



CITY OF MERCER ISLAND

CITY COUNCIL REGULAR HYBRID MEETING

Tuesday, October 06, 2026 at 5:00 PM

MERCER ISLAND CITY COUNCIL:

Mayor David Rosenbaum, Deputy Mayor Daniel Becker,
Councilmembers: Lisa Anderl, Julie Hsieh,
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 three 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) 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 to speak for three (3) minutes. 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 814 2008 4004 and Password 730224
 - **Zoom:** Click this [link](#) (Webinar ID 814 2008 4004; Password 730224)
 - **In Person:** Mercer Island Community & Event Center – Slater Room Council Chambers (8236 SE 24th Street, Mercer Island, WA 98040)
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MEETING AGENDA - REVISED

CALL TO ORDER & ROLL CALL, 5:00 PM

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

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

1. AB 6998: September 10, 2026 Payroll Certification

Recommended Action: Approve the September 10, 2026 Payroll Certification in the amount of \$1,016,390.42 and authorize the Mayor to sign the certification on behalf of the entire City Council.

2. AB 7000: September 25, 2026 Payroll Certification

Recommended Action: Approve the September 25, 2026 Payroll Certification in the amount of \$1,048,477.54 and authorize the Mayor to sign the certification on behalf of the entire City Council.

3. City Council Regular Hybrid Meeting Minutes of September 15, 2026

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of September 15, 2026.

4. AB 7001: Certification for Claims Paid August 28, 2026 through September 15, 2026

Recommended Action: Approve the August 28, 2026 through September 15, 2026 Accounts Payable Certification of Claims in the amount of \$2,576,333.01 and authorize the Mayor to sign the certification on behalf of the entire City Council.

5. AB 7002: Domestic Violence Awareness Month, Proclamation No. 398

Recommended Action: Approve Proclamation No. 398 proclaiming October 2026 as Domestic Violence Awareness Month on Mercer Island.

6. AB 7003: Arbor Day, Proclamation No. 399

Recommended Action: Approve Proclamation No. 399 proclaiming the fourth Saturday in October as Arbor Day on Mercer Island.

7. AB 7004: Indigenous Peoples' Day, Proclamation No. 400

Recommended Action: Approve Proclamation No. 400 proclaiming October 12, 2026 as Indigenous Peoples' Day on Mercer Island.

8. AB 7005: 2025 Asbestos Cement Water Main Replacement Project Bid Award

Recommended Action: Award the 2025 AC Water Main Replacement project to Kar-Vel Construction; authorize the City Manager to execute a contract with Kar-Vel Construction in an amount not to exceed \$3,246,075; and set the total project budget to \$4,753,322.

9. AB 7007: Ezee Fiber Franchise Agreement (Ord. No. 26-14, Second Reading)

Recommended Action: Adopt Ordinance No. 26-14, approving a telecommunications franchise agreement with Ezee Fiber.

10. AB 7008: Pressure Reducing Valve Station Replacements Project Phase 2 Bid Award

Recommended Action: Award Phase 2 of the PRV Station Replacements project to Fury Site Works Inc.; authorize the City Manager to execute a contract with Fury Site Works Inc. – a Washington-based corporation – in an amount not to exceed \$1,732,213; and set the total project budget at \$2,148,356.

11. AB 7010: MIYFS Foundation Donation Acceptance

Recommended Action: Accept the additional one-time donation of \$95,852 from the Mercer Island Youth and Family Services Foundation to hire a 0.6 FTE High School Counselor for the 2026-2027 school year and authorize the City Manager to sign the Funding Acceptance Agreement memorializing the donation.

12. AB 7017: ESHB 2015 Public Safety Grant Award

Recommended Action: Authorize the City Manager to accept a grant awarded in the amount of \$2,138,299 from the Washington State Criminal Justice Training Commission to support public safety initiatives within Mercer Island, execute the grant agreement, and accept all grant renewals as required.

REGULAR BUSINESS

13. AB 7009: Introduction to the 2027-2028 Preliminary Biennial Budget and Overview of the 2027-2032 Capital Improvement Program (CIP)

Recommended Action: Receive the 2027-2028 Preliminary Biennial Budget available at and provide feedback on the 2027-2032 CIP (see pages E-1 to E-132). No additional action required.

14. AB 7018: Discuss Potential Restructure of the Planning Commission – *Added 10/5/2026*

Recommended Action: Discuss the current structure of the Planning Commission and provide direction to the City Manager regarding potential changes and next steps.

OTHER BUSINESS

14. Planning Schedule

15. Councilmember Absences & Reports

EXECUTIVE SESSION – Approximately 60 Minutes

16. Pending or Potential Litigation

Executive Session to discuss with legal counsel pending or potential litigation pursuant to RCW 42.30.110(1)(i)

ADJOURNMENT

City Manager's Report

Tuesday, October 6, 2026





Council Board and Commission Updates



Upcoming Meeting Snapshot

- Upcoming Hybrid City Council Meetings
 - Regular Hybrid Meeting – Tuesday, October 20 at 5:00 p.m.
- Boards and Commissions
 - Utility Board – Tuesday, October 13 at 5:00 p.m.

Visit www.mercerisland.gov/meetings for more information.



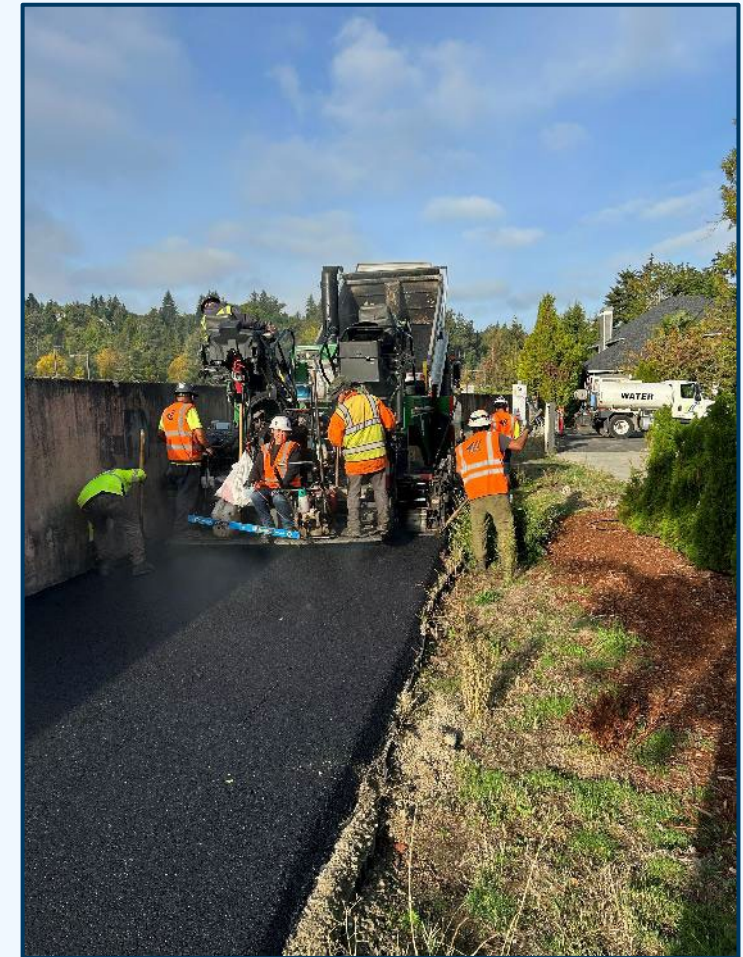
City Updates



King County Metro Sewer Project

Item 1.

- King County has been working to replace sewer pipes that serve areas in North Mercer Island for the last 4 years.
- Their contractor completed work on SE 36th Street in front of City Hall last week, returning the driving lanes to normal.
- Final I-90 trail paving between 96th Avenue SE and East Mercer Way is being completed this week.
- This trail segment will remain closed until landscaping is completed in eight weeks.
- Visit the project website for more information:
kingcounty.gov/MercerEnataiSewer



Reservoir Tank Improvements

- From 2024 to 2025, the City's two 4-million-gallon water reservoir tanks were restored with structural improvements and the interior of the tanks were re-lined.
- Draining of the South Reservoir began in September for the one-year coating warranty inspection. This is to ensure that the lining is performing as specified.
- The tank will return to service after coating touch-ups and installation of the corrosion protection system are complete.
- This planned warranty work and final project closeout is anticipated by year-end.
- This type of work on the tanks occurs about every 20 years.

Item 1.



Upcoming Events



Fall 2026 Recycling Event

- Join us for a fall cleanup and recycling event on Saturday, October 17 from 9:00am to 3:00pm at the Boat Launch!
- Safely dispose of the old equipment, hardware, appliances, and other household items that are cluttering your basement or garage.
- For more information:
www.mercerisland.gov/RecycleEvent

Item 1.



Town Center Trick or Treat

- Town Center Trick-or-Treat returns Friday, October 30, from 4–6 p.m.!
- Come dressed to impress and stroll through Town Center in search of treats.
- A list of participating business can be found on our website, but you can also follow the ghosts! Businesses featuring an MI Ghost poster in their window will have treats to share!

www.mercerisland.gov/halloween



Some Good News



YFS Annual Back-to-School Program

Item 1.

- This annual program supports Island families in need with school-supply gift cards for the MI Thrift Shop, Famous Footwear, and Kroger, plus clothing bundles from KidVantage.
- Starting school supplied, clothed, and ready to learn helps children from lower-income families thrive socially and academically.
- The community's relative affluence can make it harder for under-resourced children to fit in without additional support.
- This year, YFS assisted 46 families (77 children) with \$10,100 in aid; 10 children also received fall clothing bundles from KidVantage. Donations to the MI Thrift Shop and MIYFS Foundation generously support the program.



Thank you!



Log #	AB No.	Received From	Question	Staff Response
1	7010	Reynolds	Please recap YFS counselor staff FTE allocation by school in 2025-2026 school year and (if different) the head count budgeted for 2026-2027 and 2027-2028	2025-2026 • Mercer Island High School: 1.66 FTE (2 employees) • Islander Middle School: 0.83 FTE + 0.83 LTE (2 employees) • Northwood Elementary: 0.83 FTE (1 employee) • West Mercer Elementary: 0.83 FTE (1 employee) • Island Park Elementary: 0.83 FTE (1 employee) • Lakeridge Elementary: 0.83 FTE (1 employee) 2026-2027 • Mercer Island High School: 1.66 FTE + 0.60 LTE (3 employees) • Islander Middle School: 0.83 FTE + 0.83 LTE (2 employees) • Northwood Elementary: 0.83 FTE (1 employee) • West Mercer Elementary: 0.83 FTE (1 employee) • Island Park Elementary: 0.83 FTE (1 employee) • Lakeridge Elementary: 0.83 FTE (1 employee) 2027-2028 • Mercer Island High School: 1.66 FTE (2 employees) • Islander Middle School: 0.83 FTE + 0.83 LTE (2 employees) • Northwood Elementary: 0.83 FTE (1 employee) • West Mercer Elementary: 0.83 FTE (1 employee) • Island Park Elementary: 0.83 FTE (1 employee) • Lakeridge Elementary: 0.83 FTE (1 employee)
2	7009	Reynolds	A-19: 1.1 refers to “long-term fiscal outlook. Most of this book (except capital) is focused on two years. Will we see a six-year outlook at the planning session?	The Financial Forecast (AB6997x1) for the 2027-2028 Preliminary Biennial Budget was shared with the City Council at the September 15, 2026 City Council meeting. It included a seven-year projection (2026-2032) for the City’s general government service funds, including the General (001, page 7) and Youth and Family Services (160, page 14) funds.

Log #	AB No.	Received From	Question	Staff Response
3	7009	Reynolds	A-19: If we want to add items to the work plan, when is the appropriate time to bring this up? This meeting? The next meeting? The planning session?	The appropriate timing depends on the type of work item being considered. The October 6 City Council meeting is the appropriate time to discuss and direct changes to the capital budget, including the capital project list. Individual capital projects are not specifically called out in the Work Plan but are generally implied through the capital program. Any addition to the project list would require a corresponding decision to cancel, defer, or postpone another project given available funding and staff capacity. The October 20 City Council meeting is the appropriate time to discuss and direct changes to the operating budget, which supports many of the work items. Any proposed addition should include discussion of the resources needed to complete the work, how those costs would be funded, and impacts to staff capacity or other priorities. It is important that Council provide its budget direction during these two October meetings. November is dedicated to incorporating that direction and preparing the Final 2027–2028 Biennial Budget for Council approval on December 1. Substantive changes requested in November will not provide sufficient time for staff to evaluate and incorporate them into the Final Budget. Requested budget changes should be made by motion to ensure a clear record of City Council action in the meeting minutes and clear direction to the City Manager. The February 5, 2027 Planning Session will focus on financial sustainability and facility planning. The specific work items for these two priorities have intentionally been left open to allow for a more focused discussion with the City Council before the scope and direction of the work is established.
4	7009	Reynolds	B-9: Why is 1% for the arts zero in 2019?	Reflecting no qualified capital projects are expected to contribute 1% in 2028.

Log #	AB No.	Received From	Question	Staff Response
5	7009	Reynolds	B-17: Remind me (again) what the Freeman Landing Reserve is. Can those funds be released?	Use of the reserve is restricted by RCW 35.79.035(3) which states in part that: <i>Moneys received from the vacation may be used by the city or town only for acquiring additional beach or water access, acquiring additional public view sites to a body, or acquiring additional moorage or launching sites.</i> See also AB 5316 .
6	7009	Reynolds	E-5: Some services are shown as long-term debt as a financing strategy. But that only shifts timing. Which of the other columns of the table does the debt service for these items go?	Per the table on E-5, debt service may be used to help finance Utilities (e.g., sewer conveyance, water distribution, and stormwater systems) and Public Buildings (acquisition). This aligns with the City Council’s financial management policies, which state long-term debt may finance large capital investments such as construction of public infrastructure or significant property acquisition (Resolution No. 1667, page 13). From a policy perspective, the City uses debt as a financing strategy to: • Allocate costs appropriately: Intergenerational equity ensures that the costs of long-lived infrastructure improvements are shared between present and future beneficiaries. • Manage cash flow: Spreading out payments reduces the immediate cash strain that would otherwise result from funding substantial public improvements all at once. Yes, debt issuance shifts the timing of the cash outlay. The ongoing debt service (principal and interest repayments) is supported by the ongoing revenue sources tied to those assets. For example, rates utility customers pay for drinking water pay the debt service tied to water system improvements financed by debt.

Log #	AB No.	Received From	Question	Staff Response
7	7009	Reynolds	E-7 (though it is labeled as D-7): I note that the majority of the expense for Groveland and Clarke are deferred to 2031. What risk do we run of having to shut down features (docks, swim areas) or lose the right to upgrade certain features as a result of this delay? What is the sequencing of projects for Dragon Park Phase 1? Could the non-accessibility items be moved later to allow faster work on Groveland or Clarke?	Clarke and Groveland were developed in the 1960s and 1970s, and their overwater structures and other amenities are aging and need replacement. The 2023 preliminary assessment indicated that the in-water structures at both parks need to be addressed within the next 5 to 10 years to avoid further deterioration or loss. While delaying the design and permitting work is not ideal, the financial resources available this biennium are insufficient to support this scope of work, which requires a multi-year review involving multiple agencies. Ongoing assessments of these facilities will continue, and closures may be necessary if the structures deteriorate beyond repair. The improvements at Deane's park are funded through the dedicated Mercer Island parks levy, and the funds were approved for playground replacements. The levy funding is also used as a grant match for the various grant programs we are pursuing. These funds cannot be transferred to expedite work at Clarke Beach and Groveland Beach parks. Here is some additional information on the grants being pursued for Deane's. The City Council authorized applications for two grants, each requiring a 50% match. • Phase I: On July 7, 2026, Council authorized a \$500,000 state grant application (AB 6958) for the initial improvements. The local levy funds committed to the project would satisfy the required match for this grant. • Phase II: On September 15, 2026, Council authorized a \$1,046,000 federal grant application (AB 6996) for potential 2029–2030 improvements. The intent of the Phase II funding strategy was to leverage the Phase I investment: the Phase I grant award and levy funds may provide the matching funds required for the Phase II grant application.

Log #	AB No.	Received From	Question	Staff Response
				If the City Council reallocated the levy funding from Deane’s to another playground, the City would need to withdraw the grant applications mentioned above. For City Council awareness, the City’s most recent grant application to the Washington State Recreation and Conservation Office was impacted by the City’s non-compliance with the Growth Management Act per the GMHB order related to the 2024 Comprehensive Plan update, which resulted in a loss of points during the preliminary scoring process. The City is now in compliance with the Growth Management Act and does not expect this issue to affect future applications; at this time, it is too soon to know whether the lost points will ultimately affect this grant award.
8	7009	Reynolds	E-10: Ground water intrusion sounds like a big deal. What is the additional risk we are creating by deferring this work to 2029?	A 2026 investigation identified localized water intrusion at the gymnasium egress doors and where electrical conduits enter the electrical room, rather than a widespread below-grade groundwater issue. Due to this investigative work, the scope of work was modified and “right sized.” Deferring the full improvements until 2029 does not create significant additional risk. The scope and cost of improvements – including egress door canopies, weatherstripping replacement, and conduit sealing where needed – will be refined in 2029 to address the identified issues.

Log #	AB No.	Received From	Question	Staff Response
9	7009	Reynolds	E-13: Naively, 745K sounds like a lot for planning (the title). Is this really just for planning or does it include doing the construction? Is it decided yet what functions will be housed in that building once the work is done	The \$745,000 covers planning and construction, including roofing and parapet flashing replacement, replacement of the rooftop HVAC unit and a mini-split heat pump, fire-water line repairs, localized parking lot repairs, and minor interior repairs. The funding also supports workspace preparation, security, door access, and Wi-Fi for initial occupancy. Staff workspaces and hoteling areas are planned, with specific departments and occupancy needs to be confirmed as the space plan is finalized. We'll update the title to "9655 Building Planning and Improvements" to better reflect this scope. The City Manager will be discussing the 9655 occupancy plan at the February 5, 2027 Planning Session. The short-term plan is to make use of as much as the facility as possible to re-house City services. The long-term plan for 9655 depends on the plan to re-house police and emergency response services.
10	7009	Reynolds	E-19: Do we have any reason to believe any of our pipes are lead?	The EPA requires the City to prepare and maintain an inventory of service line materials. Work completed in 2025 (Phase 1) did not identify any lead within the City's distribution system. Although the City's asset inventory is robust, information about some galvanized service lines and connection components is incomplete, requiring further investigation. Phase 2 will focus on identifying the materials of the remaining unknown service lines, including connections at the water main and customer-side supply lines. Once Phase 2 is complete, the City will have a better understanding of the system and can develop a program to replace service lines from the water main to the meter, as needed. Customers or homeowners would be responsible for replacing private supply lines on their side of the meter.

Log #	AB No.	Received From	Question	Staff Response
11	7009	Reynolds	E-22: Does the word “Catchup” in the title imply we are operating unlicensed software at this time?	No. The word “Catchup” is meant to indicate that we are “catching up” to Microsoft’s latest offerings.
12	7009	Reynolds	E-24: The title has the word “plan”, but I thought the plan was largely done. Is this actually a budget for implementation? If so, what is actually being built?	The EV Plan is drafted and will be sent to the City Council later this week for review, anticipating adoption in Q1 2027. Yes, the \$150,000 budget is a placeholder for implementation and to fund future projects. It could be used to support installation of EV chargers at City-owned sites. We’ll update the title to “EV Charging Infrastructure Implementation” to clarify the scope.
13	7009	Reynolds	E-34 and E-37 and E-50: Of the various road projects being planned, which are on streets where the PBF called for bike lanes to be installed? Are bike lanes going to be installed for these projects? (My question pertains to Gallagher Hill Road and North Mercer Way and Mercerwood as examples, but it applies equally to all road projects.)	E-34 will install a bike lane along the south bound (uphill) lane on Gallagher Hill Road. There are currently no plans to install a bike lane as part of E-37. Bike lanes will be considered during E-50 project scope development.
14	7009	Reynolds	E-40: The project cost is shown as 160K, but we have grant for 320 K. How can the grant be more than the project cost?	A total of \$160,000 is budgeted in 2026, with the remaining \$160,000 grant funds budgeted in 2027. Staff estimate all grant funds will be fully spent in the next biennium.
15	7009	Reynolds	E-63: What is motivating prioritizing this project?	Trail lighting improvements to increase pedestrian and bicyclist visibility are identified in the Aubrey Davis Park Master Plan following frequent resident requests. The City’s current Parks, Recreation, and Open Space (PROS) Plan and Six-Year Transportation Improvement Program (TIP) schedules the project for implementation in 2027-2028. As proposed, the project is fully grant funded and will only move forward if grant funding is secured.

Log #	AB No.	Received From	Question	Staff Response
16	7009	Reynolds	E-75: What are “backyards” in this context?	“Backyard sewers” is a term first coined in the 2003 General Sewer Plan and describes sewer mains that are located outside of the public right of way and found commonly in resident “backyards.” Access to these sewers is difficult due to either terrain, landscaping, fences, or other improvements, or lack of accurate easement information and documentation which make maintenance difficult or impossible. The 2003 General Sewer Plan identifies approximately 250 mains as meeting this definition. Project ID 90.30.0002 specifically targets the more than 100 locations that would be fixed through installation of a cleanout or manhole.
17	7009	Weinberg	E-79: I’m trying to get a feel for the overall size of the lake line project. The Reach 1 project on page E-79 has budget of \$12.7m. Reach 2 on page E-84 is \$4.2m for the “Map and Model” portion. How many reaches are there? Was reach 1 the first one we addressed in the project? Is each reach likely to need both “Map & Model” and “Replacement” phases? Will they all likely be in the same general size range, adjusting for inflation, as those phases were for reaches 1 & 2? Just trying to get a general idea of how much iceberg there is below the surface on this one – and how much of that iceberg our generation can realistically expect to chisel off.	There are five reaches totaling approximately 10.8 miles, all installed between the mid-1950s and late-1960s. Reaches 1 through 5 are approximately 2.4, 5.0, 1.4, 0.3, and 1.7 miles long, respectively. To date, only Reach 3, located on the northwest side of the Island, has been replaced (2011). Our current efforts are focused on Reach 1 due to multiple sanitary sewer overflows (SSOs) that have occurred at the upstream end of the reach, near Pump Station 25. Following the most recent SSO, the Department of Ecology issued a regulatory order requiring corrective action by December 31, 2028. The City is working to meet the requirements of that order. Although we are still in the data-gathering and assessment phase, the estimated \$12.7 million represents a conservative planning-level cost for replacing a portion of the Reach 1 lakeline between Pump Stations 25 and 24, approximately 3,000 feet in length. Each Reach, except for Reach 3 (replaced in 2011), is expected to need a Map and Model. The map is necessary to identify the current alignment and profile of the lakeline, and the model is necessary to drive future CIP and planning decisions.

Log #	AB No.	Received From	Question	Staff Response
18	7009	Weinberg	E-81: Do we know whether King County’s recent sewer system enhancement project at the north end expanded the system capacity in anticipation of increased population? If it did expand capacity, do we know whether that expansion is in proportion to what is required in HB 1491 – or is that what the update to the GSP will determine?	King County has confirmed that improvements included in the North Mercer Island/Enatai Sewer Upgrade Project account for future growth; however, the specific growth assumptions and supporting details have not been shared with the City. As a note, the design capacity of the County’s North Mercer Pump Station has more than doubled, increasing from 5.17 million gallons per day (MGD) to 10.53 MGD, as a result of the project.
19	7009	Weinberg	E-24: Does the 2027-2028 portion of implementing the EV charging infrastructure plan currently include completing the EV charging stations at the Tully’s site? There is significant need already for public EV chargers in Town Center. Also, considering its proximity to light rail and the freeway, King County has expressed willingness to help cover the cost. All we need to do is ask.	The proposed 2027–2028 budget supports EV charging installations at City-owned sites. Staff plan to bring the draft EV Plan, including implementation recommendations, to the City Council in Q1 2027 for review and guidance. The specific installation scope and timing will be finalized following that discussion. Although King County has expressed a willingness to cover some of the costs, all grant applications are not equal and the County is not offering to cover the full costs, which is problematic. Many require additional matching City funding and have additional requirements that may limit the application and use of funding. Staff will talk with King County again and explore additional grant funding options once a scope is identified for implementation.

Log #	AB No.	Received From	Question	Staff Response
20	7009	Weinberg	A-13: What is the city’s approximate total debt carrying capacity? Will the \$26m in sewer bonds we plan to issue in 2027 bring us close to that limit? Other than affordability impacts (i.e. higher water & sewer rates), what other risks are there of approaching that limit (e.g. the Aaa rating)?	The amount of debt a government may incur is limited by the State constitution (constitutional debt limit) and individual statutes (statutory debt limit). Debt limits are based on total taxable property value and vary by type of government. Debt that is not voter-approved is limited to 1.5% of assessed value for all local jurisdiction types. When debt has been approved by three-fifths of the voters, total allowable debt increases to 5% of assessed value. Based on 2025 Assessed valuation, the City’s estimated non-voted debt capacity (1.5% of AV) exceeds \$300 million. Even with the additional \$26 million in Sewer debt the City will remain well below the limit and no impacts to the current bond rating are anticipated.
21	7009	Weinberg	A-14: Is \$3.3m about the practical limit of what a city can borrow from the Public Works Trust Fund, or is there more capacity there? I presume the State’s trust fund isn’t large enough for us to use it instead of pursuing our current plan of issuing \$26m in sewer bonds in 2027. Correct?	Correct. The Public Works Trust fund is limited by the resources available in each funding cycle. The process for applying for project funding is also very competitive as jurisdictions statewide are applying for limited available funds. In the 2027 application cycle (applications due June 2026) the Public Works Board had \$202 million available and limited each jurisdiction applicant to a maximum of \$10 million. The City submitted an application requesting \$4.09 million for pump station rehabilitation to support construction costs specific to the Pump Station 20 Replacement Project (90.30.0005). The funding application was denied by the Public Works Board in August on the basis of the City’s non-compliance with the Growth Management Act per the GMHB order related to the 2024 Comp Plan Update. The City is now in compliance, but unfortunately that came too late for the last round of PW Board applications.

Log #	AB No.	Received From	Question	Staff Response
22	7009	Weinberg	E-87,88,89: Are pump stations’ backup diesel generators located within the pump stations? Do they emit diesel smoke directly into the air at the station location? Are there any pump stations whose backup generators are located nearby but not on-site in order to reduce the environmental impact on neighboring homes?	Backup diesel generators were not installed at each station until the 1980s, so their proximity to the pump stations they serve varies. At the time, factors such as the location of existing utility poles and the amount of available right-of-way likely guided placement decisions. As a result, generators are located either directly adjacent to their station or within about 500 feet. Street ends and street shoulders were favored. All generators exhaust to the atmosphere, but current installations are regulated by emissions and noise. All replacement generators meet EPA Tier 3 emissions standards and are equipped with sound-attenuating enclosures or placed in below-grade vaults to ensure compliance with residential noise limitations.
23	7009	Weinberg	E-123: Does this mean we expect to have the last AC mains decommissioned and replaced by end of 2030?	Yes. This is the final phase of the AC main work.
24	7009	Weinberg	E-127 and E-128: Will these projects factor in the long-term density changes likely to result from HB 1491?	Yes. Both projects will account for anticipated additional growth associated with HB 1491. Once the planned density is known, the project scopes will be adjusted as needed to address the resulting infrastructure needs, which may include upsizing pipes or making other modifications. These changes will be incorporated into project designs before construction, based on updated water system modeling that uses the new growth targets.
25	7009	Reynolds	You have effectively provided a six-year forecast of the CIP expenditures. Is there an equivalent forecast of the associated fund balance? Perhaps I missed it in the packet.	At the September 15 City Council meeting, staff provided a six-year forecast on the Capital Improvement Fund. Please see Table 1 and Table 2 below. Table 1 is from AB 6997x1. Table 2 illustrates the work completed by the City Council Finance Ad Hoc Committee to help stabilize Fund 320 given the limited resources projected through 2028 and beyond.

Log #	AB No.	Received From	Question	Staff Response
26	7009:	Reynolds	A-12: Two departments show decreasing FTE head count from 2026 to 2027 and one shows an increase. What is driving these changes in head count? It looks like CPD is a net INCREASE if one adds in LTE. Are some positions moving from FTE to LTE, and, if so, why? Why is parks facilities going from 0 to 5 FTE in 2027?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
27	7009	Reynolds	A-15: Should I read “Recreation” on this and similar tables to include all of parks and recreation?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
28	7009	Reynolds	A-16: I always had a rule of thumb in my head that salary and benefits are 70% (approx.) of general fund budget. It now looks like 46%. I presume this is because I need to add in contractual services to get to (just over) 70. Am I correct that contractual services is mostly fire to EFR? What else is in that category?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
29	7009	Reynolds	B-3: I see property tax going up only 1% from 2026 to 2027? Does this mean we are assuming no new construction? Why? Don’t we usually get 1-2% per year?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
30	7009	Reynolds	B-3: Why is CPD expenditure zero in 2027 and 2028? Is it flowing through the now separate fund? If so, when did that start and why do we see non-zero numbers in 2025 and 2026?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
31	7009	Reynolds	B-8: I note the contingency fund balance is flat. What is our target? Are we over or under target?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.

Log #	AB No.	Received From	Question	Staff Response
32	7009	Reynolds	B-31: Am I correct that the retiree LTC does NOT flow through the pension fund? Where does it show up? Are we on track with our prior funding plan?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
33	7009	Reynolds	C-4: Why is LEOFF LTC showing as REVENUE?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
34	7009	Reynolds	C-6: Does the sales tax forecast take into account that SB 6346 has eliminated sales tax on some items?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
35	7009	Reynolds	C-11: My understanding is that MI effectively does not allow marijuana shops because everything in a commercial or retail zone is too close to a school or park. Is that correct? If so, why do we get a share of the excise tax?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
36	7009	Reynolds	C-12: What is the rationale between the big difference in the growth of fire insurance premium tax from 2027 (7.1%) to 2028 (0%)?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
37	7009	Reynolds	C-13: How do the ambulance fees to the user compare for EFR BLS and Medic One?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
38	7009	Reynolds	D-3 (and others): There is a big variation in the growth rate for employee benefits by department. Most appear to be down (surprising), but not all, and not by close to the same amount. Why the inconsistency?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.

Log #	AB No.	Received From	Question	Staff Response
39	7009	Reynolds	D-3: Why were there no public defense expenditure in 2025 and 2026?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
40	7009	Reynolds	D-3: Why the big jump in city clerk expenses from 2026 to 2027?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
41	7009	Reynolds	D-5: Why the big drop in prosecution & Criminal Mgt, and Public Records Requests, from 2026 to 2027?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
42	7009	Reynolds	D-15: Why is there no ambulance transport fee revenue from 2026-2028?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
43	7009	Reynolds	D-15: What is GEMT?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
44	7009	Reynolds	D-17: Where would I see the revenue from other cities that outsource their court services to us?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.
45	7009	Weinberg	B-25: Please tell me more about the "Permitting Fee-in-lieu" line item. What fee is being paid, by whom, and what actions are they not performing by paying the fee? Does this process make sense because the city has more expertise in stormwater management and can perform the associated actions more efficiently than the party paying the fee? Why does the fee-in-lieu line item drop to zero in 2027 and 2028?	This question relates to the operations budget discussion that is planned for the October 20 City Council Meeting. This question will be moved to the October 20 City Council Q&A Matrix and staff will prepare a response prior to that meeting.

Table 1 – Capital Improvement Fund (320) Financial Forecast

RESOURCES (\$ in thousands)	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Beginning Fund Balance (Includes Reserves)	\$6,782	\$805	\$4,177	\$1,889	\$2,267	\$1,837	\$2,787
REVENUES							
Property Tax	1,178	1,195	1,212	1,232	1,253	1,274	1,284
Real Estate Excise Tax	2,642	2,179	2,230	2,345	2,466	2,595	2,731
Grants	251	5,645	841	0	0	0	0
Impact Fees	21	25	25	25	25	25	25
Shared Revenues	1,271	632	290	290	290	290	290
Miscellaneous Revenues	306	210	250	250	250	250	250
Interfund Transfers	1,311	155	0	0	1,700	0	0
Total Revenues	6,979	10,040	4,848	4,142	5,984	4,434	4,580
Total Fund Resources	13,761	10,845	9,025	6,031	8,251	6,271	7,368
EXPENDITURES							
Bonds and Reserves	137	140	137	139	142	145	148
Project Management Expenses	2,372	1,086	1,119	1,149	1,181	1,213	1,246
Public Buildings	1,061	4,083	3,618	1,523	3,133	1,308	3,084
Parks and Natural Resources	9,386	1,359	2,263	952	1,959	818	1,929
Total Expenditures	12,956	6,668	7,136	3,763	6,415	3,484	6,407
Ending Fund Balance (Includes Reserves)	\$805	\$4,177	\$1,889	\$2,267	\$1,837	\$2,787	\$961
FUND RESERVES							
Operating Fund Balance minimum	114	114	114	114	114	114	114
King County Parks Levy	0	0	0	283	578	884	1,191
Turf Fields Replacement Sinking Fund	955	1,155	1,355	1,555	55	255	455
Impact Fees	29	54	79	104	129	154	179
Reserve - Freeman Landing	330	330	330	330	330	330	330
Reserve - RCO property	28	28	28	28	28	28	28
Unreserved	(652)	2,495	(18)	(148)	602	1,021	(1,337)
Ending Fund Balance (Gross)	\$805	\$4,177	\$1,889	\$2,267	\$1,837	\$2,787	\$961

Note: Slight differences may occur due to rounding.

Table 2 – Finance Ad Hoc Committee Support

Fund 320 Projection <i>(\$ in millions)</i>	2026	2027	2028	2029	2030	2031	2032
<i>As of Sept 2026, pending further analysis</i>							
Before - Ad Hoc Committee							
Beginning Fund Balance <i>(Includes Reserves)</i>	\$ 6.6	\$ 5.2	\$ (0.0)	\$ (9.0)	\$ (20.6)	\$ (30.9)	\$ (28.0)
Total Revenues	8.3	5.6	4.0	4.1	4.2	4.4	4.5
Total Expenditures	9.7	10.8	12.9	15.7	14.5	1.5	1.5
Ending Fund Balance <i>(Including Reserves)</i>	\$ 5.2	\$ (0.0)	\$ (9.0)	\$ (20.6)	\$ (30.9)	\$ (28.0)	\$ (25.0)
After - Ad Hoc Committee							
Beginning Fund Balance <i>(Includes Reserves)</i>	6.8	0.8	4.2	1.9	2.3	1.8	2.8
Total Revenues	7.0	10.0	4.8	4.1	6.0	4.4	4.6
Total Expenditures	13.0	6.7	7.1	3.8	6.4	3.5	6.4
Ending Fund Balance <i>(Including Reserves)</i>	\$ 0.8	\$ 4.2	\$ 1.9	\$ 2.3	\$ 1.8	\$ 2.8	\$ 1.0

Note: Slight difference may occur due to rounding.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6998
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6998: September 10, 2026 Payroll Certification	☐ Discussion Only
RECOMMENDED ACTION:	Approve the September 10, 2026 Payroll Certification in the amount of \$1,016,390.42.	☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution

DEPARTMENT:	Administrative Services
STAFF:	Ali Spietz, Chief of Administration Nicole Vannatter, Interim Human Resources Administrator
COUNCIL LIAISON:	n/a
EXHIBITS:	1. September 10, 2026 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 item is to approve the City of Mercer Island payroll certification for the period from August 16, 2026 through August 31, 2026 in the amount of \$1,016,390.42 (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 occur 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 semi-monthly payroll schedule with payments on the 10th and 25th of each month.

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 variations that are outlined below.

Additional payments:

Description	Amount
Leave cash outs for current employees	\$0.00
Leave cash outs for terminated employees	\$0.00
Service and recognition awards	\$200.00
Overtime earnings (see chart for overtime hours by department).	\$29,558.80
Total	\$29,758.80

Overtime hours by department:

Department	Hours
Administrative Services	
City Attorney's Office	
City Manager's Office	
Community Planning & Development	
Finance	
Municipal Court	
Police	176.00
Public Works	125.25
Thrift Shop	8.00
Youth & Family Services	
Total Overtime Hours	309.25

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 (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 September 10, 2026 Payroll Certification in the amount of \$1,016,390.42 and authorize the Mayor to sign the certification on behalf of the entire City Council.

CITY OF MERCER ISLAND PAYROLL CERTIFICATION

Item 3.

PAYROLL PERIOD ENDING 08.31.2026
PAYROLL DATED 09.10.2026

Net Cash	\$	685,139.50
Net Voids/Manuals	\$	-
Net Total	\$	685,139.50
Federal Tax Deposit	\$	115,941.77
Social Security and Medicare Taxes	\$	76,311.73
State Tax (California & Oregon)	\$	696.18
State Tax (California)	\$	9.70
Family/Medical Leave Tax (California & Oregon)	\$	56.00
Public Employees' Retirement System (PERS Plan 2)	\$	32,984.00
Public Employees' Retirement System (PERS Plan 3)	\$	10,695.90
Public Employees' Retirement System (PERSJM)	\$	760.25
Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF Plan2)	\$	19,223.20
Regence, Kaiser & LEOFF Trust Medical & Dental Insurance Deductions	\$	15,778.82
Domestic Partner Medical Insurance Deductions	\$	4,041.11
Health Care - Flexible Spending Account Contributions	\$	3,711.59
Dependent Care - Flexible Spending Account Contributions	\$	1,500.83
MS Roth IRA Contributions	\$	1,199.78
MS 457 Deferred Compensation Contributions	\$	41,773.11
Garnishments (Chapter 13)	\$	1,216.03
Tax Wage Garnishment	\$	-
Child Support Wage Garnishment	\$	899.79
Mercer Island Employee Association Dues	\$	257.50
AFSCME Union Dues		
Police Union Dues		
Standard - Supplemental Life Insurance	\$	252.68
Unum - Long Term Care Insurance	\$	176.90
AFLAC - Supplemental Insurance Plans	\$	193.37
Nationwide - Pet Insurance	\$	184.76
Transportation - Flexible Spending Account Contributions	\$	106.50
Miscellaneous	\$	(2.00)
Oregon Transit Tax and Oregon Benefit Tax	\$	8.71
Washington Long Term Care	\$	3,272.71
Tax & Benefit Obligations Total	\$	331,250.92

TOTAL GROSS PAYROLL	\$ 1,016,390.42
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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.

Mayor

Date

FTE AND LTE COUNTS AS OF 8/31/2026

Full Time Equivalents (FTEs)	2026 Budgeted	2026 Actual
Administrative Services	14.50	15.00
City Attorney's Office	2.00	2.00
City Manager's Office	3.00	3.00
Community Planning & Development	17.00	15.00
Finance	9.00	9.00
Municipal Court	3.10	3.10
Parks, Recreation & Facilities	27.25	26.25
Police	37.50	37.50
Public Works	47.00	45.00
Youth & Family Services	11.93	11.93
Thrift Shop	3.00	3.00
Total FTEs	175.28	170.78
Limited Term Equivalents (LTEs)	2026 Budgeted	2026 Actual
Administrative Services	1.00	0.00
City Manager's Office	1.00	1.00
Community Planning & Development	2.00	5.00
Parks, Recreation & Facilities	2.75	1.75
Public Works	3.00	5.00
Youth & Family Services	2.83	1.83
Thrift Shop	6.50	6.20
Total LTEs	19.08	20.78
Total FTEs & LTEs	194.36	191.57

FTE Vacancies:

0.5 Customer Service Representative
 1.0 Deputy Public Works Director
 1.0 Planning Manager
 1.0 Recreation Facility Supervisor
 1.0 Utilities Team Member



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7000
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7000: September 25, 2026 Payroll Certification	☐ Discussion Only
RECOMMENDED ACTION:	Approve the September 25, 2026 Payroll Certification in the amount of \$1,048,477.54.	☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution

1

DEPARTMENT:	Administrative Services
STAFF:	Ali Spietz, Chief of Administration Nicole Vannatter, Interim Human Resources Administrator
COUNCIL LIAISON:	n/a
EXHIBITS:	1. September 25, 2026 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 item is to approve the City of Mercer Island payroll certification for the period from September 1, 2026 through September 15, 2026 in the amount of \$1,048,477.54 (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 occur 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 semi-monthly payroll schedule with payments on the 10th and 25th of each month.

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 variations that are outlined below.

Additional payments:

Description	Amount
Leave cash outs for current employees	\$0.00
Leave cash outs for terminated employees	\$0.00
Service and recognition awards	\$2,250.00
Overtime earnings (see chart for overtime hours by department).	\$22,890.27
Total	\$25,140.27

Overtime hours by department:

Department	Hours
Administrative Services	
City Attorney's Office	
City Manager's Office	
Community Planning & Development	
Finance	
Municipal Court	
Police	155.25
Public Works	70.50
Thrift Shop	11.75
Youth & Family Services	
Total Overtime Hours	237.50

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 (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 September 25, 2026 Payroll Certification in the amount of \$1,048,477.54 and authorize the Mayor to sign the certification on behalf of the entire City Council.

CITY OF MERCER ISLAND PAYROLL CERTIFICATION

Item 4.

PAYROLL PERIOD ENDING 09.15.2026
PAYROLL DATED 09.25.2026

Net Cash	\$	699,475.85
Net Voids/Manuals	\$	-
Net Total	\$	699,475.85
Federal Tax Deposit	\$	121,832.00
Social Security and Medicare Taxes	\$	77,517.85
State Tax (California & Oregon)	\$	696.18
State Tax (California)	\$	9.96
Family/Medical Leave Tax (California & Oregon)	\$	55.48
Public Employees' Retirement System (PERS Plan 2)	\$	33,524.21
Public Employees' Retirement System (PERS Plan 3)	\$	10,937.97
Public Employees' Retirement System (PERSJM)	\$	760.25
Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF Plan2)	\$	19,851.75
Regence, Kaiser & LEOFF Trust Medical & Dental Insurance Deductions	\$	15,885.69
Domestic Partner Medical Insurance Deductions	\$	4,335.31
Health Care - Flexible Spending Account Contributions	\$	3,711.61
Dependent Care - Flexible Spending Account Contributions	\$	1,500.83
MS Roth IRA Contributions	\$	1,199.78
MS 457 Deferred Compensation Contributions	\$	41,206.54
Garnishments (Chapter 13)	\$	1,216.03
Tax Wage Garnishment	\$	-
Child Support Wage Garnishment	\$	899.79
Mercer Island Employee Association Dues	\$	257.50
AFSCME Union Dues	\$	3,731.40
Police Union Dues	\$	3,604.65
Standard - Supplemental Life Insurance	\$	221.44
Unum - Long Term Care Insurance	\$	176.90
AFLAC - Supplemental Insurance Plans	\$	193.37
Nationwide - Pet Insurance	\$	184.76
Transportation - Flexible Spending Account Contributions	\$	208.00
Miscellaneous	\$	1,857.20
Oregon Transit Tax and Oregon Benefit Tax	\$	8.71
Washington Long Term Care	\$	3,416.53
Tax & Benefit Obligations Total	\$	349,001.69

TOTAL GROSS PAYROLL	\$ 1,048,477.54
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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.

Mayor_____
Date

FTE AND LTE COUNTS AS OF 9/15/2026

Full Time Equivalents (FTEs)	2026 Budgeted	2026 Actual
Administrative Services	14.50	15.00
City Attorney's Office	2.00	2.00
City Manager's Office	3.00	3.00
Community Planning & Development	17.00	15.00
Finance	9.00	9.00
Municipal Court	3.10	3.10
Parks, Recreation & Facilities	27.25	26.25
Police	37.50	37.50
Public Works	47.00	46.00
Youth & Family Services	11.93	11.93
Thrift Shop	3.00	3.00
Total FTEs	175.28	171.78
Limited Term Equivalents (LTEs)	2026 Budgeted	2026 Actual
Administrative Services	1.00	0.00
City Manager's Office	1.00	1.00
Community Planning & Development	2.00	5.00
Parks, Recreation & Facilities	2.75	1.75
Public Works	2.00	3.00
Youth & Family Services	2.83	1.60
Thrift Shop	6.50	7.60
Total LTEs	18.08	19.95
Total FTEs & LTEs	193.36	191.73

FTE Vacancies:

0.5 Customer Service Representative
 1.0 Deputy Public Works Director
 1.0 Planning Manager
 1.0 Recreation Facility Supervisor



CITY COUNCIL MINUTES REGULAR HYBRID MEETING SEPTEMBER 15, 2026

Item 5.

CALL TO ORDER & ROLL CALL

Mayor Dave Rosenbaum called the Regular Hybrid Meeting to order at 5:00 pm in the Slater Room Council Chambers at the Mercer Island Community & Event Center, 8236 SE 24th Street, Mercer Island, Washington.

Councilmembers Lisa Anderl, Julie Hsieh, Craig Reynolds, Wendy Weiker, and Ted Weinberg attended in person. Mayor Dave Rosenbaum and Deputy Mayor Daniel Becker attended via Zoom.

PLEDGE OF ALLEGIANCE

Councilmember Hsieh led the Pledge of Allegiance.

AGENDA APPROVAL

It was moved by Weinberg; seconded by Reynolds to:

Approve the agenda as amended to move Appearances before the Executive Session.

PASSED: 7-0

FOR: 7 (Anderl, Becker, Hsieh, Reynolds, Rosenbaum, Weiker, and Weinberg)

APPEARANCES

Nicoline Cai (Sammamish) spoke about Lens of Youth, a youth lead non-profit that promotes understanding and inclusion for people with intellectual and or developmental disabilities.

Gautam Kumar (Mercer Island) spoke about the Childhood Cancer Awareness proclamation and thanked the City Council for recognizing the families affected by childhood cancer on Mercer Island.

City Council was in recess from 5:10pm - 5:15pm

EXECUTIVE SESSION

At 5:15 pm, Mayor Rosenbaum 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 for approximately 30 minutes until 5:45 pm.

Executive Session to discuss with legal counsel pending or potential litigation pursuant to RCW 42.30.110(1)(i).

Councilmembers Lisa Anderl, Julie Hsieh, Craig Reynolds, Wendy Weiker, and Ted Weinberg participated in person. Mayor David Rosenbaum and Deputy Mayor Daniel Becker participated via MS Teams.

City Attorney Bio Park participated via MS Teams and other staff participated in person.

At 5:45 pm, Mayor Rosenbaum extended the Executive Session for 5 minutes to 5:50 pm.

At 5:50 pm, Mayor Rosenbaum extended the Executive Session for 5 minutes to 5:55 pm.

Mayor Rosenbaum adjourned the Executive Session at 5:55 pm.

The City Council was in recess from 5:55 pm to 5:59 pm.

CITY MANAGER REPORT

City Manager Jessi Bon reported on the following items:

- **Council, Boards & Commission Meetings:**
 - City Council Regular Meeting, Tuesday, October 6 at 5:00 pm
 - Parks & Recreation Commission Meeting, Thursday, October 1 at 5:00 pm
- **City Updates:**
 - Planning Commission Recruitment is open through October 9 to fill a vacancy on the Planning Commission
 - Annual Docket Requests for amendments to the Comprehensive Plan and Development Code is open through October 1
- **Upcoming Events:**
 - Mid-Autum Festival 2026 – Sunday, September 20 from 10:00 am – 2:00 pm
 - Emergency Preparedness Workshop – Wednesday, September 30 two sessions at 1:30 – 3:00 pm or 5:30 – 7:00 pm
- **News:**
 - New YFS School Counselor at Islander Middle School – The new school year brings a new YFS school-based Mental Health Counselor to Islander Middle School, Kayla Bocek, who recently completed her clinical internship with YFS. Welcome to the team Kayla!

CONSENT AGENDA

AB 6992: Certification for Claims Paid August 16, 2026 through August 31, 2026

Recommended Action: Approve the August 16, 2026 through August 31, 2026 Accounts Payable Certification of Claims in the amount of \$2,049,469.75 and authorize the Mayor to sign the certification on behalf of the entire City Council.

City Council Regular Hybrid Meeting Minutes of September 1, 2026

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of September 1, 2026.

AB 6993: Peace Day on Mercer Island, Proclamation No. 397

Recommended Action: Approve Proclamation No. 397 proclaiming September 21, 2026 as Peace Day on Mercer Island.

AB 6995: Fire Apparatus Acquisition and Financing (Ordinance No. 26-12, Second Reading)

Recommended Action: Adopt Ordinance No. 26-12 authorizing the purchase of one Pierce International Pumper and authorizing a purchase agreement between the City and Hughes Fire Equipment, Inc. and Property Schedule 2 to the Master Tax-Exempt Installment Purchase Agreement with Municipal Asset Management, Inc., substantially in the form of the drafts attached as Exhibits A and B to Ordinance No. 26-12.

AB 6996: Resolution Authorizing Submission of a Grant Application for the Land and Water Conservation Fund – Outdoor Recreation Legacy Partnership program for the Deane's Children's Park Phase II Improvements (Resolution No. 1699)

Recommended Action:

1. Adopt Resolution No. 1699 authorizing the application for grant funds in the amount of \$1,046,000 from the Land and Water Conservation Fund, subject to conditions described in Resolution No. 1699 for the Deane's Children's Park Phase II Improvements project.
2. Authorize the City Manager to execute all necessary documents to apply for the grant and accept the grant and conditions of the grant, if awarded.

AB 6986: West Mercer Way Culvert Replacements and Sub-Basin 18C Drainage Improvements Project Bid Award

Recommended Action: Award the West Mercer Way Culvert Replacements and Sub-Basin 18C Drainage Improvements Project to Kamins Construction Inc., a Washington-based corporation, and authorize the City Manager to execute a contract with Kamins Construction Inc., in an amount not to exceed \$473,414.

It was moved by Anderl; seconded by Reynolds to:

Approve the Consent Agenda and the recommendations contained therein.

PASSED: 7-0

FOR: 7 (Anderl, Becker, Hsieh, Reynolds, Rosenbaum, Weinberg, and Weiker)

REGULAR BUSINESS

AB 6991: Ezee Fiber Franchise Agreement (Ord. No. 26-14, First Reading)

Interim Assistant City Engineer Chris Marks introduced outside legal counsel Daniel Kenny from Ogden Murphy Wallace, who provided background on franchise agreements and the Ezee Fiber franchise agreement. Mr. Kenny noted that the Ezee Fiber agreement is identical to the recently approved agreement with Forged Fiber and addressed questions submitted regarding oversight after franchise agreement has been approved.

It was moved by Reynolds; seconded by Wendy to:

Schedule Ordinance No. 26-14 for second reading and adoption at an upcoming City Council Meeting.

PASSED: 7-0

FOR: 7 (Anderl, Becker, Hsieh, Reynolds, Rosenbaum, Weiker and Weinberg)

AB 6997: 2027-2028 Preliminary Biennial Budget Financial Forecast and Budget Amending Ordinance

Finance Director Matt Mornick presented the financial forecast for the 2027-2028 preliminary budget, noting the forecast establishes the spending limits in the Preliminary Budget. He described the broader economic landscape influencing the forecast, the projected operating deficit in 2027, and the near-term strategy to sustain operations through 2028 by using one-time funds. Finance Director Mornick outlined the origins of the available fund balances, explaining how they directly relate to the financial policies adopted by the City Council in 2021. He then reviewed the forecasts for the YFS Fund and General Fund and discussed the City's revenue projections for property tax, general sales tax, utility tax, Parks & Recreation revenues, Business & Occupation Tax, and interest earnings.

Finance Director Mornick also presented the forecasts for the Capital Improvement Fund and Real Estate Excise Tax. He reviewed the budget appropriations included in Ordinance No. 26-08, which outlines budget adjustments previously approved by the City Council, amending the 2025-2026 Biennial Budget.

It was moved by Anderl; seconded by Reynolds to:

Adopt Ordinance No. 26-08, amending the 2025-2026 Biennial Budget.

PASSED: 7-0

FOR: 7 (Anderl, Becker, Hsieh, Reynolds, Rosenbaum, Weiker and Weinberg)

AB 6990: 2028 Parks, Recreation, and Open Space Plan Scope of Work

Interim Capital Division Manager Shelby Perrault presented the scope of work for the 2028 Parks, Recreation, and Open Space (PROS) Plan as a focused update to build on the comprehensive planning and analysis from 2022, evaluate what has changed, conduct targeted community engagement, and prioritization of capital investments to reflect current needs and a more constrained funding environment. She discussed making the Parks & Recreation Commission the lead commission for the update with input from the Arts Council and Open Space Conservancy Trust. She noted that the final recommendation and hand-off memo to the City Council will occur in Q1 2028.

It was moved by Weinberg; seconded by Anderl to:

Move to designate the Parks and Recreation Commission as the lead commission for the 2028 PROS Plan update process; approve the proposed five-phase scope of work; direct the Parks and Recreation Commission to incorporate input from the Arts Council and Open Space Conservancy Trust throughout the planning process; and deliver its final recommendation and hand-off memo to the City Council by Q1 2028.

PASSED: 7-0

FOR: 7 (Anderl, Becker, Hsieh, Reynolds, Rosenbaum, Weiker and Weinberg)

AB 6985: Updating the City's Animal Control Code

Senior Management Analyst Robbie Cunningham Adams explained that the City receives animal licensing and control services through an interlocal agreement (ILA) with the Regional Animal Services of King County (RASKC). He noted that, under the adopted ILA, the City is required to enact an ordinance containing licensing, fee, penalty, enforcement, appeal, impound/redemption, and sheltering provisions that are substantially consistent with Title 11 of the King County Code. He stated that amendments to the Mercer Island City Code are necessary to align with King County's 2023 updates to Title 11.

Senior Management Analyst Cunningham Adams also described the cost of animal control services to the City and outlined staff's recommendation to adopt the King County Code by reference, including transferring appeals for dangerous or potentially dangerous animals from the City Hearing Examiner to RASKC.

City Council asked questions and provided feedback.

OTHER BUSINESS

Councilmember Absences and Reports

Councilmember Weinberg noted his next monthly open lunch is on September 20 at Anise Thai at 12:00 pm.

Councilmember Reynolds encouraged everyone to get their fall vaccinees.

Councilmember Hsieh noted her next community coffee is at Asa on September 30 between 11:00 am – 12:00 pm.

ADJOURNMENT

The Regular Hybrid Council Meeting adjourned at 7:37 pm.

Dave Rosenbaum, Mayor

Attest:

Andrea Larson, City Clerk



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7001
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7001: Certification for Claims Paid August 28, 2026 through September 15, 2026	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Approve the Accounts Payable Certification for Claims paid August 28, 2026 through September 15, 2026 in the amount of \$2,576,333.01.	

DEPARTMENT:	Finance
STAFF:	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director Ashley Olson, Accounts Payable Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Certification for Claims Paid August 28 - September 15, 2026
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 approve the August 28, 2026 through September 15, 2026 Accounts Payable Certification of Claims in the amount of \$2,576,333.01 (see Exhibit 1).

BACKGROUND

Claims refer to all external payments that are made to satisfy the obligations of the City, regardless of how payments are processed (e.g., through warrants, checks, electronic funds transfers, etc.). [RCW 42.24.080](#) requires that all claims presented against the City must be certified by the appropriate official to ensure that the claims are just, true, 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.

ISSUE/DISCUSSION

The Accounts Payable Certification of Claims (see Exhibit 1) includes a table that summarizes the claims paid August 28, 2026 through September 15, 2026:

The table combines printed checks and electronic payments. The disbursement method is identified by the Method code in the first column of the table:

- **Check Register** includes printed accounts payable checks.
- **Direct Disbursement** includes wire transfers. Note that “check” numbers are two digits to easily identify them as distinct from printed checks.
- **Electronic Funds Transfer** includes EFT/ACH payments. “Check” numbers started at 5000 for this payment type.

RECOMMENDED ACTION

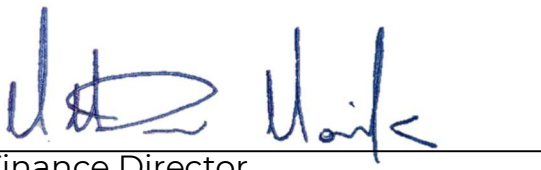
Approve the August 28, 2026 through September 15, 2026 Accounts Payable Certification of Claims in the amount of \$2,576,333.01 and authorize the Mayor to sign the certification on behalf of the entire City Council.



City of Mercer Island

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

Date	Method	Checks	Warrant	Total Amount
08/28/26	Direct Disbursement	325 – 328	WT 08-26	\$149,100.72
08/31/26	Direct Disbursement	320–324, 329-333	WT 08-26	\$774,284.93
08/31/26	Direct Disbursement	334	WT 0826	\$423.93
09/03/26	Check Register	228285-228365	09032026	\$406,806.94
09/03/26	Electronic Funds Transfer	5425 - 5433	EFT 0903	\$69,585.64
09/10/26	Check Register	228366-228419	09102026	\$1,128,720.95
09/10/26	Electronic Funds Transfer	5434 - 5440	EFT 0910	\$47,355.90
GRAND TOTAL:				\$2,576,333.01



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7002
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7002: Domestic Violence Awareness Month, Proclamation No. 398	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Approve Proclamation No. 398 Proclaiming October 2026 as Domestic Violence Awareness Month on Mercer Island.	

DEPARTMENT:	Youth and Family Services
STAFF:	Mayor David Rosenbaum Derek Franklin, YFS Administrator
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 398
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 October 2026 as Domestic Violence Awareness Month on Mercer Island (Exhibit 1).

BACKGROUND

Each October, Domestic Violence Awareness Month is recognized nationally and highlights the importance of preventing domestic violence through awareness, direct action, and support for survivors. The theme for the 2026 Domestic Violence Awareness Month is “With Survivors, Always” to emphasize a solidarity with survivors and to support a culture of security where survivors are heard, believed, and empowered. The theme is carried forward from 2025 to emphasize the importance of a continual, year-round commitment to taking action.

Domestic violence is defined as the willful intimidation, physical assault, battery, sexual assault, or other abusive behavior as part of a systemic pattern of power and control perpetrated by one intimate partner against another. It can include overt physical or sexual violence and threats as well as covert economic/ emotional/ psychological abuse and patterns of excessively controlling behavior.

More prevalent than often perceived in the United States, 61% of women and 45% of men have experienced intimate partner violence or abuse from a spouse or romantic partner. Every minute in the United States, 20 people experience intimate partner violence. According to King County Public Health, 2025 saw a surge in the number of deaths attributed to domestic violence that officials linked to cuts in services and federal supports which highlights the need for ongoing services.

ISSUE/DISCUSSION

Mercer Island is not immune to the epidemic of domestic violence, and the impact it has on individuals, families, and the community. Vulnerable populations can be at elevated risk for domestic violence, including youth, seniors, immigrants, people with disabilities, and members of the LGBTQIA+ community. Proclaiming October 2026 as Domestic Violence Awareness Month can help raise awareness, decrease stigma about getting help, and sends a message of support to survivors.

The City's Department of Youth and Family Services (YFS) provides counseling support for survivors and those currently experiencing or concerned about intimate partner violence. Signs of an abusive relationship include control, isolation, constant criticism, financial control, threats, inappropriate blame, monitoring or tracking, forced or pressured sex, damaging belongings, and intentional creation of fear. YFS outpatient and school-based counselors and case managers are resources for Mercer Island residents seeking information, referral, or counseling supports related to domestic violence.

Anyone concerned about intimate partner violence, abuse, or relationship safety can also access free and confidential help at [LifeWire](#) at 425-562-8840 for victim advocacy, safety planning, and housing stability services. The National Domestic Abuse Hotline offers 24/7 support at 1-800-799-SAFE (7233) or by texting "START" to 88788. Mercer Island residents impacted by domestic violence can contact the YFS Intake and Confidential Voicemail Line at 206-275-7657.

RECOMMENDED ACTION

Approve Proclamation No. 398 proclaiming October 2026 as Domestic Violence Awareness Month on Mercer Island.



City of Mercer Island, Washington

Proclamation

WHEREAS, each year, advocates, survivors, and supporters recognize October as Domestic Violence Awareness Month.

Domestic violence can be experienced by anyone regardless of gender, race, sexual identity or orientation, or socio-economic status. The impact of domestic violence is not only felt by individual survivors, but by families, communities, and the nation.

More prevalent than often perceived, in the United States 61% of women and 45% of men have experienced intimate partner violence or abuse from a spouse or romantic partner. Every minute in the United States, 20 people experience intimate partner violence.

The 2026 Domestic Violence Awareness Month theme is “With Survivors, Always” to emphasize solidarity with survivors and to support a culture of security where survivors are heard, believed, and empowered.

The City, through services offered by the Department of Youth and Family Services, supports survivors and their families with education, prevention, and confidential intervention and referral services.

Mercer Island joins with others across Washington State in supporting survivors of domestic violence.

NOW, THEREFORE, I, David Rosenbaum, Mayor of the City of Mercer Island, do hereby proclaim October 2026 as

DOMESTIC VIOLENCE AWARENESS MONTH

APPROVED, this 6th day of October 2026.

Mayor David Rosenbaum

Proclamation No. 398





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7003
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7003: Arbor Day, Proclamation No. 399	☐ Discussion Only
RECOMMENDED ACTION:	Approve Proclamation No. 399 proclaiming the fourth Saturday in October as Arbor Day on Mercer Island.	☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution

DEPARTMENT:	Public Works
STAFF:	Mayor David Rosenbaum Ryan Daly, Interim Parks, Recreation, and Facilities Director Andrew Prince, Urban Forestry Program Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 399
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 item is to proclaim the fourth Saturday in October as Arbor Day on Mercer Island (Exhibit 1).

BACKGROUND

The Tree City USA program, established by the [Arbor Day Foundation](#), serves to recognize a community's commitment to caring for its urban forests – a designation which more than 3,500 communities nationwide have attained since the program's creation in 1976. The City of Mercer Island first joined this program in 2017, and the Arbor Day proclamation is an annual requirement for renewing this designation.

ISSUE/DISCUSSION

In addition to showcasing the many ways the City of Mercer Island values and supports a robust urban forest management program, maintaining active Tree City USA status also makes the City eligible for certain urban forestry grant programs. To qualify for these programs, four core standards of sound urban forestry management must be met:

1. Maintaining a tree board or department,
2. Adopting a tree care ordinance,
3. An annual budget of at least \$2 per capita dedicated to community forestry, and
4. An annual Arbor Day observance and proclamation.

The City of Mercer Island currently meets these criteria in the following ways:

- Urban forestry programs are well-established within the Parks and Right-of-Way divisions of the Public Works Department and include extensive tree planting and systematic tree assessments along the City's park, open space, and arterial boundaries. This work is supported by four staff ISA-certified arborists.
- The tree chapter of the Mercer Island Municipal Code demonstrates the City's ongoing commitment to protecting and enhancing this vital natural resource.
- Calculations of expenditure on all aspects of tree care indicate that the City has continued to exceed the per capita requirement in 2026. These expenditures include all plant materials, installation, maintenance, and risk management, as well as ongoing training for staff arborists.

This proclamation, designating the fourth Saturday in October as Arbor Day on Mercer Island, fulfills the final requirement needed to maintain Tree City USA qualification for the tenth year running. Further, the annual Arbor Day celebration creates a platform from which the City of Mercer Island can celebrate its triumphs, raise awareness of the challenges facing its urban tree canopy, and educate citizens on ways in which they can contribute to a healthy urban forest.

The 2026 Arbor Day celebration will be held on Saturday, October 24 from 10am-1pm in Homestead Park. This planting event will enhance natural habitat, encourage tree planting in the community, recognize Mercer Island's dedicated community volunteers, and inspire citizens of all ages to be good forest stewards in City parks and their own backyards. City staff will launch a social media "Countdown to Arbor Day" including posts that highlight the City's efforts to improve the health of Mercer Island's urban forests and share ideas of how residents can contribute to their own properties.

RECOMMENDED ACTION

Approve Proclamation No. 399 proclaiming the fourth Saturday in October as Arbor Day on Mercer Island.



City of Mercer Island, Washington

Proclamation

WHEREAS, protecting, planting, and maintaining trees are key community values expressed in the Mercer Island Comprehensive Plan and Climate Action Plan.

The City recognizes that trees contribute to the residential character on Mercer Island, providing health benefits, ecological services, and natural beauty to our neighborhoods.

Trees play a vital role in the stabilization of geologically hazardous areas, improve surface water quality and control, benefit Lake Washington, and reduce noise and air pollution.

Arbor Day, a worldwide observance that encourages tree planting and care, is one of many ways the City of Mercer Island and its residents declare their commitment to fostering healthy, resilient urban forests and street trees vital to the community's present and future welfare.

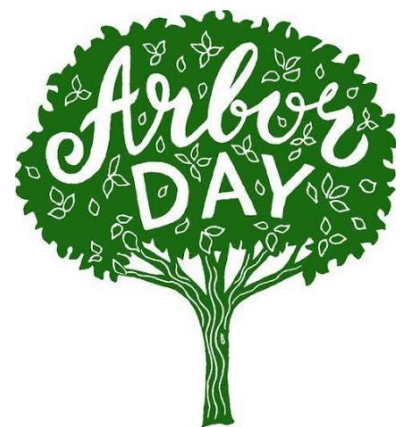
NOW, THEREFORE, I, David Rosenbaum, Mayor of the City of Mercer Island, do hereby proclaim the fourth Saturday in October as

and encourage the Mercer Island community to attend the 2026 Arbor Day celebration and planting event on Saturday, October 24, 2026 from 10am-1pm at Homestead Park.

APPROVED, this 6th day of October 2026

Mayor David Rosenbaum

Proclamation No. 399





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7004
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7004: Indigenous Peoples' Day, Proclamation No. 400	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Approve Proclamation No. 400 proclaiming October 12, 2026 as Indigenous Peoples' Day on Mercer Island.	

DEPARTMENT:	City Council
STAFF:	Mayor David Rosenbaum Andrea Larson, City Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 400
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 October 12, 2026 as Indigenous Peoples' Day on Mercer Island (Exhibit 1).

ISSUE/DISCUSSION

Indigenous Peoples' Day is celebrated on the second Monday of October and recognizes the resilience and diversity of Indigenous Peoples in the United States. The celebration of Indigenous Peoples' Day serves as a reminder of the resilience, strength, and contributions of Indigenous communities, as well as an opportunity to engage in dialogue and education about their history and contemporary issues.

RECOMMENDED ACTION

Approve Proclamation No. 400 proclaiming October 12, 2026 as Indigenous Peoples' Day on Mercer Island.



City of Mercer Island, Washington

Proclamation

WHEREAS, Indigenous Peoples' Day is celebrated on the second Monday of October each year and recognizes the resilience and diversity of Indigenous Peoples in the United States.

Indigenous Peoples have inhabited this land for thousands of years, nurturing a deep connection to the earth, their cultures, and their communities.

Indigenous communities possess rich histories, languages, traditions, and contributions that have profoundly shaped our society and continue to enrich our collective identity.

It is essential to acknowledge the ongoing impacts of colonization, discrimination, and injustices faced by Indigenous Peoples, and to promote healing, understanding, and respect for their rights and cultures.

The celebration of Indigenous Peoples' Day serves as a reminder of the resilience, strength, and contributions of Indigenous communities, as well as an opportunity to engage in dialogue and education about their history and contemporary issues.

NOW, THEREFORE, I, David Rosenbaum, Mayor of the City of Mercer Island, do hereby proclaim October 12, 2026 as

INDIGENOUS PEOPLES' DAY

on Mercer Island and urge all citizens to recognize and honor the rich cultural heritage and enduring contributions of Indigenous Peoples, to learn about their histories, and to commit to supporting justice and equity for all Indigenous communities.

APPROVED, this 6th day of October 2026.

Mayor David Rosenbaum

Proclamation No. 400





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7005
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7005: 2025 Asbestos Cement Water Main Replacement Project Bid Award	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Award the 2025 Asbestos Cement Water Main Replacement construction contract to Kar-Vel Construction; authorize the City Manager to execute contract with Kar-Vel Construction in an amount not to exceed \$3,246,075; and set the total project budget to \$4,850,215.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Kellye Hilde, Public Works Deputy Director Chris Marks, Interim Assistant City Engineer Lauren Kumle, Utilities Engineer
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Project Location Map
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ 4,753,322
AMOUNT BUDGETED	\$ 5,700,495
APPROPRIATION REQUIRED	\$ 0

EXECUTIVE SUMMARY

The purpose of this agenda item is to award a public works construction contract to Kar-Vel Construction to replace asbestos cement (AC) water main pipe between SE 40th Street and Shorewood Drive in the Mercerwood neighborhood (Exhibit 1).

- The City's water system currently contains approximately four miles of AC water main, a pipe material type that becomes fragile as it ages and is prone to sudden failure.
- In 2024 the City launched a dedicated AC main replacement program within the Capital Improvement Program (CIP) to remove all known AC pipe from the water system by 2030.
- The 2025 AC Water Main Replacement Project (90.40.0013) replaces approximately 5,700 feet of AC water main pipe with new ductile iron water main pipe and includes improvements to water services, fire hydrants, a pressure reducing valve station, and other critical water distribution system components.

- The project was advertised on August 20, 2026, and five contractor bids were received. Kar-Vel Construction submitted the lowest responsive and responsible bid in the amount of \$3,246,075.
- Funds for this construction contract are included in the 2025-2026 Capital Budget in the Water Fund (410). No additional appropriation is required.
- Construction is anticipated to begin in November 2026 and is anticipated to be completed in Q4 2027.

BACKGROUND

One of the City's top priorities is to provide safe and reliable drinking water to the community. A major component of achieving that goal is ongoing, planned replacement of portions of the water system that have reached the end of their service life.

The City owns and maintains approximately 115 miles of water mains, ranging in size from 4 inches to 30 inches in diameter, including approximately five miles of AC pipe. This material was widely used from the 1940's to the early 1980's for both water and sewer systems; however, as this material reaches its middle and late stages of useful life, it becomes increasingly fragile and is prone to sudden failure. For pressurized pipes such as water mains, these failures can be catastrophic in nature, where several feet of the pipe can burst or split open. For this reason, the City has prioritized removing all AC pipe from the water system.

Over the past decade, the City has replaced small sections of AC water main through various CIP projects. In 2024, the City began a dedicated AC water main replacement effort and replaced 5,100 feet of pipe, reducing the amount of active AC pipe in the water system from approximately five miles to four miles. Staff plan to replace all known remaining AC water mains by 2030.

Design work for the 2025 AC Water Main Replacement project (90.40.0013) began in September 2024 and was completed in early August 2026. The extended timeline reflected additional coordination and scoping adjustments needed during the design phase. At that time, the engineer's construction cost estimate was \$4,425,000. The City advertised for bids on August 20, 2026.

ISSUE/DISCUSSION

PROJECT DESCRIPTION

The 2025 AC Water Main Replacement project consists of installing approximately 5,700 feet of 8-inch and 6-inch ductile iron water main, 11 fire hydrants, 90 water services, and 8 connections to existing water mains between SE 40th Street and Shorewood Drive in the Mercerwood neighborhood (Exhibit 1). The project will remove approximately one mile of aging AC main from the water system.

This project also includes minor stormwater and roadway improvements. Two existing catch basins will be rebuilt, and four catch basins will be replaced. Following completion of the water main work, Mercerwood Drive, from 96th Avenue SE to Shoreclub Drive, will receive full-width paving and restoration of pavement markings.

The 2025 AC Water Main Replacement project consists of work at the following locations (Exhibit 1):

- Mercerwood Drive from 96th Avenue SE to Shoreclub Drive
- 96th Avenue SE from SE 40th Street to Shoreclub Drive
- 97th Avenue SE from SE 40th Street to Mercerwood Drive
- 95th Avenue SE from Mercerwood Drive to Shoreclub Drive

- Shoreclub Drive from 95th Avenue SE to Mercerwood Drive

BID RESULTS

Five construction bids were received and opened on September 17, 2026. The lowest bid was from Kar-Vel Construction, a Washington-based corporation, for \$3,246,075. Table 1 below shows the bid results.

Table 1. 2025 AC Water Main Replacement Project Construction Bid Results	
Company Name	Total Bid Amount
Kar-Vel Construction	\$3,246,075
Fury Site Works Inc.	\$3,606,570
Laser Underground & Earthworks Inc.	\$4,495,068
Jansen Inc.	\$4,547,787
James W. Fowler Co.	\$4,937,738
Engineer's Estimate	\$4,425,000

Note: All bids include Washington state's 10.3% sales tax

Kar-Vel Construction has worked on several recent City projects, including the 2023 Water System Improvements, 2024 Water System Improvements, and 2024 AC Water Main Replacement projects. Kar-Vel Construction is also a subcontractor on the Water Supply Pipeline project. This work has given Kar-Vel Construction experience with the City's water infrastructure, construction requirements, and review processes.

A review of the Washington State Department of Labor & Industries website confirmed that Kar-Vel Construction is a contractor in good standing. Based on review of Kar-Vel Construction's bid, reference checks, and performance on prior City projects, staff determined that Kar-Vel Construction is the lowest responsive and responsible bidder and recommends awarding the 2025 AC Water Main Replacement project to Kar-Vel Construction.

PROJECT BUDGET

The total estimated project cost for the 2025 AC Water Main Replacement project is \$4,753,322. This includes the construction contract and other costs necessary to complete the project, including construction contingency, design, construction inspection, and project management. The estimated project costs are summarized in Table 2.

Table 2. 2025 AC Water Main Replacement Project Budget	
Description	Total
Construction Contract	\$3,246,075
Construction Contingency @ 20%	\$649,215
Consultant Project Design and Construction Support	\$427,032
Staff Project Management and Inspection	\$431,000
Total Project Costs	\$4,753,322
2025–2026 Project Budget Resources (90.40.0013)	\$5,700,495
Remaining Project Funds	\$947,173

Remaining or unspent project funds will return to the Water Fund (410) for future use on the City's water distribution system.

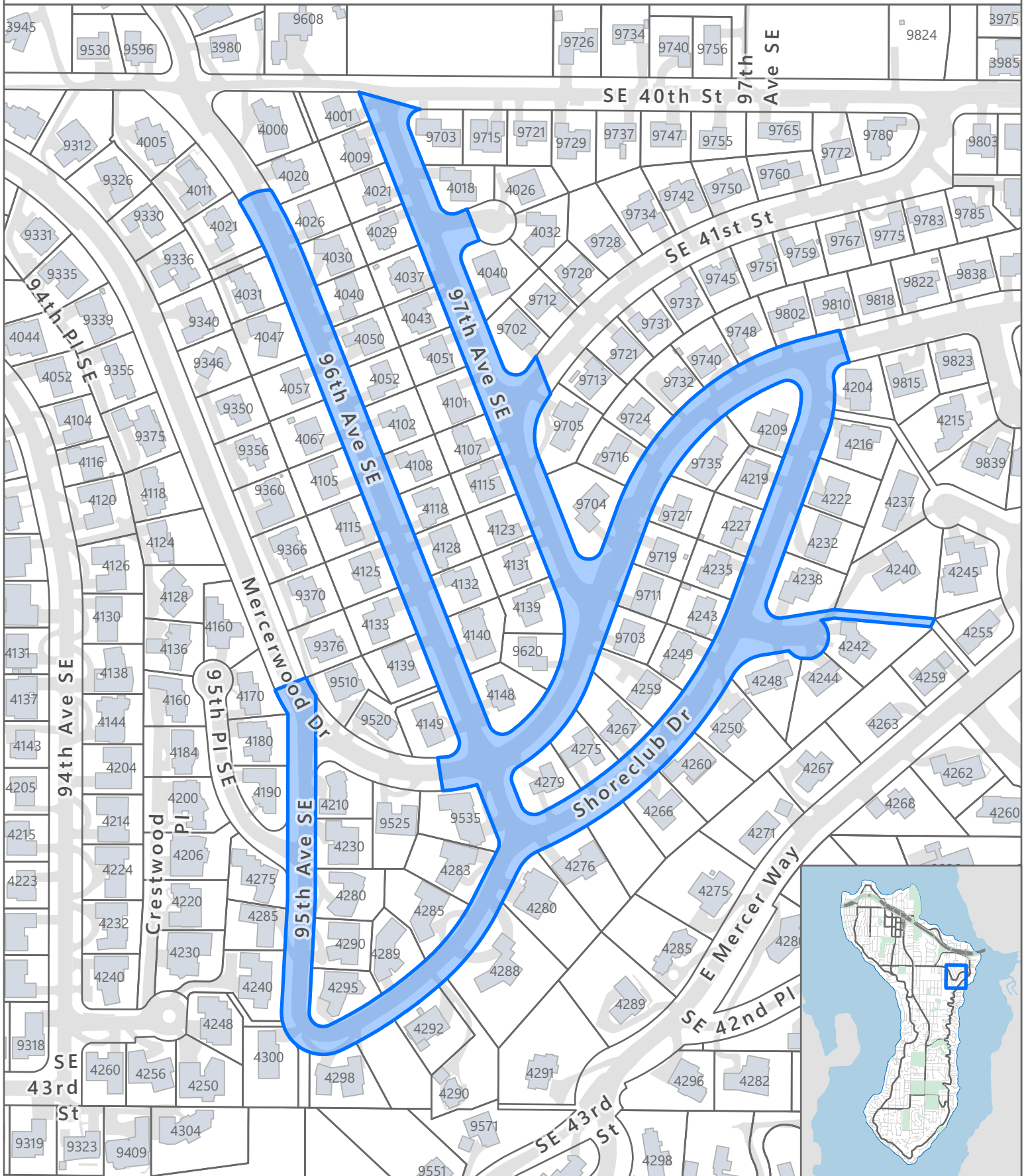
NEXT STEPS

Following City Council award of the 2025 AC Water Main Replacement project to Kar-Vel Construction, staff will finalize the construction contract and issue a notice to proceed. Construction is scheduled to begin in November 2026.

The entire construction contract is anticipated to be completed by the end of Q4 2027. Staff will proactively notify affected businesses and residents before construction begins and post construction updates on the project's [Let's Talk](#) webpage. Work will be scheduled to minimize disruptions and to avoid federal holidays and local events.

RECOMMENDED ACTION

Award the 2025 AC Water Main Replacement project to Kar-Vel Construction; authorize the City Manager to execute a contract with Kar-Vel Construction in an amount not to exceed \$3,246,075; and set the total project budget to \$4,753,322.





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7007
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7007: Ezee Fiber Franchise Agreement (Ord. No. 26-14, Second Reading)	☐ Discussion Only ☒ Action Needed: ☒ Motion ☒ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Adopt Ordinance No. 26-14, approving a telecommunications franchise agreement with Ezee Fiber.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Christopher Marks, Interim Assistant City Engineer
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 26-14 – Franchise Agreement with Ezee Fiber
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 item is to conduct a second reading and adoption of Ordinance No. 26-14 (Exhibit 1) which would allow Ezee Fiber to access the City's rights-of-way for a telecommunications network.

- On September 15, 2026, City Council conducted its first reading of Ordinance No. 26-14 that would authorize a franchise agreement with Ezee Fiber.
- This franchise agreement, negotiated on behalf of the City by Daniel Kenny (Ogden Murphy Wallace, PLLC), is a general contractual agreement with Ezee Fiber which allows entrance and use of the City's public rights-of-way for wireline deployments as allowed by [RCW 35A.47.040](#).
- Ezee Fiber will still need to apply for and receive all necessary permits for all installations; the franchise agreement is only the first step.
- Following City Council's September 15, 2026, review, City Council requested that staff bring back the ordinance for a second reading and adoption on October 6, 2026.

BACKGROUND

In February 2026, Ezee Fiber approached the City of Mercer Island seeking a telecommunications franchise agreement. Ezee Fiber is a telecommunications provider that offers fiber-optic internet service with symmetrical speeds up to 8 Gbps for residential, business, and enterprise customers. The company currently

provides service in Illinois, Michigan, New Mexico, Oregon, Texas, and Washington. In Washington, their service area includes Clark County and the cities of Kent, Steilacoom, Tacoma, and Vancouver, with additional locations planned as their network continues to expand. Ezee Fiber does not currently own or operate telecommunications facilities within the City's rights-of-way.

The proposed agreement (see Exhibit 1) would authorize Ezee Fiber to access the City's rights-of-way to construct, maintain, operate, replace, and repair its telecommunications network. Ezee Fiber will still need to apply for and receive all necessary permits for all installations. This is a typical practice for franchise agreements with the City.

To ensure competitive equity between similarly situated entities, this franchise agreement is identical to the franchise that the City Council has granted to other telecommunications providers. This ensures fair competition by treating comparable providers equally. Denying this application without a legitimate, fact-based distinction could be viewed as arbitrary or unlawfully discriminatory.

Staff worked with Daniel Kenny (Ogden Murphy Wallace, PLLC) to negotiate the proposed agreement on behalf of the City, though, as noted, this agreement is the same as previously approved for other telecommunications providers. The agreement was prepared by Mr. Kenny, reviewed by Public Works staff and the City Attorney, and approved by Ezee Fiber. The franchise agreement is provided for City Council consideration as Exhibit 1.

ISSUE/DISCUSSION

The City Council held a first reading of Ordinance No. 26-14 on September 15, 2026. After the initial reading, a few questions were asked, but none resulted in revisions to the agreement.

The franchise agreement is provided for City Council consideration as Exhibit 1.

NEXT STEPS

Upon authorization of the telecommunications franchise agreement with Ezee Fiber, City staff will review and approve permit applications submitted by Ezee Fiber prior to any work within the City's rights-of-way.

RECOMMENDED ACTION

Adopt Ordinance No. 26-14, approving a telecommunications franchise agreement with Ezee Fiber.

CITY OF MERCER ISLAND
ORDINANCE NO. 26-14

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, GRANTING TO EZEE FIBER WASHINGTON ASSETS, LLC, AND ITS SUCCESSORS AND ASSIGNS, THE RIGHT, PRIVILEGE, AUTHORITY AND NONEXCLUSIVE FRANCHISE FOR TEN (10) YEARS, TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE, AND REPAIR A TELECOMMUNICATIONS NETWORK, IN, ACROSS, OVER, ALONG, UNDER, THROUGH, AND BELOW CERTAIN DESIGNATED PUBLIC RIGHTS-OF-WAY OF THE CITY OF MERCER ISLAND, WASHINGTON.

RECITALS

1. Ezee Fiber Washington Assets a Limited Liability Company (“Franchisee”) has requested that the city council grant it a nonexclusive franchise, and
2. The city council has the authority to grant franchises for the use of its streets and other public properties pursuant to RCW 35A.47.040.

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

ORDINANCE

Section 1. Franchise Granted.

1.1 Pursuant to RCW 35A.47.040, the city of Mercer Island, a Washington municipal corporation (the “City”), grants to Franchisee, its successors, legal representatives and assigns, subject to the terms and conditions set forth below, a Franchise for a period of ten (10) years, beginning on the effective date of this ordinance, set forth in Section 40.

1.2 This Franchise grants Franchisee the right, privilege, and authority to construct, operate, maintain, replace, acquire, sell, lease, and use all necessary Facilities for a telecommunications network in, under, on, across, over, through, along or below the public Rights-of-Ways located in the City, including such additional areas as may be subsequently included in the corporate limits of the City during the term of this Franchise (the “Franchise

Area”), as approved pursuant to City permits issued pursuant to Section 8.2. The phrase “Rights-of-Way” (singular “Right-of-Way”) as used in this Franchise, means the surface of, and the space above and below, any public street, highway, freeway, bridge, land path, alley, court, boulevard, sidewalk, lane, public way, drive, circle, pathways, spaces, or other public right of way which, under City ordinances or applicable laws, the City has authority to grant franchises, licenses, or leases for use thereof, or has regulatory authority thereover and only to the extent such Rights-of-Way are opened. Rights-of-Way for the purpose of this Franchise do not include buildings, other City-owned physical facilities, parks, poles, conduits, fixtures, real property or property rights owned by the City not reserved for transportation purposes, or similar facilities or property owned by or leased to the City, including, by way of example and not limitation, structures in the Rights-of-Way such as utility poles, light poles and bridges. “Facilities” as used in this Franchise means one or more elements of Franchisee’s telecommunications network, with all necessary cables, wires, conduits, ducts, pedestals, electronics, and other necessary appurtenances; provided that new utility poles for overhead wires or cabling are specifically excluded. Equipment enclosures with air conditioning or other noise generating equipment are also excluded from “Facilities,” to the extent such equipment is located in zoned residential areas of the City. For the purposes of this franchise the term Facilities excludes “microcell” facilities, “minor facilities,” “small cell facilities,” all as defined by RCW 80.36.375, and “macrocell” facilities, including towers and new base stations and other similar facilities used for the provision of “personal wireless services” as defined by RCW 80.36.375. Collectively, all such facilities may be referred to herein as “Personal Wireless Facilities.”

Section 2. Authority Limited to Occupation of Public Rights-of-Way.

2.1 The authority granted by this Franchise is a limited, non-exclusive authorization to occupy and use the City’s Rights-of-Way. Franchisee represents that it expects to provide the following services within the City: a fiber optic cable network, including wholesale broadband internet access services (the “Services”). No right to install any facility, infrastructure, wires, lines, cables, or other equipment, on any City property other than a Right-of-Way, or upon private property without the owner’s consent, or upon any City, public or privately owned utility poles or conduits is granted herein. Nothing contained within this

Franchise shall be construed to grant or convey any right, title, or interest in the Rights-of-Way of the City to Franchisee other than for the purpose of providing the Services, nor to subordinate the primary use of the Right-of-Way as a public thoroughfare. A more detailed description of Franchisee's initial or existing telecommunications system and Services is described in Exhibit A. If Franchisee desires to expand the Services provided within the City, it shall provide written notification of the addition of such services prior to the addition of the service and may only expand services after applying for and receiving all permits required by the City Code; provided, however, that Franchisee may not offer Cable Services as defined in 47 U.S.C. § 522(6) or deploy Personal Wireless Facilities, without obtaining a new franchise or an amendment to this Franchise.

2.2 As described in Section 8, construction is not authorized without the appropriate permits, leases, easements, or approvals. This Franchise does not and shall not convey any right to Franchisee to install its Facilities on, under, over, across, or to otherwise use City owned or leased properties of any kind outside of the incorporated area of the City or to install Facilities on, under, over, across, or otherwise use any City owned or leased property other than the City's Rights-of-Way. This Franchise does not convey any right to Franchisee to install its Facilities on, under, over, or across any facility or structure owned by a third-party without such written approval of the third-party. Further this Franchise does not convey any right to continue in any streets, avenues, alleys, roads or public places which are eliminated from the City limits by reason of subsequent disincorporation or reduction of City limits or which are vacated consistent with Section 31. No substantive expansions, additions to, or modifications or relocation of any of the Facilities shall be permitted without first having received appropriate permits from the City pursuant to Section 8.2. As of the effective date of this Franchise, Franchisee has no owned Facilities located in the City's Rights-of-Way.

2.3 Franchisee shall have the right, without prior City approval, to offer or provide capacity or bandwidth to its customers and/or lessees consistent with this Franchise provided:

(a) Franchisee at all times retains exclusive control over its telecommunications system, Facilities and Services and remains responsible for constructing, installing, and maintaining its Facilities pursuant to the terms and conditions of this Franchise;

(b) Franchisee may not grant rights to any customer or lessee that are greater than any rights Franchisee has pursuant to this Franchise;

(c) Such customer or lessee shall not be construed to be a third-party beneficiary under this Franchise; and

(d) No such customer or lessee may use the telecommunications system or Services for any purpose not authorized by the City.

Section 3. Non-Exclusive Franchise Grant. This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below, or across any Rights-of-Way. This Franchise shall in no way prevent or prohibit the City from using any Rights-of-Way or affect its jurisdiction over any Rights-of-Way or any part of Right-of-Way, and the City shall retain power to make all necessary changes, relocations, repairs, maintenance, establishment, improvement, dedication of Right-of-Way as the City may deem fit, including the dedication, establishment, maintenance, and improvement of all new Rights-of-Way, thoroughfares, and other public properties of every type and description.

Section 4. Location of Telecommunications Facilities.

4.1 Franchisee is maintaining a telecommunications network consisting of Facilities within the City. Franchisee may locate its Facilities anywhere within the Franchise Area consistent with the City's code and adopted standards for design or construction and subject to the City's applicable permit requirements. Franchisee shall not be required to amend this Franchise to construct or acquire Facilities approved in this Franchise within the Franchise Area.

4.2 To the extent that any Rights-of-Way within the Franchise Area are part of the state highway system ("State Highways") and are governed by the provisions of Chapter 47.24 RCW and applicable Washington State Department of Transportation (WSDOT)

regulations, Franchisee shall comply fully with said requirements in addition to local ordinances and other applicable regulations. Without limitation of the foregoing, Franchisee specifically agrees that:

- (a) any pavement trenching and restoration performed by Franchisee within State Highways shall meet or exceed applicable WSDOT requirements;
- (b) any portion of a State Highway damaged or injured by Franchisee shall be restored, repaired and/or replaced by Franchisee to a condition that meets or exceeds applicable WSDOT requirements; and
- (c) without prejudice to any right or privilege of the City, WSDOT is authorized to enforce in an action brought in the name of the State of Washington any condition of this Franchise with respect to any portion of a State Highway.

Section 5. Relocation of Facilities.

5.1 Franchisee agrees and covenants to protect, support, temporarily disconnect, relocate, or remove from any Rights-of-Way any of its Facilities when reasonably required by the City by reason of:

- (a) Traffic conditions or public safety,
- (b) Dedications of new Rights-of-Way and the establishment and improvement thereof,
- (c) Widening and improvement of existing Rights-of-Way,
- (d) Street vacations,
- (e) Freeway construction,
- (f) Change or establishment of street grade, or
- (g) Construction of any public improvement or structure, including municipal utilities, by any governmental agency acting in a governmental capacity or as otherwise necessary for the operations of the City or other governmental entity.

5.2 Provided that Franchisee shall in all such cases identified in Section 5.1 have the privilege to temporarily bypass in the authorized portion of the same Rights-of-Way upon approval by the City, which approval shall not unreasonably be withheld or delayed, any Facilities required to be temporarily disconnected or removed. If such bypass is approved by the City, it must be completed pursuant to any and all necessary permits.

5.3 Except as otherwise provided by law, the costs and expenses associated with relocations and other such actions ordered pursuant to Section 5.1 shall be borne by Franchisee. Nothing contained within this Franchise shall limit Franchisee's ability to seek reimbursement for relocation costs when permitted by RCW 35.99.060.

5.4 Upon request of the City and in order to facilitate the design of any of the project categories identified in Section 5.1(a) through (g), Franchisee agrees, at its sole cost and expense, to locate, and if reasonably determined necessary by the City, to excavate and expose its Facilities for inspection so that the Facilities' location may be taken into account in the improvement design. The decision as to whether any Facilities need to be relocated in order to accommodate the City's improvements shall be made by the City upon review of the location and construction of Franchisee's Facilities. The City shall provide Franchisee at least fourteen (14) days' written notice prior to any excavation or exposure of Facilities.

5.5 If the City determines that the project necessitates the relocation of Franchisee's existing Facilities, the City shall:

(a) At least ninety (90) days prior to the date on which the City needs the relocation to be complete, provide Franchisee with written notice requiring such relocation; provided, however, that in the event of an emergency situation, defined for purposes of this Franchise as a condition posing an imminent threat to property, life, health, or safety of any person or entity, the City shall give Franchisee written notice as soon as practicable; and

(b) At least ninety (90) days prior to the date on which the City needs the relocation to be complete, provide Franchisee with copies of pertinent portions of the plans for the improvement project so that Franchisee may relocate its Facilities in other City Rights-of-Way in order to accommodate such improvement project; and

(c) After receipt of such notice and such plans, Franchisee shall complete relocation of its Facilities at least ten (10) days prior to commencement of the City's project construction at no charge or expense to the City, except as otherwise provided by law. Relocation shall be accomplished in such a manner as to accommodate the City's project.

5.6 Franchisee may, after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocation. Such alternatives must be submitted to the City at least thirty (30) days prior to commencement of project construction. The City may evaluate the alternatives and advise Franchisee in writing if one or more of the alternatives are suitable to accommodate the work that would otherwise necessitate relocation of the Facilities. If so requested by the City, Franchisee shall submit at its sole cost and expense additional information to assist the City in making such evaluation. The City is under no obligation to accept any proposed alternative. In the event the City ultimately determines that the proposed alternative is not desirable, Franchisee shall relocate its Facilities as required by this Section 5.

5.7 The provisions of this Section 5 shall in no manner preclude or restrict Franchisee from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities by any person or entity other than the City, where the facilities to be constructed by said person or entity are not or will not become City-owned, operated, or maintained facilities, provided that such arrangements do not unduly delay a City construction project.

5.8 If Franchisee breaches its obligations under Section 5.1 with respect to relocating its Facilities within the Franchise Area, and to the extent such breach causes a delay in the work being undertaken by the City's third party contractor(s) that results in a claim by the third party contractor(s) for costs, expenses and/or damages that are directly caused by such delay and are legally required to be paid by the City (each, a "Contractor Delay Claim"), the City may at its sole option:

(a) tender the Contractor Delay Claim to Franchisee for defense and indemnification in accordance with Section 5.9 and Section 17; or

(b) require that Franchisee reimburse the City for actual costs, expenses, and/or damages that are legally required to be paid by the City to its third party contractor(s) as a direct result of the Contractor Delay Claim; provided that, if the City requires reimbursement by Franchisee under this Section 5.8(b), the City shall first give Franchisee written notice of the Contractor Delay Claim and give Franchisee the opportunity to work with the third party

contractor(s) to resolve the Contractor Delay Claim for a period of not less than sixty (60) days prior to the City's payment of the Contractor Delay Claim.

5.9 Franchisee will indemnify, hold harmless, and pay the costs of defending the City, in accordance with the provisions of Section 17, against any and all claims, suits, actions, damages, or liabilities for delays on City construction projects caused by or arising out of the failure of Franchisee to remove or relocate its Facilities in a timely manner; provided, that Franchisee shall not be responsible for damages due to delays caused by circumstances beyond the control of Franchisee or the negligence, willful misconduct, or unreasonable delay of the City or any unrelated third party.

5.10 Whenever any person shall have obtained permission from the City to use any Right-of-Way for the purpose of moving any building, Franchisee, upon thirty (30) days' written notice from the City, shall raise, remove, or relocate to another part of the Right-of-Way, at the expense of the person desiring to move the building, any of Franchisee's Facilities that may obstruct the removal of such building.

5.11 If Franchisee fails, neglects, or refuses to remove or relocate its Facilities as directed by the City following the procedures outlined in Section 5.1 through Section 5.6 and Section 5.9 the City may perform such work or cause it to be done, and the City's costs shall be paid by Franchisee pursuant to Section 15.3 and Section 15.4.

5.12 The provisions of this Section 5 shall survive the expiration or termination of this Franchise during such time as Franchisee continues to have Facilities in the Rights-of-Way.

Section 6. Undergrounding of Facilities.

6.1 Except as specifically authorized by permit of the City, Franchisee shall not be permitted to erect poles or to run or suspend wires, cables, or other facilities thereon, but shall lay wires, cables, or other facilities underground in the manner required by the City. Franchisee acknowledges and agrees that if the City does not require the undergrounding of its Facilities at the time of a permit application, the City may, at any time in the future, require the conversion of Franchisee's aerial facilities to underground installation at Franchisee's expense.

at such time as the City requires all other utilities, except electrical utilities, with aerial facilities in the area to convert them to underground installation. Unless otherwise permitted by the City, Franchisee shall underground its Facilities in all new developments and subdivisions and any development or subdivision where utilities, except electrical utilities, are currently underground.

6.2 Whenever the City may require the undergrounding of the aerial utilities in any area of the City, Franchisee shall underground its aerial facilities in the manner specified by the City, concurrently with and in the area of the other affected utilities. The location of any relocated and underground utilities shall be approved by the City. Where other utilities are present and involved in the undergrounding project, Franchisee shall work with the other utilities to determine a fair share cost allocation for each individual utilities' facilities as well as common costs in a manner that is agreeable to all involved utilities. "Common costs" shall include necessary costs not specifically attributable to the undergrounding of any particular facility, such as costs for common trenching and utility vaults. "Fair share" shall be determined for a project on the basis of the number and size of conduits of Franchisee's Facilities being undergrounded in comparison to the total number of conduits of all other utility facilities being undergrounded. Such fair share cost allocation is the sole responsibility of the involved utilities and does not involve the City. This Section 6.2 shall only apply to the extent Franchisee has existing aerial utilities in the City or is specifically authorized to build aerial utilities by the City.

6.3 To the extent Franchisee is providing Services to Personal Wireless Facilities, Franchisee shall adhere to the design standards for such Personal Wireless Facilities, and shall underground its Facilities and/or place its Facilities within the pole as may be required by such design standards. For the purposes of clarity, this Section 6.3 does not require undergrounding or interior placement of Facilities within the pole to the extent that the Personal Wireless Facilities are located on utility poles that have pre-existing aerial telecommunications facilities and provided such construction of Franchisee's Facilities continue to comply with Sections 6.1 or 6.2.

6.4 Within forty-eight (48) hours (excluding weekends and City-recognized holidays) following a request from the City, Franchisee shall locate underground Facilities by marking the location on the ground. The location of the underground Facilities shall be identified using orange spray paint, unless otherwise specified by the City, and within two (2) feet of the actual location.

6.5 Franchisee shall be entitled to reasonable access to open utility trenches, provided that such access does not interfere with the City's placement of utilities or increase the City's costs. Franchisee shall pay to the City the actual cost to the City resulting from providing Franchisee access to an open trench, including without limitation the pro rata share of the costs of access to an open trench and any costs associated with the delay of the completion of a public works project.

6.6 Franchisee shall not remove any underground cable or conduit that is part of its Facilities and requires trenching or other opening of the Rights-of-Way along the extension of cable to be removed, except as provided in this Section 6.6. Franchisee may remove any underground cable and other related facilities from the Right-of-Way that has been installed in such a manner that it can be removed without trenching or other opening of the Right-of-Way along the extension of cable to be removed, or if otherwise permitted by the City. Franchisee may remove any underground cable from the Rights-of-Way where reasonably necessary to replace, upgrade, or enhance its Facilities, or pursuant to Section 5. When the City determines, in the City's sole discretion, that Franchisee's underground Facilities must be removed in order to eliminate or prevent a potentially hazardous condition, Franchisee shall remove the cable or conduit at Franchisee's sole cost and expense. Franchisee must apply for and receive a permit, pursuant to Section 8.2, prior to any such removal of underground cable, conduit and other related facilities from the Right-of-Way and must provide as-built plans and maps pursuant to Section 7.1.

6.7 The provisions of this Section 6 shall survive the expiration, revocation, or termination of this Franchise during such time as Franchisee continues to have Facilities in the Rights-of-Way. Nothing in this Section 6 shall be construed as requiring the City to pay any costs of undergrounding any of the Franchisee's Facilities.

Section 7. Maps and Records.

7.1 After aerial or underground construction is complete, whether new construction, relocation required by Section 5 or required undergrounding consistent with Section 6, Franchisee shall provide the City with accurate digital as-built plans and maps stamped and signed by a professional land surveyor in a form and content acceptable to the City Manager or his/her designee. These plans and maps shall be provided at no cost to the City. Franchisee shall provide such maps within ten (10) days following a request from the City. Franchisee shall warrant the accuracy of all plans, maps and as-builts provided to the City.

7.2 Within thirty (30) days of a written request from the City, Franchisee shall furnish the City with information sufficient to demonstrate: 1) that Franchisee has complied with all applicable requirements of this Franchise; and 2) that all taxes, including but not limited to sales, utility and/or telecommunications taxes due the City in connection with Franchisee's Services and Facilities have been properly collected and paid by Franchisee.

7.3 All books, records, maps, and other documents maintained by Franchisee with respect to its Facilities within the Rights-of-Way and compliance with this Franchise shall be made available for inspection by the City at reasonable times and intervals; provided, however, that nothing in this Section 7.3 shall be construed to require Franchisee to violate state or federal law regarding customer privacy, nor shall this Section 7.3 be construed to require Franchisee to disclose proprietary or confidential information without adequate safeguards for its confidential or proprietary nature. Unless otherwise prohibited by State or federal law, nothing in this Section 7.3 shall be construed as permission to withhold relevant customer data from the City that the City requests in conjunction with a tax audit or review; provided, however, Franchisee may redact identifying information such as names, street addresses (excluding City and zip code), Social Security Numbers, or Employer Identification Numbers related to any confidentiality agreements Franchisee has with third parties.

7.4 Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature; provided, however, Franchisee shall disclose such information to comply with a utility tax audit, in the event the City is permitted to charge fees as further described in Section 16.1, or as otherwise required in this Franchise. Franchisee

shall be responsible for clearly and conspicuously identifying any records disclosed pursuant to Section 7.3 as confidential or proprietary (if they are), and shall provide a brief written explanation as to why such information is confidential and how it may be treated as such under State or federal law. In the event that the City receives a public records request under Chapter 42.56 RCW or similar law for the disclosure of information Franchisee has designated as confidential, trade secret, or proprietary, the City shall promptly provide written notice of such disclosure so that Franchisee can take appropriate steps to protect its interests. The City agrees to keep confidential any proprietary or confidential books or records to the extent permitted by law. Nothing in this Section 7.4 prohibits the City from complying with Chapter 42.56 RCW or any other applicable law or court order requiring the release of public records, and the City shall not be liable to Franchisee for compliance with any law or court order requiring the release of public records. The City shall comply with any injunction or court order obtained by Franchisee that prohibits the disclosure of any such confidential records; however, in the event a higher court overturns such injunction or court order and such higher court action is or has become final and non-appealable, Franchisee shall reimburse the City for any fines or penalties imposed for failure to disclose such records as required hereunder within sixty (60) days of a request from the City.

7.5 On an annual basis, upon thirty (30) days prior written notice, the City shall have the right to conduct an independent audit of Franchisee's records reasonably related to the administration or enforcement of this Franchise, in accordance with GAAP. If the audit shows that fee payments or taxes have been underpaid by three percent (3%) or more, Franchisee shall pay the total cost of the audit.

Section 8. Work in the Rights-of-Way.

8.1 During any period of relocation, construction or maintenance, all work performed by Franchisee or its contractors shall be accomplished in a safe and workmanlike manner, so as to minimize interference with the free passage of traffic and the free use of adjoining property, whether public or private. Franchisee shall at all times post and maintain proper barricades, flags, flaggers, lights, flares, and other measures as required for the safety of all members of the general public and comply with all applicable safety regulations during such

period of construction as required by the ordinances of the City or the laws of the State of Washington, including RCW 39.04.180 for the construction of trench safety systems. Franchisee shall, at its own expense, maintain its Facilities in a safe condition, in good repair, and in a manner suitable to the City. Additionally, Franchisee shall keep its Facilities free of debris and anything of a dangerous, noxious, or offensive nature or which would create a hazard or undue vibration, heat, noise, or any interference with City services. The provisions of this Section 8 shall survive the expiration of this Franchise during such time as Franchisee continues to have Facilities in the Rights-of-Way.

8.2 Whenever Franchisee shall commence work in any public Rights-of-Way for the purpose of excavation, installation, construction, repair, maintenance, or relocation of its cable or facilities, it shall apply to the City for a permit to do so and shall comply with the requirements of the Mercer Island City Code 19.09.060 as now enacted or hereafter amended. In addition, the Franchisee shall give the City at least ten (10) working days (except in the case of an emergency) prior notice of its intent to commence work in the Rights-of-Way. In no case shall any work commence within any Rights-of-Way without a permit, except as otherwise provided in this Franchise.

8.3 Whenever Franchisee installs underground cables, conduits, and other linear facilities, trenchless construction methods shall be utilized as much as possible to minimize impacts to surface improvements (roadways, sidewalks, curbs), underground utilities, and tree roots. The use of open-cut construction methods shall be minimized.

8.4 If the Franchisee shall at any time plan to make excavations in any area covered by this Franchise and as described in this Section 8.4, the Franchisee shall afford the other franchisees and the City, upon receipt of a written request to do so, an opportunity to share such excavation, PROVIDED THAT:

(a) Such joint use shall not unreasonably delay the work of Franchisee causing the excavation to be made;

(b) Such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties; and

- (c) Franchisee may deny such request for safety reasons.

8.5 Except for emergency situations, Franchisee shall give at least seven (7) days' prior notice of intended construction to residents in the affected area. Such notice shall contain the dates, contact number, nature and location of the work to be performed. At least twenty-four (24) hours prior to entering private property or streets or public easements adjacent to or on such private property, Franchisee shall physically post a notice on the property indicating the nature and location of the work to be performed. Door hangers are permissible methods of notifications to residents. These timeframes may be modified in the permit approved for the work. Franchisee shall make a good faith effort to comply with the property owner/resident's preferences, if any, on location or placement of underground installations (excluding aerial cable lines utilizing existing poles and existing cable paths), consistent with sound engineering practices. Following performance of the work, Franchisee shall restore the private property as nearly as possible to its condition prior to construction, except for any change in condition not caused by Franchisee. Any disturbance of landscaping, fencing, or other improvements on private property caused by Franchisee's work shall, at the sole expense of Franchisee, be promptly repaired and restored to the reasonable satisfaction of the property owner/resident. Notwithstanding the above, nothing herein shall give Franchisee the right to enter onto private property without the permission of such private property owner, or as otherwise authorized by applicable law.

8.6 Franchisee shall at all times comply with the safety requirements contained in Section 10 and all applicable federal, State and local safety requirements.

8.7 Tree Trimming.

(a) Trees on Public Property.

(i) Franchisee, its contractors, and agents shall apply for a tree permit to prune or cut any tree in a right-of-way in accordance with chapter 19.10.100 of the Mercer Island City Code as now enacted or hereafter amended. No such pruning or cutting may occur before the permit is properly issued. Tree pruning or cutting shall only be allowed to the extent necessary to resolve a possible hazard or health or safety concern.

(ii) Franchisee shall provide 7 days' advance notice to the adjacent property owners before pruning or cutting a tree on public property.

(iii) Any pruning shall be completed consistent with the approved permit. All pruning or cutting shall at all times minimize damage to the tree and ensure best practices.

(iv) All tree pruning operations shall comply with the Manual on Uniform Traffic Control Devices (MUTCD) on temporary traffic control standards or other standards as may be required by the tree pruning/cutting permit.

(b) Trees on Private Property.

(i) Franchisee shall not prune or cut any trees on private property, unless Franchisee has the express, written permission of the property owner and a tree permit in accordance with chapter 19.10 of the Mercer Island City Code as now enacted or hereafter amended is obtained, if applicable.

(ii) The City shall not be liable for any damages, injuries, or claims arising from Franchisee's actions under this Section 8.7.

8.8 Franchisee shall meet with the City and other franchise holders and users of the Rights-of-Way upon written notice as determined by the City, to schedule and coordinate construction in the Rights-of-Way. All construction locations, activities, and schedules shall be coordinated as ordered by the City to minimize public inconvenience, disruption, or damages.

8.9 Franchisee acknowledges that it, and not the City, shall be responsible for compliance with all marking and lighting requirements of the Federal Aviation Administration ("FAA") and the Federal Communications Commission ("FCC") with respect to Franchisee's Facilities, if applicable. Franchisee shall indemnify and hold the City harmless from any fines or other liabilities caused by Franchisee's failure to comply with such requirements. Should Franchisee or the City be cited by either the FCC or the FAA because the Facilities or Franchisee's equipment is not in compliance and should Franchisee fail to cure the

conditions of noncompliance within the timeframe allowed by the citing agency, the City may, upon at least forty-eight (48) hours' prior written notice to Franchisee, either terminate this Franchise immediately if the equipment is not brought into compliance by the expiration of such notice period or may proceed to cure the conditions of noncompliance at Franchisee's expense, and collect all reasonable costs from Franchisee in accordance with the provisions of Section 15.3 and Section 15.4.

8.10 The granting of this Franchise shall not preclude the City, its accredited agents or its contractors, from demolition, grading or doing other necessary road work contiguous to the Franchisee's improvements.

8.11 The provisions of this Section 8 shall survive the expiration, revocation, or termination of this Franchise during such time as Franchisee continues to have Facilities in the Rights-of-Way.

Section 9. One Call Locator Service. Prior to doing any work in the Rights-of-Way, the Franchisee shall follow established procedures, including contacting the Utility Notification Center in Washington and comply with all applicable State statutes regarding the One Call Locator Service pursuant to Chapter 19.122 RCW. Chapter 19.122 RCW. Further, upon request from a third party or the City, Franchisee shall locate its Facilities consistent with the requirements of Chapter 19.122 RCW. The City shall not be liable for any damages to Franchisee's Facilities or for interruptions in service to Franchisee's customers that are a direct result of Franchisee's failure to locate its Facilities within the prescribed time limits and guidelines established by the One Call Locator Service regardless of whether the City issued a permit.

Section 10. Safety Requirements.

10.1 Franchisee shall, at all times, employ professional care and shall install and maintain and use industry-standard methods for preventing failures and accidents that are likely to cause damage, injuries, or nuisances to the public. All facilities in, over, under, and upon the Rights-of-Ways, wherever situated or located, shall at all times be kept and maintained in a safe condition. Franchisee shall comply with all federal, State, and City safety requirements, rules, regulations, laws, and practices, and employ all necessary devices as

required by applicable law during the construction, operation, maintenance, upgrade, repair, or removal of its Facilities. By way of illustration and not limitation, Franchisee shall also comply with the applicable provisions of the National Electric Code, National Electrical Safety Code, FCC regulations, and Occupational Safety and Health Administration (OSHA) Standards. Upon reasonable notice to Franchisee, the City reserves the general right to inspect the Facilities to evaluate if they are constructed and maintained in a safe condition.

10.2 If an unsafe condition or a violation of Section 10.1 is found to exist, and becomes known to the City, the City agrees to give Franchisee written notice of such condition and afford Franchisee a reasonable opportunity to repair the same. If Franchisee fails to start to make the necessary repairs and alterations within the time frame specified in such notice (and pursue such cure to completion), then the City may make such repairs or contract for them to be made. All costs, including administrative costs, incurred by the City in repairing any unsafe conditions shall be borne by Franchisee and reimbursed to the City pursuant to Section 15.3 and Section 15.4.

10.3 Additional safety standards include:

(a) Franchisee shall endeavor to maintain all facilities in an orderly manner, including, but not limited to, the removal of all bundles of unused cable on any aerial facilities.

(b) All installations of facilities shall be installed in accordance with industry-standard engineering practices and shall comply with all federal, State, and local regulations, ordinances, and laws.

(c) Any opening or obstruction in the Rights-of-Way or other public places made by Franchisee in the course of its operations shall be protected by Franchisee at all times by the placement of adequate barriers, fences, or boarding, the bounds of which, during periods of dusk and darkness, shall be clearly marked and visible.

10.4 Stop Work Order

On notice from the City that any work is being performed contrary to the provisions of this Franchise, or in an unsafe or dangerous manner as determined by the City, or in violation of the terms of any applicable permit, laws, regulations, ordinances, or standards, the work may immediately be stopped by the City. The stop work order shall conform to the requirements of Mercer Island City Code 6.10. Nothing in this Franchise Agreement shall be construed to limit the City's authority to enforce applicable permit conditions, laws, regulations, ordinances, or standards as set forth in Section 24.

10.5 The provisions of this Section 10 shall survive the expiration, revocation, or termination of this Franchise during such time as Franchisee continues to have Facilities in the Rights-of-Way.

Section 11. Work of Contractors and Subcontractors. Franchisee's contractors and subcontractors shall be licensed and bonded in accordance with State law and the City's ordinances, regulations, and requirements. Work by contractors and subcontractors is subject to the same restrictions, limitations, and conditions as if the work were performed by Franchisee. Franchisee shall be responsible for all work performed by its contractors and subcontractors and others performing work on its behalf as if the work were performed by Franchisee and shall ensure that all such work is performed in compliance with this Franchise, any applicable permits, and applicable law. The provisions of this Section 11 shall survive the expiration, revocation, or termination of this Franchise during such time as Franchisee continues to have Facilities in the Rights-of-Way.

Section 12. City Conduit. Except in emergency situations, Franchisee shall inform the City Engineer with at least thirty (30) days' advance written notice that it is constructing, relocating, or placing ducts or conduits in the Rights-of-Way and provide the City with an opportunity to request that Franchisee provide the City with additional duct or conduit, and related structures necessary to access the conduit pursuant to and subject to RCW 35.99.070. Such notification shall be in addition to the requirement to apply for and obtain permits pursuant to Section 8.2.

Section 13. Restoration after Construction.

13.1 Franchisee shall, after installation, construction, relocation, maintenance, or repair of its Facilities, or after abandonment approved pursuant to Section 19, promptly remove any obstructions from the Rights-of-Way and restore the surface of the Rights-of-Way to at least the same condition the Rights-of-Way were in immediately prior to any such installation, construction, relocation, maintenance or repair, provided Franchisee shall not be responsible for any changes to the Rights-of-Way not caused by Franchisee or anyone doing work for Franchisee. The City Manager or his/her designee shall have final approval of the condition of such Rights-of-Way after restoration. All concrete encased survey monuments that have been disturbed or displaced by such work shall be restored pursuant to federal, state (Chapter 332-120 WAC), and local standards and specifications.

13.2 Franchisee agrees to promptly complete all restoration work and to promptly repair any damage caused by work to the Franchise Area or other affected area at its sole cost and expense and according to the time and terms specified in the construction permit issued by the City. All work by Franchisee pursuant to this Franchise shall be performed in accordance with applicable City standards and warranted for a period of two (2) years following closeout of the permit, or other time period as may be required by a permit of the City Code, and for undiscovered defects as is standard and customary for this type of work.

13.3 If conditions (e.g. weather) make the complete restoration required under Section 13 impracticable, Franchisee shall temporarily restore the affected Right-of-Way or property. Such temporary restoration shall be at Franchisee's sole cost and expense. Franchisee shall promptly undertake and complete the required permanent restoration when conditions no longer make such permanent restoration impracticable.

13.4 In the event Franchisee does not repair a Right-of-Way or an improvement in or to a Right-of-Way within the time agreed to by the City Manager, or his/her designee, the City may repair the damage and shall be reimbursed its actual cost within sixty (60) days of submitting an itemized invoice to Franchisee in accordance with the provisions of Section 15.3 and Section 15.4. In addition, and pursuant to Section 15.3 and Section 15.4, the City may bill Franchisee for expenses associated with the inspection of such restoration work. The failure by Franchisee to complete such repairs shall be considered a breach of this Franchise

and is subject to remedies by the City including the imposition of damages consistent with Section 21.2.

13.5 The provisions of this Section 13 shall survive the expiration or termination of this Franchise so long as Franchisee continues to have Facilities in the Rights-of-Way and has not completed all restoration to the City's standards.

Section 14. Emergencies.

14.1 In the event of any emergency in which any of Franchisee's Facilities located in or under any street endangers the property, life, health, or safety of any person, entity or the City, or if Franchisee's construction area is otherwise in such a condition as to immediately endanger the property, life, health, or safety of any person, entity or the City, Franchisee shall immediately take the proper emergency measures to repair its Facilities and to cure or remedy the dangerous conditions for the protection of property, life, health, or safety of any person, entity or the City, without first applying for and obtaining a permit as required by this Franchise. However, this shall not relieve Franchisee from the requirement of obtaining any permits necessary for this purpose, and Franchisee shall apply for all such permits not later than the next succeeding day during which the Mercer Island City Hall is open for business. The City retains the right and privilege to cut or move any Facilities located within the Rights-of-Way of the City, as the City may determine to be necessary, appropriate, or useful in response to any public health or safety emergency. The City shall notify Franchisee by telephone promptly upon learning of the emergency and shall exercise reasonable efforts to avoid an interruption of Franchisee's operations.

14.2 Whenever the construction, installation, or excavation of Facilities authorized by this Franchise has caused or contributed to a condition that appears to substantially impair the lateral support of the adjoining street or public place, an adjoining public place, street utilities, City property, Rights-of-Way, or private property (collectively "Endangered Property") or endangers the public, the City Manager or his/her designee, may direct Franchisee, at Franchisee's own expense, to take reasonable action to protect the Endangered Property or the public, and such action may include compliance within a prescribed time. In the event that Franchisee fails or refuses to promptly take the actions directed by the

City, or fails to fully comply with such directions, or if an emergency situation exists that requires immediate action before the City can timely contact Franchisee to request Franchisee effect the immediate repair, the City may enter upon the Endangered Property and take such reasonable actions as are necessary to protect the Endangered Property or the public. Franchisee shall be liable to the City for the costs of any such repairs in accordance with the provisions of Sections 15.3 and 15.4.

14.3 The City shall not be liable for any damage to or loss of Facilities within the Rights-of-Way as a result of or in connection with any public works, public improvements, construction, grading, excavation, filling, or work of any kind in the Rights-of-Way by or on behalf of the City, except to the extent directly and proximately caused by the gross negligence or willful acts of the City, its employees, contractors, or agents. The City shall further not be liable to Franchisee for any direct, indirect, or any other such damages suffered by any person or entity of any type as a direct or indirect result of the City's actions under this Section 14 except to the extent caused by the gross negligence or willful acts of the City, its employees, contractors, or agents.

14.4 The provisions of this Section 14 shall survive the expiration, revocation, or termination of this Franchise during such time as Franchisee continues to have Facilities in the Rights-of-Way.

Section 15. Recovery of Costs.

15.1 Upon receipt of an itemized billing from the City, Franchisee shall pay a fee for the actual administrative expenses incurred by the City that are directly related to the receiving and approving of this Franchise pursuant to RCW 35.21.860, including the costs associated with City's legal costs incurred in drafting and processing this Franchise and all work related thereto. No construction permits shall be issued for the installation of Facilities authorized until such time as the City has received payment of the fee; further, this Franchise will not be deemed accepted without the payment of this fee. Franchisee shall further be subject to all permit fees associated with activities undertaken through the authority granted in this Franchise or under the laws of the City. Where the City incurs costs and expenses for review, inspection, or supervision of activities, including but not limited to reasonable fees associated

with attorneys, consultants, City Staff and City Attorney time, undertaken through the authority granted in this Franchise or any ordinances relating to the subject for which a permit fee is not established, Franchisee shall pay such costs and expenses directly to the City in accordance with the provisions of Section 15.3.

15.2 In addition to Section 15.1, Franchisee shall promptly reimburse the City in accordance with the provisions of Section 15.3 and Section 15.4 for any and all costs the City reasonably incurs in response to any emergency situation involving Franchisee's Facilities, to the extent said emergency is not the fault of the City. The City agrees to simultaneously seek reimbursement from any franchisee or permit holder who caused or contributed to the emergency situation.

15.3 Franchisee shall reimburse the City within sixty (60) days of submittal by the City of an itemized billing for reasonably incurred costs, itemized by project, for Franchisee's proportionate share of all actual, identified expenses incurred by the City in planning, constructing, installing, repairing, altering, or maintaining any City facility as the result of the presence of Franchisee's Facilities in the Rights-of-Way. Such costs and expenses shall include but not be limited to Franchisee's proportionate cost of City personnel assigned to oversee or engage in any work in the Rights-of-Way as the result of the presence of Franchisee's Facilities in the Rights-of-Way. Such costs and expenses shall also include Franchisee's proportionate share of any time spent reviewing construction plans in order to either accomplish the relocation of Franchisee's Facilities or the routing or rerouting of any utilities so as not to interfere with Franchisee's Facilities.

15.4 The time of City employees shall be charged at their respective rate of salary, including overtime if applicable, plus benefits and reasonable overhead. Any other costs will be billed proportionately on an actual cost basis. All billings will be itemized to specifically identify the costs and expenses for each project for which the City claims reimbursement. A charge for the actual costs incurred in preparing the billing may also be included in said billing. At the City's option, the billing may be on an annual basis, but the City shall provide the Franchisee with the City's itemization of costs, in writing, at the conclusion of each project for information purposes.

Section 16. City's Reservation of Rights.

16.1 Franchisee represents that its Services, as authorized under this Franchise, are a telephone business as defined in RCW 82.16.010, or that it is a service provider as used in RCW 35.21.860 and defined in RCW 35.99.010. As a result, the City will not impose franchise fees under the terms of this Franchise. The City reserves its right to impose a franchise fee on Franchisee if Franchisee's Services as authorized by this Franchise change such that the statutory prohibitions of RCW 35.21.860 no longer apply or if statutory prohibitions on the imposition of such fees are otherwise removed. The City also reserves its right to require that Franchisee obtain a separate franchise for a change in use, which franchise may include provisions intended to regulate Franchisee's operations as allowed under applicable law. Nothing contained within this Franchise shall preclude Franchisee from challenging any such new fee or separate agreement under applicable federal, State, or local laws.

16.2 Franchisee acknowledges that its operation with the City constitutes a telecommunication business subject to the utility tax imposed pursuant to the Mercer Island City Code Chapter 4.12. Franchisee stipulates and agrees that certain of its business activities are subject to taxation as a telecommunication business and that Franchisee shall pay to the City the rate applicable to such taxable services under Mercer Island City Code Chapter 4.12, and consistent with state and federal law. The parties agree however, that nothing in this Franchise shall limit the City's power of taxation as may exist now or as later imposed by the City. This provision does not limit the City's power to amend Mercer Island City Code Chapter 4.12 as may be permitted by law.

Section 17. Indemnification.

17.1 Franchisee shall defend, indemnify, and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of Franchisee's acts, errors or omissions, or from the conduct of Franchisee's business, or from any activity, work or thing done, permitted, or suffered by Franchisee arising from or in

connection with this Franchise Agreement, except only such injury or damage as shall have been occasioned by the sole negligence or willful misconduct of the City.

17.2 However, should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Franchisee and the City, its officers, officials, employees, and volunteers, the Franchisee's liability hereunder shall be only to the extent of the Franchisee's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Franchisee's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this Section 17 shall survive the expiration or termination of this Agreement.

17.3 The City shall promptly notify Franchisee of any claim or suit and request in writing that Franchisee indemnify the City. Franchisee may choose counsel to defend the City subject to this Section 16.3. City's failure to so notify and request indemnification shall not relieve Franchisee of any liability that Franchisee might have, except to the extent that such failure prejudices Franchisee's ability to defend such claim or suit.

17.4 If separate representation to fully protect the interests of both parties is necessary, such as a conflict of interest between the City and the counsel selected by Franchisee to represent the City, then upon the prior written approval and consent of Franchisee, which shall not be unreasonably withheld, the City shall have the right to employ separate counsel in any action or proceeding and to participate in the investigation and defense thereof, and Franchisee shall pay the reasonable fees and expenses of such separate counsel, except that Franchisee shall not be required to pay the fees and expenses of separate counsel on behalf of the City for the City to bring or pursue any counterclaims or interpleader action, equitable relief, restraining order or injunction. The City's fees and expenses shall include all out-of-pocket expenses, such as consultants and expert witness fees, and shall also include the reasonable value of any services rendered by the counsel retained by the City but shall not include outside attorneys' fees for services that are unnecessarily duplicative of services provided the City by

Franchisee. Each party agrees to cooperate and to cause its employees and agents to cooperate with the other party in the defense of any such claim and the relevant records of each party shall be available to the other party with respect to any such defense.

17.5 In the event that Franchisee refuses the tender of defense in any suit or any claim, as required pursuant to the indemnification provisions within this Franchise, and said refusal is subsequently determined by a court having jurisdiction (or such other tribunal that the parties shall agree to decide the matter), to have been a wrongful refusal on the part of Franchisee, Franchisee shall pay all of the City's reasonable costs for defense of the action, including all expert witness fees, costs, and attorney's fees, and including costs and fees incurred in recovering under this indemnification provision.

17.6 Inspection or acceptance by the City of any work performed by Franchisee at the time of completion of construction shall not be grounds for avoidance by Franchisee of any of its obligations under this Section 17. These indemnification obligations shall extend to claims that are not reduced to a suit and any claims that may be compromised, with Franchisee's prior written consent, prior to the culmination of any litigation or the institution of any litigation.

17.7 Notwithstanding any other provisions of this Section 17, Franchisee assumes the risk of damage to its Facilities located in the Rights-of-Way and upon City-owned property from activities conducted by the City, its officers, agents, employees, volunteers, elected and appointed officials, and contractors, except to the extent any such damage or destruction is caused by or arises from any grossly negligent, willful, or criminal actions on the part of the City, its officers, agents, employees, volunteers, or elected or appointed officials, or contractors. In no event shall either party be liable to the other for any indirect, incidental, special, consequential, exemplary, or punitive damages, including, by way of example and not limitation, lost profits, lost revenue, loss of goodwill, or loss of business opportunity in connection with such party's performance or failure to perform under this Franchise. Franchisee releases and waives any and all such claims against the City, its officers, agents, employees, volunteers, or elected or appointed officials, or contractors. Franchisee further agrees to indemnify, hold harmless and defend the City against any claims for damages,

including, but not limited to, business interruption damages and lost profits and consequential damages, brought by or under users of Franchisee's Facilities as the result of any interruption of service due to damage or destruction of Franchisee's Facilities caused by or arising out of activities conducted by the City, its officers, agents, employees or contractors, except to the extent any such damage or destruction is caused by or arises from the gross negligence or any willful, or criminal actions on the part of the City, its officers, agents, employees, volunteers, or elected or appointed officials, or contractors.

17.8 The provisions of this Section 17 shall survive the expiration, revocation, or termination of this Franchise.

Section 18. Insurance.

18.1 Franchisee shall procure and maintain for the duration of this Franchise Agreement and so long as Franchisee has Facilities in the Rights-of-Way, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the exercise of rights, privileges and authority granted to Franchisee, its agents representatives or employees. Franchisee shall cause each and every Subcontractor to provide insurance coverage that complies with all applicable requirements of the Franchisee-provided insurance as set forth herein, except the Franchisee shall have sole responsibility for determining the limits of coverage required to be obtained by Subcontractors. The Franchisee shall ensure that the City is an additional insured on each and every Subcontractor's Commercial General liability insurance policy using an endorsement as least as broad as ISO CG 2026.

18.2 No Limitation. Franchisee's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Franchisee to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

18.3 Minimum Scope of Insurance. Franchisee shall obtain insurance of the types and coverage described below:

(a) Commercial General Liability insurance shall be at least as broad as Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop gap liability, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract. There shall be no exclusion for liability arising from explosion, collapse or underground property damage. The City shall be named as additional an insured on Franchisee's Commercial General Liability insurance policy with respect this Franchise Agreement using ISO Additional Insured-Managers or Lessors of Premises Form CG 20 26 07 04 or a substitute endorsement providing at least as broad coverage.

(b) Property insurance shall be written on an all risk basis.

18.4 Minimum Amounts of Insurance. Franchisee shall maintain the following insurance limits:

(a) Commercial General Liability insurance shall be written with limits no less than \$5,000,000 each occurrence, \$5,000,000 general aggregate;

(b) Property insurance shall be written covering the full value of Franchisee's property and improvements with no coinsurance provisions, but self-insurance shall be allowed for property insurance upon showing of compliance with the requirements of Section 18.11 of this Agreement;

(c) Franchisee's Pollution Liability insurance shall be written in an amount of at least \$2,000,000 per loss, with an annual aggregate of at least \$2,000,000, but self-insurance shall be allowed for Pollution Liability insurance upon showing of compliance with the requirements of Section 18.11 of this Agreement;

(d) Automobile Liability insurance at least as broad as ISO CA 00 01 including coverage for owned, non-owned, leased, or hired vehicles, as applicable, with a minimum limit of \$5,000,000 each accident for bodily injury and property damage; and

(e) Workers' Compensation insurance for Washington State as required by Title 51 RCW Industrial Insurance.

(f) Excess or Umbrella Liability insurance shall be written with limits of not less than \$5,000,000 per occurrence and annual aggregate. The Excess or Umbrella Liability requirement and limits may be satisfied instead through Franchisee's Commercial General Liability and Automobile Liability insurance, or any combination thereof that achieves the overall required limits.

(g) The City may reasonably increase the minimum policy limits and coverage from time to time as the City deems appropriate to adequately protect the City and the public.

18.5 Additional Insured. The Commercial General Liability insurance policy and Excess of Umbrella liability insurance, if any, shall name the City, its elected officials, officers, and employees as additional insureds as respects any covered liability arising out of Franchisee's performance of this Franchise. Coverage shall be in an occurrence form and in accordance with the limits and provisions specified herein. Claims-made policies are not acceptable. Such insurance shall not be canceled, nor shall the occurrence or aggregate limits set forth above be reduced, until the City has received at least thirty (30) days' advance written notice of such cancellation or change. Franchisee shall be responsible for notifying the City of such change or cancellation.

18.6 Franchisee's Commercial General Liability, Automobile Liability, Excess or Umbrella Liability, Contractors Pollution Liability insurance policy or policies are to contain, or be endorsed to contain that they shall be primary insurance as respect to the City. Any Insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Franchisee's insurance and shall not contribute with it.

18.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

18.8 Verification of Coverage. Franchisee shall furnish the City with certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Franchisee.

Upon request by the City, the Franchisee shall furnish and evidence of all subcontractors' coverage.

18.9 Notice of Cancellation. Franchisee shall provide the City with written notice of any policy cancellation that is not being immediately replaced by a substantially similar policy meeting the requirements of this Franchise within seven (7) business days of their receipt of such notice.

18.10 Failure to Maintain Insurance. Failure on the part of Franchisee to maintain the insurance as required shall constitute a material breach of the Franchise, upon which the City may, after giving 5 business days' notice to Franchisee to correct the breach, terminate the Lease or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.

18.11 As of the effective date of this Franchise, Franchisee is not self-insured for coverage other than property damage and Pollution Liability. Should Franchisee wish to become self-insured at the other levels outlined in this Franchise at a later date, Franchisee must provide the City with thirty (30) days advanced written notice of its intent to self-insure. In order to self-insure, Franchisee shall comply with the following: (i) provide the City, upon request, a copy of Franchisee's or its parent company's most recent audited financial statements, if such financial statements are not otherwise publicly available; (ii) Franchisee or its parent company is responsible for all payments within the self-insured retention; (iii) Franchisee assumes all defense and indemnity obligations as outlined in the indemnification section of this Agreement. (iv) provide a written attestation that Franchisee possesses the necessary amount of unencumbered financial assets to support the financial exposure of self-insurance, as evidenced by an outside auditor's review of Franchisee's financial statements; and (v) the City, upon request, may review Franchisee's financial statements.

Section 19. Abandonment of Franchisee's Telecommunications Network.

19.1 Upon the expiration, termination, or revocation of the rights granted under this Franchise, Franchisee shall remove all of its Facilities from the Rights-of-Way within

sixty (60) days of receiving written notice from the City Manager or his/her designee. The Facilities, in whole or in part, may not be abandoned by Franchisee without written approval by the City. Any plan for abandonment or removal of Franchisee's Facilities must be first approved by the City Manager or his/her designee, and all necessary permits must be obtained prior to such work. Franchisee shall restore the Rights-of-Way to at least the same condition the Rights-of-Way were in immediately prior to any such installation, construction, relocation, maintenance or repair, provided Franchisee shall not be responsible for any changes to the Rights-of-Way not caused by Franchisee or any person doing work for Franchisee. Franchisee shall be solely responsible for all costs associated with removing its Facilities and restoring the Right-of-Way.

19.2 Notwithstanding Section 19.1 above, the City may permit Franchisee's improvements to be abandoned and placed in such a manner as the City may prescribe. Upon permanent abandonment, and Franchisee's agreement to transfer ownership of the Facilities to the City, Franchisee shall submit to the City a proposal and instruments for transferring ownership to the City.

19.3 Any Facilities which are not removed within one hundred (120) days of either the date of termination or revocation or the date the City issued a permit authorizing removal, whichever is later, shall automatically become the property of the City. Any costs incurred by the City in safeguarding such Facilities or removing the Facilities shall be reimbursed by Franchisee. Nothing contained within this Section 19 shall prevent the City from compelling Franchisee to remove any such Facilities through judicial action when the City has not permitted Franchisee to abandon said Facilities in place. The provisions of this Section 19 shall survive the expiration, revocation, or termination of this Franchise.

19.4 If Franchisee leases a structure in the Right-of-Way from a landlord and such landlord later replaces, removes or relocates the structure, for example by building a replacement structure, Franchisee shall remove or relocate its Facilities within the rights-of-way within ninety (90) days of such notification from the landlord at no cost to the City.

19.5 The provisions of this Section 19 shall survive the expiration, revocation, or termination of this Franchise and for so long as Franchisee has Facilities in Rights-of-Way.

Section 20. Security.

20.1 Within 30 days of the execution of this Franchise, Franchisee shall maintain and furnish to the City a Security in favor of the City. "Security" means either an executed performance bond, letter of credit, or a bank or cashier's check made payable to the City, or other form of security acceptable to the City for the purpose of protecting the City from the costs and expenses associated with Franchisee's failure to comply with its material obligations under and throughout the life of this Franchise, including but not limited to, (a) the City's restoration of its Right-of-Way; (b) the City's removal of any of Franchisee's Facilities that are abandoned without approval or not properly maintained or that need to be removed to protect public health, safety, welfare, or City property; or (c) the City's remediation of environmental and hazardous waste issues caused by Franchisee after Franchisee receives reasonable notice from the City of any of the non-compliance listed above and opportunity to cure.

20.2 The amount of the Security shall be determined by mutual agreement by Franchisee and the City Attorney/City Manager in writing.

20.3 The Bond, if any, must be in a form approved by the City Attorney and issued by a corporate surety authorized and admitted to write surety bonds in Washington state. The surety must be listed on the current list of accepted sureties on federal bonds published by the United States Treasury Department or reinsured for any liability up to \$100,000.00, by a reinsurer listed on the U.S. Treasury list.

20.4 In the event the surety or party issuing the Security cancels or decides not to renew or extend the Security, Franchisee shall obtain, and provide to the City Attorney for approval, a replacement Security with another surety, authorized to do business in Washington, within 30 days of the date the Security has been cancelled or non-renewed. If Franchisee fails to provide the replacement Security within the 30-day period, the City Manager, after consulting with the City Attorney, may immediately suspend Franchisee from any further performance under this Franchise and begin procedures to terminate for default.

20.5 In the event that the City draws upon the Security, Franchisee must replenish the amount of the Security within 30 days. Notwithstanding any provisions of this Franchise to the contrary, the City Manager shall be required to notify Franchisee in writing as a precondition to drawing on, seeking payment under, or executing against the Security.

20.6 In the event that Franchisee shall fully and faithfully comply with all of the terms of this Franchise, the City shall return the Security to Franchisee within 60 days of the Franchise's expiration or termination, to the extent such Security is not otherwise applied consistent with this Franchise.

Section 21. Remedies to Enforce Compliance.

21.1 In addition to any other remedy provided in this Franchise, the City reserves the right to pursue any remedy available at law or in equity to compel or require Franchisee and/or its successors and assigns to comply with the terms of this Franchise and the pursuit of any right or remedy by the City shall not prevent the City from thereafter declaring a revocation for breach of the conditions. In addition to any other remedy provided in this Franchise, Franchisee reserves the right to pursue any remedy available at law or in equity to compel or require the City, its officers, employees, volunteers, contractors and other agents and representatives, to comply with the terms of this Franchise. Further, all rights and remedies provided herein shall be in addition to and cumulative with any and all other rights and remedies available to either the City or Franchisee. Such rights and remedies shall not be exclusive, and the exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy. Provided, further, that by entering into this Franchise, it is not the intention of the City or Franchisee to waive any other rights, remedies, or obligations as provided by law, equity or otherwise, and nothing contained in this Franchise shall be deemed or construed to affect any such waiver. The parties reserve the right to seek and obtain injunctive relief with respect to this Franchise to the extent authorized by applicable law and that the execution of this Franchise shall not constitute a waiver or relinquishment of such right. The parties agree that in the event a party obtains injunctive relief, neither party shall be required to post a bond or other security and the parties agree not to seek the imposition of such a requirement.

21.2 If either party violates or fails to comply with any of the provisions of this Franchise, or a permit issued as required by Section 8.2, or should it fail to heed or comply with any notice given to such party under the provisions of this Franchise (the “Defaulting Party”), the other Party (the “Non-defaulting Party”) shall provide the Defaulting Party with written notice specifying with reasonable particularity the nature of any such breach and the Defaulting Party shall undertake all commercially reasonable efforts to cure such breach within thirty (30) days of receipt of notification. If the Non-defaulting Party reasonably determines the breach cannot be cured within thirty (30) days, the Non-defaulting Party may specify a longer cure period, and condition the extension of time on the Defaulting Party’s submittal of a plan to cure the breach within the specified period, commencement of work within the original thirty (30) day cure period, and diligent prosecution of the work to completion. If the breach is not cured within the specified time, or the Defaulting Party does not comply with the specified conditions, the Non-defaulting Party may pursue any available remedy at law or in equity as provided in Section 21.1 above, or in the event Franchisee has failed to timely cure the breach, the City, at its sole discretion, may elect to (1) revoke this Franchise pursuant to Section 22, (2) claim damages of Two Hundred Fifty Dollars (\$250.00) per day against Franchisee (and collect from the Franchise Bond if necessary), or (3) extend the time to cure the breach if under the circumstances additional time is reasonably required. Liquidated damages described in this Section 21.2 shall not be offset against any sums due to the City as a tax or reimbursement pursuant to Section 15.

Section 22. Revocation. If Franchisee willfully violates or fails to comply with any material provisions of this Franchise, then at the election of the Mercer Island City Council after at least sixty (60) days prior written notice to Franchisee specifying the alleged violation or failure, the City may revoke all rights conferred and this Franchise may be revoked by the Council after a hearing held upon such notice to Franchisee. Such hearing shall be open to the public and Franchisee and other interested parties may offer written and/or oral evidence explaining or mitigating such alleged noncompliance. Within thirty (30) days after the hearing, the Mercer Island City Council, on the basis of the record, will make the determination as to whether there is cause for revocation, whether the Franchise will be terminated, or whether lesser sanctions should otherwise be imposed. The Mercer Island City Council may in its sole discretion fix an additional time period to cure violations. If the deficiency has not been cured at the expiration of any additional time period or if the Mercer

Island City Council does not grant any additional period, the Mercer Island City Council may by resolution declare the Franchise to be revoked and forfeited or impose lesser sanctions. If Franchisee appeals revocation and termination, such revocation may be held in abeyance pending judicial review by a court of competent jurisdiction, provided Franchisee is otherwise in compliance with the Franchise.

Section 23. Non-Waiver. The failure of either party to insist upon strict performance of any of the covenants and agreements of this Franchise or to exercise any option conferred in any one or more instances shall not be construed to be a waiver or relinquishment of any such covenants, agreements, or option or any other covenants, agreements or option.

Section 24. Police Powers and City Regulations. Nothing within this Franchise shall be deemed to restrict the City's ability to adopt and enforce all necessary and appropriate ordinances regulating the performance of the conditions of this Franchise and the franchises of similarly-situated entities, including any valid ordinance made in the exercise of its police powers in the interest of public safety and for the welfare of the public. The City shall have the authority at all times to reasonably control by appropriate regulations, consistent with 47 U.S.C. § 253, the location, elevation, manner of construction, and maintenance of any Facilities by Franchisee and other similarly-situated franchisees, and Franchisee shall promptly conform with all such regulations, unless compliance would cause Franchisee to violate other requirements of law. The City reserves the right to promulgate any additional regulations of general applicability as it may find necessary in the exercise of its lawful police powers consistent with 47 U.S.C. § 253. In the event of a conflict between the provisions of this Franchise and any other ordinance(s) enacted under the City's police power authority, such other ordinances(s) shall take precedence over this Franchise.

Section 25. Cost of Publication. The cost of publication of this Franchise shall be borne by Franchisee.

Section 26. Acceptance. Franchisee shall execute and return to the City its execution and acceptance of this Franchise in the form attached hereto as Exhibit B. The administrative fee pursuant to Section 15.1 is due within thirty days of receipt of the invoice from the City. In addition, Franchisee shall file the certificate of insurance, self-insurance requirements, and the additional

insured endorsements obtained pursuant to Section 18, and the Franchise Bond required pursuant to Section 20.

Section 27. Survival. All of the provisions, conditions, and requirements of Section 5, Section 6, Section 8, Section 10, Section 11, Section 13, Section 14, Section 15, Section 17, Section 18, Section 19, Section 20, and Section 28 of this Franchise shall be in addition to any and all other obligations and liabilities Franchisee may have to the City at common law, by statute, or by contract, and shall survive this Franchise, and any renewals or extensions, to the extent provided for in those sections. All of the provisions, conditions, regulations, and requirements contained in this Franchise shall further be binding upon the successors, executors, administrators, legal representatives, and assigns of Franchisee and all privileges, as well as all obligations and liabilities of Franchisee shall inure to its successors and assigns equally as if they were specifically mentioned where Franchisee is named.

Section 28. Changes of Ownership or Control.

28.1 This Franchise may not be directly or indirectly assigned, transferred, or disposed of by sale, lease, merger, consolidation or other act of Franchisee, by operation of law or otherwise, unless approved in writing by the City, which approval shall not be unreasonably withheld, conditioned or delayed. The above notwithstanding, Franchisee may freely assign this Franchise in whole or in part to a parent, subsidiary, or affiliated entity, unless there is a change of control as described in Section 28.2 below, or for collateral security purposes. Franchisee shall provide prompt, written notice to the City of any such assignment. In the case of transfer or assignment as security by mortgage or other security instrument in whole or in part to secure indebtedness, such consent shall not be required unless and until the secured party elects to realize upon the collateral. For purposes of this Section 28, no assignment or transfer of this Franchise shall be deemed to occur based on the public trading of Franchisee's stock; provided, however, any tender offer, merger, or similar transaction resulting in a change of control shall be subject to the provisions of this Franchise.

28.2 Any transactions that singularly or collectively result in a change of more than fifty percent (50%) of the: ultimate ownership or working control of Franchisee, ownership or working control of the Facilities, ownership or working control of affiliated entities having

ownership or working control of Franchisee or of the Facilities, or of control of the capacity or bandwidth of Franchisee's Facilities, shall be considered an assignment or transfer requiring City approval. Transactions between affiliated entities are not exempt from City approval if there is a change in control as described in the preceding sentence. Franchisee shall promptly notify the City prior to any proposed change in, or transfer of, or acquisition by any other party of control of Franchisee. Every change, transfer, or acquisition of control of Franchisee shall cause a review of the proposed transfer. The City shall approve or deny such request for an assignment or transfer requiring City's consent within one-hundred twenty (120) days of a completed application from Franchisee, unless a longer period of time is mutually agreed to by the parties or when a delay in the action taken by the City is due to the schedule of the City Council and action cannot reasonably be obtained within the one hundred twenty (120) day period. In the event that the City adopts a resolution denying its consent and such change, transfer, or acquisition of control has been affected, the City may revoke this Franchise, following the revocation procedure described in Section 22 above. The assignee or transferee must have the legal, technical, financial, and other requisite qualifications to own, hold, and operate Franchisee's Services. Franchisee shall reimburse the City for all direct and indirect costs and expenses reasonably incurred by the City in considering a request to transfer or assign this Franchise, in accordance with the provisions of Section 15.3 and Section 15.4, and shall pay the applicable application fee.

28.3 Franchisee may, without prior consent from the City: (i) lease the Facilities, or any portion, to another person; (ii) grant an indefeasible right of user interest in the Facilities, or any portion, to another person; or (iii) offer to provide capacity or bandwidth in its Facilities to another person, provided further, that Franchisee shall at all times retain exclusive control over its Facilities and remain fully responsible for compliance with the terms of this Franchise, and Franchisee shall furnish, upon request from the City, a copy of any such lease or agreement, provided that Franchisee may redact the name, street address (except for City and zip code), Social Security Numbers, Employer Identification Numbers or similar identifying information, and other information considered confidential under applicable laws provided in such lease or agreement, and the lessee complies, to the extent applicable, with the requirements of this Franchise and applicable City codes. Franchisee's obligation to remain fully responsible for compliance with the terms under this Section 28.3 shall survive the

expiration of this Franchise but only if and to the extent and for so long as Franchisee is still the owner or has exclusive control over the Facilities used by a third party.

Section 29. Entire Agreement. This Franchise constitutes the entire understanding and agreement between the parties as to the subject matter within this Franchise and no other agreements or understandings, written or otherwise, shall be binding upon the parties upon execution of this Franchise.

Section 30. Eminent Domain. The existence of this Franchise shall not preclude the City from acquiring by condemnation in accordance with applicable law, all or a portion of Franchisee's Facilities for the fair market value. In determining the value of such Facilities, no value shall be attributed to the right to occupy the area conferred by this Franchise.

Section 31. Vacation. If at any time the City, by ordinance and in accordance with applicable laws, vacates all or any portion of the area affected by this Franchise, the City shall not be liable for any damages or loss to the Franchisee by reason of such vacation. The City shall use reasonable efforts to reserve an appurtenant easement for public utilities within the vacated portion of the Rights-of-Way within which Franchisee may continue to operate existing Facilities under the terms of this Franchise for the remaining period of the term set forth in Section 1.1. Notwithstanding the preceding sentence, the City shall incur no liability for failing to reserve such easement. The City shall notify Franchisee in writing not less than sixty (60) days before vacating all or any portion of any such area. The City may, after sixty (60) days' written notice to Franchisee, terminate this Franchise with respect to such vacated area.

Section 32. Notice. Any notice or information required or permitted to be given to the parties under this Franchise shall be sent to the following addresses unless otherwise specified by personal delivery, overnight mail by a nationally recognized courier, or by U.S. certified mail, return receipt requested and shall be effective upon receipt or refusal of delivery:

CITY OF MERCER ISLAND
Attn: City Clerk
9611 SE 36th Street
Mercer Island, WA 98040
Telephone: (206) 275-7600

Ezee Fiber
ATTN: Garner Duncan
5959 Corporate Dr., Suite 2000
Houston, TX 77036
Telephone: (972) 898-5487

Section 33. Severability. If any section, sentence, clause, or phrase of this Franchise should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause, or phrase of this Franchise unless such invalidity or unconstitutionality materially alters the rights, privileges, duties, or obligations, in which event either party may request renegotiation of those remaining terms of this Franchise materially affected by such court's ruling.

Section 34. Compliance with all Applicable Laws. Each party agrees to comply with all applicable present and future federal, state, and local laws, ordinances, rules, and regulations. This Franchise is subject to ordinances of general applicability enacted pursuant to the City's police powers. The City reserves the right at any time to amend this Franchise to conform to any enacted, amended, or adopted federal or state statute or regulation relating to the public health, safety, and welfare, or relating to roadway regulation, or a City ordinance enacted pursuant to such federal or state statute or regulation, when such statute, regulation, or ordinance necessitates this Franchise be amended in order to remain in compliance with applicable laws, but only upon providing Franchisee with thirty (30) days' written notice of its action setting forth the full text of the amendment and identifying the statute, regulation, or ordinance requiring the amendment. Said amendment shall become automatically effective upon expiration of the notice period unless, before expiration of that period, Franchisee makes a written request for negotiations regarding the terms of the amendment. If the parties do not reach agreement as to the terms of the amendment within thirty (30) days of the call for negotiations, either party may pursue any available remedies at law or in equity.

Section 35. Attorney Fees. If a suit or other action is instituted in connection with any controversy arising out of this Franchise, each party shall pay all its legal costs and attorney fees incurred in defending or bringing such claim or lawsuit, including all appeals, in addition to any other recovery or award provided by law; provided, however, nothing in this section shall be construed to limit the City's right to indemnification under Section 17 of this Franchise.

Section 36. Hazardous Substances. Franchisee shall not introduce or use any hazardous substances (chemical or waste), in violation of any applicable law or regulation, nor shall Franchisee

allow any of its agents, contractors, or any person under its control to do the same. Franchisee will be solely responsible for and will defend, indemnify, and hold the City, its officers, officials, employees, agents, and volunteers harmless from and against any and all claims, costs, and liabilities including reasonable attorney fees and costs, arising out of or in connection with the cleanup or restoration of the property to the extent caused by Franchisee's use, storage, or disposal of hazardous substances, whether or not intentional, and the use, storage, or disposal of such substances by Franchisee's agents, contractors, or other persons acting under Franchisee's control, whether or not intentional.

Section 37. Licenses, Fees and Taxes. Prior to constructing any Facilities or providing Services within the City, Franchisee shall obtain a business or utility license from the City. Franchisee shall pay all applicable taxes on personal property and Facilities owned or placed by Franchisee in the Rights-of-Way and shall pay all applicable license fees, permit fees, and any applicable tax unless documentation of exemption is provided to the City and shall pay utility taxes and license fees properly imposed by the City under this Franchise.

Section 38. Miscellaneous.

38.1 The City and Franchisee respectively represent that their respective signatories are duly authorized and have full right, power, and authority to execute this Franchise on such party's behalf.

38.2 Any litigation between the City and Franchisee arising under or regarding this Franchise shall occur if in the state courts, in the King County Superior Court, and if in the federal courts, in the United States District Court for the Western District of Washington.

38.3 If this Franchise expires without renewal or is otherwise lawfully terminated or revoked, the City may, subject to applicable law:

(a) Allow Franchisee to maintain and operate its Facilities on a month-to-month basis, provided that Franchisee maintains insurance for such Facilities during such period and continues to comply with all terms contained in this Franchise; or

(b) The City may order the removal of any and all Facilities at Franchisee's sole cost and expense consistent with Section 19.

38.4 Section captions and headings are intended solely to facilitate the reading of this Franchise. Such captions and headings shall not affect the meaning or interpretation of the text within this Franchise.

38.5 Where the context so requires, the singular shall include the plural and the plural includes the singular.

38.6 Franchisee shall be responsible for obtaining all other required approvals, authorizations, and agreements from any party or entity and it is acknowledged and agreed that the City is making no representation, warranty, or covenant whether any of the foregoing approvals, authorizations, or agreements are required or have been obtained by Franchisee.

38.7 This Franchise is subject to all applicable federal, State and local laws, regulations and orders of governmental agencies as amended, including but not limited to the Communications Act of 1934, as amended, the Telecommunications Act of 1996, as amended and the Rules and Regulations of the FCC. Neither the City nor Franchisee waive any rights they may have under any such laws, rules or regulations.

38.8 There are no third-party beneficiaries to this Franchise.

38.9 This Franchise may be enforced at both law and in equity.

Section 39. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; ordinance, section or subsection numbering; or references to other local, state or federal laws, codes, rules, or regulations.

Section 40. Effective Date. This ordinance shall take effect and be in force five (5) days from and after its passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND THIS ____ DAY OF _____, 2026; AND SIGNED IN AUTHENTICATION OF ITS PASSAGE

THIS ____ DAY OF _____, 2026.

Mayor

Attest: _____
City Clerk

APPROVED AS TO FORM:

City Attorney

PUBLISHED:

EFFECTIVE:

EXHIBIT A

Description of existing and/or initial facilities and system

As of the effective date of this Franchise, Franchisee has no owned Facilities located in the City's Rights-of-Way.

EXHIBIT B

STATEMENT OF ACCEPTANCE

Ezee Fiber Washington Assets, a Limited Liability Company (“Franchisee”) for itself, its successors and assigns, accepts and agrees to be bound by all lawful terms, conditions and provisions of the Franchise attached and incorporated by this reference. Franchisee declares that it has carefully read the terms and conditions of this Franchise and unconditionally accepts all of the terms and conditions of the Franchise and agrees to abide by such terms and conditions. Franchisee has relied upon its own investigation of all relevant facts and it has not been induced to accept this Franchise and it accepts all reasonable risks related to the interpretation of this Franchise.

Ezee Fiber Washington Assets,
a Limited Liability Company

By: _____
Name: _____
Title: _____

Date: _____

ACKNOWLEDGEMENT

STATE OF _____)
)SS.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of _____, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____.

Notary Seal

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary Public in and for the State of
Washington

My appointment expires: _____



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7008
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7008: Pressure Reducing Valve Station Replacements Project Phase 2 Bid Award	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Award Phase 2 of the Pressure Reducing Valve Station Replacements project to Fury Site Works Inc.; authorize the City Manager to execute a contract with Fury Site Works Inc. in an amount not to exceed \$1,732,213; and set the total project budget at \$2,148,356.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Kellye Hilde, Public Works Deputy Director Chris Marks, Interim Assistant City Engineer Zechariah Rodino, Utilities Engineer
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Project Locations Map 2. PRV Photo Example
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ 2,148,356
AMOUNT BUDGETED	\$ 2,965,119
APPROPRIATION REQUIRED	\$ 0

EXECUTIVE SUMMARY

The purpose of this agenda item is to award a public works construction contract to Fury Site Works Inc. to replace aging Pressure Reducing Valve (PRV) stations along West Mercer Way and 78th Avenue SE.

- The City operates 85 PRV stations within the water system which are vital for regulating pressure across elevation changes and maintaining safe water service.
- In 2021, the City assessed the 20 poorest-condition PRV stations, using visual, age, and operational data to prioritize improvements and establish a phased replacement program.
- As part of the City's Capital Improvement Program, these 20 PRV stations are planned for design and replacement through 2032 using a phased approach, including being replaced as separate projects (such as this current scope of work), or completed in coordination with other City construction projects.

- Phase 2 of the PRV Station Replacements project (90.40.0005 and 90.40.0036) replaces and consolidates five existing PRV stations into four new facilities. See Exhibit 1 for project locations.
- The project was advertised on August 17, 2026, and nine contractor bids were received. Fury Site Works Inc. submitted the lowest responsive and responsible bid in the amount of \$1,732,213.
- Funding for this construction contract is included in the 2025-2026 Capital Budget in the Water Fund. No additional budget appropriation is required.
- Construction is scheduled to begin in November 2026 and is anticipated to be completed by May 2027.

BACKGROUND

Providing safe and reliable drinking water remains one of the City's top priorities. A major component of achieving that goal is ongoing planned replacement of portions of the water system that have reached the end of their service life.

The City of Mercer Island currently operates 85 PRV stations within the water system. These stations reduce water pressure from high elevations to lower elevations to maintain acceptable water pressures for customers. Pressure zones usually range between 40 to 80 pounds per square inch. The stations are housed in underground utility vaults and contain valves, piping, and related equipment (Exhibit 2). Previous investigations by the City found that approximately 25 percent of the existing PRV stations were in poor condition and had operational issues.

In 2021, the City assessed the 20 poorest-condition PRV stations, using visual, age, and operational data to prioritize improvements and establish a phased replacement program. In total, the City has six phases of PRV replacements planned through 2032. Phase 1 replaced the four highest-risk stations and was completed in November 2024. Design for Phase 2 began in January 2025 and was completed in July 2026.

ISSUE/DISCUSSION

PROJECT DESCRIPTION

Phase 2 of the PRV Station Replacements project (90.40.0005 and 90.40.0036) consists of work at four sites (Exhibit 1):

- Site 1: 3788 78th Avenue SE: Work includes replacing the existing PRV station with a single new PRV station and installing two new water meters and roughly eighty feet of new eight-inch ductile iron water main.
- Site 2: West Mercer Way and Brook Bay Road: Work includes replacing two existing PRV stations with a single new PRV station, one new fire hydrant, and 300 linear feet of new eight-inch ductile iron water main.
- Site 3: West Mercer Way and SE 71st Street: Work includes replacing the existing PRV station with a single new PRV station and roughly 125 linear feet of new eight-inch ductile iron water main.
- Site 4: West Mercer Way and Meadow Lane: Work includes replacing the existing PRV station with a single new PRV station, one water meter, and roughly 415 linear feet of new eight-inch ductile iron water main.

At the completion of design, the engineer's estimate for construction was \$2,631,000.

BID RESULTS

Nine construction bids were received on September 4, 2026. The lowest bid was from Fury Site Works Inc., a Washington-based corporation, for \$1,732,213. Table 1 shows the bid results.

Table 1. Phase 2 of the PRV Station Replacements Construction Bid Results	
Company Name	Total Bid Amount
Fury Site Works Inc.	\$1,732,213
Kar-Vel Construction	\$1,993,877
Ceccanti, Inc	\$2,200,055
Laser Underground	\$2,353,844
Gary Merlino Construction	\$2,425,795
Strider Construction	\$2,492,607
Road Construction Northwest	\$2,596,835
JH Kelly	\$2,641,872
Jansen Inc.	\$2,670,564
Engineer's Estimate	\$2,631,000

Note: All bids include Washington State 10.3% sales tax.

The apparent low bidder, Fury Site Works Inc., successfully completed Phase 1 of the PRV Station Replacements project and the 2022 Water System Improvements Project for the City. In Phase 1, Fury installed four PRVs and two temporary bypass systems. This work gave Fury direct experience with the City's PRV facilities, and the type of construction required for Phase 2. Fury also replaced approximately 4,000 linear feet of 4-inch and 6-inch cast iron water main with new 8-inch ductile iron water main as part of the 2022 Water System Improvements Project.

Fury's bid is below the engineer's estimate. Their experience on Phase 1 may have helped the company develop a competitive bid for Phase 2. Staff reviewed Fury's bid and references and confirmed through the Washington State Department of Labor & Industries website that Fury is a contractor in good standing. Based on this review and Fury's performance on prior City projects, staff determined that Fury is the lowest responsive and responsible bidder and recommends awarding Phase 2 of the PRV Station Replacements project to Fury Site Works Inc.

PROJECT BUDGET

The total estimated cost for Phase 2 is \$2,148,356, including the construction contract, a 20% construction contingency, consultant support, and staff project management and construction inspection. The available 2025–2026 budget is \$2,962,119.48 across two budget codes that support PRV replacements. Project costs and budget are summarized in Table 2 on the next page.

Table 2. Phase 2 of the PRV Station Replacements Project Budget	
Description	Total
Construction Contract	\$1,732,213
Construction Contingency @ 20%	\$346,443
Consultant Project Design and Construction Support	\$9,700
Staff Project Management and Inspection	\$60,000
Total Project Cost	\$2,148,356
2025 – 2026 Budget Resources	
PRV Station Replacements (90.40.0036)	\$475,840
2024 PRV Station Construction (90.40.0005)	\$2,489,279
Total Budget Available for Project	\$2,965,119
Budget Remaining	\$816,763

Staff estimate \$1,282,213 of project 90.40.0005 and \$450,000 of project 90.40.0036 will fund PRV Station Replacement Phase 2 work. The remaining unspent project funds return to the Water Fund (410) for future use on the City's water distribution system.

NEXT STEPS

Following City Council award of the Phase 2 of the PRV Station Replacements project to Fury Site Works Inc., staff will finalize the construction contract and issue a notice to proceed. Construction is scheduled to begin in November 2026 and is anticipated to be completed by May 2027.

Staff will proactively notify affected businesses and residents before construction begins and post construction updates on the project's [Let's Talk](#) page. Work will be scheduled to avoid federal holidays and local events.

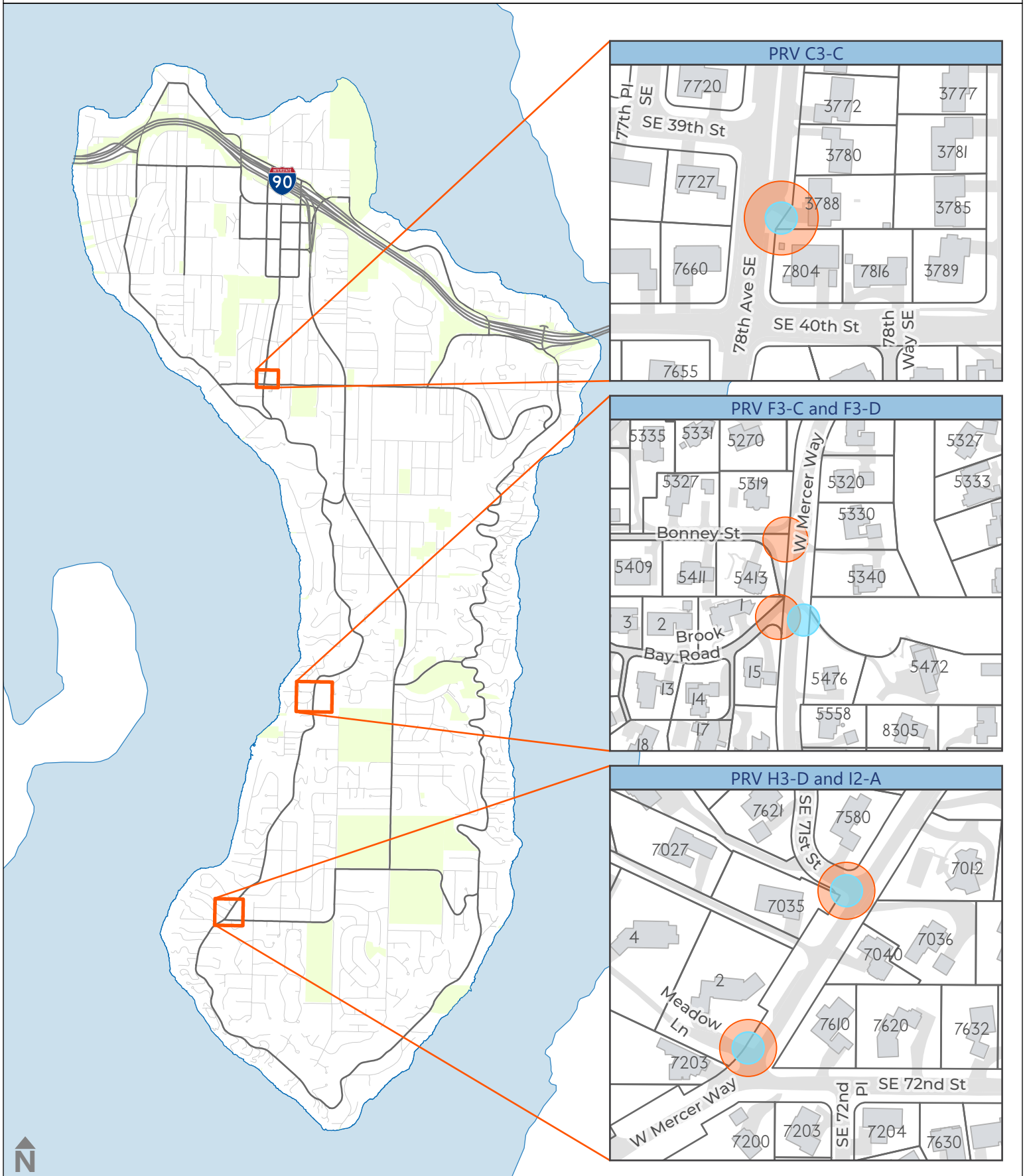
RECOMMENDED ACTION

Award Phase 2 of the PRV Station Replacements project to Fury Site Works Inc.; authorize the City Manager to execute a contract with Fury Site Works Inc. – a Washington-based corporation – in an amount not to exceed \$1,732,213; and set the total project budget at \$2,148,356.



Pressure Reducing Valve Station Replacements Phase 2

Item 12.







BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7010
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7010: MIYFS Foundation Donation Acceptance	☐ Discussion Only
RECOMMENDED ACTION:	Accept donation from MIYFS Foundation allow for a part time high school counselor for the 2026-2027 school year.	☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution

DEPARTMENT:	Youth and Family Services
STAFF:	Ali Spietz, Chief of Administration Derek Franklin, YFS Administrator
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Funding Acceptance Agreement 2026-01 with MIYFS Foundation
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 item is to accept an additional donation from the MIYFS Foundation for 2026 to hire-ahead a 0.6 FTE High School Counselor for the 2026-2027 school year, in anticipation of a retirement at the end of the school year.

- The City and the Foundation signed a Cooperative Agreement in June 2022, the first formal agreement established between the two entities to memorialize over three decades of partnership work for the benefit of youth and families on Mercer Island
- In September 2025, the City and the Foundation signed a four-year Funding Acceptance Agreement memorializing their annual donation of \$580,000 ([AB 6764](#)).
- The Foundation has offered a one-time donation to fund the “hire ahead” of a part-time high school counselor for the 2026-2027 school year to support long-term strategic personnel planning while ensuring continuity of care and supporting gender-aligned counseling options for the Mercer Island High School student body.

BACKGROUND

MIYFS FOUNDATION SUPPORT

For over three decades, the MIYFS Foundation has provided funding for the Youth and Family Services (YFS) Department to support community, human services, and prevention programs. The generosity of the Foundation's donors has allowed YFS programming to grow with the needs of the community.

In 2020, the Foundation established an ongoing commitment of \$300,000 each year to support YFS. This ongoing revenue was added to the City's budget in 2020 and will continue to be included in future budgets as a stable revenue source for the YFS Department.

In 2022, the Foundation made an additional one-time donation of \$215,000 to the City to fund YFS programs and services through the end of 2022. A portion of this funding was used to fund the second Mental Health Counselor position at the Middle School through the end of 2023.

In 2022, the City and the Foundation entered into a Cooperative Agreement to formalize the terms, procedures, and general understanding of the relationship between the two entities. This agreement serves as the "parent agreement" for the entities. Section 5.5 of the agreement states:

"The Foundation shall use its best efforts to create an environment conducive to fostering levels of private support for the mission and priorities of the YFS Department and, in consultation with the City Manager (or designee), is responsible for planning and executing comprehensive fundraising programs in support of the YFS Department's mission. These programs include annual giving, major gifts, planned gifts, special projects, and campaigns as appropriate."

The City and the Foundation also agreed in 2022 to formalize the process for donation acceptance through the development of Funding Acceptance Agreements. For any donations pledged to the City by the Foundation, a Funding Acceptance Agreement will be approved by both entities, memorializing the amount, uses, and terms of the donation. The City also requested that Funding Acceptance Agreements be established on four-year periods, which provides stability and predictability for the YFS Department.

In 2023, the Funding Acceptance Agreement 2023-04 ([AB 6337](#)) established an increased annual donation amount of \$515,000 to support the second Mental Health Counselor position at Islander Middle School through 2026, support rental assistance and food security programs through the Emergency Assistance Program, and provide general YFS budget support for Community-Based and School-Based programs.

In 2024, the City requested additional funds from the Foundation to support cost increases related to City staff classification and compensation related salary increases; the Foundation provided funds to cover the salary increases for July-December 2024.

In 2025, the Funding Acceptance Agreement 2025-01 ([AB 6764](#)) established an increased annual donation amount of \$580,000 to continue funding the second Mental Health Counselor position at the Islander Middle School, extending the position through June 2028, supporting rental assistance and food security programs through the Emergency Assistance Program, providing general YFS budget support for Community-Based and School-Based programs, and supporting costs associated with YFS staff salary increases pursuant to the City's classification and compensation effort.

YFS STAFFING

When tenured staff retire or leave the City, there is an unfortunate loss of institutional knowledge and experience for the organization. Such loss affects productivity, delays work items and requires new staff to “figure it out.” In addition, when a school-based Youth and Family Services staff member leaves the City, there is an additional loss of professional and clinical relationships with the students, families, and staff at that school. Staff has been using a proactive approach to address staff leaving the City by implementing a hire-ahead program before key positions are vacated. This necessitates additional one-time funding to implement.

ISSUE/DISCUSSION

FOUNDATION DONATION

The MIYFS Foundation would like to donate an additional \$95,852 in 2026 to the YFS Department to hire-ahead a high school counselor for the 2026-2027 school year to support long-term strategic personnel planning while ensuring continuity of care and supporting gender-aligned counseling options for the high school student body. This is in response to an anticipated school counselor retirement at the end of the school year.

Attached as Exhibit 1 is Funding Acceptance Agreement 2026-01 which memorializes this one-time donation from the Foundation.

NEXT STEPS

If the City Council accepts the additional donation from the MIYFS Foundation and authorizes the City Manager to sign the Funding Agreement, staff will immediately direct those funds towards the hire ahead school counselor position.

RECOMMENDED ACTION

Accept the additional one-time donation of \$95,852 from the Mercer Island Youth and Family Services Foundation to hire a 0.6 FTE High School Counselor for the 2026-2027 school year and authorize the City Manager to sign the Funding Acceptance Agreement memorializing the donation.

FUNDING ACCEPTANCE AGREEMENT 2026-01
BETWEEN
THE CITY OF MERCER ISLAND
AND
THE MERCER ISLAND YOUTH AND FAMILY SERVICES FOUNDATION

This Funding Acceptance Agreement ("Agreement") is made this 6th of October, 2026 by and between the City of Mercer Island, Washington ("City"), a municipal corporation of the State of Washington, and the Mercer Island Youth and Family Services Foundation ("Foundation"), a Washington nonprofit corporation, and is intended to guide the acceptance of donations received from the Foundation for use by the Youth and Family Services Department (YFS).

Whereas, the YFS Department of the City of Mercer Island is dedicated to helping Islanders grow, thrive, and contribute to the community.

Whereas, the Foundation was organized and founded in 1989 to support and enhance the work of the YFS Department through fundraising efforts.

Whereas, on June 7, 2022, the City and the Foundation entered into a Cooperative Agreement to establish the terms, procedures, and general understanding of the relationship between the City and the Foundation.

Whereas, in 2025, the Foundation established an ongoing annual funding commitment of \$580,000.

Whereas, the Foundation would like to make an additional one-time donation to the City in 2026 for the YFS Department to hire an additional 0.6 FTE high school counselor for the 2026-2027 school year.

Now, therefore, the City and the Foundation agree as follows:

1. Funding Amount

The Foundation will convey a one-time donation of \$95,852 to the City for use by the YFS Department as agreed below, to be transmitted within 30-days of full execution of this Agreement.

2. Purpose

The City agrees to accept the donation and will "hire ahead" a 0.6 FTE high school counselor for the 2026-2027 school year to support long-term strategic personnel planning while ensuring continuity of care and supporting gender-aligned counseling options for MIHS student body.

3. Effective Date and Duration

This Agreement shall become effective upon signature of both parties and will remain in effect until the funds are fully expended, which will occur on or before June 30, 2027. This Agreement may be modified by mutual written agreement of both parties.

CITY OF MERCER ISLAND

Jessi Bon, City Manager

Date

APPROVED AS TO FORM

Bio Park, City Attorney

Date

MIYFS FOUNDATION

Kate Gilham, Board President

Date

Amy French, Executive Director

Date



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7017
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7017: ESHB 2015 Public Safety Grant Award	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Authorize the City Manager to accept a grant awarded in the amount of \$2,138,299 from the Washington State Criminal Justice Training Commission to support public safety initiatives within Mercer Island, execute the grant agreement, and accept all grant renewals.	

DEPARTMENT:	Police
STAFF:	Matt Mornick, Finance Director Jeff Magnan, Interim Police Chief Carson Hornsby, Management Analyst II
COUNCIL LIAISON:	n/a
EXHIBITS:	1. CJTC Grant Agreement
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 item is to request authorization from the City Council to accept the engrossed substitute House Bill (ESHB) 2015 Public Safety Grant Program award of \$2,138,299 in one-time funding from the Washington State Criminal Justice Training Commission (CJTC).

- In May 2025, Governor Ferguson signed [ESHB 2015](#) into law, establishing new pathways for cities and counties to fund public safety, including a \$100 million grant program administered by the CJTC. Grant awards may be used for hiring law enforcement officers, peer counselors, and behavioral health personnel working in co-response, as well as training on use of force, de-escalation, crisis intervention, and broader public safety work.
- Staff submitted an initial grant application to the CJTC on March 31, 2026. Over the following months, staff coordinated with the CJTC to finalize the City's funding request and come into compliance with the extensive policy requirements of the grant program.
- On September 2, 2026, the City was formally notified by the CJTC of a grant award of \$2,138,299 in one-time funding over a two-year period to fund a Police and Youth and Family Services (YFS) co-response model, personnel expenses for two police officers assigned to the Town Center to address

public safety needs related to the new Sound Transit Station, police uniform replacements, expansion of the City's CERT Program, and acquisition of Police safety equipment (see Issue/Discussion section below).

- With City Council authorization, the City Manager will sign the grant agreement with the CJTC (Exhibit 1). Staff will move forward with implementation of the co-response program, police uniform modernization initiative, CERT training expansion, and equipment acquisition funded by the grant. The grant award will be included in the final 2027-2028 Biennial Budget for City Council adoption tentatively scheduled for December 1, 2026.

BACKGROUND

ENGROSSED SUBSTITUTE HOUSE BILL 2015 (2025)

In May 2025, Governor Ferguson signed [ESHB 2015](#) into law, establishing two new pathways for cities and counties to fund public safety: a \$100 million grant program and a new councilmanic public safety sales tax. ESHB 2015 took effect on July 27, 2025, and \$100 million was appropriated for the grant program in the Washington State Legislature's 2025-2027 operating budget.

ESHB 2015 created two processes for cities and counties to obtain funds for co-response, new officer hires, and other public safety purposes:

- **Grant program:** a state-funded grant administered by the CJTC. To be eligible, agencies must meet a series of policy, training, and accountability standards relating to the activities and functions used by law enforcement to maintain public order, enforce laws, and prevent crime.
- **Councilmanic sales tax:** a new 0.1% sales and use tax that cities or counties can levy without going to voters to fund broadly defined criminal justice purposes, provided they meet eligibility criteria.

The two funding mechanisms are structurally linked. To collect the sales tax, a jurisdiction must meet the requirements of the grant application. Among those requirements is authorizing the new public safety sales tax or receiving funds from an existing one, including a shared portion of the existing public safety sales tax (RCW 82.14.450) or the criminal justice sales tax (RCW 82.14.340) implemented by King County. Mercer Island currently receives a portion of the King County criminal justice sales tax, so this eligibility requirement has been met.

ESHB 2015 GRANT PROGRAM

Grant awards from the [ESHB 2015 Grant Program](#) are administered by the CJTC and can be used for hiring law enforcement officers, peer counselors, and behavioral health personnel working in co-response, as well as training on use of force, de-escalation, crisis intervention, and broader public safety work.

ESHB 2015 instructs the CJTC to give highest priority to grant applications from agencies seeking to use the grants to pay for co-response teams, followed by those from agencies that already have co-response and are seeking to hire more law enforcement. The grant program expires on June 30, 2028.

To be eligible for the ESHB 2015 grant, a law enforcement agency must have:

- Established policies that comply with state law as well as the Attorney General's guidance for law enforcement practices related to citizenship status.
- Participated in CJTC trainings related to behavioral health and first aid.

- Established policies on de-escalation and use of force that incorporate the Attorney General's guidance on duty to intervene and use of police dogs.
- Complied with state laws on use of force data reporting (once that state program is operational).
- Established policies related to civil protection orders and the court-ordered surrender of firearms.
- At least 25% of officers who have completed CJTC crisis intervention team training.
- 100% completion by required officers for CJTC trainings on sexual assault and gender-based violence.
- Received funds from or authorized a public safety or criminal justice sales tax.
- A police chief, sheriff, or marshal who is CJTC-certified and has no felony convictions or gross misdemeanor convictions for moral turpitude, dishonesty, fraud, or corruption.
- Established policies for supervising agency volunteers, for any insignia worn by volunteers, and for restricting those volunteers from enforcing criminal laws other than for special event traffic and parking, using force, carrying weapons, or using dogs for purposes besides search and rescue.
- Submitted to the CJTC detailed agency staffing reports and plans including co-response teams, administrative staff, specially commissioned officers, and officers on flexible schedules.
- Submitted to the CJTC average rates for the preceding year for 911 responses and case closures.

Through an extensive multi-month eligibility review process, the City of Mercer Island was found to have met all these requirements.

ISSUE/DISCUSSION

MERCER ISLAND ESHB 2015 PUBLIC SAFETY GRANT AWARD

The City submitted its initial grant application to the CJTC on March 31, 2026, during the first round of applications. Although the City did not meet all the eligibility requirements at the time of the initial application, the City was encouraged to apply and work closely with CJTC staff to address the remaining eligibility requirements. On September 2, 2026, the City was formally notified by the CJTC of a grant award of \$2,138,299 as outlined in Table 1.

Table 1

Fund	Grant Initiatives	Amount
160	YFS Co-Response Model	1,563,352
001	Light Rail Officers (2)	294,205
001	Police Uniform Modernization	81,230
001	CERT Program Expansion	36,000
001	Police Safety Equipment	163,512
Total Award		\$ 2,138,299

Final confirmation of the grant award was received by the City after the 2027-2028 Preliminary Budget was finalized, therefore these funds are not reflected in the budget document. The funding will be added to the final budget upon acceptance of the grant award by the City Council.

Youth and Family Services Co-Response Model

The grant will fund a two-year pilot program that pairs the Mercer Island Police Department (MIPD) with Youth and Family Services (YFS) to better support individuals and families dealing with mental health challenges, substance abuse, domestic violence, or housing instability. This YFS-Police co-response model covers half the personnel costs of several existing YFS positions without adding new staff. Outcomes will be

tied to grant deliverables: fewer crisis response calls by Police, increased linkage to treatment and resources (at YFS or externally), and improved coordination and effectiveness of the police-social service response.

YFS is unique in that it is an “in-house” human service provider within the City of Mercer Island. Under this pilot co-response model, rather than using ride-along crisis workers, Police officers will connect people dealing with non-acute mental health, substance use, or resource challenges directly to YFS intake, counseling, and case management teams for coordinated care. A timely, coordinated response can help connect people with services when they may be more receptive to support, reducing the likelihood of recurring crises and repeat calls for police assistance.

This effort also helps YFS connect with residents who may not seek assistance on their own. MIPD’s ability to engage community members when in crisis provides an important point of connection to YFS services. By pairing Police work with in-house YFS personnel, this approach helps reduce pressure on police officers, cuts down on repeat 911 calls, and connects people to the care they need.

This program strengthens collaboration across the community – involving YFS, the School Resource Officer, patrol officers, School district personnel, and others – to better support youth, improve follow-up care for residents and seniors, and allow police to focus their limited resources on public safety.

The CJTC grant provides resources to support the staff time necessary to develop and implement a co-response model over the next two years. While no new staff positions are anticipated, the grant allows MIPD and YFS to build the tools, training, systems, and coordination needed to integrate this model into their work.

The two-year pilot will also allow the City to evaluate service levels, resource needs, and funding options with an eye toward long-term sustainability of a co-response model within the existing staffing structure. While the full level of service supported by the grant may not be sustainable once the funding ends, the pilot will provide staff and the City Council with the information needed to consider future service levels and funding. This work represents an opportunity to improve coordination between MIPD and YFS and strengthen service delivery to the community.

Police Officers Assigned to the Town Center/Light Rail Station

With the opening of light rail on Mercer Island in March 2026, the City Council previously authorized two additional Police Officer positions as part of a prior biennial budget process ([AB 5775](#)). The grant will fund the fully burdened personnel costs of these positions for two fiscal years.

The two officers support the Department’s response to increased public-safety and service demands associated with the light rail station and surrounding Town Center area, including pedestrian and bicycle safety, traffic and transit-related activity, calls for service, and maintaining adequate patrol coverage throughout the City.

Police Uniform Replacement

Modernizing MIPD uniforms has been a City priority for several years, and the grant provides an opportunity to fund this work. The CJTC grant includes funding to replace the uniforms worn by all 33 officers to establish a consistent appearance. The new uniforms will also include some new body-worn equipment such as utility belts and pouches. These improvements will enhance officer comfort, safety, and tactical efficiency while also supporting the state’s public safety goals.

Community Emergency Response Team (CERT) Program Expansion

The grant award includes funding to double the City's CERT Program training capacity in 2027 and 2028. While the City currently funds one course per year, this grant will support one additional bilingual course each year tailored for members of the community who speak English as a second language. The program will equip 20–40 new volunteers with essential emergency tools and safety resources.

Investment in Safety Equipment

The grant provides funding for one-time investments in safety and specialized equipment that is not currently included in the City's regular equipment replacement cycle. Identified based on operational needs and input from patrol officers, these investments include tools such as electronic drug identification and thermal imaging devices, as well as other specialized equipment to support emergency response, officer and community safety, and field operations.

GRANT REPORTING REQUIREMENTS

The CJTC administers grant funding by reimbursement, and the City has the option to submit reimbursement requests on a monthly, quarterly, or annual basis. In addition, the City must submit an annual report to the CJTC detailing the impact of the grant and outcomes related to law enforcement and co-response services. The annual report will also be shared with the City Council and Mercer Island community.

NEXT STEPS

With City Council authorization, the City Manager will sign the grant agreement with the CJTC (Exhibit 1). The grant award resulting in one-time funding through 2028 will be included in the final 2027-2028 Biennial Budget for City Council adoption tentatively scheduled for December 1, 2026.

RECOMMENDED ACTION

Authorize the City Manager to accept a grant awarded in the amount of \$2,138,299 from the Washington State Criminal Justice Training Commission to support public safety initiatives within Mercer Island, execute the grant agreement, and accept all grant renewals as required.

Washington State Criminal Justice Training Commission		WSCJTC Contract No.	
		Program Index 619	
This contract is between the State of Washington, Washington State Criminal Justice Training Commission (WSCJTC) and the GRANTEE identified below and is governed by Department of Enterprise Services Procurement Policies.			
Contractor/Grantee Name: Mercer Island Police Dept		Contractor Address:	
Contact: Chief Michelle Bennett		9611 SE 36th Street	
Contact Telephone: (206) 275-7610		Mercer Island, WA 98040	
Statewide Vendor Number: (SWV): Statewide Registration Services - Office of Financial Management		Contact E-Mail Michelle.bennett@mercerisland.gov	
WSCJTC Contact Information			
Manager of this contract or project. Name and Title. Gail Stone, Project Manager		E-mail Address Gail.stone@cjtc.wa.gov Telephone 206-608-3208	
Contract Start Date September 1, 2026	Contract End Date June 30, 2027	Contract Maximum Amount \$2,138,299.00	
Subcontracting Authorized? Y/N N	Travel Expenses Authorized? Y/N N		
FOR THE WSCJTC:		FOR THE CONTRACTOR:	
Francesca Heard <i>Francesca Heard</i> 9/13/2026	Contractor Business Name		
Department Manager Date	Date		
Jerrell Wills			
Executive Director Date	Contractor signature		
Holly White			
WSCJTC Contract Specialist Date	Print Name & Title Jessi Bon		

The parties agree that:

WHEREAS, the WSCJTC has the statutory authority under RCW 43.101.020(2) and RCW 43.101.095(8) to provide programs and training that enhance the integrity, effectiveness, and professionalism of peace officers and corrections officers and exercise lawful actions necessary to enable the commission to fully and adequately perform its duties and to exercise the lawful powers granted to the commission; and

WHEREAS, WSCJTC is also given the responsibility to administer state funds and programs which are assigned to WSCJTC by the Governor or the Washington State Legislature; and

WHEREAS, the Washington State Legislature has, in Laws of RCW 43.101.540 (ESHB 2015) made an appropriation to support the local and tribal law enforcement agencies, and directed WSCJTC to administer those funds;

WHEREAS, the enabling legislation also stipulates that the GRANTEE is eligible to receive funding for hiring, retaining, and training new law enforcement officers, peer counselors, and behavioral health personnel working in co-response to increase community policing and public safety, and

NOW, THEREFORE, in consideration of covenants, conditions, performances, and promises hereinafter contained, the parties agree as follows:

Statement of Work.

This contract was won competitively and incorporates by reference the GRANTEE's proposal specifically agreed to perform.

This grant is for the public purpose of providing state funding to local and tribal law enforcement agencies to support officer hiring, retention, and training, as well as broader and public safety efforts. (RCW 43.101.540, ESHB 2015)

The Mercer Island Police Department has been awarded \$2,138,299.00, and will use this grant for:
\$1,831,157.00 for recruiting, funding, and retaining personnel for 11 positions, including:

- 2 patrol officers,
- 1 co-response Intake and Screening / Mental Health Supervisor
- 1 co-response Family and Emergency Assistance Counselor
- 1 co-response Senior Support Specialist
- 1 co-response Substance Use Disorder Specialist
- 1 co-response Outpatient Counselor
- 3 co-response Mental Health Counselors
- 1 co-response Programs Coordinator

\$81,230.00 for retention and a uniform modernization initiative

\$36,000.00 for CERT training and related equipment

\$189,912.00 for equipment

OUTCOMES AND REPORTING

1. Annual report. Please submit reports with the following outcome measures and accomplishments with quantifiable data.
 1. How did grant impact services?
 2. How did this grant impact your average response times to calls for service by increasing patrol availability during peak demand periods?
 3. How did this grant reduce your reliance on sworn officers for behavioral health-related calls.
 4. How did this grant increase proactive patrol hours and visible law enforcement presence in high-growth and high-activity areas of the community?
 5. How did this grant increase officer participation in community outreach events, meetings, or engagement activities to strengthen relationships with residents?
 6. How did you enhance opportunities for problem-oriented and community policing initiatives made possible by improved staffing levels?
 7. How did this grant reduce repeat crisis system utilization?
 8. How did this grant strengthen your co-response program?
 9. How did this grant increase community engagement and resilience through the CERT program?

Please submit this report to the cjtchb2015@cjtc.wa.gov email on June 30, 2027.

INVOICING AND DUE DATES

Invoices should be submitted by completing an invoice form (A-19 form).

Attached to each invoice please include supporting documentation. Examples include:

- Invoices/Receipts: Collect copies of all invoices, receipts, or purchase orders for the expenses incurred.
- Proof of Payment: Include canceled checks, bank statements, or payment confirmations.
- Timesheets/Payroll Records (if applicable): For personnel costs, attach signed timesheets and payroll documentation.
- Grant Contract Reference: Confirm expenses align with the approved budget categories.

The invoice and supporting documentation should be submitted as a PDF to cjtchb2015@cjtc.wa.gov according to the schedule below. The WSCJTC reserves the right to require additional supporting documentation.

You can submit invoices on a monthly, quarterly, or annual basis. Please identify the cadence you are choosing for submitting invoices.

If invoicing monthly please submit materials by the 15th of every month for the month prior.

If invoicing quarterly, please submit materials as detailed below.

1. October 15, 2026 (July, August, & September)
2. January 15, 2027 (October, November, & December)
3. April 15, 2027 (January, February, & March)
4. July 10, 2027, **FINAL** submission (April, May, & June)

Exclusive Agreement. This contract, with its attachments and documents incorporated by reference, contains all of the terms and conditions the parties agreed to. No other contract terms or conditions shall be deemed to exist or bind the parties. The parties signing above confirm they have read and understand this entire contract and have the authority to enter this contract. WSCJTC and the Contractor may amend the contract by mutual written agreement.

Payment. WSCJTC shall pay the Contractor for performance of the Statement of Work, in response to invoices specifying work completed but shall not pay in advance. Payments are made by Electronic Funds Transfer using the bank routing information the Contractor provides.

Reallocation of Allotted Funds. Subject to the availability of funds and applicable law, funds allocated under this contract may be reallocated as agreed upon and must receive written approval by the WSCJTC Grants Manager. Such reallocations shall be for the purpose of facilitating efficient performance of this Agreement, and shall not increase the total contract maximum, extend the period of performance, or result in a material change to the scope or purpose of this contract. These modifications may be implemented as administrative adjustments, without the need for a formal modification or amendment.

Nondiscrimination.

- a. Nondiscrimination Requirement. During the term of this Contract, Contractor, including any subcontractor, shall not discriminate on the bases enumerated at RCW 49.60.530(3). In addition, Contractor, including any subcontractor, shall give written notice of this nondiscrimination requirement to any labor organizations with which Contractor, or subcontractor, has a collective bargaining or other agreement.
- b. Obligation to Cooperate. Contractor, including any subcontractor, shall cooperate and comply with any Washington state agency investigation regarding any allegation that Contractor, including any subcontractor, has engaged in discrimination prohibited by this contract pursuant to RCW 49.60.530(3).
- c. Default. Notwithstanding any provision to the contrary, WSCJTC may suspend Contractor, including any subcontractor, upon notice of a failure to participate and cooperate with any state agency investigation into alleged discrimination prohibited by this contract, pursuant to RCW 49.60.530(3). Any such suspension will remain in place until WSCJTC receives notification that Contractor, including any subcontractor, is cooperating with the investigating state agency. In the event Contractor, or subcontractor, is determined to have engaged in discrimination identified at RCW 49.60.530(3), WSCJTC may terminate this contract in whole or in part, and Contractor, subcontractor, or both, may be referred for debarment as provided in RCW 39.26.200. Contractor or

subcontractor may be given a reasonable time in which to cure this noncompliance, including implementing conditions consistent with any court-ordered injunctive relief or settlement agreement.

- d. **Remedies for Breach.** Notwithstanding any provision to the contrary, in the event of contract breach involving a termination or suspension for engaging in discrimination, Contractor, subcontractor, or both, shall be liable for contract damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, which damages are distinct from any penalties imposed under Chapter 49.60, RCW. WSCJTC shall have the right to deduct from any monies due to Contractor or subcontractor, or that thereafter become due, an amount for damages Contractor or subcontractor will owe WSCJTC for default under this provision.

Industrial Insurance Coverage. If applicable the WSCJTC will report the GRANTEE to the Department of Labor and Industries (L&I) as a "non-employee covered worker" and will pay L&I insurance premiums. Any injuries the GRANTEE suffers in the course of performing this contract are covered by L&I. The GRANTEE and his/her physician should claim accordingly. If this contract authorizes subcontracting, the GRANTEE shall require L&I coverage for any subcontract workers; WSCJTC and the State assume no liability for them.

Termination for Cause

In the event WSCJTC determines the GRANTEE have failed to comply with the conditions of this Grant Agreement in a timely manner, WSCJTC has the right to suspend or terminate this Grant Agreement. Before suspending or terminating the Grant Agreement, WSCJTC shall notify the GRANTEE in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the Grant Agreement may be terminated or suspended.

In the event of termination or suspension, the GRANTEE shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original Grant Agreement and the replacement or cover Grant Agreement and all administrative costs directly related to the replacement Grant Agreement (e.g., cost of the competitive bidding, mailing, advertising and staff time).

WSCJTC reserves the right to suspend all or part of the Grant Agreement, withhold further payments, or prohibit the GRANTEE from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the GRANTEE or a decision by WSCJTC to terminate the Grant Agreement. A termination shall be deemed a "Termination for Convenience" under General Terms and Conditions Section 45 (Termination for Convenience) if it is determined that the GRANTEE: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies provided in this Grant Agreement are not exclusive and are in addition to any other rights and remedies provided by law.

Termination for Convenience

Except as otherwise provided in this Grant Agreement, WSCJTC may, by 10 business days written notice, beginning on the second day after the mailing, terminate this Grant Agreement, in whole or in part. If this Grant Agreement is so terminated, WSCJTC shall be liable only for payment required under the terms of this Grant Agreement for services rendered or goods delivered prior to the effective date of termination.

Termination Procedures

Upon termination of this Grant Agreement, WSCJTC, in addition to any other rights provided in this Grant Agreement, may require the GRANTEE to deliver to WSCJTC any property specifically produced or acquired for the performance of such part of this Grant Agreement as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

WSCJTC shall pay to the GRANTEE the agreed upon price, if separately stated, for completed work and services accepted by WSCJTC, and the amount agreed upon by the GRANTEE and WSCJTC for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by WSCJTC, and (iv) the protection and preservation of property, unless the termination is for default, in which case the Authorized Representative shall determine the extent of the liability of WSCJTC. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this Grant Agreement. WSCJTC may withhold from any amounts due the GRANTEE such sum as the Authorized Representative determines to be necessary to protect WSCJTC against potential loss or liability.

The rights and remedies of WSCJTC provided in this Section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Grant Agreement.

After receipt of a notice of termination, and except as otherwise directed by the Authorized Representative, the GRANTEE shall:

1. Stop work under the Grant Agreement on the date, and to the extent specified, in the notice;
2. Place no further orders or subgrants/subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the Grant Agreement that is not terminated;
3. Assign to WSCJTC, in the manner, at the times, and to the extent directed by the Authorized Representative, all of the rights, title, and interest of the GRANTEE under the orders and subgrants/subcontracts so terminated, in which case WSCJTC has the right, at its discretion, to settle or pay any or all Claims arising out of the termination of such orders and subgrants/subcontracts;
4. Settle all outstanding liabilities and all Claims arising out of such termination of orders and subgrants/subcontracts, with the approval or ratification of the Authorized Representative to the extent the Authorized Representative may require, which approval or ratification shall be final for all the purposes of this clause;
5. Transfer title to WSCJTC and deliver in the manner, at the times, and to the extent directed by the Authorized Representative any property which, if the Grant Agreement had been completed, would have been required to be furnished to WSCJTC;
6. Complete performance of such part of the work associated with the Project as shall not have been terminated by the Authorized Representative; and
7. Take such action as may be necessary, or as the Authorized Representative may direct, for the protection and preservation of the property related to this Grant Agreement, which is in the possession of the GRANTEE and in which WSCJTC has or may acquire an interest.

No guarantee of work is made or implied as a result of this contract: merely signing this contract does not guarantee the Contractor any specific amount of payment. WSCJTC may terminate this contract by providing written notice to the Contractor. Termination shall be effective on the date specified in the termination notice. WSCJTC shall be liable for only authorized services provided on or before the date of termination.

Assignment. The Contractor may not assign this contract, or its rights or obligations to a third party.

Confidentiality. The Contractor shall not disclose any information WSCJTC designates confidential. This contract and the Contractor's proposal, and any records related to this contract and the performance under the contract if any, become the property of the WSCJTC, subject to RCW 42.56, the Public Records Act.

Disputes. If a dispute arises under this contract, it shall be resolved by a Dispute Board. The WSCJTC Executive Director and the Contractor shall each appoint a member to the Board. The Executive Director of the WSCJTC and the Contractor shall jointly appoint a third member to the Dispute Board. The Board shall evaluate the dispute and resolve it. The Board's determination shall be final and binding to all parties to this contract.

Indemnity. Each party shall be responsible for the acts, errors, and omissions of itself and its own officers, employees, and agents acting within the scope of their authority and within the scope of the performance of the contract.

Governing Law. This contract shall be governed by the laws of the state of Washington. The jurisdiction for any action hereunder shall be the Superior Court for the State of Washington. The venue of any action hereunder shall be in the Superior Court for Thurston County, state of Washington.

Rights in Data. Material created from this contract shall be "works for hire" as defined by the U.S. Copyright Act of 1976 and shall be owned by WSCJTC, including but not limited to reports, documents, videos, curricular material, exams or recordings. Such materials are subject to RCW 42.56, the Public Records Act; WSCJTC may disclose such documents in accordance with the PRA or other legal process.

Recapture. In the event that the Contractor fails to perform this contract in accordance with state or federal laws, and/or the provisions of this contract, WSCJTC reserves the right to recapture funds in an amount to compensate WSCJTC for the noncompliance (which may include all funds disbursed under the contract), in addition to any other remedies available at law or in equity.

WSCJTC's ability to recapture or seek remedies shall survive any receipt of a Closeout Certification Form or termination of this contract. Repayment by the Contractor of funds under this Section shall occur within the time period specified by WSCJTC. In the alternative, WSCJTC may recapture such funds from payments due under this contract.

Records Maintenance. The Contractor shall maintain books, records, documents, data, and other evidence relating to this contract and performance of the services described herein, including, but not limited to, accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

Contractor shall retain such records for a period of 6 years following the date of final payment. At no additional cost, these records, including materials generated under the Grant Agreement, shall be subject at all reasonable times to inspection, review, or audit by WSCJTC, personnel duly authorized by WSCJTC, the Office of the State Auditor, and federal and state officials so authorized by law, regulation, or agreement.

If any litigation, claim, or audit is started before the expiration of the 6 year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

Reduction in Funding. In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, WSCJTC may terminate the contract under the "Termination" clauses, without the notice requirement. In lieu of termination, the contract may be amended to reflect the new funding limitations and conditions.

Severability. If any provision of this contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this contract which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this contract, and to this end the provisions of this contract are declared to be severable.

Waiver. A failure by the WSCJTC to exercise its rights under this contract shall not preclude WSCJTC from subsequent exercise of such rights and shall not constitute a waiver of any rights under this contract unless stated to be such in writing and signed by an authorized representative of WSCJTC and attached to the original contract.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7009
October 6, 2026
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 7009: Introduction to the 2027-2028 Preliminary Biennial Budget and Overview of the 2027-2032 Capital Improvement Program (CIP)	☒ Discussion Only ☐ Action Needed: ☐ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Receive report and provide initial feedback and questions on the proposed 2027-2032 CIP to inform final development of the biennial budget.	

DEPARTMENT:	Finance Public Works
STAFF:	Jessi Bon, City Manager Matt Mornick, Finance Director Jason Kintner, Chief of Operations
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Preliminary Budget at www.mercerisland.gov/27-28budget
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 item is to transmit the 2027-2028 Preliminary Biennial Budget ("Preliminary Budget") and begin the budget review process with the City Council.

- Per Washington State law, the City Manager is required to deliver a balanced Preliminary Budget to the City Council for review and approval. The City Council received the 2027-2028 Preliminary Biennial Budget (Exhibit 1) on September 22, 2026. A copy was filed with the City Clerk and is available [online](#).
- The budget distinguishes between day-to-day operating funds (such as the General, Youth and Family Services, and Development Services Funds) and long-term capital improvement projects. While operating budgets use flexible, unrestricted revenues like property taxes, capital budgets rely almost solely on restricted revenues legally earmarked for specific purposes.
- Across all Funds, the total proposed expenditure budget is \$127 million in 2027 and \$138 million in 2028.
- This phase of the budget review process will focus primarily on the Capital Budget, with a detailed review of the operating budget and two-year work plan scheduled for October 20, 2026. The Capital Budget accounts for the first two years of the City's six-year financial plan that identifies funding for major investments in infrastructure, including facilities, parks, streets, and other public assets (pages E-1 through E-132 of Exhibit 1).
- The proposed 2027-2028 Capital Budget totals \$41.7 million in 2027 (funding 70 projects) and \$48.2 million in 2028 (funding 59 projects). Of the \$89.9 million proposed Capital Budget, less than 1% consists of general government resources from the General Fund. The remaining 99% of capital

funding is legally restricted by state law and local policy (utilizing utility rates, REET, state shared revenues, impact fees, grants, and debt service).

- In February 2026, the City Council reconvened the Finance Ad Hoc Committee to evaluate the potential to change the sequence and scale back capital projects with the goal of redirecting budget resources for facility-related projects. The Committee met twice and helped prioritize limited resources to address immediate capital needs over the next two years but ultimately was unable to identify a substantial sum to reassign to facility projects.
- This is largely due to current economic conditions. Following a year-over-year decline in Real Estate Excise Tax (REET) revenues and the completion of significant outside funding agreements – including the Sound Transit Settlement and ARPA funds – funding available for capital investments is significantly less than prior years.
- Proposed capital investments over the next two years prioritize major upgrades to the City’s sewer conveyance system, a new seismically resilient water supply line, Phase 1 of the Island Crest Way shared-use path, Luther Burbank Park dock and shoreline replacements, Community and Event Center HVAC upgrades, and phased improvements and planning for the new City building at 9655 SE 36th Street (“9655 Building”).
- City Council direction and input on the proposed 2027–2032 CIP is needed to inform development of the final 2027–2028 Biennial Budget.
- The City Council is scheduled to adopt the 2027-2028 Biennial Budget on December 1.

The public is encouraged to provide feedback on the Preliminary Budget and Capital Improvement Program at three scheduled Public Hearings on October 20, November 17, and December 1. Public comment is also invited at all City Council meetings.

BACKGROUND

Every two years, the Mercer Island City Council adopts a financial plan that covers a two-year period, known as a biennium. The City Council received the 2027-2028 Preliminary Biennial Budget (“Preliminary Budget”) on September 22, 2026. A copy was filed with the City Clerk and is available online (Exhibit 1).

The Preliminary Budget is a two-year \$265 million spending plan that supports the broad range of services, programs, initiatives, and capital investments provided by the City. It serves as the primary financial and policy plan, detailing what the City will achieve as outlined in the work plan (pages A-19 through A-24 of Exhibit 1), and how the City will pay for these policy initiatives, operational services, and capital improvements.

To track how these resources are invested, it is important to distinguish between the operating and capital components of the biennial budget. The operating budget establishes what programs and day-to-day operations will be funded in each department within the confines of anticipated municipal revenues. The General Fund (001), Youth and Family Services (YFS) Fund (160), and Development Services Fund (180) finance most of the day-to-day City operations and makeup mostly non-capital related expenses. The City’s enterprise funds for the water, sewer, and stormwater utilities as well as the Street Fund include both operating and capital expenses.

A Capital Budget is the financial plan in the two-year biennial budget that identifies funding for major investments in infrastructure, including facilities, parks, streets, and other public assets. These funds and the capital projects they support are described in detail in Section E of Exhibit 1.

Capital Improvement Program

The City's 2027-2032 Capital Improvement Program (CIP) is the six-year \$182 million financial plan to acquire, expand, or rehabilitate land, technology, buildings, and other major public infrastructure. Although the CIP planning horizon spans six years, funding for the plan is allocated every two years as part of the biennial budget process. When the City Council adopts the 2027-2028 Biennial Budget, they authorize spending in the first two years of the CIP. This authorized spending in 2027 and 2028 makes up the Capital Budget.

The City's operating and capital budgets are separate because they pay for different goods and services, use different resources, and plan for different lengths of time. However, the two budgets are codependent. For example, in September 2025 when the City acquired a new building at 9655 SE 36th Street ("9655 Building") in part with capital budget resources, additional operating budget resources were required to begin operating and maintaining the facility.

This distinction between the operating and capital budgets is further shaped by the legal and policy constraints placed on the City's revenue sources. While the operating budget mostly uses unrestricted revenues – such as property taxes that provide flexibility to fund broad community services – the capital budget relies primarily on restricted revenues that are legally "earmarked" for specific purposes.

Resources Restricted to Capital Funding

The City incorporates a variety of restricted revenues to pay for capital improvements including utility rates, real estate excise taxes (REET), impact fees, state shared revenues, internal service cost allocations, grants, and debt service. The CIP introduction in Section E of Exhibit 1 outlines in detail the City's capital financing strategy and further explains the restrictions placed on these funds.

In the City's recent past, the CIP benefitted from a significant amount of outside funding as well as historically high REET revenues. Following a year-over-year decline in REET revenues and the completion of significant outside funding agreements – including the Sound Transit Settlement and ARPA funds – funding available for capital investments is significantly less than prior years.

2017 Sound Transit Settlement Agreement

In May 2017, the City secured \$10.05 million in mitigation funding from Sound Transit to address East Link light rail impacts and permanent traffic changes on Mercer Island. The funds were allocated via a Settlement Agreement to pre-approved community priorities – including traffic and safety enhancements, transit access, parking improvements, Aubrey Davis Park Master Plan implementation, and specialized light rail emergency services training.

Operating under a strict December 31, 2025 expenditure deadline, the City successfully submitted the final reimbursement invoice to Sound Transit in October 2025, ensuring that all \$10.05 million in mitigation projects – the majority of which supported pedestrian safety, ADA accessibility, and trail connectivity via capital project initiatives – were fully funded by Sound Transit, as detailed in Figure 1.

Figure 1

2017 Sound Transit Settlement Agreement Eligible Uses						
As of December 31, 2025 (\$ in thousands)						
Year	Aubrey Davis Park Planning	Traffic/Safety Enhancements	Emergency Training	Last Mile Solutions	Administrative Overhead	Reimbursement Total
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	-	67	-	-	-	67
2019	-	122	-	33	-	155
2020	-	85	-	1	-	86
2021	-	277	-	-	-	277
2022	-	387	-	-	-	387
2023	50	2,663	23	-	-	2,736
2024	-	1,711	-	189	32	1,932
2025	-	4,320	-	-	90	4,410
TOTAL	\$ 50	\$ 9,632	\$ 23	\$ 223	\$ 122	\$ 10,050

American Rescue Plan Act

The City received \$7.23 million in federal American Rescue Plan Act (ARPA) funds, distributed in two installments in 2021 and 2022.

As summarized in Figure 2, these one-time resources initially stabilized government operations by reopening recreation facilities and restoring maintenance services in parks, public spaces, and rights-of-way during the COVID-19 Pandemic. These funds also provided community relief, funding household utility assistance, local grocery gift cards, emergency support, and youth mental health services in schools.

The City invested the remaining 70% of the City's ARPA funds in critical infrastructure, including City parks, public facilities, and water and sewer systems. Under Council leadership, the City successfully committed and fully expended all funds by December 31, 2024.

Figure 2

Investment of ARPA Funds \$ in thousands	Operating or Capital	2021	2022	2023	2024	Four-Year Total
Pandemic legal Impacts	Operating	\$ 4	\$ 7	\$ -	\$ -	\$ 11
ARPA Program Administration	Operating	-	69	68	74	211
Staffing Support	Operating	-	-	64	114	178
Pandemic Response Supplies	Operating	-	11	2	2	16
Utility Relief Grant Program	Operating	-	33	4	-	37
City Hall Closure Impacts	Capital	-	-	368	1,347	1,715
Facility Planning & Improvements	Capital	-	-	-	1,267	1,267
Parks Maintenance	Capital	122	59	5	5	190
Recreation Restart Initiative	Operating	-	347	-	-	347
Aubrey Davis Park Asphalt Repairs	Capital	-	-	-	35	35
Luther Burbank Sport Courts	Capital	-	-	-	643	643
Bike Skills Park	Capital	-	-	-	303	303
Open Space Improvements	Capital	-	-	-	131	131
Sustainability Initiatives	Capital	-	-	20	119	139
Water and Sewer System Improvements	Capital	-	344	217	110	672
Youth & Family Services	Operating	-	200	522	618	1,341
Total Investment		\$ 126	\$ 1,071	\$ 1,270	\$ 4,768	\$ 7,235

Real Estate Excise Tax (REET) -1 and -2

REET is a 0.5% tax paid by the seller during property transactions. State law restricts its use to street, park, utility, affordable housing, and facility capital investments. Neither REET-1 nor REET-2 may be used for equipment or technology.

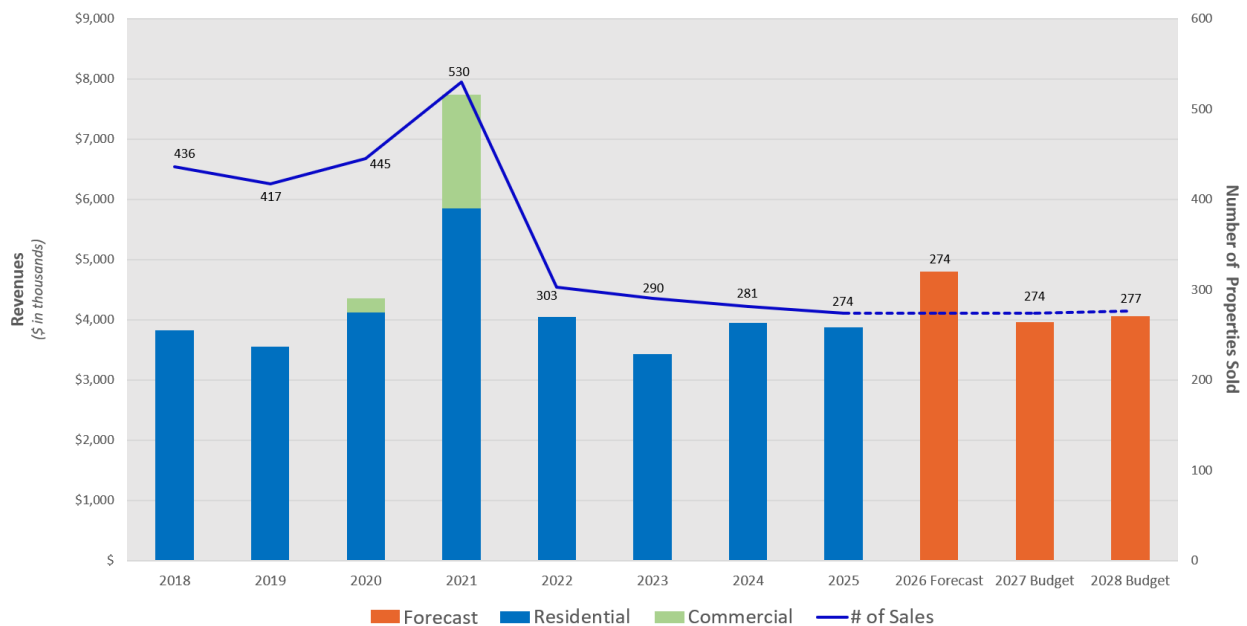
- REET-1 is the first 0.25% tax levied on the property sale price.
- REET-2 is the second 0.25% tax levied on the property sale price.

As the largest source of revenue in the Capital Improvement Fund (320) and Street Fund (110), REET allocations are governed by City Council budget policy as follows:

- All REET-1 revenues are committed to Fund 320 to support parks, open space, public building maintenance projects, and debt service used for the 9655 Building acquisition.
- REET-2 revenues are split, with 10% allocated to Fund 320 and the remaining 90% dedicated to Fund 110 for the construction and maintenance of streets, pedestrian pathways, and bicycle facilities.

Because REET revenue is tied to real estate transaction volumes, it is inherently volatile and fluctuates significantly from year to year. Following a 15-year \$7.7 million peak in 2021, REET revenue experienced a sharp downward swing in 2022, leading to a sustained reduction in revenues that has persisted through the first half of 2026. Figure 3 illustrates the number of property sales each year and the resulting REET revenues from 2018 through 2025, with revenue projections in 2026 – 2028.

**Figure 3: Mercer Island Property Sales and Total Revenues
2018-2028**



Finance Ad Hoc Committee

The decline in REET revenues and the completion of significant outside funding agreements resulted in a notable reduction of resources restricted to capital investments in streets, parks, open space, and public facilities.

In February 2026, the City Council reconvened the Finance Ad Hoc Committee (“Committee”) that included Mayor Rosenbaum, Councilmember Weiker, and Councilmember Reynolds to evaluate the potential to change the sequence and scale back capital projects with the goal of redirecting budget resources for facility-related projects. From March through August 2026, the Committee met twice and helped prioritize limited resources to address immediate capital needs over the next two years but ultimately was unable to identify a substantial sum to reassign to facility projects.

This is largely due to current economic conditions. Following a year-over-year decline in Real Estate Excise Tax (REET) revenues and the completion of significant outside funding agreements – including the Sound Transit Settlement and ARPA funds – funding available for capital investments is significantly less than prior years. In response, the Committee recommended placing an emphasis on completing active capital projects, keeping critical facilities operational, and competing for outside funding opportunities. Strategies to help balance the City’s primary capital funds from 2027-2032 included:

- **Right-size 2026 resource needs.** Instead of assuming the entire 2026 adopted capital budget would be spent, staff analyzed project schedules to refine actual funding needs through year-end. This approach provided a more accurate beginning fund balance for fiscal year 2027 and identified capital budget savings that could be applied to other capital projects.
- **Sequence and scale back projects.** Because the Capital Improvement Fund (320) is experiencing lower year-over-year revenues than in the recent past, opportunities were pursued to reduce the scope of several projects and strategically sequence work (such as partnering projects with similar areas of work, planning utility work with ROW or park capital projects, etc.). Budget detail for Fund 320 revenues and expenditures are included on pages B-16 and B-17 of Exhibit 1.
- **Work within restricted revenues.** Proposed funding for projects in 2027 and 2028 is tied to resources that are legally restricted for specific uses. For example, while the City budgeted over \$1.1 million for forest and open space investments in 2026 (90.25.0001, 90.25.0006, 90.25.0034), the 2022 Parks Levy only generated \$300,000 for that purpose. REET revenues made up the remaining funding. With reduced resources compared to prior years, open space vegetation management work in 2027-2028 emphasizes continued restoration in existing open spaces rather than expanding this work in new open space areas.
- **Maintain reserves.** Fund 320 and 110 hold several statutorily restricted revenues and baseline funding targets required for stable, ongoing operations. Capital projects are sequenced to ensure reserve targets are met and maintained by the end of 2028 and beyond.

ISSUE/DISCUSSION

Capital Budget

Capital project priorities in the next two years include completing active capital projects, keeping critical facilities operational, and competing for outside funding opportunities.

The capital budget proposes funding for 70 projects in 2027 and 59 projects in 2028, totaling \$89.9 million in capital investments. The proposed capital projects include investments in public facilities, technology, equipment, streets, transportation, parks, and utilities. Figure 4 outlines the total number of projects funded and the corresponding proposed budget by fiscal year, by capital asset category.

Figure 4

Capital Asset Category <i>\$ in millions</i>	Funded Projects (proposed)		Proposed Budget		Total
	2027	2028	2027	2028	
Public Facilities	5	4	\$ 4.3	\$ 3.8	\$ 8.1
Technology	6	6	0.7	0.3	1.1
Equipment	3	3	1.9	1.3	3.2
Streets, Pedestrians, & Bicycle Facilities	12	7	5.6	1.5	7.1
Parks, Recreation, and Open Space	7	7	1.4	2.3	3.6
Sewer Utility	10	8	4.8	22.5	27.3
Stormwater Utility	11	10	2.4	2.5	4.8
Water Utility	16	14	20.7	14.0	34.7
Total	70	59	\$ 41.7	\$ 48.2	\$ 89.9

Outside of routine capital investments, emphasis over the next two years in the Capital Budget includes:

1. Finishing a decade-long waterfront project at Luther Burbank Park that replaces aging docks, improves shoreline habitat, and improves public ADA access along Lake Washington (90.25.0020 in 2026).
2. Replacing and modernizing the antiquated HVAC system (20+ years old) at the City's heavily used Community and Event Center to meet current industry standards (90.05.0002) and address system performance problems.
3. Developing a phased approach that supports near-term occupancy of the 9655 Building while planning for a more comprehensive renovation as future funding becomes available (90.05.0021).
4. Carrying out Phase 1 of the Island Crest Way shared use path (90.20.0040) as well as enhancing pedestrian and ADA improvements along the street corridor following the construction of the new water supply line (90.20.0006 and 90.20.0009).
5. Beginning a multiyear initiative to make once-in-a-generation upgrades to the City's sewer conveyance system including the completion of a comprehensive hydraulic model, upgrading antiquated pump stations and beginning design and permitting for the construction of Lakeline Reach 1 capacity improvements.
6. Completing critical upgrades to the water distribution system including a new locally controlled and seismically resilient water supply line (90.40.0032).
7. Update the Parks, Recreation, and Open Space (PROs) Plan (90.25.0034), Water System Plan (90.40.0035), General Sewer Plan (90.30.0013), and develop Stormwater System Plan (90.35.0022) to guide future capital investments.

Consistent with the City's financial management policies, CIP funding over the next two years relies on existing, available fund balances, projected revenues from real estate excise taxes, state shared revenues, outside debt, and utility rates, along with the prudent use of outside funding including state and federal grants. The General Fund is the sole source for capital investments in technology and equipment.

Of the \$89.9 million proposed CIP, less than 1% makes up general government resources. The remaining 99% of resources that pay for infrastructure improvements are restricted with enforceable limitations as mandated by state law and local policy set by the City Council.

NEXT STEPS

City Council direction and input on the proposed 2027–2032 CIP is needed to inform development of the final 2027–2028 Biennial Budget.

The remaining preliminary budget schedule is summarized below.

Date	Topic
October 20, 2026	Public Hearing: Overview of the 2027-2028 Work Plan and Operating Budget
November 17, 2026	Public Hearing: 2027-2028 Biennial Budget Review, Receive Q3 2026 Financial Status Update and Budget Amending Ordinance, Adopt 2027 Property Tax Ordinances, and Adopt 2027 NORCOM Budget
December 1, 2026	Public Hearing: 2027-2028 Biennial Budget Adoption

The public is encouraged to provide feedback on the 2027-2028 Preliminary Biennial Budget and 2027-2032 CIP at three scheduled Public Hearings on October 20, November 17, and December 1. Public comment is also invited at all City Council meetings.

RECOMMENDED ACTION

Receive the 2027-2028 Preliminary Biennial Budget available at www.mercerisland.gov/27-28budget and provide feedback on the 2027-2032 CIP (see pages E-1 to E-132). No additional action required.



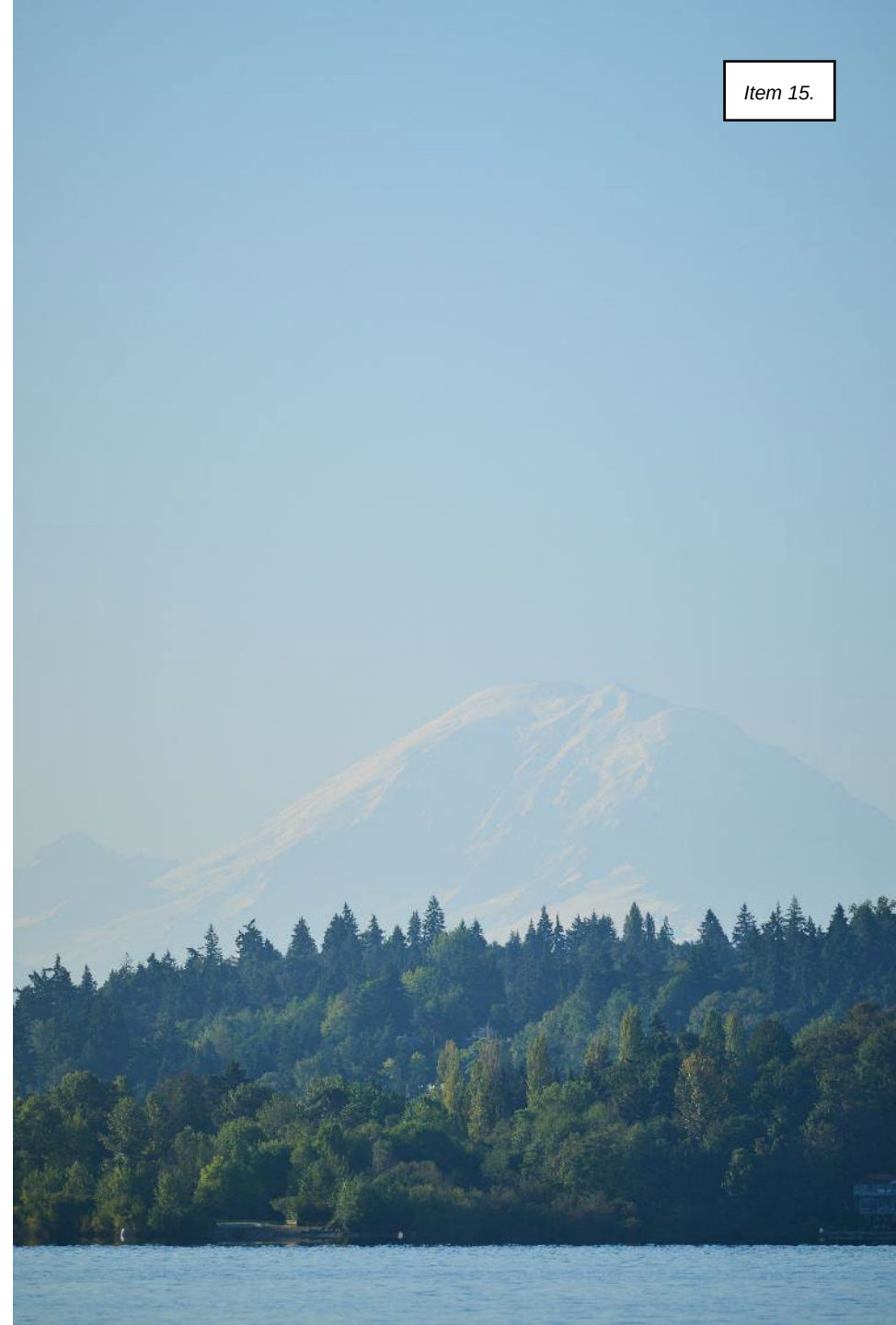
2027-2028 Preliminary Biennial Budget & 2027-2032 CIP

Introduction of proposed capital improvements,
spending plan, & budget workshops schedule.



Agenda

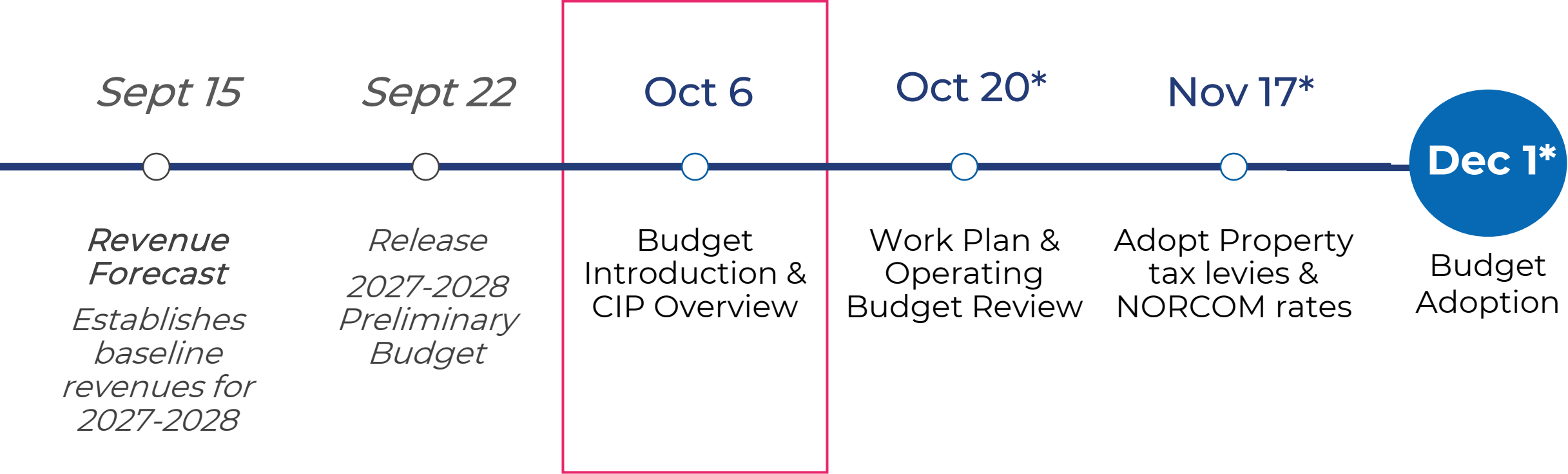
- ❑ Budget Background & Schedule
- ❑ Capital Budget Overview
- ❑ Finance Ad Hoc Committee
- ❑ Capital Priorities in 2027-2028
- ❑ Questions



Tonight's Purpose

- ❑ First of two budget workshops in October.
- ❑ City Council review and discuss capital priorities and the spending plan as proposed in the 2027-2028 Capital Budget.
- ❑ **Next Steps.** Incorporate tonight's feedback into the Preliminary Biennial Budget for City Council final adoption on December 1, 2026.

2027-2028 Biennial Budget Schedule



* *Public hearings*

Biennial Budget Background

- ❑ Every two years, the Mercer Island City Council adopts a financial plan that covers a two-year period, known as a biennium.
- ❑ City Council received the 2027-2028 Preliminary Budget on Sept 22.
 - ❑ Available at www.mercerisland.gov/27-28budget
- ❑ Serves as the primary financial and policy plan.
 - ❑ Outlines work plan goals and details funding for policy initiatives, operations, and capital improvements.

Biennial Budget – Built on Progress

Item 15.

- ❑ After six years of prudent fiscal management, Mercer Island overcame pandemic disruptions, modernized operations, and delivered landmark capital improvements.
- ❑ Major water system improvements complete, with a new seismically resilient local water supply line underway and critical sewer improvements on the horizon.
- ❑ Delivered on voter-approved investments with ongoing park and open space management, as well as playground replacements thanks to the 2022 Parks Levy.
- ❑ Upgraded enterprise financial/HR software and police digital evidence systems, while acquiring a 22,000-square-foot building (9655 SE 36th Street) to help resolve the 2023 City Hall closure and centralize operations.
- ❑ Leveraged one-time funding (Sound Transit Mitigation & ARPA) for major street, parks, and utilities investments. Began construction on a decade-long waterfront improvements including new docks, habitat, & ADA access along Lake Washington.

Biennial Budget – Capital Themes in 2027-2028

Item 15.

- ❑ **Resized Capital Program:** Capital funding is notably lower than prior years due to declining REET revenues & completion of outside funding agreements.
- ❑ **Police Facility Priority:** Prioritizing a permanent, modern facility to transition public safety staff out of temporary trailers used since the 2023 City Hall closure, informed by February 2026 community survey results. Plan to discuss this further at the February 5, 2027 City Council Planning Session.
- ❑ **Facility Maintenance:** Continuing long-term preservation and maintenance for the Community & Event Center, Luther Burbank Administrative Building, & Public Works Administrative Building.
- ❑ **9655 Building Phasing:** Phasing renovations for the building to allow near-term occupancy while planning for long-term municipal use.

Biennial Budget Overview

A 249-page document divided into six sections.

- A. City Manager Message & Budget Overview
- B. Recap By Fund
- C. Revenue Sources
- D. Operating Budget by Department
- E. Capital Improvement Program
- F. Appendix

Operating vs. Capital Budget

Item 15.

The **\$265M spending plan in 2027-2028** distinguishes between day-to-day operating funds and long-term capital improvements.

Operating Budget **\$175M**

- ❑ Delivers programs, day-to-day services, and policy initiatives outlined in the work plan for the next two-years.
- ❑ Consists of restricted and unrestricted revenues.

Primary Operating Funds
General, YFS, & Development Services.

Capital Budget **\$90M**

- ❑ First two years of authorized spending in the six-year CIP.
- ❑ Long-term financial plan to invest in parks, buildings, utilities, streets, and technology.
- ❑ Mostly restricted revenues earmarked for specific purposes.

Primary Capital Funds
Street, Capital Improvement, & Utility Funds.

Capital Improvement Program Expenditures

Item 15.

As proposed in Section E of the Preliminary Biennial Budget.

Capital Project ID Numbers

Example: 90.05.0001

90 | Capital Program

05 | Asset Category in CIP

0001 | Unique project number

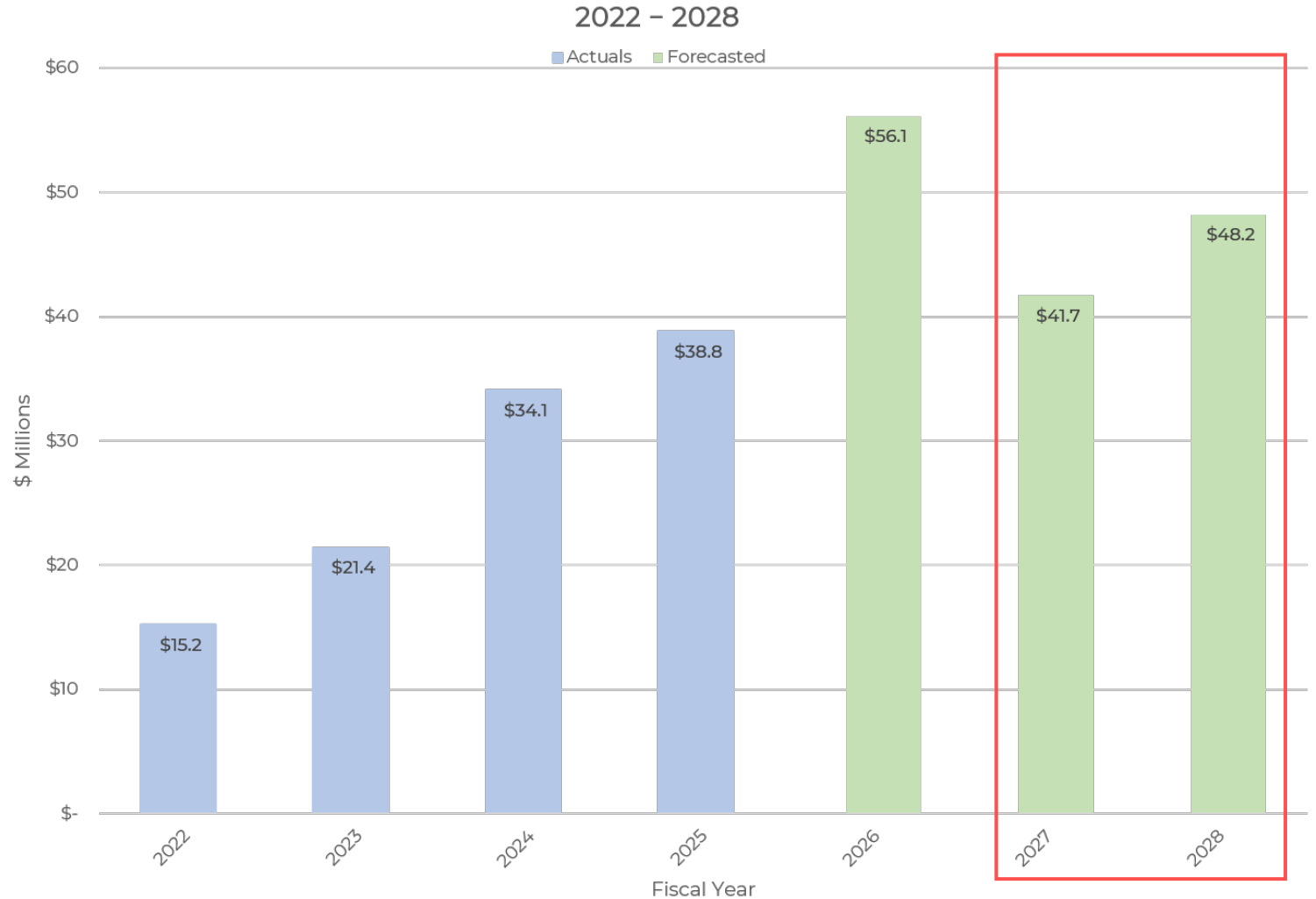
Capital Asset Categories <i>\$ in millions</i>	Funded Projects		Proposed Budget		Total
	2027	2028	2027	2028	
05 - Public Facilities	5	4	\$ 4	\$ 4	\$ 8
10 - Technology	6	6	1	0	1
15 - Equipment	3	3	2	1	3
20 - Streets, Pedestrians, & Bicycle Facilities	12	7	6	2	7
25 - Parks, Recreation, and Open Space	7	7	1	2	4
30 - Sewer Utility	10	8	5	23	27
35 - Stormwater Utility	11	10	2	2	5
40 - Water Utility	16	14	21	14	35
Total	70	59	\$ 42	\$ 48	\$ 90

Capital Improvement Program Expenditures

Item 15.

Helpful Perspective

1. Increase in annual expenditures.
 - ❑ Generational improvements & inflation pressures.
2. 99% of proposed budget is legally restricted by state law:
 - ❑ Utility rates
 - ❑ REET
 - ❑ State shared revenues
 - ❑ Impact fees
 - ❑ Grants
 - ❑ Debt service



2027 – 2028 Capital Budget

Item 15.

- ❑ Funding available for capital investments is significantly less than prior years.
 1. Completion of outside funding agreements.
 - ❑ 2017 Sound Transit Settlement Agreement (\$10.05M).
 - ❑ American Rescue Plan Act (ARPA, \$7.23M).
 2. Year-over-year decline of Real Estate Excise Tax (REET) revenues since 2022.

Outside Funding Agreements

Sound Transit Settlement Agreement

- ❑ May 2017, City secured \$10.05M to offset impacts of East Link light rail.
- ❑ Funds restricted primarily to transportation improvements, per the agreement.
- ❑ Deadline to invest all funds by Dec 2025. **All \$10.05M invested.**
- ❑ Examples include City Council approved projects supporting pedestrian safety, ADA accessibility, & trail connectivity.

Project <i>\$ in thousands</i>	Description	Reimbursed Amount
Sunset Highway/ 77th Ave SE	Installed raised safety intersection & flashing crosswalks.	\$ 1,543
Island Crest Way Corridor	Upgraded pedestrian crossings, trails, and lighting.	1,441
West Mercer Way Shoulders	Paved new shoulders for safer walking and biking.	1,060
80th Avenue Sidewalk	Replaced aging sidewalks, trees, and street lighting.	1,181
ADA Transition Plan	Installed 11 compliant curb ramps and improved lighting.	386

Outside Funding Agreements

American Rescue Plan Act

- ❑ City received \$7.23M in federal ARPA funds in 2021 and 2022.
- ❑ One-time resources stabilized City operations during the COVID-19 Pandemic.
 - ❑ Re-opened recreation facilities.
 - ❑ Household utility & emergency assistance.
 - ❑ Youth & family mental health services.
- ❑ Under Council leadership, 70% went to parks, facilities, & underground utilities.
- ❑ All funds invested per federal guidelines by Dec 2024.

Investment of ARPA Funds <i>\$ in thousands</i>	Four-Year Total
Aubrey Davis Park Asphalt Repairs	\$ 35
Open Space Improvements	131
Sustainability Initiatives	139
Parks Maintenance	190
Bike Skills Park	303
Luther Burbank Sport Courts	643
Water & Sewer Improvements	672
Facility Planning & Improvements	1,267
City Hall Closure Impacts	1,715
Capital Subtotal	5,095
Pandemic legal Impacts	11
Pandemic Response Supplies	16
Utility Relief Grant Program	37
Staffing Support	178
ARPA Administration	211
Recreation Restart Initiative	347
Youth & Family Services	1,341
Operating Subtotal	2,140
Total Investment	\$ 7,235

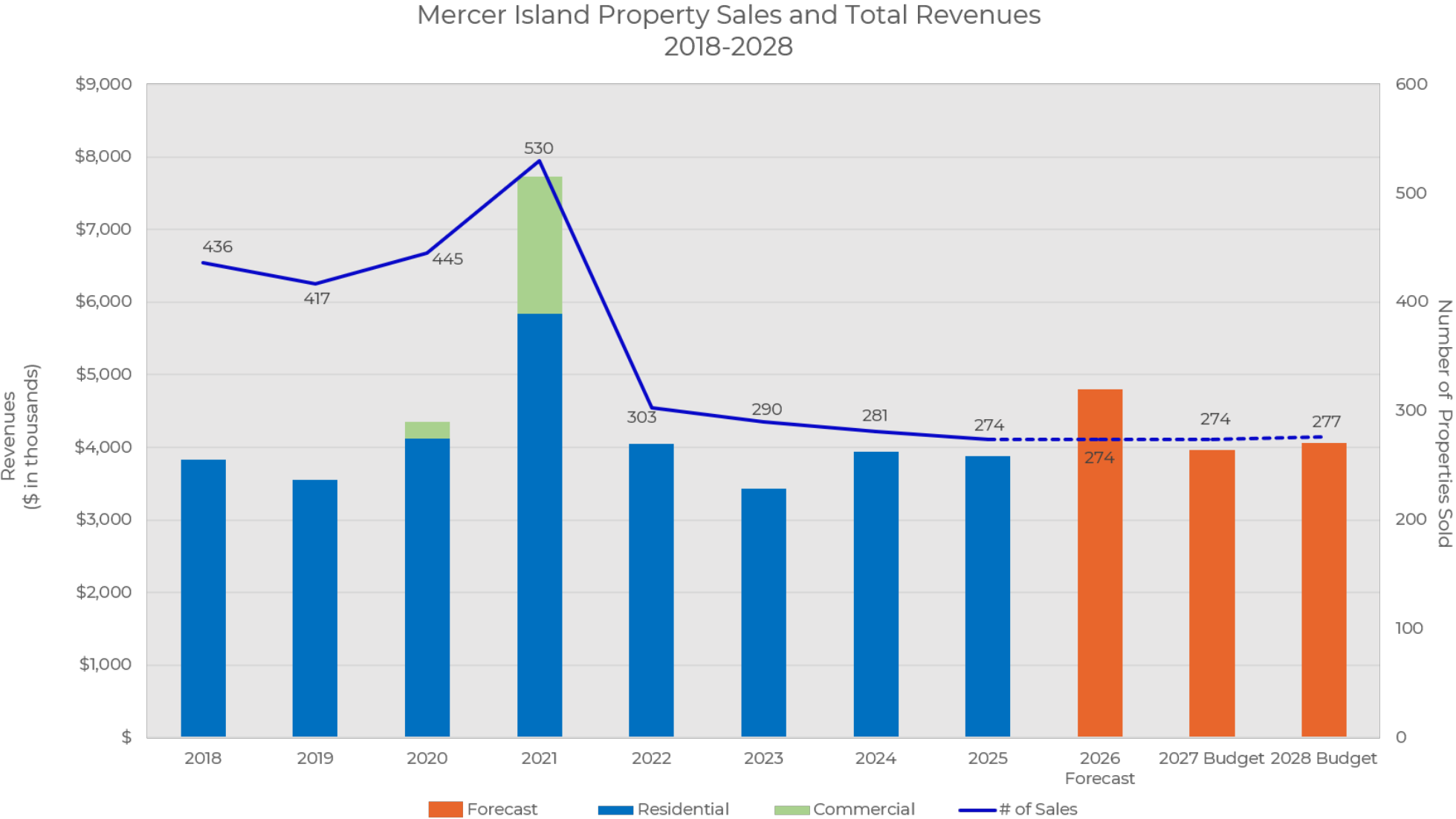
2027 – 2028 Capital Budget

Item 15.

Real Estate Excise Tax

- ❑ 0.5% tax paid by the seller during property transactions.
- ❑ Per state law, restricted to street, park, utility, affordable housing, and facility capital investments (no equipment or technology).
- ❑ Inherently volatile. Fluctuates significantly from year to year.
- ❑ Following 15-year \$7.7M peak in 2021, sustained reduction in REET revenue that has persisted through the first half of 2026.

Real Estate Excise Tax Revenues



City Council Finance Ad Hoc Committee

Item 15.



Finance Ad Hoc Committee

Formation and Purpose

- ❑ With the decline in REET alongside the complete use of Sound Transit settlement & ARPA funds, notably less resources for the capital program.
- ❑ February 2026, Council reconvened Finance Ad Hoc Committee to help evaluate capital finances and prioritize funding for facility improvements.
- ❑ Mayor Rosembaum, Councilmember Weiker, and Councilmember Reynolds met with staff to help balance the six-year CIP.

Finance Ad Hoc Committee

Item 15.

Strategy to Balance the CIP

- ❑ Every budget cycle, City Administration reviews and prioritizes 2027-2032 projects using a rating system.
- ❑ Finance Ad Hoc Committee reviewed capital projects funded via Capital Improvement Fund (320):
 - ❑ Parks and open space
 - ❑ Recreation facilities
 - ❑ Public buildings

Rating Criteria		Weights and Scoring		
Criteria	Sub-Criteria	CIP Priority	Weight	Max Score
Mandated Activities	Court decision, regulatory requirement, state or fed mandate, legal	5	5	25
	Necessary for health and safety reasons, cannot be deferred	4		
	Necessary to maintain existing facilities, infrastructure, or equipment	3		
	Underway with unavoidable shortfalls and cannot be modified	2		
	Normal project liability	1		
Public Health & Safety	Existing hazard (severe)	5	4	20
	Existing hazard (minor)	4		
	Potential hazard (severe)	3		
	Potential hazard (minor)	2		
	No health or safety issue	1		
Fiscal Responsibility	Decreases operating/maintenance costs	5	3	15
	Increases on-going revenue source	4		
	Significant outside funding has been obtained to leverage City funding	3		
	Potential funds to be applied for from outside sources	2		
	Requires significant municipal subsidy	1		
Environmental Impact	Enhances environmment/reduces pollution	5	2	10
	Benefits environment/slightly reduces pollution	4		
	No environmental changes	3		
	Minor negative environmental impact	-1		
	Diminishes environment/creates pollution	-2		
Conformity to City Plans & Goals	In a master plan or related to a City Council priority	5	1	5
	Responds to a City Council action or directive	4		
	Identified in a Department work plan, or in a draft City plan	3		
	Recommended by board/commission	2		
	Recommended by citizen action	1		
				75

Finance Ad Hoc Committee

Strategy to Balance Fund 320

- ❑ From the onset, clear that needs outpaced resources.
- ❑ Committee prioritized limited funds to:
 1. Complete active projects.
 2. Keep critical facilities operational.
 3. Support projects that are strong candidates for outside grant funding.
- ❑ To balance 2027-2028, staff evaluated cash flow needs in 2026 to help free up resources in the next two years.
- ❑ Scaled down project scopes where possible to match available resources.

Finance Ad Hoc Committee

Reduced project scopes
based on available funding.

Capital Improvement Fund (320) <i>\$ in Millions</i>	2026 Budget	2027 Budget	2028 Budget
Before - Ad Hoc Committee			
Public Facilities Subtotal	2.0	11.9	20.5
Parks, Recreation, & Open Space Subtotal	12.1	8.2	10.3
Total	\$ 14.1	\$ 20.1	\$ 30.8
After - Ad Hoc Committee			
Public Facilities Subtotal	0.9	4.1	3.6
Parks, Recreation, & Open Space Subtotal	11.2	1.4	2.2
Total	\$ 12.1	\$ 5.4	\$ 5.8

Finance Ad Hoc Committee

Examples of cost saving measures.

Ad Hoc Committee/Staff Adjustments	2026	2027	2028
<i>\$ in Thousands</i>			
Parks, Recreation, & Open Space			
System Property Acquisition Reserve	(1,000)	(500)	(500)
Athletic Field & Backstop Replacements	(549)	(896)	-
Clark Waterfront Improvements	-	(539)	(730)
Groveland Waterfront Improvements	-	(363)	(916)
Total Adjustments	\$ (1,549)	\$ (2,298)	\$ (2,146)

These projects represent important community investments, they do not 1) complete active projects, 2) keep critical facilities operational, or 3) are good candidates for grants.

Example: Vegetation Management

- City budgeted \$1.19M for forest & open space investments in 2026.

Project ID	Project Title	2026 Revised Budget			2027 Proposed Budget		
\$ in thousands		MI Parks Levy	REET	Total	MI Parks Levy	REET	Total
90.25.0001	Open Space Management	\$ 68	\$ 371	\$ 438	\$ 208	\$ -	\$ 208
90.25.0006	Aubrey Davis Park Vegetation Mgmt.	-	202	202	-	-	-
90.25.0034	Pioneer Park/Engstrom Forest Mgmt.	312	243	555	175	-	175
Total		\$ 380	\$ 816	\$ 1,195	\$ 383	\$ -	\$ 383

- Result:** In 2027-2028, proposed projects maintain restoration work in existing open spaces rather than expand into new areas.

Example: Deane’s Play Area Improvements (90.25.0015 Item 15.)

Implement the Site Plan adopted April 7, 2026 ([AB 6902](#))

- ❑ **Phase I.** Council authorized \$0.5M state grant application July 7, 2026 ([AB 6958](#)).
- ❑ **Phase II (2029-2030).** Council authorized \$1.05M federal grant application Sept 15, 2026 ([AB 6996](#)).

Fiscal Year <i>\$ in thousands</i>	MI Parks Levy	WWRP ¹	KC FCD ²	Impact Fees ³	REET	Donations	Total
	Restricted	Grant	Grant	Restricted	Restricted	Restricted	
2027	\$ 400	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 650
2028	561	250	100	69	-	50	\$ 1,030
Total	\$ 961	\$ 500	\$ 100	\$ 69	\$ -	\$ 50	\$ 1,680

¹ Washington Wildlife and Recreation Program.
² King County Flood Control District.
³ Project adds new facilities to the parks system. Qualifies as an eligible use of impact fees.

- ❑ Both require a 50% match (planned from levy funds/eligible sources, excluding REET). Retain matching funds to support these grants, pending final City Council budget approval.

Example: MICEC Generator Replacement (90.05.0011)

Item 15.

- ❑ Serves the community center, EOC, emergency shelter, City Hall, and core server infrastructure.
- ❑ Upgrades unlock full-facility power during disasters to support expanded shelter, heating/cooling, and EOC operations.
- ❑ Critical improvement.
- ❑ Limited funding to fully design project while prioritizing other facility-related projects.
- ❑ Finishing project design makes it shovel ready and competitive for outside funding.

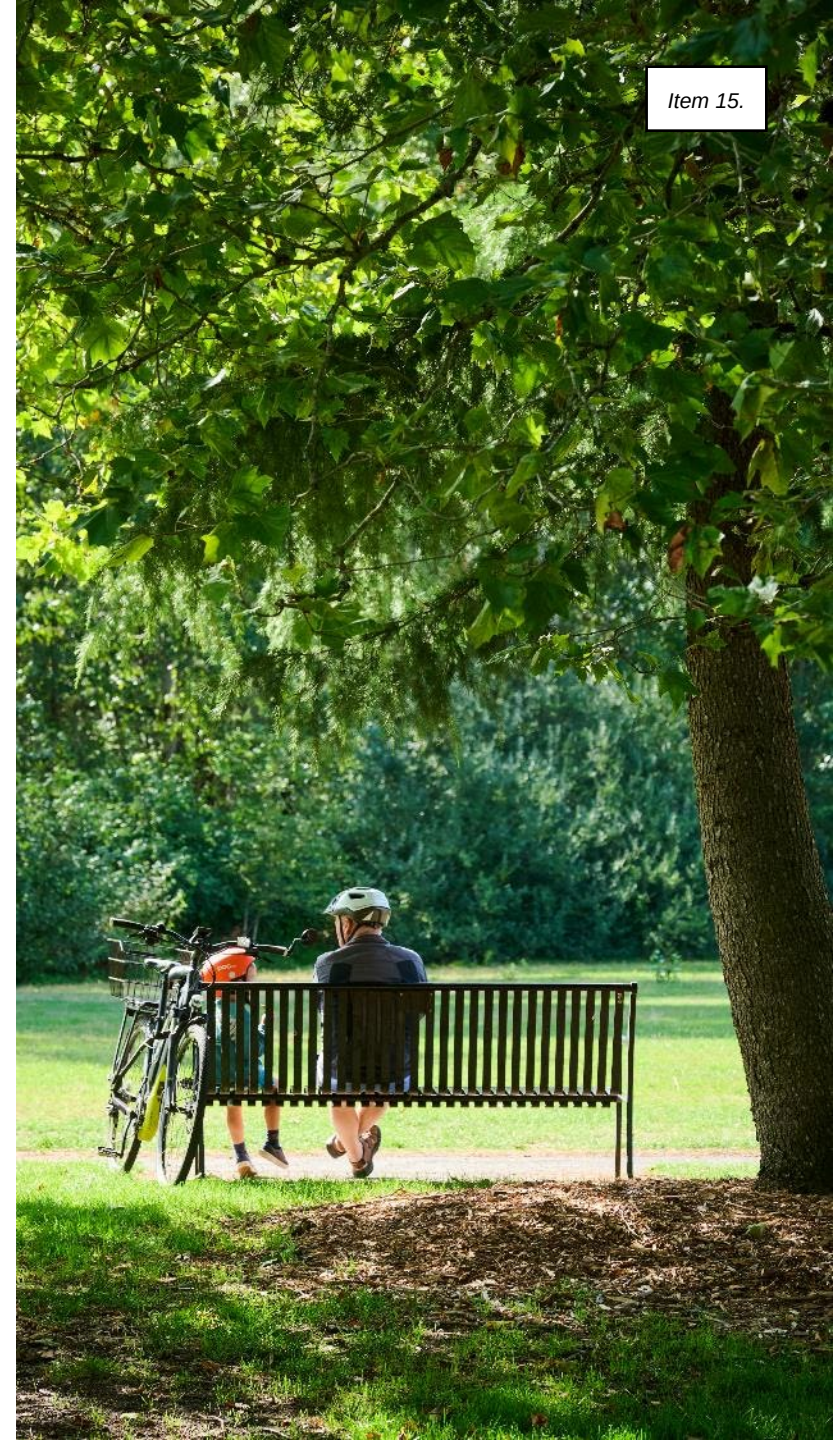
Year	Fund	Grant	Total
<i>\$ in thousands</i>	320	(TBD)	
2027	\$ 103	\$ -	\$ 103
2028	-	1,768	\$ 1,768
Total	\$ 103	\$ 1,768	\$ 1,871

Finance Ad Hoc Committee

Outcomes from the Committee's Efforts

- ❑ Helped prioritize limited resources to address immediate capital needs over the next two years and balanced capital funds thru 2032.
- ❑ Unable to identify and reassign resources to major facility projects.
- ❑ Important capital improvements are proposed in the next two years while staff and the City Council continue to evaluate funding opportunities for City facilities.

Questions?



Proposed Capital Priorities in 2027-2028



Focus for 2027-2028

Item 15.

- ❑ **Luther Burbank Waterfront.** Replace aging docks, improve shoreline habitat, and improve public ADA access along Lake Washington (90.25.0020 in 2026).
- ❑ **MICEC HVAC System.** Replace and modernize HVAC system (20+ years old) at Community and Event Center (90.05.0002).
- ❑ **9655 SE 36th Street Building.** Phase improvements for the 9655 Building (90.05.0021).
- ❑ **Pedestrian Improvements.** Island Crest Way shared use path P1 (90.20.0040) and ADA improvements above the new water supply line (90.20.0006, 90.20.0009).
- ❑ **Sewer Conveyance System.** Multiyear initiative to upgrade sewer system.
- ❑ **Long Range Planning.** Update the PRO's Plan (90.25.0034), Water System Plan (90.40.0035), General Sewer Plan (90.30.0013), and develop Stormwater System Plan (90.35.0022) to guide future capital investments.

Luther Burbank Waterfront

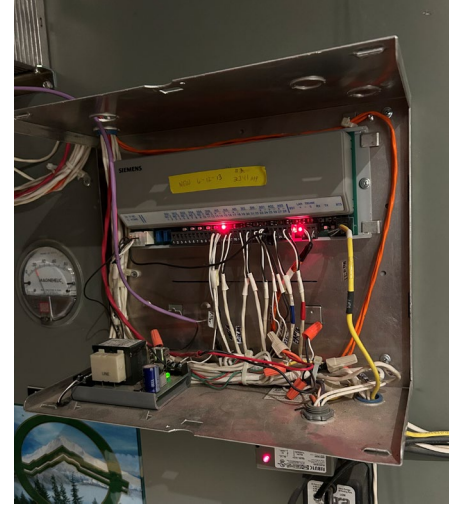
- ❑ Renovate docks for motorized boats and non-motorized watercraft.
- ❑ Add an accessible kayak launch and overwater platform.
- ❑ Improve North Beach water access and accessible trail connections.
- ❑ Restore shoreline habitat with native plantings and lakebed cleanup.
- ❑ Upgrade utilities, fire protection, and lake-water irrigation.
- ❑ Enhance the plaza with new surfacing, seating, signage, and public art.



Community Center HVAC

Item 15.

- ❑ Replace aging HVAC equipment with high-efficiency electric heat pumps variable refrigerant system.
- ❑ Improve temperature control and system reliability.
- ❑ Reduce energy use, maintenance costs, and greenhouse gas emissions.
- ❑ \$1 million in state funding secured.
- ❑ Design in 2026; construction anticipated in 2027.



Phase Improvements to 9655 Building

Item 15.

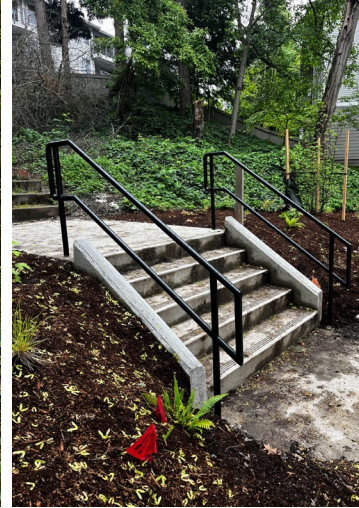
- ❑ Address roof, HVAC, fire-water line, and parking lot repairs and improvements.
- ❑ Complete minor interior repairs, including walls, finishes, carpet, and lighting.
- ❑ Confirm occupancy needs and finalize the space plan for staff and hoteling areas.
- ❑ Prepare workspaces, including furniture, equipment, storage, and cleaning.
- ❑ Coordinate security, door access, and Wi-Fi for initial occupancy.



Pedestrian Improvements

Item 15.

- ❑ **ADA Transition Plan Implementation:** Upgrade pedestrian facilities in the Town Center, then citywide.
- ❑ **Water Supply Pipeline Project Improvements:**
 - ❑ **SE 40th Street:** Replace sidewalks; add bike lanes from Gallagher Hill Road to 93rd Avenue SE.
 - ❑ **Gallagher Hill Road:** Add downhill sidewalk and uphill bike lane from SE 36th to SE 40th Street.
- ❑ **East Mercer Way Roadside Shoulders:** Close the final gap from SE 79th Street to the 8400 block.
- ❑ **ICW Shared Use Path – Phase 1:** Build the path from Island Park Elementary to SE 60th Street with state grant support.



Sewer Conveyance System

Item 15.

- ❑ A once-in-a-generation, multi-year initiative to upgrade the sewer system.
- ❑ Identify and address system deficiencies to improve flow capacity and prevent sanitary sewer overflows.
- ❑ Complete data collection, surveying, condition assessments, and modeling to guide improvements.
- ❑ Provide permitting, engineering design, and construction support.
- ❑ Deliver improvements in phases to address priority needs and adapt to evolving conditions.



Long Range Plans

Item 15.

- ❑ Update the Parks, Recreation, and Open Space (PROS) and Pedestrian and Bicycle Facilities Plans to identify future needs.
- ❑ Update the Water System and General Sewer Plans to address infrastructure needs and future demand.
- ❑ Develop a Stormwater System Plan to address drainage needs and future demand.
- ❑ Use these Plans to guide capital investments and project priorities.
- ❑ Strengthen grant applications and support access to government infrastructure loans.



Questions for the City Council

Item 15.

- 1. Do the projects scheduled for 2027 and 2028 effectively advance the Council's top capital priorities?**
- 2. What modifications, if any, does the City Council wish to make to the proposed capital projects in 2027 and 2028?**

Questions

Prepared By

Jason Kintner, Chief of Operations

Matt Mornick, Finance Director

Kellye Hilde, Deputy PW Director





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7018
October 6, 2026
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 7018: Discuss Potential Restructure of the Planning Commission	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Discuss the current structure of the Planning Commission and provide direction to the City Manager regarding potential changes and next steps.	

DEPARTMENT:	City Manager
STAFF:	Mayor David Rosenbaum Jessi Bon, City Manager
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 item is for the City Council to discuss potential changes to the structure of the Planning Commission.

- After discussing the Community Planning and Development Department's land use work plan at the City Council Planning Session on March 1, 2024, the City Manager was directed to bring a proposal to City Council on April 2, 2024, aiming to reconstitute the Planning Commission.
- On April 2, 2024 the City Manager presented various options for reconstitution of the Planning Commission to the City Council for consideration ([AB 6441](#)).
- The City Council discussed and selected various options and further directed staff to bring back an ordinance on April 16, 2024 for first reading containing these selected options to amend MICC, Chapter 3.46 to reconstitute the Planning Commission.
- With first reading on April 16, 2024 and a second reading on May 7, 2024, the City Council adopted [Ordinance No. 24C-06](#) amending MICC Chapter 3.46 to reconstitute the Planning Commission.
- After two years of the Planning Commission meeting in its current structure, members of the City Council have expressed interest in reviewing the Commission's structure and considering potential alternatives, including restoring the previous structure. Because any change requires consideration by the full City Council and an amendment to the City Code, the Mayor has placed this item on the agenda for discussion.

BACKGROUND

The City Council conducted a Planning Session on March 1, 2024. An overview of the Community Planning and Development Department's land use work plan was presented as part of the agenda. To increase land use planning capacity and efficiency as well as provide additional direction to work program priorities, the City Council made several motions including the following:

Direct the City Manager to bring a proposal to City Council at its regular meeting on April 2, aiming to reconstitute the Planning Commission. The new composition shall include four (4) land use professionals not affiliated with Mercer Island entities or interests, to be compensated for their dedicated time, and three (3) laypersons who are Mercer Island residents. The proposal must specify the effective date, detail the range of the number of meetings that will occur annually, outline the annual cost, and describe any necessary amendments to the Mercer Island Municipal Code (MICC).

On April 2, 2024, the City Manager presented options for the City Council to evaluate reconstitution of the Planning Commission ([AB 6441](#)). The City Council directed the City Manager to prepare an ordinance to amend Chapter 3.46 MICC regarding the Planning Commission as follows:

- **Effective Date:** January 15, 2025
- **Member Composition:** 2/2/1 Paid Practitioner – Non-Resident / Lay Person – Resident / Paid Practitioner – Resident; any vacancy may be filled by a resident lay person if unable to find a qualified paid practitioner.
- **Paid Practitioner – Non-Resident Definition:** An individual not affiliated with Mercer Island entities or interests with a minimum of five years of experience in land use planning as well as five years of such experience in the State of Washington. Examples of qualifying positions include land use / municipal attorney, hearing examiner, urban planner or architect, engineer, or builder with land use experience. Demonstrated experience in public service, working with the Growth Management Act (GMA), Shoreline Management Act (SMA), and State Environmental Policy Act (SEPA) as well as the drafting of land use policies and codes preferred. This position will be compensated.
- **Lay Person – Resident Definition:** An individual with general interest in land use planning, environmental affairs, and/or economic development. Demonstrated experience in public service and land use planning preferred. Proof of Mercer Island residency required. This position will not be compensated.
- **Paid Practitioner – Resident Definition:** An individual with a minimum of five years of experience in land use planning as well as five years of such experience in the State of Washington. Examples of qualifying positions include land use / municipal attorney, hearing examiner, urban planner or architect, engineer, or builder with land use experience. Demonstrated experience in public service, working with the Growth Management Act (GMA), Shoreline Management Act (SMA), and State Environmental Policy Act (SEPA) as well as the drafting of land use policies and codes preferred. Proof of Mercer Island residency required. This position will be compensated.
- **Annual Meeting Frequency Options:** 21 (11 Regular Meetings + Up To 10 Special Meetings)
- **Paid Practitioner Compensation Options:** Flat Rate Per Meeting Completed
- **Paid Practitioner Annual Compensation Maximum Amount Options:** Not to Exceed \$10,500 Per Paid Practitioner (\$500 Per Meeting)
- **Paid Practitioner Poor Performance – Termination Authority:** Only the City Council can terminate.

- **Planning Commission Seats:** Permanently reduce the Planning Commission to 5 seats on June 1, 2024.

Following first reading on April 16, 2024 ([AB 6454](#)) and second reading on May 7, 2024 ([AB 6460](#)), the City Council adopted Ordinance No. 24C-06 amending [MICC Chapter 3.46](#) to reconstitute the Planning Commission.

Since the current format was implemented in January 2025, the Planning Commission has met approximately 20 times. Under the current compensation structure, Commission members receive \$500 per meeting. The City has paid approximately \$45,000 in Planning Commission compensation during this period.

In June 2026, Commissioner Akyuz resigned from the Planning Commission, creating a mid-term vacancy. [Section 8 of the City Council Rules of Procedure](#), which governs City advisory boards and commissions, provides that when a vacancy occurs mid-term, the City Council shall appoint a person to fill the unexpired term within 60 days, or as soon as reasonably practicable. The City Manager delayed opening of the recruitment until September 3 because it is challenging to recruit during the summer months. The current recruitment period closes on Friday, October 9, and, as of this writing, the City has received five applications.

Members of the City Council have contacted the Mayor and City Manager to request that the current Planning Commission structure be revisited. Because any change to the Commission's structure requires consideration by the full City Council and an amendment to the City Code, the Mayor has placed this item on the agenda for discussion.

ISSUE/DISCUSSION

If the City Council wishes to change the structure of the Planning Commission, direction should be provided to the City Manager to prepare an ordinance amending the applicable provisions of the City Code. Because the composition and structure of the Planning Commission are established in the City Code, any change requires formal City Council action by ordinance. The City Manager will need direction regarding the following items to prepare the ordinance:

- Number of seats
- Compensation
- Resident versus non-resident requirements
- Specialty positions versus lay positions

The City Council will also need to determine how to proceed with the current recruitment for the vacant Planning Commission position. If the Council intends to change the Commission's structure, staff recommends suspending the current recruitment and retaining the applications received for consideration once the new structure has been established and appointments can be made under the revised format.

Postponing an appointment to fill the current vacancy would require the City Council to suspend the applicable provision of its Rules of Procedure, which provides that a mid-term vacancy should be filled within 60 days, or as soon as reasonably practicable. City Council direction should therefore address both whether to prepare an ordinance changing the Planning Commission structure and whether to suspend the current recruitment and appointment process while those changes are considered.

NEXT STEPS

If the City Council directs the City Manager to prepare an ordinance to change the structure of the Planning Commission, the ordinance will be brought forward for City Council consideration on either October 20 or November 3. If the Council also directs that the current Planning Commission recruitment be suspended, applicants will be notified and their applications will be retained for future consideration.

If the City Council elects to retain the Planning Commission in its current structure, the current recruitment will close on Friday, October 9, and the City Council will consider an appointment to fill the vacancy on October 20, 2026.

RECOMMENDED ACTION

1. Suspend the City Council Rules of Procedure requiring filling vacant Planning Commission positions within 60 days or as soon as reasonably practicable to allow time for the City Council to consider options to restructure the Planning Commission. (Approval by 2/3 of the City Council needed to pass.)
2. Direct the City Manager to prepare and return to the City Council, at the earliest practicable meeting, an ordinance to restructure the Planning Commission to include the following [insert items discussed during meeting].



Planning Commission Restructure Discussion

AB 7018 | October 20, 2026

Purpose of This Discussion

- City Council has asked to review the Planning Commission's structure after two years in its current format.
- Some members of the City Council have asked to consider alternatives, including restoring the previous structure.
- Any change requires action by the full City Council and an amendment to the City Code (MICC Chapter 3.46).
- City Council direction to the City Manager is needed on next steps.

How We Got Here

Mar 1, 2024

At its Planning Session, Council directed the City Manager to propose reconstituting the Commission.

Apr 2, 2024

The City Manager presented options (AB 6441), and Council selected its preferred structure.

Apr 16 & May 7, 2024

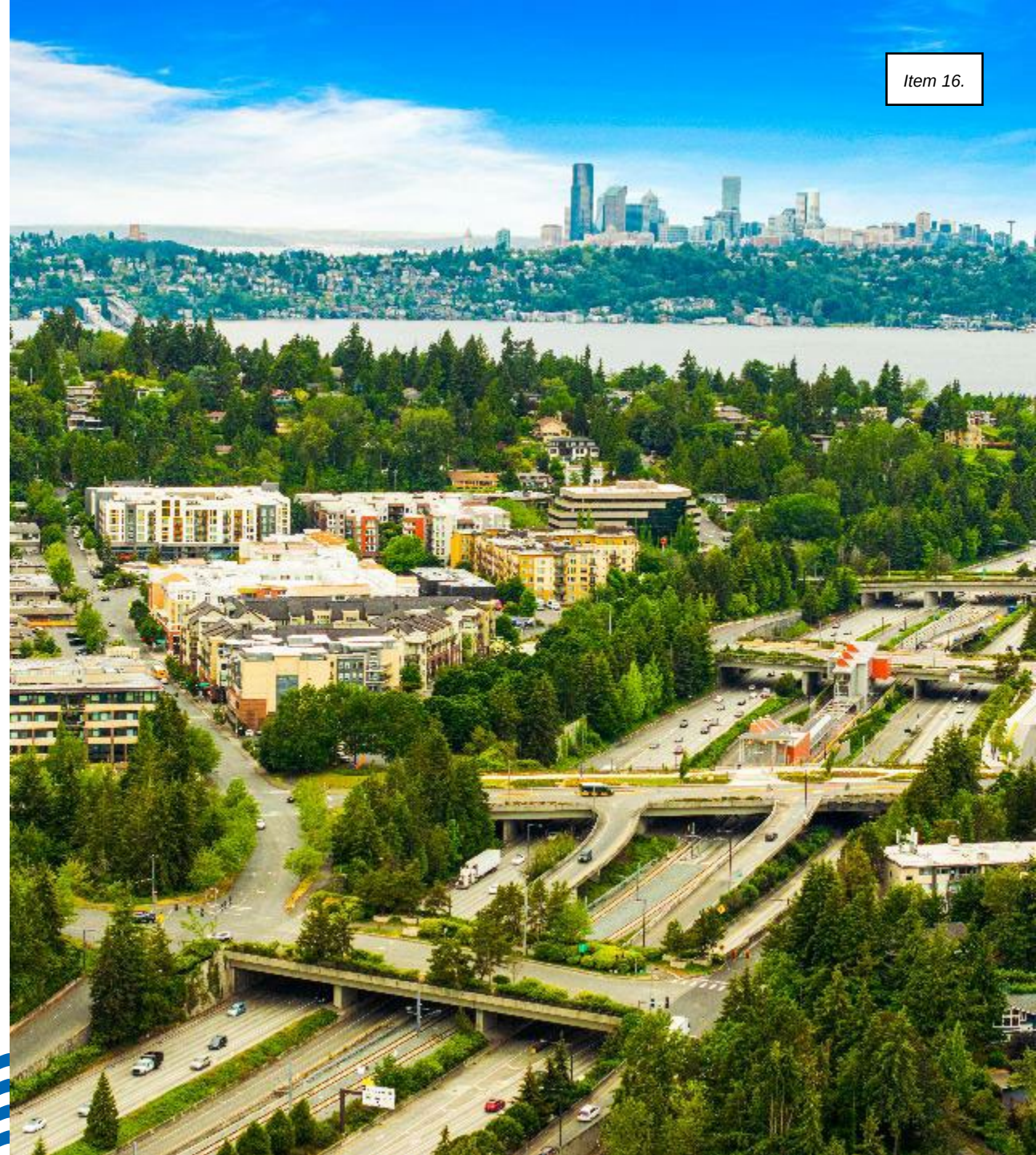
Council held two readings and then adopted Ordinance 24C-06.

Jan 15, 2025

The current structure took effect.

Current Structure

- The Commission has five seats: two non-resident paid practitioners, two resident lay persons, and one resident paid practitioner.
- Paid practitioners receive \$500 per meeting, up to \$10,500 a year.
- The Commission may meet up to 21 times a year, with 11 regular and up to 10 special meetings.
- Only the City Council can terminate a paid practitioner.



Since January 2025...

~20

The Commission has met about 20 times.

~\$45,000

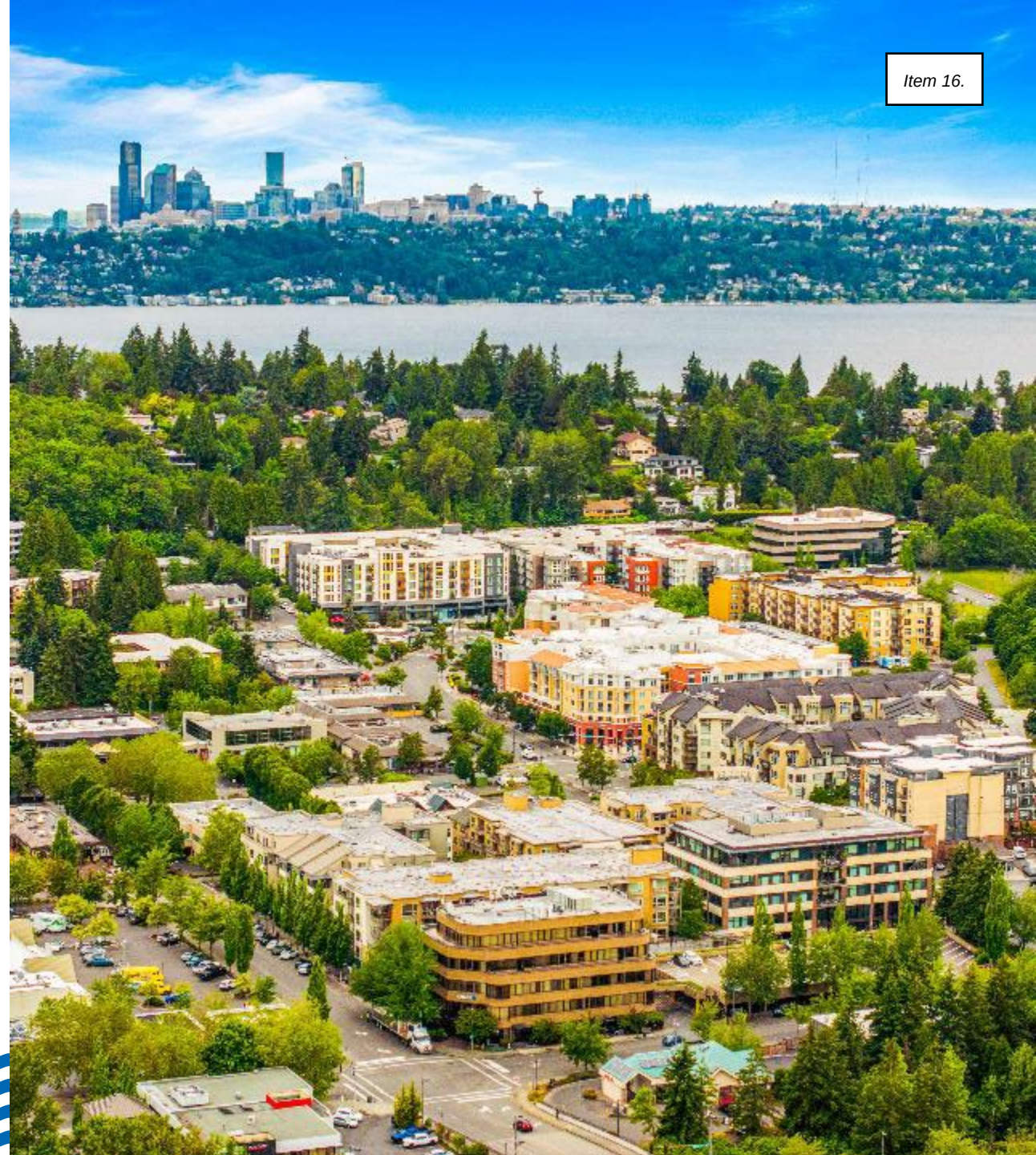
The City has paid this amount in compensation at \$500 per meeting.

Vacancy and Recruitment

- Commissioner Akyuz resigned in June 2026, which created a mid-term vacancy.
- Council's Rules of Procedure call for filling a vacancy within 60 days, or as soon as reasonably practicable.
- Recruitment opened September 3 and closes Friday, October 9, and the City has received five applications so far.
- If the City Council restructures the Commission, staff recommends suspending the recruitment and retaining the applications.

Previous Structure

- The Commission had seven members who served without compensation in staggered four-year terms, limited to two consecutive terms.
- Applicants with experience in environmental affairs, planning, land use, property development, or economic development were preferred, with a broad mix of backgrounds desired.
- Meeting times are set by the Planning Commission; usually twice per month
- The Mayor and Deputy Mayor recommended members for Council appointment.



Direction Needed

1. Number of seats

Council should decide how many members will serve on the Commission.

2. Compensation

Council should decide whether members will be paid and, if so, how much.

3. Residency

Council should decide whether members must be Mercer Island residents.

4. Position types

Council should decide how many seats are specialty positions versus lay positions.

Next Steps

If Council restructures

The ordinance would return to Council on Oct. 20 or Nov. 3.

The current recruitment would be suspended.

Applicants would be notified, and their applications would be retained.

If Council keeps current structure

The recruitment would close on Friday, Oct. 9.

Council would consider an appointment on Oct. 20, 2026.

Recommended Action

1. Direct the City Manager

Direct the City Manager to prepare and return to the City Council, at the earliest practicable meeting, an ordinance to restructure the Planning Commission to include the following [insert items discussed during meeting].

2. Suspend the Rules of Procedure

Suspend the City Council Rules of Procedure requiring filling vacant planning commission positions within 60 days or as soon as reasonably practicable to allow time for the City Council to consider options to restructure the Planning Commission. (Approval by 2/3 of the City Council needed to pass.)



2026 PLANNING SCHEDULE

Item 17.

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.

OCTOBER 20, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		10/8	10/9	10/9	10/12	10/12
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB 7011: October 9, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB 7012: Certification of Claims September 16-30, 2026			LaJuan Tuttle/Ashley Olson		
--	AB 7013: Approval of the 2027-2028 ARCH Work Plan and Budget			Jeff Thomas/Alison Van Gorp		
REGULAR BUSINESS						
10	AB 7014: Planning Commission Vacancy Recruitment (Resolution No. 1700)			Mayor Rosenbaum/Andrea Larson		
30	AB 7015: Public Hearing: 2027-2028 Biennial Budget - Overview of the 2027-2028 Work Plan and Operating Budget			Matt Mornick/Ali Spietz		
10	AB 7016: Animal Control Code Update (First Reading of Ordinance 26C-15)			Robbie Cunningham Adams/Mike Seifert/Bio Park		
EXECUTIVE SESSION						

NOVEMBER 3, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		10/22	10/23	10/23	10/26	10/26
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: October 23, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: Certification of Claims October 1-15, 2026			LaJuan Tuttle/Ashley Olson		
--	AB xxxx: Shop Small Month, Proclamation No. xxx			Mayor Rosenbaum/Andrea Larson		

--	AB xxxx: Diwali, Proclamation No. xxxx	Mayor Rosenbaum/And Larson
--	AB xxxx: Sewer Pump Station Generator Replacement Project Closeout	Jason Kintner/Chris Marks
--	AB xxxx: Animal Control Code Update (Second Reading of Ordinance 26X-XX)	Robbie Cunningham Adams/Mike Seifert/Bio Park
	AB xxxx: Sewer SCADA System Replacement Project Closeout	Jason Kintner/Chris Marks
REGULAR BUSINESS		
60	AB xxxx: Draft 2027 State and Regional Legislative Priorities Review	Jessi Bon/Robbie Cunningham Adams
EXECUTIVE SESSION		

Item 17.

NOVEMBER 17, 2026 – PACKET TO PUBLISH TUESDAY 11/10		DD 11/4	FN 11/5	CA 11/5	Clerk 11/6	CM 11/6
ABSENCES:						
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: November 10, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: Certification of Claims October 16-31, 2026			LaJuan Tuttle/Ashley Olson		
--	AB xxxx: Adoption of 2027 State and Regional Legislative Priorities			Jessi Bon/Robbie Cunningham Adams		
--	AB xxxx: 2027 Fee Schedule Adoption			Ali Spietz/Matt Mornick		
REGULAR BUSINESS						
30	AB xxxx: Public Hearing: 2027-2028 Biennial Budget - Receive Q3 2026 Financial Status Update and Budget Amending Ordinance (Ord. No. 26-xx), Adopt 2027 Property Tax Ordinances (Ord. Nos. 26-xx and 26-xx), and Adopt 2027 NORCOM Budget (Resolution No. xxxx)			Matt Mornick/ LaJuan Tuttle/ Ben Schumacher		
15	AB xxxx: Public Hearing: Renew Interim Regulations Related to Middle Housing and ADU’s (HB 1110 / HB 1337) (First Reading, Ord. No. 26-xx)			Jeff Thomas/Molly McGuire		
15	AB xxxx: Public Hearing: Renew Interim Regulations Related to Unit Lot Subdivisions (SB5258) (First Reading, Ord. No 26-xx)			Jeff Thomas/Molly McGuire		
15	AB xxxx: MICC Title 19 Zoning Map Amendment (First Reading, Ord. No. 26C-xx)			Jeff Thomas/Molly McGuire		
15	AB xxxx: Set the 2026 Annual Docket (Resolution No. xxxx)			Jeff Thomas/Madelyn Nelson		
EXECUTIVE SESSION						

DECEMBER 1, 2026		DD 11/19	FN 11/20	CA 11/20	Clerk 11/23	CM 11/23
ABSENCES:						

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all items and meeting dates are subject to change.

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ITEM TYPE TIME TOPIC		STAFF
STUDY SESSION		
SPECIAL BUSINESS		
CONSENT AGENDA		
--	AB xxxx: November 25, 2026 Payroll Certification	Ali Spietz/Nicole Vannatter
--	AB xxxx: Certification of Claims November 1-15, 2026	LaJuan Tuttle/Ashley Olson
--	AB xxxx: Comprehensive Plan Land Use Map Amendment (Second Reading, Ord. No. 26-13)	Jeff Thomas/Molly McGuire
--	AB xxxx: Renew Interim Regulations related to Middle Housing and ADU's (HB 1110 / HB 1337) (Second Reading, Ord. No. 26-xx)	Jeff Thomas/Molly McGuire
--	AB xxxx: Renew Interim Regulations related to Unit Lot Subdivisions (SB 5258) (Second Reading, Ord. No. 26-xx)	Jeff Thomas/Molly McGuire
--	AB xxxx: MICC Title 19 Zoning Map Amendment (Second Reading, Ord. No. 26C-xx)	Jeff Thomas/Molly McGuire
REGULAR BUSINESS		
15	AB xxxx: Public Hearing: 2027-2028 Biennial Budget Adoption (Ord. No. 26-xx)	Matt Mornick/LaJuan Tuttle/Ben Schumacher/Lindsey Mitchell
EXECUTIVE SESSION		

DECEMBER 15, 2026 – POTENTIALLY CANCELED			DD 12/3	FN 12/4	CA 12/4	Clerk 12/7	CM 12/7
ABSENCES:							
ITEM TYPE TIME TOPIC					STAFF		
STUDY SESSION							
SPECIAL BUSINESS							
CONSENT AGENDA							
REGULAR BUSINESS							

EXECUTIVE SESSION

2027 PLANNING SCHEDULE

JANUARY 5, 2027

ABSENCES:

DD

FN

CA

Clerk

CM

ITEM TYPE | TIME | TOPIC

STAFF

STUDY SESSION

SPECIAL BUSINESS

CONSENT AGENDA

-- AB xxxx: December 10, 2026 Payroll Certification

Ali Spietz/Nicole Vannatter

-- AB xxxx: December 24, 2026 Payroll Certification

Ali Spietz/Nicole Vannatter

REGULAR BUSINESS

EXECUTIVE SESSION