Operations Center, and the IT & GIS team.

ISSUE/DISCUSSION

Staff Workshops

Since City Council gave direction to begin planning for the Public Safety and Maintenance Building (PSM), staff and the City's architectural consultant team, Northwest Studio, have conducted workshops with the City teams anticipated to be housed in the future PSM building. The pre-design work considers the spaces needed in the building, in addition to how the spaces are best organized to achieve efficient workflows, to plan for future growth, and to accommodate changing space needs over time.

Overview of Programming and Work Groups Included in the Public Safety and Maintenance Building

Current planning for the new PSM anticipates the new building will house four key City functions: Police, Public Works and Maintenance, the Emergency Operations Center, and IT & GIS. In the existing City facilities, these four groups currently use approximately 40,000 square feet of building area and approximately 20,000 square feet of covered vehicle and equipment storage. The public works yard requires an additional 150,000 square feet of uncovered or partially covered space for operations. Together, these City functions are the

foundations for basic City operations and public safety. The benefits of housing these teams in the same facility include:

- Efficiency in co-locating protected and secured parking and storage for a vast array of City equipment and vehicles—including secured parking and sallyport space for police operations.
- Improved operational and emergency response coordination through centralized location of work groups who often co-respond and operate together.
- Large spaces driven by specific staff team needs can be shared, avoiding the construction of thousands of square feet of identical functions at other locations on the Island.
- Efficiency and cost effectiveness of constructing a single Risk Category IV facility for work groups that share emergency response duties.
- Improved security for sensitive public safety operations and critical City equipment, including limited and controlled access by non-City employees.

Police Department

The Mercer Island Police Department operated out of the former City Hall building and is currently operating out of modular buildings in the former City Hall parking lot and the Luther Burbank Building. Key programming needs for MIPD include:

- Workstations and support spaces for approximately 40 police department staff, including patrol units, detectives, marine units, administration.
- Secure parking for department vehicles and equipment.
- Public facing works space and storage for the records team.
- Single controlled public access point to the police precinct.
- Secure interview rooms.
- Vehicle sallyport and areas for secured criminal intake, processing, and holding.
- Secure evidence storage.
- Specialty secure storage and operations areas including marine storage and dive lockers, special operations room, bicycle patrol storage, and the armory.
- Patrol lockers and deployment mudroom.

Public Works and Maintenance

The new PSM building would replace both the existing public works administration and shop building in addition to improving and reorganizing the yard space for City vehicles and material storage. The Public Works department includes engineering, capital projects, parks, utility, right of way, stormwater, support services, and seasonal staff. Key programming needs for Public Works include:

- Workspaces and support spaces for approximately 80 employees including offices, meeting rooms, and lunch areas.
- Storage for field equipment and gear for field staff.
- Locker rooms, mud rooms, and cleanup rooms for field staff.
- Laundry facilities.
- Sleep rooms for staff overnight use during emergency operations.
- Primary loading, receiving, and storage areas for public works equipment and materials inventory.
- Storage and maintenance facilities for over 100 pieces of equipment and City vehicles, many of which are the largest and most expensive vehicles owned and operated by the City.

Emergency Operations Center

The former City Hall had a dedicated Emergency Operations Center (EOC) in the basement, and with the closure of City Hall the EOC has generally operated out of the Mercer Island Community and Event Center (MICEC) when needed. Key programming needs for the EOC include:

- A large and flexible command center.
- Breakout meeting spaces and areas for local media.
- Support spaces including a call center, emergency radio communications, equipment storage, and workspaces to host members of partner government agencies.
- Ample storage for food, water and other supplies in addition to supplies that may be needed for distribution to the community during emergencies.

IT & GIS

IT & GIS staff operated out of the former City Hall building, with IT & GIS staff currently working out of the Luther Burbank Admin building or remotely. Key programming needs for IT/GIS include:

- Workstations and support spaces for approximately nine City staff. This team historically spends a significant amount of their daily operations supporting the unique technical needs of the Police Department and Public Works team.
- Equipment and secure storage for new equipment and surplus equipment.
- Access to loading, receiving, and storage areas.
- A dedicated and secure server room.

Shared Spaces

Several support spaces are a shared necessity among multiple work groups, including:

- Sleeping spaces for staff during emergencies, extreme weather or multiple shifts, or circumstances related to MIPD operations.
- Large and flexible meetings spaces.
- Exercise equipment and lunchroom spaces.
- Lockers and storage for field equipment alongside shared cleanup and washdown areas.
- Loading and receiving areas for equipment and supplies.

Opportunity for a “Level IV” Essential Public Facility Building Standard

The risk category (RC) reflects the relative seriousness of potential failure. Categories vary from the lowest hazard to human life (RC I) to the highest hazard (RC IV) and serve as a threshold for a variety of code provisions related to earthquake, rain, flood, snow, ice, tornado, and wind loads. Requirements increase with the importance of the facility. The result is a more robust structure that would be less likely to sustain damage under the same conditions than a structure assigned to a lower risk category. The intent is to enhance a structure’s performance based on its use or the need to remain in operation during and after an emergency event.

In general terms, Risk Category II structures are the most common and form a baseline for general building design. While the current City Hall and Public Works buildings were constructed under an earlier building code, based on their construction they would likely fall into Category II.

Risk Category III structures are designed for 25% larger seismic forces than the average building (RC II) in the same location, while Category IV structures are designed for 50% larger seismic forces than the average building (RC II) in the same location. Category IV structures also require seismic bracing for all building systems including equipment, ductwork, and piping.

Risk Category IV includes buildings that are considered to be essential in that their continuous use is needed, particularly in response to disasters. Police stations and emergency vehicle garages, Emergency Operations Centers, public works staff areas and equipment necessary for emergency response, must remain operational during and after major disaster type events.

Staff are proposing to design the Public Safety and Maintenance Building to meet risk category level 4 building standards. The new building is a lifeline to the community in the most extreme circumstances, and continuity of operations for the work groups housed at this facility is essential during critical events.

Additional information on building risk categories can be found in the International Building Code (2021 1605.4) [in the link here](#).

NEXT STEPS

City staff and Northwest Studio will continue to work with Police, Public Works, EOC staff, and IT & GIS to gather feedback on design concepts and proposed building programming and workflow. City staff are preparing to return to the City Council in June to present preliminary design and siting concepts for the Public Safety and Maintenance building, including early cost estimates.

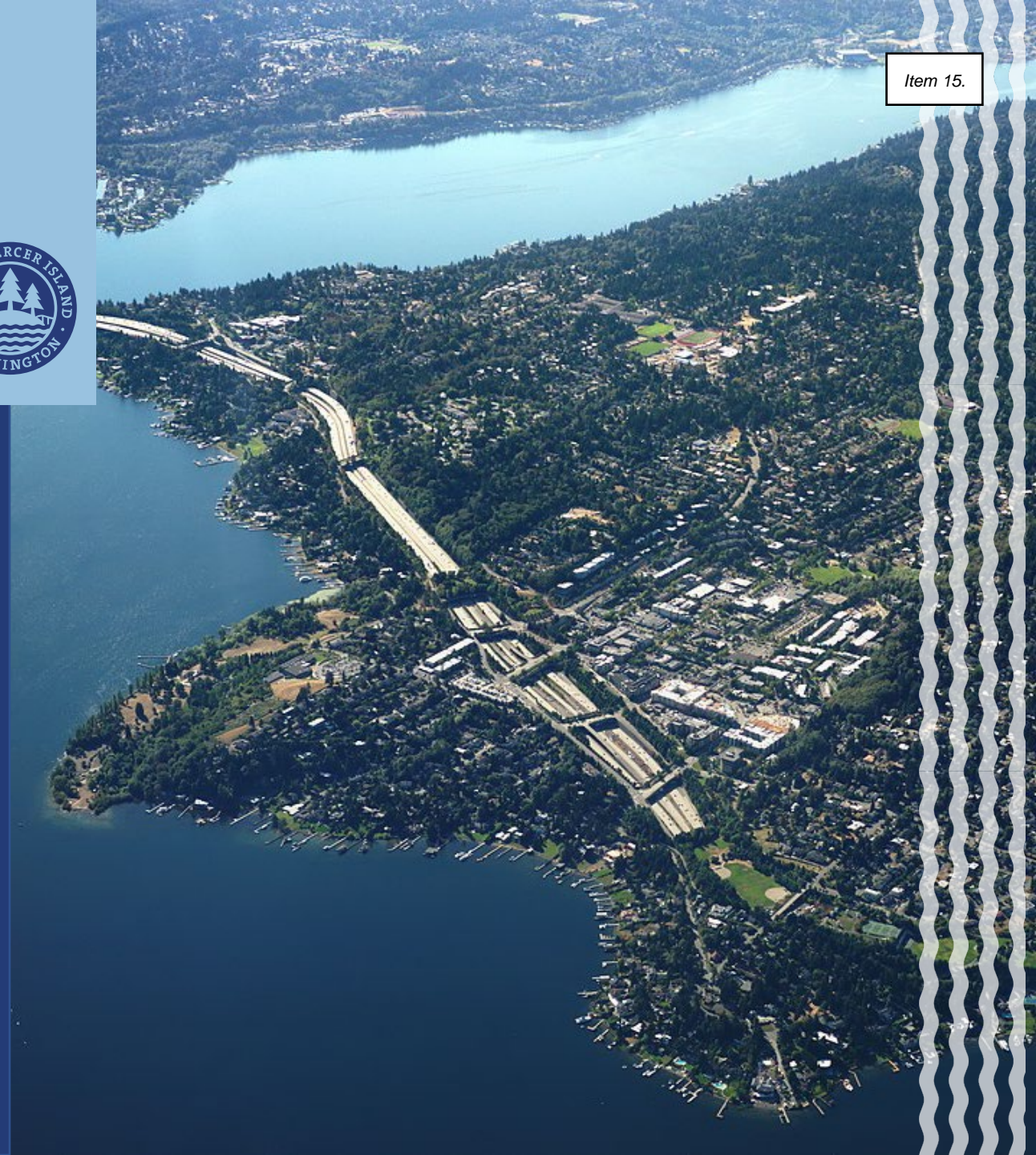
RECOMMENDED ACTION

Receive report. No action necessary.



Public Safety and Maintenance Building Design Progress Update

AB 6476
May 21, 2024





Agenda

- Background on Public Safety and Maintenance Building
- What City teams are anticipated to be located there and why?
- What do these teams need in a new building?
- Recommendation to build essential public facility at “Category IV” building standard.

Background

- Given the current condition of the Public Works building and unexpected closure of City Hall in 2023, the City Council directed the City Manager at the March 1 Planning Session to commence planning for a new Public Safety and Maintenance Building (PSM) on the current City Hall Campus



Timeline

- Activities to Date
 - Facilities Conditions Assessments, Preliminary Renewal/Repair Cost Estimates
 - Site Investigations, Development Standards Review, and Preliminary Redevelopment Feasibility Studies
 - Space Needs Assessments, Departmental Planning Workshops, and Preliminary Building Programming
- Milestones Upcoming
 - PSM Building Pre-Design (+/- 5% Design) in late June, including Preliminary Cost Estimate
- Future Work
 - Schematic Design (+/- 25% Design), including updated Cost Estimate
 - Funding Approach



Who are anticipated
to work from PSM
building?



Who will work in Public Safety and Maintenance Building and Yard?

- This new facility will replace the existing Public Works Building and current planning anticipates providing a new combined home for:
 - The City's Public Works teams
 - Police Department
 - Emergency Operations Center
 - IT & GIS team.

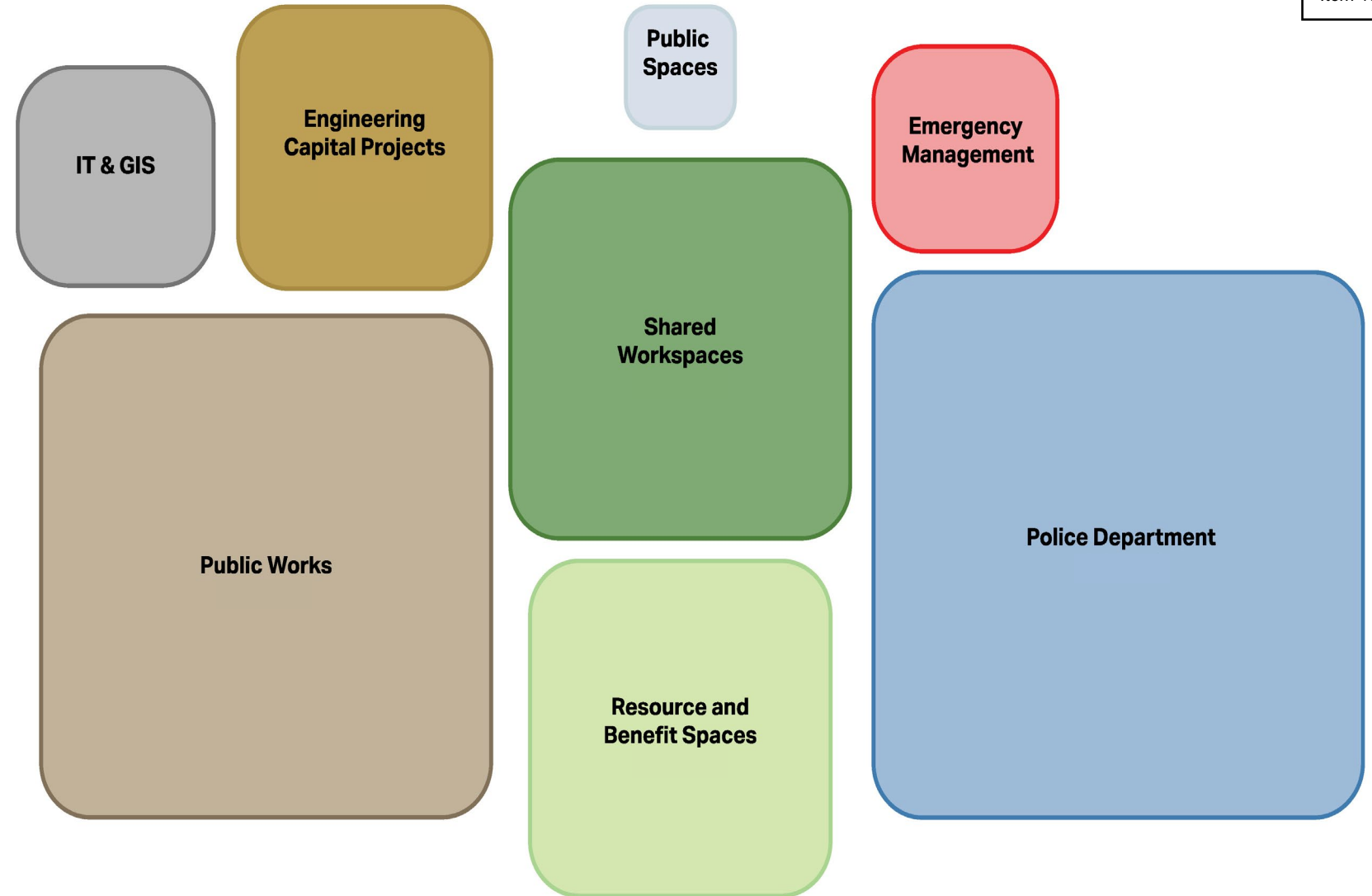
Who will work in Public Safety and Maintenance Building and Yard?

- In the existing City facilities, these four departments currently use approximately:
 - 40,000 square feet of building area
 - 20,000 square feet of covered vehicle and equipment storage.
 - 150,000 square feet of uncovered or partially covered space for Public Works operations (“the yard.”)

Why Combine these City Departments in one Building?

- Police, Public Works and Maintenance, the Emergency Operations Center, and IT/GIS are the foundations for basic City operations and public safety.
- The benefits of co-locating these departments include:
 - Improved operational and emergency response coordination
 - Efficiency in co-locating protected and secured parking
 - Significant overlap in common space needs
 - Large spaces driven by specific departmental needs can be shared
 - Risk Category IV facility

Why Combine these City Departments in one Building?





What do Staff Teams Need in the New Building?



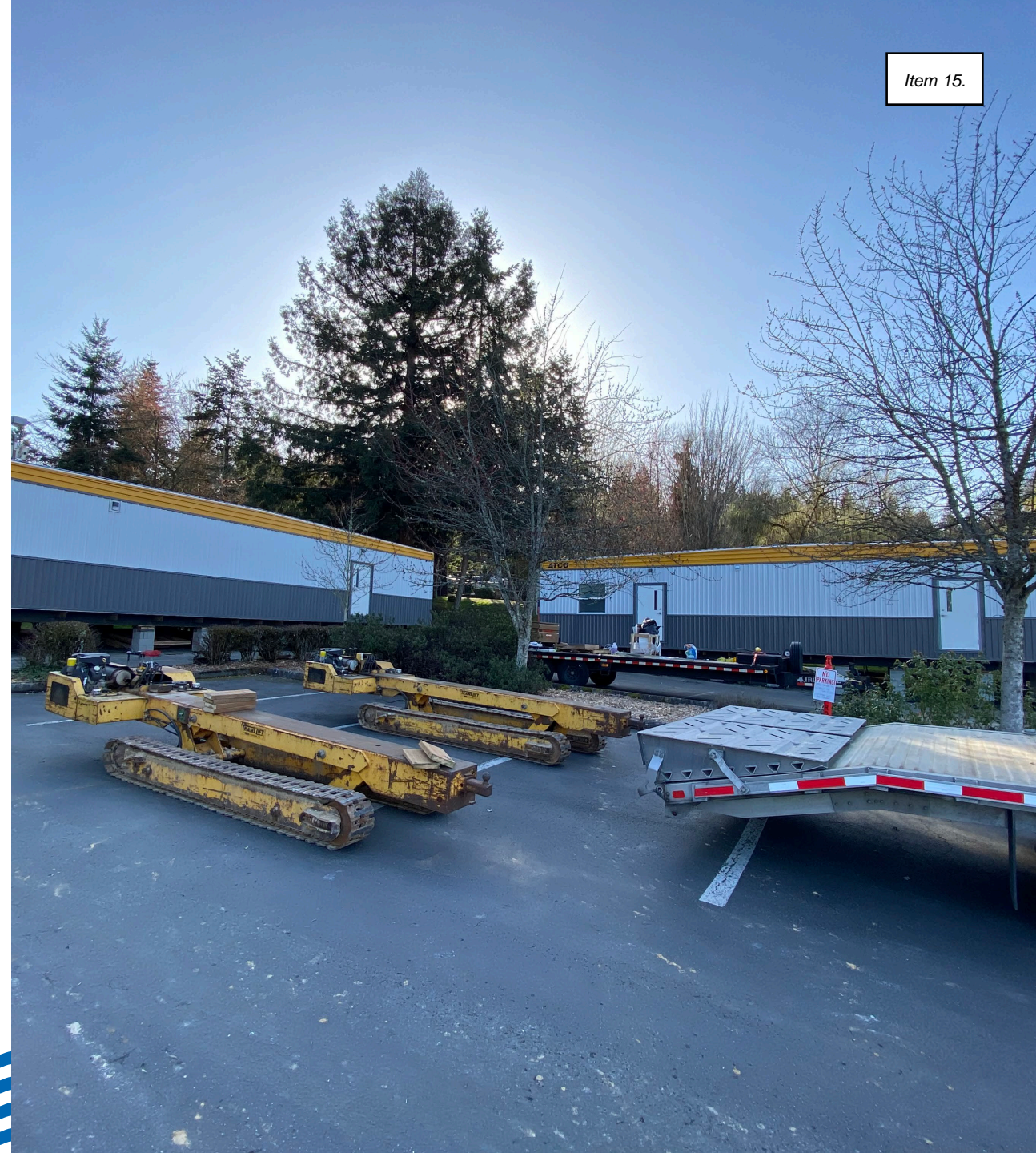
Staff Workshops

- Conducted workshops with each of the four City departments expected to be housed in the future PSM building.
- Facilitated input on departmental operational and space needs in a new building and yard
- Determined area requirements for vehicle and equipment storage and maintenance
- Reviewed operational relationships between departments; daily operations and activity workflows
- Understand performance requirements for facility components
- Plan for and anticipate future growth/future changes in the needs of service deliver.



Key Police Department Needs

- The Mercer Island Police Department formerly operated out of the former City Hall building
- MIPD is currently operating out of modular buildings on the former City Hall parking lot and the Luther Burbank Building.



Key Police Department Needs

- Workstations and support spaces for approximately 40 police department staff, including patrol units, detectives, marine units, police administrators.
- Secure parking for department vehicles and equipment.
- Public facing workspace and storage for records team.
- Single controlled public access point to the police precinct
- Secure Interview rooms.

Item 15.



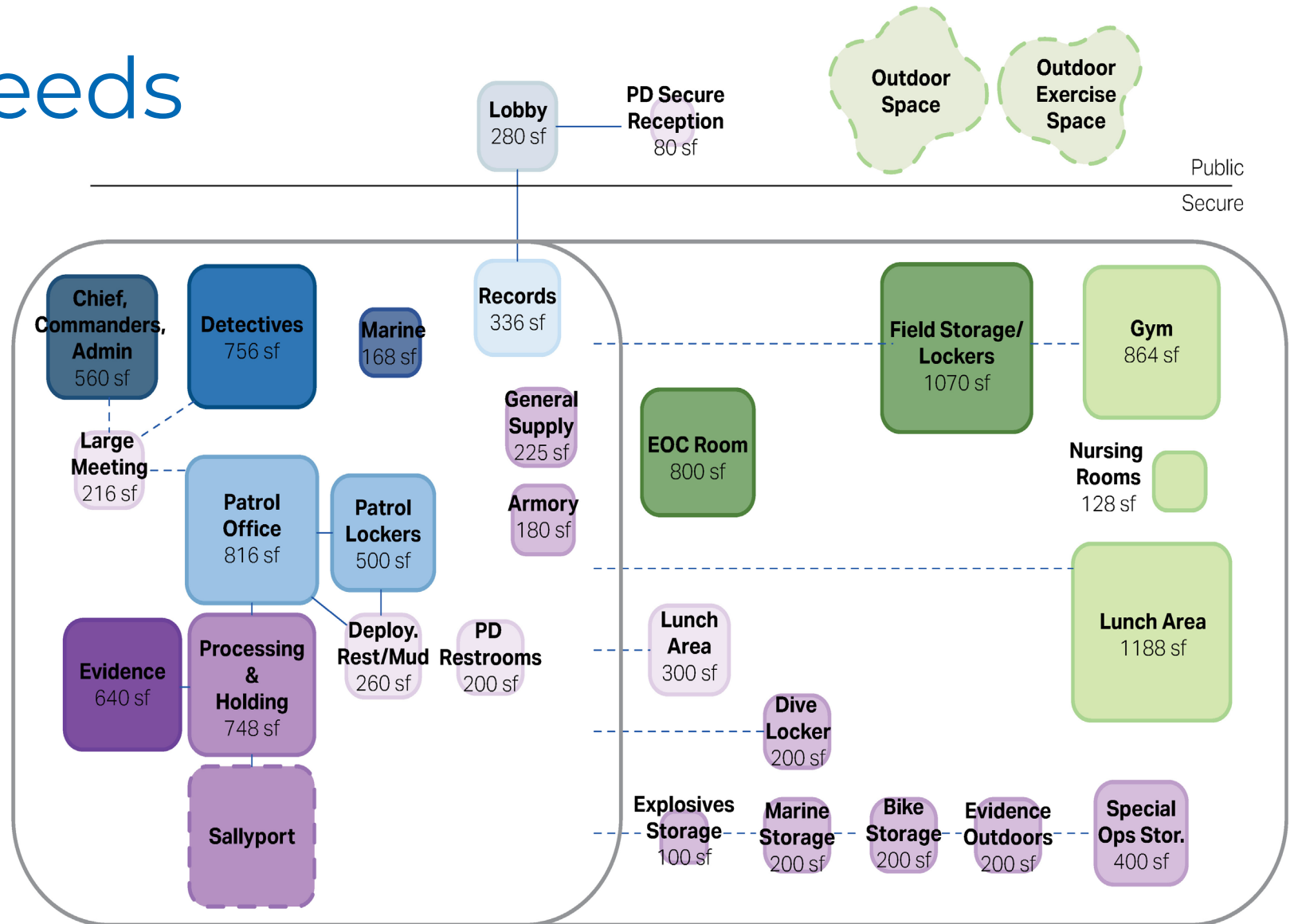
Key Police Department Needs

- Vehicle sallyport and areas for secured criminal intake, processing, and holding.
- Secure evidence storage.
- Specialty storage and operations areas including marine storage and dive lockers, special operations room, bicycle patrol storage, and the armory.
- Patrol lockers and deployment mudroom.



Key Police Department Needs

- Preliminary concepts of space programming and square footage needed for Police Department
- Includes shared spaces (green)
- Demonstrates workflow relationships heard in staff workshops
- Most of space is secured and not publicly accessible



Key Public Works Needs

- Currently operating out of existing PW admin and shop building, including yard space for various City vehicles and material storage.
- Public Works departments include:
 - Engineering
 - Capital projects
 - Parks and recreation
 - Utility teams
 - Right of way team
 - Stormwater teams
 - Support services
 - Seasonal public works team members.



Key Public Works Needs

- Workspaces and support spaces for approximately 80 employees including offices, meeting rooms, and lunch areas.
- Storage for field equipment and gear for field staff.
- Locker rooms, mud rooms, and cleanup rooms for field staff.
- Laundry facilities.



Key Public Works Needs

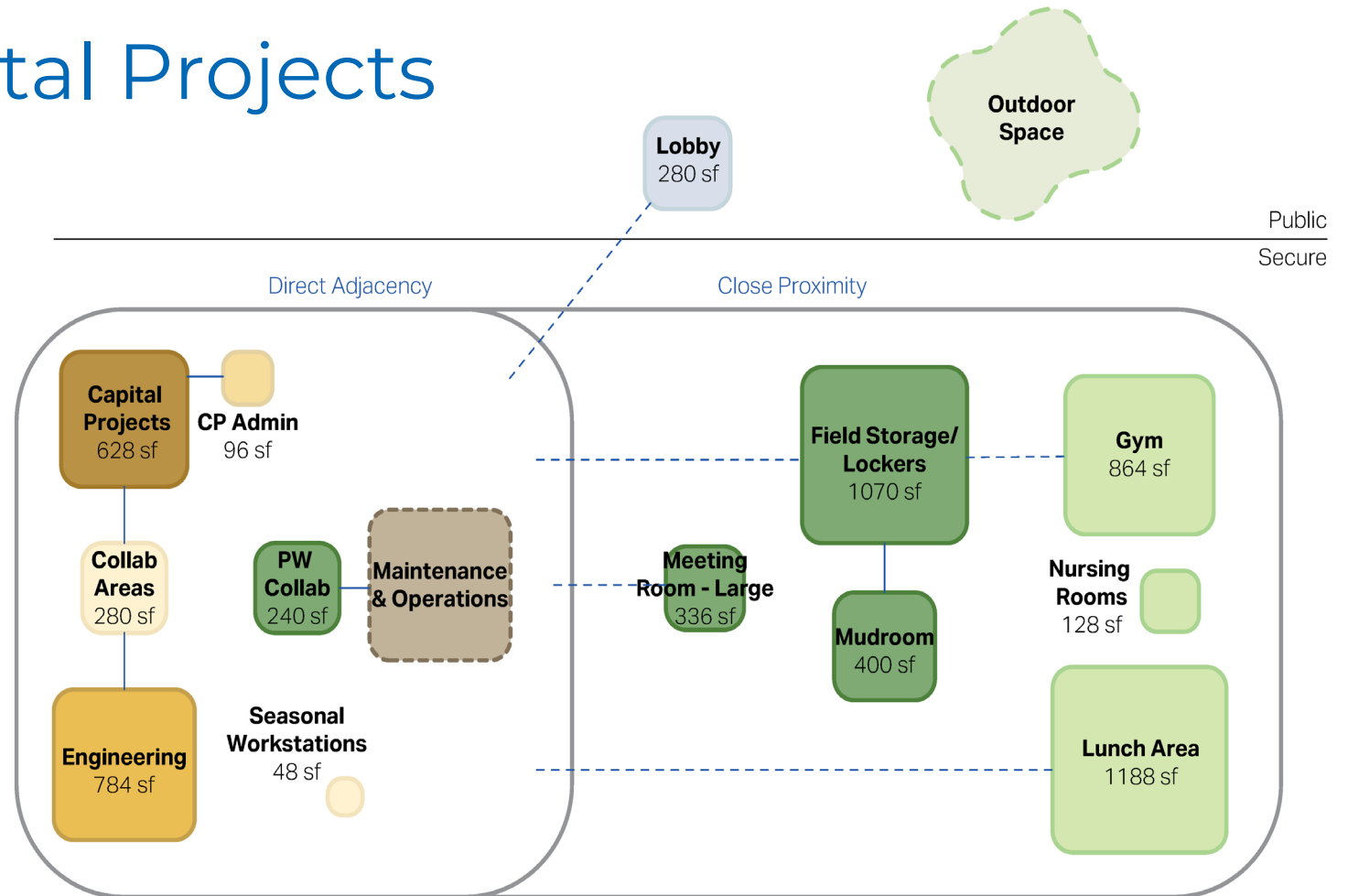
- Sleep rooms for staff overnight use during emergency operations.
- Primary loading, receiving, and storage areas for public works equipment and materials inventory.
- Storage and maintenance facilities for over 100 pieces of equipment and City vehicles, many of which are the largest and most expensive vehicles owned and operated by the City.



Key Public Works Needs

Engineering & Capital Projects

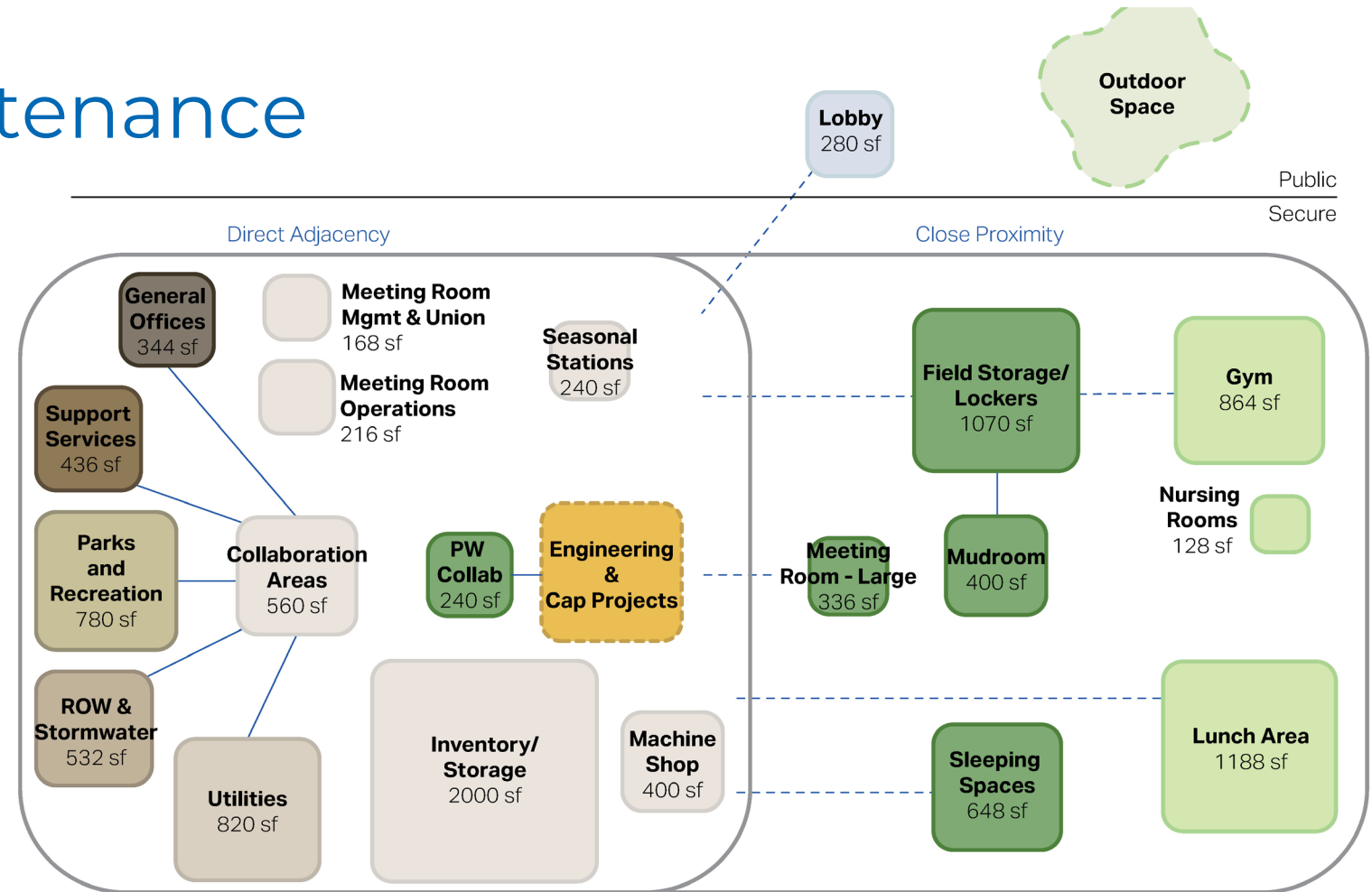
- Preliminary concepts of space programming and square footage needed for Public Works.
- Includes shared spaces (green)
- Demonstrates workflow relationships heard in staff workshops
- Most of space is secured and not publicly accessible



Key Public Works Needs

Operations & Maintenance

- Preliminary concepts of space programming and square footage needed for Public Works.
- Includes shared spaces (green)
- Demonstrates workflow relationships heard in staff workshops
- Most of space is secured and not publicly accessible



Key Emergency Operations Center (EOC) Needs

- The former City Hall had a dedicated Emergency Operations Center (EOC) in the basement
- With the closure of City Hall the EOC has generally operated out of the Mercer Island Community and Event Center (MICEC) when needed.



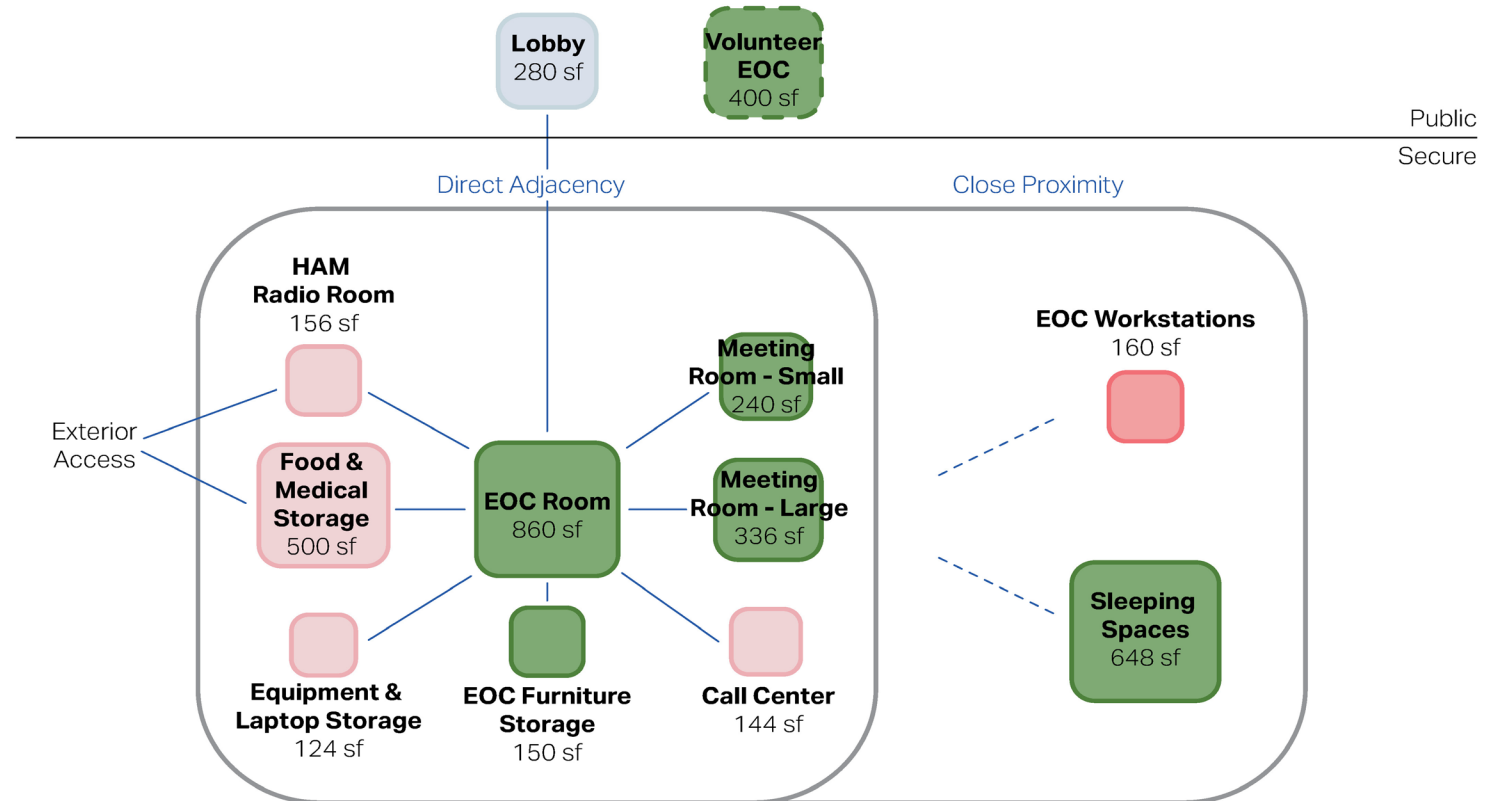
Key Emergency Operations Center (EOC) Needs

- A large and flexible command center.
- Breakout meeting spaces and areas for local media.
- Support spaces including a call center, emergency radio communications, equipment storage, and workspaces to host members of partner government agencies.
- Storage for medical, food and water, and related supplies for distribution to the community during emergencies.



Key Emergency Operations Center Needs

- Preliminary concepts of space programming and square footage needed for EOC.
- Includes shared spaces (green)
- Demonstrates workflow relationships heard in staff workshops
- Most of space is secured and not publicly accessible



Key IT/GIS Needs

- IT & GIS staff and the City's servers previous operated out of the former City Hall building.
- IT & GIS staff currently working out of the Luther Burbank Admin building or remotely.



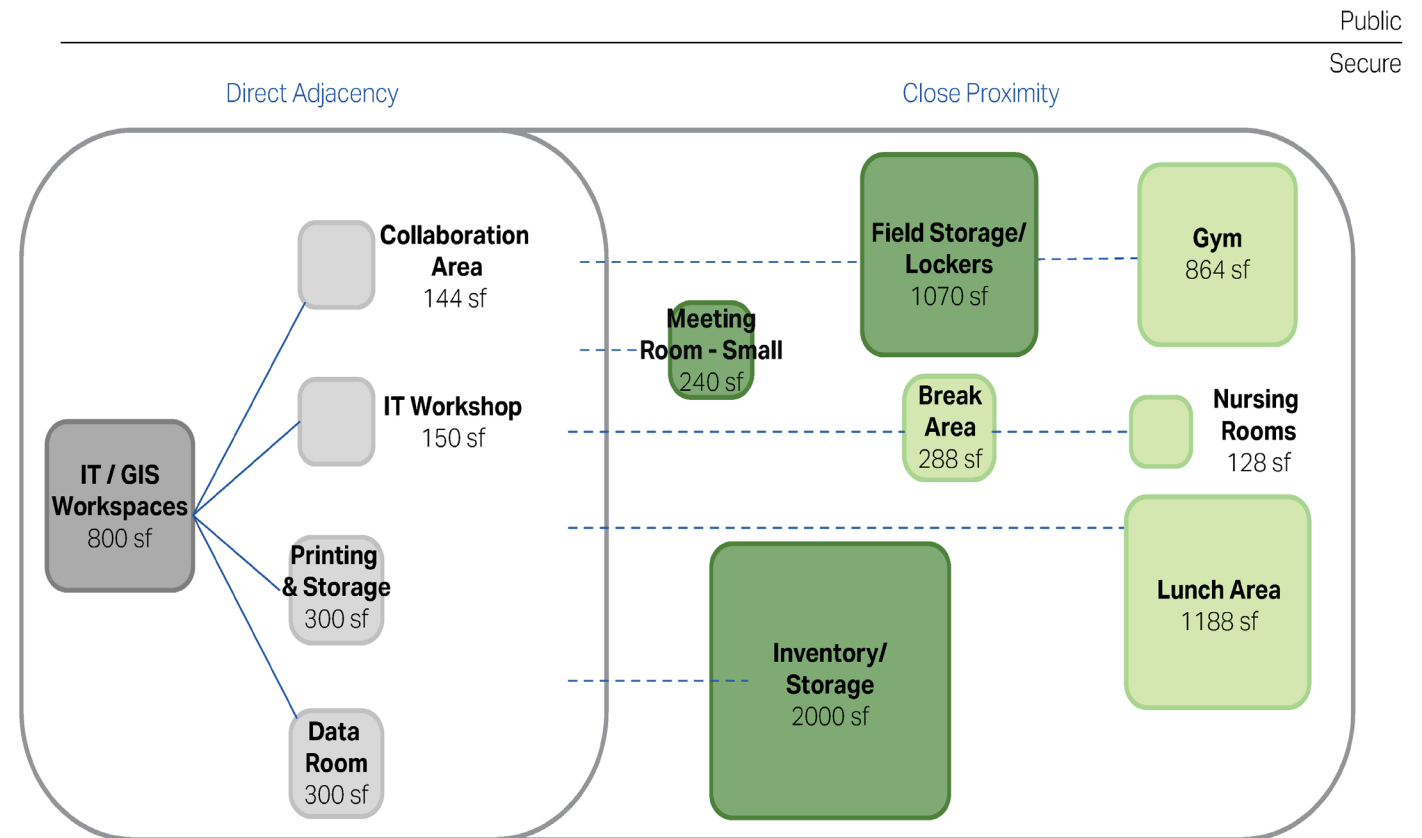
Item 15.

Key IT/GIS Needs

- Workstations and support spaces for approximately 9 city staff. This team historically spends a significant amount of their daily operations supporting the unique technical needs of the Police Department and Public Works team.
- Equipment and server storage for the department. Access to loading, receiving, and storage areas.
- A dedicated and secure server room for the City's central computer servers.

Key IT/GIS Needs

- Preliminary concepts of space programming and square footage needed for IT & GIS.
- Includes shared spaces (green)
- Demonstrates workflow relationships heard in staff workshops
- Space is secured and not publicly accessible



Shared Spaces

- Several support spaces are a shared necessity among multiple departments, including:
 - Sleeping spaces for staff during emergencies, extreme weather or multiple shifts, or circumstances related to MIPD operations.
 - Large and flexible meetings spaces.
 - Exercise equipment and lunchroom spaces.
 - Lockers and storage for field equipment alongside shared cleanup and washdown areas,
 - Loading and receiving areas for equipment and supplies.

Preliminary Size of PSM Building

- In the existing City facilities, these four groups currently use approximately 40,000 square feet of building area.
- Preliminary design of PSM building anticipates new building using roughly the same amount of square feet.
- City expects efficiencies from use of shared spaced and combining these functions from separate buildings into one.

Essential Public Facility Building Standard



What are Building Standard Risk Categories?

- The risk category (RC) reflects the relative seriousness of potential failure.
- Categories vary from the lowest hazard to human life (RC I) to the highest hazard (RC IV) and serve as a threshold for a variety of code provisions related to earthquake, rain, flood, snow, ice, tornado, and wind loads.
- Most buildings are designated (RCII), including current City facilities.
- Most essential public facilities are designated (RC IV).

Why build the PSM to Risk Category IV?

- This type of facility is a lifeline to the community in the most extreme circumstances, and the departments proposed to be working out of this facility are critical to remain operational during a catastrophic event.
- Building risk categories are determined by the International Building Code (IBC). IBC Table 1605.4 identifies the essential facilities that form a basis for the Building's designation (see next slide).

Why build the PSM to Risk Category IV?

RISK CATEGORY	NATURE OF OCCUPANCY
IV	<p>Buildings and other structures designated as essential facilities, including but not limited to:</p> <ul style="list-style-type: none"> •Group I-2, Condition 2 occupancies having emergency surgery or emergency treatment facilities. •Ambulatory care facilities having emergency surgery or emergency treatment facilities. •Fire, rescue, ambulance and police stations and emergency vehicle garages •Designated earthquake, hurricane or other emergency shelters. •Designated emergency preparedness, communications and operations centers and other facilities required for emergency response. •Power-generating stations and other public utility facilities required as emergency backup facilities for <i>Risk Category IV</i> structures. •Buildings and other structures containing quantities of highly toxic materials that: <ul style="list-style-type: none"> •Exceed maximum allowable quantities per control area as given in Table 307.1(2) or per outdoor control area in accordance with the <i>International Fire Code</i>; and •Are sufficient to pose a threat to the public if released.^b •Aviation control towers, air traffic control centers and emergency aircraft hangars. •Buildings and other structures having critical national defense functions. •Water storage facilities and pump structures required to maintain water pressure for fire suppression.

Category IV Buildings

- Structure:
 - Category IV structures are designed for 50% larger seismic forces than the average building (Risk Category II) in the same location.
- Building Systems:
 - Seismic bracing is required for all mechanical, electrical, and plumbing systems.
 - Special seismic certification is required for:
 - All Equipment, such as Air Handlers and Fans
 - All Ductwork, Piping and Electrical Conduit, etc., including Smoke Control Air Handlers, Smoke Control Fans and Ductwork, Fire Sprinkler Pumps and Piping, etc.

Next Steps

- City staff and Northwest Studio will continue to work with Police, Public Works, EOC staff, and IT & GIS to gather feedback on design concepts and proposed building programming and workflow.
- City staff are preparing to come back to council on June 4 or June 18 to present early design and siting concepts for the Public Safety and Maintenance building, including early cost estimates.

Discussion and Questions



2024 PLANNING SCHEDULE

Item 16.

Please email the City Manager & City Clerk when an agenda item is added, moved, or removed.

Items are not listed in any particular order. Agenda items & meeting dates are subject to change.

JUNE 4, 2024		DD	FN	CA	Clerk	CM
ABSENCES:		5/24	5/24	5/24	5/28	5/28
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
60	AB 6483: Draft Water System Reliability Action Plan Discussion			Jason Kintner/Alaine Sommargren		
30	AB 6484: 2024 Community Survey Results Summary			Mason Luvera/Ali Spietz		
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB 6485: May 17, 2024 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB 6486: Pride Month Proclamation No. 334			Mayor Nice/Merrill Thomas-Schadt		
--	AB 6487: Juneteenth Proclamation No. 335			Mayor Nice/Merrill Thomas-Schadt		
--	AB 6482: Aubrey Davis Park Trail Improvements Bid Award			Jason Kintner/Clint Morris/Paul West		
REGULAR BUSINESS						
20	AB 6488: Public Hearing - Interim regulations in MICC 19 for temporary uses and structures (First reading; Ord. No. 24C-07)			Jeff Thomas/Molly McGuire		
20	AB 6489: Public Hearing – Interim regulations in MICC 19 for residential parking configurations (SB 6015) (First reading; Emergency Ord No. 24C-08)			Jeff Thomas/Ryan Harriman		
60	AB 6468: TIP 2025-2030 Public Hearing and Preview			Jason Kintner/Matt Mornick/Patrick Yamashita/Rebecca O’Sullivan/Ian Powell		
10	AB 6490: AWC Annual Meeting Voting Delegate			Mayor Nice/Andrea Larson		
60	AB 6491: Early Design and Siting Considerations of Public Safety and Maintenance Building			Jessi Bon/Robbie Cunningham Adams		
30	AB 6492: Water Shortage Contingency Plan			Jason Kintner/Alanna DeRogatis		
EXECUTIVE SESSION						

JUNE 18, 2024 ABSENCES:				DD 6/7	FN 6/10	CA 6/10	Clerk 6/11	CM 6/11
ITEM TYPE TIME TOPIC						STAFF		
STUDY SESSION								
SPECIAL BUSINESS								

10	AB xxxx: 2023 Community Member of the Year	Mayor Nice/Andrea Lar	Item 16.
CONSENT AGENDA			
--	AB xxxx: May 31, 2024 Payroll Certification	Ali Spietz/Nicole Vannatter	
--	AB xxxx: Safe Streets and Roads for All (SS4A) FY23 Grant Agreement	Jason Kintner /Patrick Yamashita/Rebecca O'Sullivan	
--	AB xxxx: Interim regulations in MICC 19 for temporary uses and structures (Second reading; Ord. No. 24C-07)	Jeff Thomas/Molly McGuire	
--	AB xxxx: 2024 Arterial and Residential Street Overlays Bid Award	Jason Kintner/ Clint Morris/ Ian Powell	
REGULAR BUSINESS			
30	AB xxxx TIP 2025-2030 Adoption	Jason Kintner/ Matt Mornick /Patrick Yamashita/Rebecca O'Sullivan	
45	AB xxxx Commuter Parking Project Update	Jessi Bon/Robbie Cunningham Adams	
10	AB xxxx Recreation Sponsorship Policy- Anti-Discrimination Language	Jason Kintner/ Ryan Daly	
EXECUTIVE SESSION			

JULY 2, 2024		DD	FN	CA	Clerk	CM
ABSENCES:		6/21	6/24	6/24	6/25	6/25
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: June 14, 2024 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: Parks and Recreation Month Proclamation No. xxx			Mayor Nice/Ryan Daly		
--	AB xxxx: 80 th Avenue Sidewalk Improvements Bid Award			Jason Kintner/ Clint Morris/ Ian Powell		
	AB xxxx: Resolutions to Apply for RCO LWCF and WWRP Grant Funding Programs for Luther Burbank Park Access Improvements			Jason Kintner/Kellye Hilde/Paul West		
REGULAR BUSINESS						
30	AB xxxx: Emergency Assistance Program Update			Ali Spietz/Derek Franklin		
10	AB xxxx: Public Hearing and Adoption of Ord. No. 24C-XX on Interim Regulations Related to Permit Processing in Chapters 19.15 and 19.16 MICC (Adopt Ord. No. 24C-XX)			Alison Van Gorp		
30	AB xxxx: Mercer Island Municipal Court Report			Judge Gregory		
20	AB 6464: First Reading of a Bond Ordinance for the Water Utility (Ord. No. 24-09)			Jason Kintner/ Matt Mornick/ Deanna Gregory/ Justin Monwai		
EXECUTIVE SESSION						

JULY 16, 2024		DD	FN	CA	Clerk	CM
ABSENCES:		7/8	7/8	7/8	7/9	7/9
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
60	AB xxxx: 2024 Comprehensive Plan Periodic Update – Presentation of Planning Commission Recommended Draft			Jeff Thomas/Adam Zack		
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: June 28, 2024 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: 2024 AC Water Main Replacement Bid Award			Jason Kintner/ Clint Morris/ George Fletcher		
--	AB xxxx: Second Reading of a Bond Ordinance for the Water Utility (Ord. No. 24-09)			Jason Kintner/ Matt Mornick/ Deanna Gregory/ Justin Monwai		
REGULAR BUSINESS						
EXECUTIVE SESSION						

AUGUST 6, 2024		DD	FN	CA	Clerk	CM
ABSENCES:		7/26	7/29	7/29	7/30	7/30
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
REGULAR BUSINESS						

EXECUTIVE SESSION

AUGUST 20, 2024

ABSENCES:

DD
8/9FN
8/12CA
8/12Clerk
8/13CM
8/13

ITEM TYPE | TIME | TOPIC

STAFF

STUDY SESSION

SPECIAL BUSINESS

CONSENT AGENDA

REGULAR BUSINESS

EXECUTIVE SESSION