



CITY OF MERCER ISLAND

CITY COUNCIL REGULAR HYBRID MEETING

Tuesday, June 16, 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 or the Public Hearings will start sometime after 5:00 PM) by:

- **Telephone:** Call 253.215.8782 and enter Webinar ID 878 8405 1672 and Password 730224
- **Zoom:** Click this [link](#) (Webinar ID 878 8405 1672; Password 730224)
- **In Person:** Mercer Island Community & Event Center – Slater Room Council Chambers (8236 SE 24th Street, Mercer Island, WA 98040)

MEETING AGENDA

CALL TO ORDER & ROLL CALL, 5:00 PM

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

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. City Council Regular Hybrid Meeting Minutes of June 2, 2026

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of June 2, 2026.

2. AB 6940: June 10, 2026 Payroll Certification

Recommended Action: Approve the June 10, 2026 Payroll Certification in the amount of \$982,166.10 and authorize the Mayor to sign the certification on behalf of the entire City Council.

3. AB 6941: Certification for Claims Paid May 16, 2026 through May 31, 2026

Recommended Action: Approve the May 16, 2026 through May 31, 2026 Accounts Payable Certification of Claims in the amount of \$2,490,484.15 and authorize the Mayor to sign the certification on behalf of the entire City Council.

- 4. AB 6942: America’s 250th Anniversary (Proclamation No. 390)**
Recommended Action: Approve Proclamation No. 390 proclaiming 2026 as the America 250 Commemoration Year.
- 5. AB 6943: Renewal of Interim Development Regulations Related to Middle Housing and Accessory Dwelling Units (Ordinance No. 26-05 Second Reading)**
Recommended Action: Adopt Ordinance No. 26-05 renewing Ordinance No. 25C-02 establishing interim regulations related to middle housing and accessory dwelling units.
- 6. AB 6944: Renewal of Interim Regulations Related to Unit Lot Subdivisions (SB 5258) in Title 19 MICC (Second Reading, Ordinance No. 26-06)**
Recommended Action: Adopt Ordinance No. 26-06 renewing Ordinance No. 25C-06 establishing interim regulations related to unit lot subdivisions.
- 7. AB 6945: GMA Compliance – MICC Title 5 Amendments Anti-Displacement Measures (Second Reading, Ordinance No. 26C-07)**
Recommended Action: Adopt Ordinance No. 26C-27 for MICC Title 5 Amendments establishing anti-displacement measures.
- 8. AB 6946: 2026 Residential Street Overlays Bid Award**
Recommended Action: Award Schedules A and B of the 2026 Residential Street Overlays project to Lakeside Industries Inc. and authorize the City Manager to execute a contract with Lakeside Industries in an amount not to exceed \$545,982 and set the total project budget at \$744,104.
- 9. AB 6951: Renew the 2024-2026 Interlocal Cooperation Agreement with King County Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Program Consortiums for the years 2027-2029.**
Recommended Action: Authorize the automatic renewal of the 2024-2026 Interlocal Cooperation Agreement with King County for the Community Development Block Grant Consortium and the HOME Investment Partnerships Program Consortium for the years 2027-2029.

EXECUTIVE SESSION - Approximately One Hour

10. Executive Session

- A. Executive Session to discuss with legal counsel pending or potential litigation pursuant to RCW 42.30.110(1)(i)
- B. Executive Session to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price pursuant to RCW 42.30.110(1)(b) and to consider the maximum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price pursuant to RCW 42.30.110(1)(c)

REGULAR BUSINESS

- 11. (To be provided Thursday, June 11) AB 6947: GMA Compliance – Presentation of Planning Commission Recommendations**
Recommended Action: TBD
- 12. AB 6948: First Quarter 2026 Financial Status Update**
Recommended Action: No action necessary. Receive report.

OTHER BUSINESS

- 13. Planning Schedule**
- 14. Councilmember Absences & Reports**

ADJOURNMENT



CITY COUNCIL MINUTES REGULAR HYBRID MEETING JUNE 2, 2026

Item 1.

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.

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

PLEDGE OF ALLEGIANCE

Councilmember Weinberg led the Pledge of Allegiance.

AGENDA APPROVAL

It was moved by Weinberg; seconded by Becker to:

Approve the agenda as presented.

PASSED: 7-0

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

CITY MANAGER REPORT

City Manager Jessi Bon reported on the following items:

- **Council, Boards & Commission Meetings:**
 - City Council Meeting on Tuesday, June 16 at 5:00 pm
 - Planning Commission Meeting on Wednesday, June 3 at 6:00 pm
 - Parks & Recreation Commission Meeting on Thursday, June 4 at 5:00 pm
 - Utility Board Meeting on Tuesday, June 9 at 5:00 pm
 - Planning Commission Special Meeting on Wednesday, June 10 at 6:00 pm
- **City Updates:**
 - FIFA and the MICEC
 - Luther Burbank Park Waterfront Improvements
 - Every Drop Counts Irrigation Systems Upgrade
- **Upcoming Events:**
 - Paws on Patrol on Saturday, June 6 from 10 am to 12 pm at the old City Hall parking lot
- **News:**
 - New Dog Stick Library at the Luther Burbank Park Off-Leash Area

APPEARANCES

Sabrie Lika from the Small Business Association (SBA) spoke about the SBA Disaster Assistance Programs for the December 2025 storms and noted that their goal is to ensure that all individuals and businesses impacted by the storms and flooding are aware of the funding resources available to support their recovery.

Mike Cero (Mercer Island), with Mercer Island for Sustainable Spending, addressed renovated buildings and the assumption that they have a serviceable life of 20 years, explaining that the decision to not renovate the public service building based on this assumption is wrong and a disservice to the citizens.

CONSENT AGENDA

AB 6932: May 22, 2026 Payroll Certification

Recommended Action: Approve the May 22, 2026 Payroll Certification in the amount of \$988,162.73 and authorize the Mayor to sign the certification on behalf of the entire City Council.

AB 6934: Certification for Claims Paid April 24, 2026 through May 15, 2026

Recommended Actions: Approve the April 24, 2026 through May 15, 2026 Accounts Payable Certification of Claims in the amount of \$1,680,998.30 and authorize the Mayor to sign the certification on behalf of the entire City Council.

City Council Regular Hybrid Meeting Minutes of May 19, 2026

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of May 19, 2026.

AB 6935: Pride Month, Proclamation No. 389

Recommended Action: Approve Proclamation No. 388 proclaiming June 2026 as Pride Month on Mercer Island.

AB 6939: Authorizing a FEMA Building Resilient Infrastructure Grant Application for Replacement of the Emergency Generator at the Mercer Island Community & Event Center

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of May 19, 2026.

AB 6950: 2025 PSE Green Power Program Campaign Award

Recommended Action: Accept the 2025 PSE Green Power Program Campaign award in the amount of \$12,500 and direct staff to use the funds to purchase and install a solar-powered EV charging station at the Town Center Parking Facility.

It was moved by Becker; seconded by Reynolds to:

Approve the Consent Agenda and the recommendations contained therein.

PASSED: 7-0

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

The City Council was in recess from 5:18 pm to 5:26 pm.

EXECUTIVE SESSION

At 5:25 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 60 minutes until 6:25 pm.

Executive Session to discuss with legal counsel pending or potential litigation pursuant to RCW 42.30.110(1)(i) and for planning or adopting the strategy or position to be taken by the City Council during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress pursuant to RCW 42.30.140(4)(b).

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

At 6:25 pm, Mayor Rosenbaum extended the Executive Session for 20 minutes to 6:45 pm.

At 6:45 pm, Mayor Rosenbaum extended the Executive Session for 10 minutes to 6:55 pm.

At 6:55 pm, Mayor Rosenbaum extended the Executive Session for 5 minutes to 7:00 pm.

Mayor Rosenbaum adjourned the Executive Session at 7:00 pm.

The City Council was in recess from 7:00 pm to 7:05 pm.

REGULAR BUSINESS

AB 6949: AWC Annual Meeting Voting Delegate

Mayor Rosenbaum noted that Councilmembers Weiker and Weinberg have volunteered to be the voting delegates for the AWC Annual Meeting on June 25, 2026 and asked if any other Councilmembers are interested in attending.

It was moved by Becker; seconded by Andrel to:

Appoint Councilmembers Weiker and Weinberg as the voting delegate(s) at the AWC 2026 Business Meeting on June 25, 2026.

PASSED: 7-0

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

AB 6936: Renewal of Interim Development Regulations Related to Middle Housing and Accessory Dwelling Units (Ordinance No. 26-05 First Reading)

Mayor Rosenbaum opened the public hearing at 7:06 pm. There being no public comment, the public hearing was closed at 7:07 pm.

CPD Director Jeff Thomas and Senior Planner Molly McGuire presented Ordinance No. 26-05 will renew the following interim development regulations for a period of six months, beginning on June 30, 2026

- Amendments to permit middle housing and allow more than one ADU per lot.
- Amendments to modify the Gross Floor area incentive for ADUs to specify that the incentive applies to single family homes with attached ADUS when an additional off-street parking space is provided for the ADU.
- A new section permitting the following housing types in the R-8.4, R9.6, R-12 and R-15 zones: duplex, triplex, fourplex, townhouses, courtyard apartments, and stacked flats, subject to unit density, affordable housing and parking standards specific to these housing types.
- Amendments to remove the owner occupancy requirement, permit up to two ADUs per lot, increase the maximum gross floor area to 1,000 square feet, add parking requirements and a few additional changes to comply with requirements in HB 1337.
- Amendments to revise and add definitions pertinent to the above amendments

It was moved by Becker; seconded by Weinberg to:

Schedule a second reading of Ordinance No. 26-05 on June 16, 2026.

PASSED: 7-0

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

AB 6937: Public Hearing on Interim Regulations Related to Unit Lot Subdivisions (SB 5258) in Title 19 MICC (First Reading, Ordinance No. 26-06)

Mayor Rosenbaum opened the public hearing at 7:15 pm. There being no public comment, the public hearing closed at 7:15 pm.

CPD Director Jeff Thomas and Senior Planner Molly McGuire presented Ordinance No. 26-06 to renew the following interim development regulations to comply with the provisions of SB 5258:

- Adds a new section to the City's subdivision regulations, which enables the creation of unit lot subdivisions using the City's existing short plat process.
- Adds Preliminary Unit Lot Subdivision and Final Unit Lot Subdivision to the City's Land Use Review Type table
- Adds definitions for Parent Lot and Unit Lot

It was moved by Becker; seconded by Weinberg to:

Schedule a second reading of Ordinance No. 26-06 on June 16, 2026

PASSED: 7-0

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

AB 6938: Public Hearing of MICC Title 5 Amendments Anti-Displacement Measures (First Reading, Ord. No. 26C-07)

Mayor Rosenbaum opened the public hearing at 7:20 pm.

Stefany Forde (Mercer Island) expressed concern about extending the renewal notice requirements from 90 to 180 days, explaining that it would create more stress and fewer options for renters.

Mayor Rosenbaum closed the public hearing at 7:24 pm.

CPD Director Jeff Thomas and Principal Planner Adam Zack briefly reviewed the background related to the Growth Management Act and Comprehensive Plan and prior City Council direction to evaluate the anti-displacement policies.

They then presented draft Ordinance No. 26C-07, proposing a new chapter in MICC Title 5 to implement anti-displacement measures required under the GMHB Order. The ordinance would link rental property operational standards to the annual business license certification process for residential landlords. The proposed chapter establishes a rental property license requirement and outlines compliance standards, with penalties for noncompliance including fines or misdemeanor charges.

The chapter includes seven components:

- Definitions
- License requirements
- Fees
- Rental property license application contents
- Operating requirements for rental properties with five or more units
- Relocation assistance dispute resolution process
- Penalties for violations

It was moved by Becker; seconded by Reynolds to:

Schedule a second reading of Ordinance No. 26C-07 on June 16, 2026

It was moved by Anderl; seconded by Reynolds to:

Amend Ordinance No. 26C-07 to reduce the required notice from one-hundred eighty (180) days to one-hundred twenty (120) days prior to an increase in rent.

MOTION TO AMEND PASSED: 7-0

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

It was moved by Reynolds; seconded by Anderl to:

Amend Ordinance No. 26C-07 to state accordingly, Landlord shall notify all tenants or subtenants at least one-hundred twenty (120) days prior to an increase in rent exceeding a cumulative three (3) percent in any twelve- (12)-month period. This standard only applies to a rental agreement commencing on or after the effective date of this chapter.

MOTION TO AMEND PASSED: 7-0

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

AMENDED MOTION PASSED: 7-0

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

OTHER BUSINESS

Councilmember Absences and Reports

Deputy Mayor Becker attended an ARCH elected officials' event where there was a lot of discussion on low-income housing.

Councilmember Weinberg spoke about the June 1 K4C meeting where the outcome of 2026 climate related

bills was discussed. He noted that his next open lunch is 6/20 at noon at Haps.
Councilmember Reynolds reported on the upcoming Parks & Recreation meeting.
Councilmember Anderl thanked Community Planning & Development staff for their work on the presentation.
Councilmember Hsieh reported on the following: PSRC General Assembly met on May 28, National Gun Violence Awareness Day, Pride Month, Farmers Market Opening Day, First Friday Art Walk, a Mosaic MI Open Mic and Listening Room is scheduled for First Thursday at Aljoia from 7 to 9:30 PM, and Community Coffee has been scheduled for Wednesday, June 10 from 11 AM to 12:30 PM at Asa.
Mayor Rosenbaum acknowledged Memorial Day and thanked staff for all their work to prepare for a busy summer with FIFA, Seafair, 4th of July, and Summer Celebration.

ADJOURNMENT

The Regular Hybrid Council Meeting adjourned at 7:54 pm.

Dave Rosenbaum, Mayor

Attest:

Deborah Estrada, Deputy City Clerk



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6940
June 16, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6940: June 10, 2026 Payroll Certification	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the June 10, 2026 Payroll Certification in the amount of \$982,166.10.	

DEPARTMENT:	Administrative Services
STAFF:	Ali Spietz, Chief of Administration Nicole Vannatter, Human Resources Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. June 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 bill is to approve the City of Mercer Island payroll certification for the period from May 16, 2026 through May 31, 2026 in the amount of \$982,166.10 (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	\$275.00
Overtime earnings (see chart for overtime hours by department).	\$34,769.96
Total	\$35,044.96

Overtime hours by department:

Department	Hours
Administrative Services	
City Attorney's Office	
City Manager's Office	
Community Planning & Development	
Finance	
Municipal Court	
Police	274.25
Public Works	67.00
Thrift Shop	
Youth & Family Services	
Total Overtime Hours	341.25

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 June 10, 2026 Payroll Certification in the amount of \$982,166.10 and authorize the Mayor to sign the certification on behalf of the entire City Council.

CITY OF MERCER ISLAND PAYROLL CERTIFICATION


Item 2.

PAYROLL PERIOD ENDING **05.31.2026**
PAYROLL DATED **06.10.2026**

Net Cash	\$	657,259.14
Net Voids/Manuals	\$	651.52
Net Total	\$	657,910.66
Federal Tax Deposit	\$	112,088.79
Social Security and Medicare Taxes	\$	73,720.62
State Tax (California & Oregon)	\$	696.18
State Tax (California)	\$	3.14
Family/Medical Leave Tax (California & Oregon)	\$	59.99
Public Employees Retirement System 1 (PERS 1)	\$	-
Public Employees' Retirement System (PERS Plan 2)	\$	30,847.46
Public Employees' Retirement System (PERS Plan 3)	\$	9,959.25
Public Employees' Retirement System (PERSJM)	\$	760.25
Public Safety Employees' Retirement System (PSERS)	\$	-
Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF Plan2)	\$	20,395.79
Regence, Kaiser & LEOFF Trust Medical & Dental Insurance Deductions	\$	15,761.06
Domestic Partner Medical Insurance Deductions	\$	4,383.55
Health Care - Flexible Spending Account Contributions	\$	3,746.53
Dependent Care - Flexible Spending Account Contributions	\$	1,500.83
MS Roth IRA Contributions	\$	1,340.55
MS 457 Deferred Compensation Contributions	\$	43,329.08
Garnishments (Chapter 13)	\$	1,216.03
Tax Wage Garnishment	\$	-
Child Support Wage Garnishment	\$	992.50
Mercer Island Employee Association Dues	\$	255.00
AFSCME Union Dues	\$	-
Police Union Dues	\$	-
Standard - Supplemental Life Insurance	\$	-
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	\$	(544.01)
Oregon Transit Tax and Oregon Benefit Tax	\$	8.64
Washington Long Term Care	\$	3,072.68
Tax & Benefit Obligations Total	\$	324,255.44

TOTAL GROSS PAYROLL	\$	982,166.10
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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 5/31/2026

Full Time Equivalents (FTEs)	2026 Budgeted	2026 Actual
Administrative Services	14.50	14.00
City Attorney's Office	2.00	2.00
City Manager's Office	3.00	3.00
Community Planning & Development	17.00	16.00
Finance	9.00	8.00
Municipal Court	3.10	3.10
Police	37.50	36.50
Public Works	64.00	62.00
Recreation	10.25	9.25
Youth & Family Services	11.93	11.93
Thrift Shop	3.00	3.00
Total FTEs	175.28	168.78
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	2.00
Parks, Recreation & Facilities	2.75	2.75
Public Works	3.00	4.00
Youth & Family Services	2.83	1.83
Thrift Shop	6.50	7.20
Total LTEs	19.08	18.78
Total FTEs & LTEs	194.36	187.57

FTE Vacancies:

- 0.5 Customer Service Representative
- 1.0 Deputy Public Works Director
- 1.0 Interim Water Utility Crew Lead
- 1.0 Planning Manager
- 1.0 Police Officer
- 1.0 Recreation Facility Supervisor
- 1.0 Utility Billing Admin Assistant



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6941
June 16, 2026
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6941: Certification for Claims Paid May 16, 2026 through May 31, 2026	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the Accounts Payable Certification for Claims paid May 16, 2026 through May 31, 2026 in the amount of \$2,490,484.15.	

DEPARTMENT:	Finance
STAFF:	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Certification for Claims Paid May 16 - May 31, 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 item is to approve the May 16, 2026 through May 31, 2026 Accounts Payable Certification of Claims in the amount of \$2,490,484.15 (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 May 16, 2026 through May 31, 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 May 16, 2026 through May 31, 2026 Accounts Payable Certification of Claims in the amount of \$2,490,484.15 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
05/21/26	Check Register	227244-227320	05212026	\$1,246,942.78
05/21/26	Electronic Funds Transfer	5260 - 5269	EFT 0521	\$50,811.92
05/28/26	Check Register	227321-227356	05282026	\$998,719.16
05/28/26	Check Register	227357	052826B	\$71,648.68
05/28/26	Electronic Funds Transfer	5270 - 5281	EFT 0528	\$122,361.61
GRAND TOTAL:				\$2,490,484.15



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6942
June 16, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6942: America’s 250th Anniversary (Proclamation No. 390)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve Proclamation No. 390 proclaiming 2026 as the America 250 Commemoration Year	

DEPARTMENT:	City Council
STAFF:	Dave Rosenbaum, Mayor Andrea Larson, City Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 390
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 2026 as the America 250 Commemoration Year to celebrate the 250th anniversary of the signing of the Declaration of Independence of the United States (see Exhibit 1).

ISSUE/DISCUSSION

Proclamation No. 390 recognizes July 4, 2026, as the Semiquincentennial of the United States, commemorating the 250th anniversary of the signing of the Declaration of Independence. This historic milestone provides an opportunity to reflect on the nation’s founding principles and the individuals, communities, and events that have shaped American history.

The proclamation also highlights Mercer Island’s unique place within that history, acknowledging the ancestral presence of the Duwamish and Snoqualmie peoples, the Island’s early settlement and incorporation, and the community’s contributions to Washington State through civic engagement, educational excellence, environmental stewardship, and regional connectivity.

The proclamation was requested by the [Cascade Chapter of the National Society Daughters of the American Revolution](#) (DAR), which serves the Mercer Island area and is participating in national and local efforts to commemorate the Semiquincentennial. Adoption of the proclamation provides an opportunity for the City

Council to recognize this significant anniversary and encourage residents to engage in reflection, education, and celebration of the nation's 250-year history.

RECOMMENDED ACTION

Approve Proclamation No. 390 proclaiming 2026 as the America 250 Commemoration Year.



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
05/21/26	Check Register	227244-227320	05212026	\$1,246,942.78
05/21/26	Electronic Funds Transfer	5260 - 5269	EFT 0521	\$50,811.92
05/28/26	Check Register	227321-227356	05282026	\$998,719.16
05/28/26	Check Register	227357	052826B	\$71,648.68
05/28/26	Electronic Funds Transfer	5270 - 5281	EFT 0528	\$122,361.61
GRAND TOTAL:				\$2,490,484.15



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6943
June 16, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6943: Renewal of Interim Development Regulations Related to Middle Housing and Accessory Dwelling Units (Ordinance No. 26-05 Second Reading)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Adopt Ordinance No. 26-05 renewing Ordinance No. 25C-02 establishing interim regulations related to middle housing and accessory dwelling units.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Molly McGuire, Senior Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 26-05
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 hold a public hearing and conduct a second reading of Ordinance No. 26-05 related to the renewal of the interim regulations for Middle Housing and Accessory Dwelling Units (ADUs).

- Two previous City Council work sessions have been held on these topics, on January 7, 2025 ([AB 6556](#)) and January 21, 2025 ([AB 6600](#)). The Council provided direction at these work sessions which directly led to the adoption [Ordinance No. 25C-02](#) interim regulations for Middle Housing and Accessory Dwelling Units (ADUs) effective June 30, 2025.
- In 2023, the Washington State legislature passed [HB 1110](#), [HB 1337](#) and [SB 5258](#) establishing new requirements for development on residential lots in Washington cities, including Mercer Island.
- Mercer Island must allow two Accessory Dwelling Units (ADUs) on each lot where single-family homes are allowed (R, MF, PBZ and TC zones). ADUs can be attached, detached, or a combination and they can be a conversion of an existing building.
- Mercer Island must also allow 2 to 4 units of middle housing on each lot located in the Residential zones (R-8.4, R-9.6, R-12 and R-15). Middle housing is moderate density housing that is compatible in scale, form and character with single-family houses. The City must allow at least six of the prescribed nine types of middle housing.

- In addition, Mercer Island must permit unit lot subdivision, allowing existing “parent lots” to be split into “unit lots” that provide for individual sale and ownership of middle housing and ADU units.
- The current interim regulations contained in Ordinance No. 25C-02 will expire on June 30, 2026. The City must renew the interim regulations to remain in compliance with state law.
- Ordinance No. 26-05 would renew the interim regulations established by Ordinance No. 25C-02 for six months, maintaining compliance with state law (Exhibit 1).
- At the June 2, 2026 City Council meeting, the City Council held a public hearing and conducted a first reading of Ordinance No. 26-05.

BACKGROUND

LEGISLATIVE REQUIREMENTS

In 2023, the Washington State Legislature adopted [House Bill 1110](#), commonly referred to as the “middle housing” bill. The main provisions of HB 1110 are codified as part of the Growth Management Act (GMA) in [RCW 36.70A.635](#) through [RCW 36.70A.638](#) and require many cities in the state to allow a range of moderate density housing types in areas that have predominantly allowed detached homes. The legislature also adopted [HB 1337](#) in 2023, codified as RCW [36.70A.680](#), [681](#) and [696](#), and requiring cities to permit two accessory dwelling units (ADUs) on all lots that permit single-family homes. Finally, SB 5258 was also adopted in 2023 and codified as [RCW 58.17.060](#)(3). Among other things, this bill requires jurisdictions to allow unit lot subdivision. Together these bills were intended to increase housing options that are more affordable across income levels.

Cities were required to adopt regulations in compliance with these new GMA requirements by six months after the due date for adoption of the periodic update of the comprehensive plan (June 30, 2025 for Mercer Island). If cities did not come into compliance by the due date, the state statute would “supersede, preempt and invalidate any conflicting local development regulations.” In the case of HB 1110, the state adopted a model ordinance that will preempt any relevant local regulations if compliant regulations were not adopted by the deadline. More details on the requirements of each of these pieces of legislation is provided in [AB 6556](#).

APPROACH AND SCOPE OF WORK

Initial compliance with [HB 1110](#), [HB 1337](#) and the [SB 5258](#) unit lot subdivision requirements was achieved via adoption of two ordinances with interim development regulations, [Ordinance No. 25C-02](#) and [Ordinance No. 25C-06](#). This approach allowed the City to adopt minimally compliant development regulations in a short timeframe to meet the compliance deadline. It also allowed adequate time for review of code amendments related to other legislative mandates that had deadlines in 2025 (including [HB 1293](#), [HB 1042](#), and [HB 1998](#)), which were also addressed through interim regulations that have since been permanently adopted under [Ordinance No. 25C-27](#), the “Omnibus Ordinance”.

This initial phase focused on complying with the minimum requirements of the legislation, as described above. This approach applied the existing dimensional standards in the residential zones to the newly permitted housing types (including floor area, lot coverage, building height, setbacks, etc.). It does not include development regulations tailored to specific housing types.

The City is planning a future second phase of work aimed at adopting permanent development regulations. This second phase will include additional community engagement, analysis of additional policy options and refinement of the interim development regulations. If development regulations or incentives related to

specific housing types or any other policy options are desired, they can be developed during Phase 2. Currently, the Planning Commission and City Council are focused on achieving compliance with the [Growth Management Hearings Board Final Decision and Order](#). Once this work is complete, the Planning Commission and City Council will have the capacity to take this matter back up and conduct additional community outreach to adopt permanent regulations to comply with HB 1110 and HB 1337. The interim regulations from the initial phase will need to be renewed for an additional six months to provide sufficient time to do so.

ISSUE/DISCUSSION

At the January 21, 2025 meeting, City Council provided direction on six policy questions, directing staff to prepare ordinances and a resolution to include the following provisions:

1. **Middle Housing Types:** permit the following six middle housing types - duplex, triplex, fourplex, townhouses, courtyard apartments, stacked flats.
2. **Alternate Density Options:** incorporate the standard density approach (Option 1 in [AB 6600](#))
3. **Unit Density and ADUs:** permit unit density with a maximum of two units per lot in the R-8.4, R-9.6, R-12 and R-15 zones and with a maximum of four units per lot permitted within ¼-mile walking distance of a major transit stop or when one unit is affordable.
4. **ADU Floor Area Maximum:** amend the maximum floor area for ADUs to 1,000 square feet.
5. **ADU Floor Area Bonus:** amend the ADU floor area bonus to apply when a single-family home with an attached ADU provides additional off-street parking.
6. **Impact Fees:** amend the City's fee schedule to apply the existing impact fee rates to middle housing and ADUs.

Items one through five listed above were incorporated into Ordinance No. 25C-02 per City Council direction and remain unchanged for the renewal under Ordinance No. 26-05. Item six was addressed in [Resolution No. 1671](#) to amend the City's fee schedule adopted by the City Council on March 4, 2025. In addition, a public hearing was held on March 4, 2025 for Ordinance No. 25C-06 to amend the subdivision code to enable unit lot subdivision as required by SB 5258.

ORDINANCE NO. 26-05

Ordinance No. 26-05 will renew Ordinance No. 25C-02 continuing these interim development regulations for a period of six months, beginning on June 30, 2026. These interim regulations include the following:

- Amendments to MICC 19.02.010 Single-family to permit middle housing and allow more than one ADU per lot.
- Amendments to MICC 19.02.020 Development Standards to modify the Gross Floor area incentive for ADUs to specify that the incentive applies to single family homes with attached ADUs when an additional off-street parking space is provided for the ADU.
- A new section MICC 19.02.025 Middle Housing permitting the following housing types in the R-8.4, R-9.6, R-12 and R-15 zones: duplex, triplex, fourplex, townhouses, courtyard apartments, and stacked flats, subject to unit density, affordable housing and parking standards specific to these housing types.
- Amendments to MICC 19.02.030 Accessory Dwelling Units to remove the owner occupancy requirement, permit up to two ADUs per lot, increase the maximum gross floor area to 1,000 square

feet, add parking requirements and a few additional changes to comply with requirements in HB 1337.

- Amendments to MICC 19.16.010 Definitions to revise and add definitions pertinent to the above amendments.

NEXT STEPS

If adopted, Ordinance No. 26-05 will take effect on June 30, 2026.

RECOMMENDED ACTIONS

Adopt Ordinance No. 26-05 renewing Ordinance No. 25C-02 establishing interim regulations related to middle housing and accessory dwelling units.

**CITY OF MERCER ISLAND
ORDINANCE NO. 26-05**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,
AMENDING TITLE 19 MICC TO COMPLY WITH HB 1110 AND HB 1337 ON AN
INTERIM BASIS; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN
EFFECTIVE DATE.**

WHEREAS, the adoption of land use and zoning regulations is a valid exercise of the City's police power and is specifically authorized by RCW 35A.63.100; and

WHEREAS, within the express terms of the Growth Management Act, the Washington State Legislature has specifically conferred upon the governing bodies of Washington cities the right to establish and adopt interim development regulations; and

WHEREAS, in 2023 the Washington State legislature passed Engrossed House Bill (EHB) 1337 (chapter 334, Laws of 2023) related to accessory dwelling units (ADUs), codified in the Revised Code of Washington (RCW) sections 36.70A.680, .681 and .696; and

WHEREAS, in passing E2SHB 1337 (chapter 334, Laws of 2023) the State legislature found that Washington state is experiencing a housing affordability crisis and many communities across the state are in need of more housing for renters across the income spectrum; and

WHEREAS, the State legislature further found that many cities dedicate the majority of residentially zoned land to single detached houses that are increasingly financially out of reach for many households and, due to their smaller size, accessory dwelling units can provide a more affordable housing option in those single-family zones; and

WHEREAS, in 2023 the Washington State legislature passed Engrossed Substitute House Bill (E2SHB) 1110 (chapter 332, Laws of 2023) related to middle housing, codified in the RCW 36.70A.635 through .638; and

WHEREAS, in passing E2SHB 1110 (chapter 332, Laws of 2023) the State legislature found that there is continued need for the development of housing at all income levels, including middle housing that will provide a wider variety of housing options and configurations to allow Washingtonians to live near where they work and that homes developed at higher densities are more affordable by design for Washington residents both in their construction and reduced household energy and transportation costs; and

WHEREAS, in 2024 the Washington State legislature passed Engrossed Substitute House Bill (ESHB) 2321 (chapter 152, Laws of 2024), which modified certain middle housing requirements in RCW 36.70A.635, as well as amended definitions in RCW 36.70A.030; and

WHEREAS, on November 19, 2024, the Mercer Island City council passed Ordinance No. 24C-16 incorporating middle housing and accessory dwelling unit policies into the Housing Element of the Comprehensive Plan as required by House Bill 1220 (chapter 254, Laws of 2021); and

WHEREAS, adoption of the ordinance will bring the City of Mercer Island into compliance with RCW 36.70A.635 through .638 and .680, .681 and .696 and will serve the general welfare of the public; and

WHEREAS, on March 4, 2025, the City Council adopted Ordinance No. 25C-02 for interim regulations to comply with HB 1110 and HB 1337 for a period of one year, with an effective date of June 30, 2025; and

WHEREAS, the City is authorized under RCW 35A.63.220 and 36.70A.390 to renew interim zoning and official controls for an additional six-month period, provided a public hearing is held prior to renewal; and

WHEREAS, the adoption of permanent regulations is expected by the end of 2027; and

WHEREAS, the City is authorized under RCW 35A.63.220 and RCW 36.70A.390 to pass an interim zoning and official control ordinance, provided it holds a public hearing on the same within sixty days after passage if it has not previously held a public hearing on the proposed ordinance; and

WHEREAS, the City Council held a public hearing on June 2, 2026 regarding this interim zoning and official control ordinance; and

WHEREAS, this Ordinance, as an interim zoning and official control ordinance, is not subject to referendum;

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

Section 1: Findings. The findings adopted for Ordinance No. 25C-02 and the “Whereas Clauses” set forth in the recitals of this ordinance are hereby adopted as the findings of fact of the City Council for passing this ordinance.

Section 2: Renewed. The interim regulations adopted by Ordinance No. 25C-02 are renewed.

Section 3: Duration of Interim Zoning and Official Controls. The interim zoning and official controls renewed by this ordinance shall be effective for a period of six months, unless repealed, extended, or modified by the City Council.

Section 4: Severability. If any section, sentence, clause or phrase of this ordinance or any municipal code section amended hereby should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause or phrase of this ordinance or the amended code section.

Section 5: Effective Date. This ordinance shall take effect and be in force on June 30, 2026, provided 5 days have passed since its passage and publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS MEETING ON THE _____ DAY OF _____, 2026.

CITY OF MERCER ISLAND

Dave Rosenbaum, Mayor

Approved as to Form:

ATTEST:

Bio Park, City Attorney

Andrea Larson, City Clerk

Date of Publication: _____



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6944
June 16, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6937: Renewal of Interim Regulations Related to Unit Lot Subdivisions (SB 5258) in Title 19 MICC (Second Reading, Ordinance No. 26-06)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Adopt Ordinance No. 26-06 renewing Ordinance No. 25C-06 establishing interim regulations related to unit lot subdivisions.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Molly McGuire, Senior Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 26-06
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 hold a public hearing and conduct a second reading of Ordinance No. 26-06 related to the renewal of the interim regulations for Unit Lot Subdivisions.

- In 2023, the Washington State legislature passed [SB 5258](#) establishing new requirements for development on residential lots in Washington cities, including Mercer Island.
- Mercer Island must permit unit lot subdivision, allowing existing “parent lots” to be split into “unit lots” that provide for individual sale and ownership of middle housing and accessory dwelling units.
- On March 4, 2025, the City Council adopted [Ordinance No. 25C-06](#) enacting interim development regulations to provide minimum compliance with SB 5258.
- The current interim regulations will expire on June 30, 2026. The City must renew the interim regulations to remain in compliance with state law.
- Ordinance No. 26-06 would renew the interim regulations established by Ordinance No. 25C-06 for six months, maintaining compliance with state law (Exhibit 1).
- At the June 2, 2026 City Council meeting, the City Council held a public hearing and conducted a first reading of Ordinance No. 26-06.

BACKGROUND

In 2023, the Washington State Legislature adopted [SB 5258](#). SB 5258 primarily concerns construction defect claims in condominiums. However, Section 11 of the legislation includes a requirement, codified at [RCW 58.17.060\(3\)](#), that local jurisdictions “include in their short plat regulations procedures for unit lot subdivisions allowing division of a parent lot into separately owned unit lots...”

The Department of Commerce (Commerce) [Middle Housing User Guide](#) addresses this requirement and how it aligns with the middle housing requirements in HB 1110. Commerce also recently published additional draft guidance: [Unit Lot Subdivision Fact Sheet](#). Unit lot subdivision allows the land beneath detached single family housing, accessory dwelling units or middle housing where no units are stacked on another unit, to be divided for individual sale.

Under state law (RCW 58.17.060(3)), unit lot subdivision is a type of short subdivision. The Mercer Island City Code defines a short subdivision as “a subdivision consisting of four or less lots on four or less acres.” Together these requirements will enable parent lots to be divided into up to four unit lots for individual sale and ownership. Any portion of the parent lot not included in the unit lots must be owned in common by the owners of the unit lots, or by a homeowner’s association. This commonly held land could include shared open space and driveways.

Unit lot subdivision allows unit lots to be sold separately under fee simple ownership. “Fee simple” is a legal term that refers to full ownership of land and any buildings on that land. Unit lot subdivisions can be approved prior to, during, or after development. For example, the backyard of an existing home can be divided into unit lots for sale to a developer that intends to add middle housing or ADUs to the property. Likewise, vacant land can be divided through unit lot subdivision for development and individual sale of middle housing units such as townhomes. Finally, unit lot subdivision could also be used to sell an existing detached ADU for ownership separate from the primary unit.

Unit lot subdivision can be used with all forms of non-stacked housing, including single-family, middle housing, and ADUs. Unit lot subdivision is not appropriate for stacked flats, apartments, or configurations where one unit is stacked on top of another unit. [RCW 36.70A.635](#) also requires cities to allow zero lot line subdivision. This means that attached housing forms, including townhomes and duplexes, can be built on separate unit lots with no setback between the housing units. This type of land division is commonly used for townhomes, and it can also be used with side-by side duplexes, triplexes and fourplexes as well as other non-stacked orientations of middle housing and ADUs (see Figure 1 at the top of page 3 for examples).

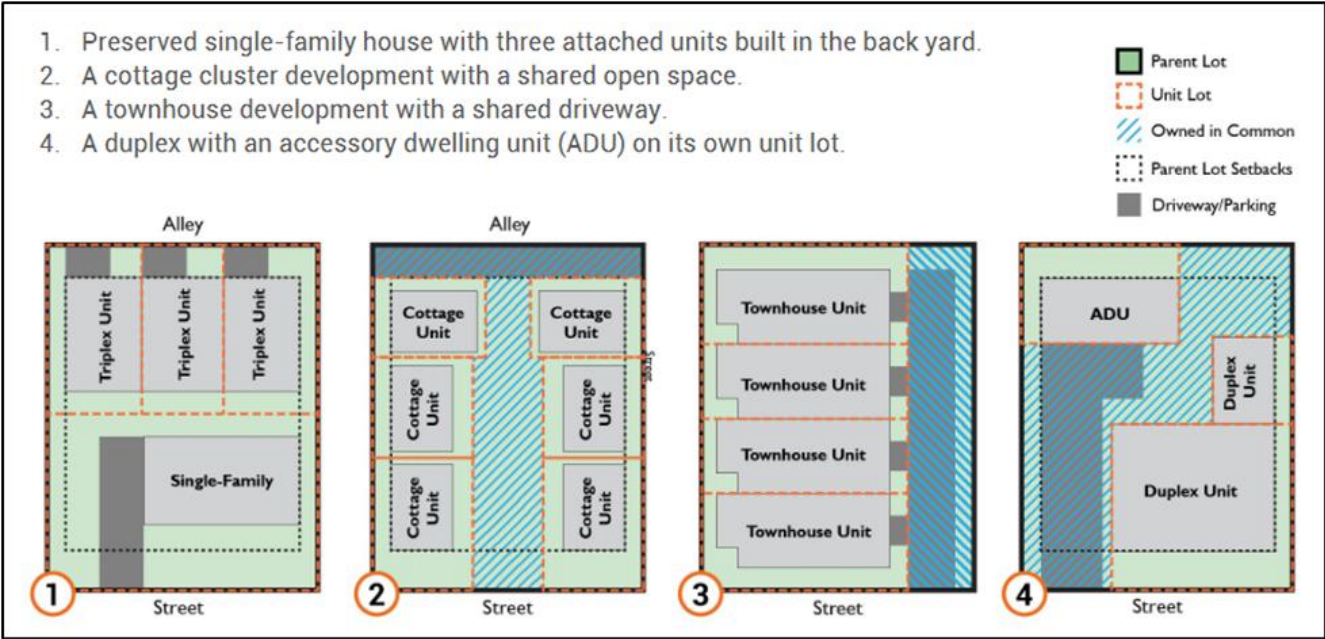


Figure 1: Unit Lot Subdivision Examples

APPROACH AND SCOPE OF WORK

Initial compliance with [SB 5258](#) unit lot subdivision requirements was achieved via adoption of interim development regulations, [Ordinance No. 25C-06](#). This initial phase focused on complying with the minimum requirements of the legislation, as described above. The City is planning a future second phase of work aimed at adopting permanent development regulations. This second phase will include additional community engagement and refinement of the interim development regulations. Currently, the Planning Commission and City Council are focused on achieving compliance with the [Growth Management Hearings Board Final Decision and Order](#). Once this work is complete, the Planning Commission and City Council will have the capacity to take this matter back up and conduct additional community outreach to adopt permanent regulations to comply with SB 5258. The interim regulations from the initial phase will need to be renewed for an additional six months to provide sufficient time to do so.

ISSUE/DISCUSSION

ORDINANCE NO. 26-06

Ordinance No. 26-06 will renew Ordinance No. 25C-06 to enact interim development regulations to comply with the provisions of SB 5258. The ordinance includes the following amendments:

- Adds a new section to the City’s subdivision regulations, MICC 19.08.080 Fee Simple Unit Lot Subdivisions. This section enables the creation of unit lot subdivisions using the City’s existing short plat process.
- Adds Preliminary Unit Lot Subdivision and Final Unit Lot Subdivision to the City’s Land Use Review Type table in MICC 19.15.030
- Adds definitions for Parent Lot and Unit Lot in MICC 19.16.010

The draft ordinance applies development standards established for the underlying zoning designation to the parent lot. This includes setbacks, maximum floor area, and other dimensional standards. Thus, unit lots do not need to individually comply with setbacks and no setback is required between housing units on separate unit lots. Additionally, unit lots do not have prescribed requirements for length, width or area. Parking

standards are also established by the development regulations for the underlying zoning designation. Parking can be provided on a different unit lot or tract from the unit lot with the dwelling, if the right to use the parking is established with an easement or on the final plat. The final plat for a unit lot subdivision must indicate that each unit lot is not a separate buildable lot and that additional development of unit lots may be limited as a result of the application of development standards to the parent lot.

NEXT STEPS

If adopted, Ordinance No. 26-06 will take effect on June 30, 2026.

RECOMMENDED ACTION

Adopt Ordinance No. 26-06 renewing Ordinance No. 25C-06 establishing interim regulations related to unit lot subdivisions.

**CITY OF MERCER ISLAND
ORDINANCE NO. 26-06**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,
AMENDING TITLE 19 MICC TO COMPLY WITH UNIT LOT SUBDIVISION
REQUIREMENTS IN HB 5258 ON AN INTERIM BASIS; PROVIDING FOR
SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, the adoption of land use and zoning regulations is a valid exercise of the City's police power and is specifically authorized by RCW 35A.63.100; and

WHEREAS, within the express terms of the Growth Management Act, the Washington State Legislature has specifically conferred upon the governing bodies of Washington cities the right to establish and adopt interim development regulations; and

WHEREAS, in 2023 the Washington State legislature passed Engrossed Second Substitute Senate Bill (E2SSB) 5258 (chapter 337, Laws of 2023) related to condominiums and townhomes, construction and sale, various provisions; and

WHEREAS, in passing E2SSB 5258 (chapter 337, Laws of 2023) the State legislature sought to increase the supply and affordability of condominium units and townhouses as an option for homeownership; and

WHEREAS, E2SSB 5258 (chapter 337, Laws of 2023), Section 11 amends the subdivision requirements codified in the Revised Code of Washington (RCW) section 58.17.060 to add a requirement that local jurisdictions allow unit lot subdivision; and

WHEREAS, adoption of the ordinance will bring the City of Mercer Island into compliance with RCW 58.17.060 and will serve the general welfare of the public;

WHEREAS, on March 4, 2025, the City Council adopted Ordinance No. 25C-06 for interim regulations to comply with SB 5258 for a period of one year, with an effective date of June 30, 2025; and

WHEREAS, the City is authorized under RCW 35A.63.220 and 36.70A.390 to renew interim zoning and official controls for an additional six-month period, provided a public hearing is held prior to renewal; and

WHEREAS, the adoption of permanent regulations is expected by the end of 2027; and

WHEREAS, the City is authorized under RCW 35A.63.220 and RCW 36.70A.390 to pass an interim zoning and official control ordinance, provided it holds a public hearing on the same within sixty days after passage if it has not previously held a public hearing on the proposed ordinance; and

WHEREAS, the City Council held a public hearing on June 2, 2026 regarding this interim zoning and official control ordinance; and

WHEREAS, this Ordinance, as an interim zoning and official control ordinance, is not subject to referendum;

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

Section 1: Findings. The findings adopted for Ordinance No. 25C-06 and the “Whereas Clauses” set forth in the recitals of this ordinance are hereby adopted as the findings of fact of the City Council for passing this ordinance.

Section 2: Renewed. The interim regulations adopted by Ordinance No. 25C-06 are renewed.

Section 3: Duration of Interim Zoning and Official Controls. The interim zoning and official controls renewed by this ordinance shall be effective for a period of six months, unless repealed, extended, or modified by the City Council.

Section 4: Severability. If any section, sentence, clause or phrase of this ordinance or any municipal code section amended hereby should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause or phrase of this ordinance or the amended code section.

Section 5: Effective Date. This ordinance shall take effect and be in force on June 30, 2026, provided 5 days have passed since its passage and publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS MEETING ON THE _____ DAY OF _____, 2026.

CITY OF MERCER ISLAND

Dave Rosenbaum, Mayor

Approved as to Form:

ATTEST:

Bio Park, City Attorney

Andrea Larson, City Clerk

Date of Publication: _____



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6945
June 16, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6945: GMA Compliance – MICC Title 5 Amendments Anti-Displacement Measures (Second Reading, Ordinance No. 26C-07)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Adopt Ordinance No. 26C-07 for MICC Title 5 Amendments establishing anti-displacement measures.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning & Development Director Adam Zack, Principal Planner Madelyn Nelson, Assistant Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 26C-07
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 complete a second reading of Ordinance No. 26C-07 which would establish anti-displacement measures for the City’s Growth Management Act (GMA) compliance efforts (see Exhibit 1). The City Council completed a first reading of Ordinance No. 26C-27 on June 2, 2026 ([AB 6938](#)).

- The City completed a periodic review and update of the Mercer Island Comprehensive Plan, which was adopted by the City Council on November 19, 2024 (see [AB 6573](#)).
- The 2024 Comprehensive Plan was appealed to the Growth Management Hearings Board (GMHB) on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB Case No. 25-3-0003). On August 1, 2025, the GMHB issued a final decision and order (GMHB Order).
- The GMHB Order found that the City must make changes to its Comprehensive Plan to comply with the GMA. Specifically, the City must amend its Comprehensive Plan to address the following four issues:
 - Land Capacity: Analyze residential land capacity at each housing affordability level and close any identified gaps.

- Adequate Provisions: Adopt incentives, mandatory provisions, and planned actions (“aka adequate provisions”) that will increase the supply of affordable housing.
- Station Subarea Plan: Adopt a subarea plan for the area around the transit station.
- Anti-Displacement Measures: Adopt anti-displacement measures to address the potential displacement that can occur with changes in zoning.
- The City has analyzed displacement risk in the Displacement Risk Evaluation. The Displacement Risk Evaluation found displacement risk was greatest for low-income renting households and recommended three actions to mitigate displacement risk:
 - Require advance notice of rent increases;
 - Provide relocation assistance; and
 - Grant right of first refusal allowing tenants to return to an apartment following redevelopment.
- This agenda item addresses the anti-displacement measures requirement of the GMHB Order by amending Mercer Island City Code ([MICC Title 5 – Business Licenses and Regulations](#)) to require advance notice of rent increases and relocation assistance for low-income households to address the displacement risk (Exhibit 1).
- The Residential Landlord-Tenant Act establishes statewide requirements for advance notice of rent increases, relocation assistance, and right of first refusal ([Chapter 59.18 RCW](#)).
- State law also requires a right of first refusal to be granted to tenants in the event a building is converted to condominiums ([RCW 64.34.440](#)).
- At the first reading, City Council voted to include two amendments affecting the proposed MICC 5.XX.050(B)(1) as follows:
 - “Landlord shall notify all tenants or subtenants at least one-hundred twenty (120) days prior to an increase in rent exceeding a cumulative three (3) percent in any twelve- (12)-month period. This standard only applies to a rental agreement commencing on or after the effective date of Ordinance No. 26C-07.”
- On June 16, the City Council can adopt Ordinance No. 26C-27 after completing a second reading.

BACKGROUND

GROWTH MANAGEMENT HEARINGS BOARD FINAL DECISION AND ORDER

Cities and counties in Washington State are required to adopt a comprehensive plan under the GMA. The comprehensive plan is a statement of goals and policies that detail how a county or city will manage and accommodate future growth. The goals and policies of the comprehensive plan are implemented through capital investments, development regulations, and programs. The GMA requires cities and counties to periodically review and update their comprehensive plans on a ten-year cycle. Mercer Island most recently completed a periodic review and update of its Comprehensive Plan in 2024 (see [AB 6573](#)).

The 2024 adoption of the Mercer Island Comprehensive Plan periodic review and update was appealed to the GMHB on the grounds that the Comprehensive Plan did not adequately plan for and accommodate future affordable housing needs (GMHB case number 25-3-0003). On August 1, 2025, the GMHB issued a Final Decision and Order (GMHB Order) finding that the Housing Element of the Comprehensive Plan was noncompliant with some of the provisions of the GMA and remanded the Comprehensive Plan to the City for revision.

The Comprehensive Plan adopted in 2024 remains in effect during the remand, but the City must complete work to update the plan and comply with the timeline established by the GMHB Order (RCW

36.70A.300(3)(b)). The compliance timeline is one year from when the GMHB issued its decision; work must be completed by July 31, 2026. Failure to comply with the GMHB Order can result in sanctions against the City (RCW 36.70A.340).

The GMHB Order requires the City to address four issues:

1. Land Capacity: Analyze residential land capacity at each housing affordability level and close any identified gaps.
2. Adequate Provisions: Adopt incentives, mandatory provisions, and planned actions (“aka adequate provisions”) that will increase the supply of affordable housing.
3. Station Area Subarea Plan: Adopt a subarea plan for the area around the transit station.
4. Anti-Displacement Measures: Adopt anti-displacement measures to address the potential displacement that can occur with changes in zoning.

ANTI-DISPLACEMENT MEASURES

The GMA requires jurisdictions to identify areas that may be at higher risk of displacement risk and include anti-displacement policies in the housing element of the Comprehensive Plan (RCW 36.70A.070(2)(g) and (h)). The Mercer Island Housing Element established the following policies to be developed and implemented to meet the GMA anti-displacement policy requirements:

1. Requiring advance notice of rent increases
2. Landlord provided relocation assistance
3. Right of first refusal or tenant opportunity to purchase requirements when an apartment building is converted to a condominium

On August 1, 2025, the GMHB issued its order for Case No. 25-3-0003. The GMHB Order found that the City was required to implement the adopted anti-displacement policies concurrently with zoning amendments to increase development capacity. On January 16, 2026, City Council directed staff to evaluate implementation of the three anti-displacement policies included in the Housing Element of the Comprehensive Plan to comply with the GMHB Order.

RESIDENTIAL LANDLORD-TENANT ACT

In 1973, Washington State adopted the Residential Landlord-Tenant Act, which regulates the responsibilities of landlords and tenants ([Chapter 59.18 RCW](#)). Specifically, the Residential Landlord-Tenant Act establishes specific requirements for advance notice of rent increases, limits to how much rent may be increased at lease renewal, eviction procedures, and authorizes cities to require relocation assistance. This act directly affects how the City can structure two of its proposed anti-displacement measures: advance notice of rent increase and relocation assistance.

The Residential Landlord-Tenant Act requires landlords to provide tenants with a minimum 90-days’ notice for any rent increase. Cities can require a longer period advance notice of rent increase but cannot shorten the rent increase notice period below 90 days.

The Residential Landlord-Tenant Act provides cities the option to require relocation assistance but places parameters on how and how much relocation assistance can be required ([RCW 59.18.440](#)). Some of the key requirements for relocation assistance can be summarized as:

- Cities planning under GMA may require relocation assistance for households earning 50 percent of the area median income or below (RCW 59.18.440(1) and (2));
- The amount of relocation assistance must be tied to the costs of relocation such as the physical moving cost or deposits necessary to secure a lease (RCW 59.18.440(3));
- Relocation assistance is capped at \$2,000 per household (RCW 59.18.440(4)); and
- Cities must establish an administrative process to resolve disputes between landlords and tenants regarding relocation assistance and unlawful detainer actions during relocation (RCW 59.18.440(5)).

ISSUE/DISCUSSION

To implement tenant protections recommended in the Displacement Risk Evaluation, staff drafted a new chapter for Title 5 of the Mercer Island City Code – Business License and Regulations. The new chapter ties requirements and standards for rental property businesses to the annual business license certification process for residential landlords. Ordinance No. 26C-07 would amend MICC Title 5 to add a new chapter and establish anti-displacement measures to satisfy part of the GMHB Order (Exhibit 1).

As drafted, the new chapter would establish a rental property license requirement and require landlords to certify that they have met specific operational standards during the annual license renewal process. Landlords that fail to comply with the new standards could be subject to fines and/or face misdemeanor charges. The proposed new chapter in MICC Title 5 is divided into seven sections:

- Definitions
- License Required
- Fees
- Rental Property License—Application—Contents
- Rental Property with Five or More Units Operating Requirements
- Relocation Assistance Dispute Resolution
- Penalty for Violations

DEFINITIONS

The definitions section of the ordinance defines the unique terms used in the new chapter. The terms are change of use, dwelling unit, landlord, low-income tenant, rent, rental agreement, rental property, substantial rehabilitation, tenant, and subtenant. These definitions only apply to interpretation of this chapter and would not affect terms defined elsewhere in the Mercer Island City Code.

LICENSE REQUIRED

Upon the effective date of this ordinance, this section requires a rental property certification to operate any rental property and ties that certification to the requirements of the new chapter. All landlords operating a rental property will have to obtain this certification when renewing their required Business License on a rolling annual basis.

FEES

This section of the ordinance ties the fee for the rental property certification to the fee schedule adopted by City Council Resolution. A new fee is not proposed at this time, but staff are recommending this be added to the work plan for analysis and implementation as early as fall 2026. The fee schedule is amended by resolution and does not require a code amendment when the fee changes. The fee for a business license is

currently set at \$30 and must be renewed annually. Any future fee for rental property certification will be added to the \$30 when renewing a Business License with this certification.

RENTAL PROPERTY LICENSE—APPLICATION—CONTENTS

This section of the ordinance details the required contents of a rental property license. The application must be submitted on forms furnished by the City, which means the application can be submitted through the online business license portal. This is the same process and application for all business licenses; no new forms are required. City staff will coordinate with the WA Department of Revenue to ensure that any changes to the online portal necessary to implement this section are provided. The online license portal may take some time to be updated so, in the interim, an individual form may be required until the portal is up to date.

TOWN CENTER MULTIFAMILY RENTAL PROPERTY OPERATING REQUIREMENTS

This section of the ordinance establishes the operating requirements that apply to a rental property license for properties located in the Town Center and Multifamily zones. The requirements are limited to these zones to specifically address the displacement risk identified in the Displacement Risk Evaluation. Landlords will be required to certify that they are satisfying the operating requirements outlined below at each annual renewal of the rental property license. Noncompliant landlords would be subject to the penalty for violations established in a later section. Upon written request from the City, landlords will be required to provide documentation that the operating requirements have been met for the previous three years. Documentation that the operating requirements have been met is not required for any period prior to the effective date of this chapter.

Advance Notice of Rent Increase

The operating requirements would require landlords to provide the following notice when increasing rent:

- If the rent increase exceeds a cumulative three percent (3%) in any twelve-month period, the landlord must notify all tenants or subtenants of market rate or income restricted housing units at least one hundred twenty (120) days prior. The City Council directed staff to adjust the notice period to 120 days from the proposed 180 days and to clarify that the three percent should be cumulative for a twelve-month period.
- If the rent increase is three percent (3%) or under for market rate unit, the state law requires a 90-day notice. ([RCW 59.18.140](#)).
- If the rent increase for income-restricted units is three percent (3%) or under, the landlord must notify the tenants at least 30-days' prior. Tenants in income-restricted units would be allowed to terminate the tenancy immediately upon surrendering the dwelling unit prior to the increase taking effect.

Relocation Assistance

The operating requirements in the ordinance include the following provisions for relocation assistance:

- Relocation assistance must be provided to each low-income household ($\leq 80\%$ AMI) in the event of rental property demolition, substantial rehabilitation, change of use, and/or removal of rent or income restriction (together, "Relocation Event").
- For each relocation event, relocation assistance must equal two thousand dollars (\$2,000).
- The payment shall be in addition to the refund of the security deposit or other sums which the tenant is lawfully qualified to receive.

- The landlord must provide each tenant eligible for relocation assistance a written notice at least 90 days prior to a relocation event (“Relocation Notice”). In addition, a copy of the relocation notice would be posted at every entrance to any building containing dwelling units where a relocation event will occur.
- The tenant must provide written intent to vacate the rental property to the landlord.
- The landlord must provide the full relocation assistance amount to each eligible household at least 45 days prior to the relocation event.
- The landlord is then able to provide a complete application requesting reimbursement for half the relocation assistance amount to the City. The reimbursement application will include:
 - The type of relocation event and any submitted applications for development;
 - Number of eligible households;
 - Income verification for eligible households;
 - Amount of rent charged for each unit in the rental property;
 - Proof of receipt of relocation assistance by eligible tenants; and
 - Attestation that eligible tenants that received relocation assistance have relocated.
- Following confirmation, the City will reimburse the landlord for half of the cost of relocation assistance.

RCW 59.18.440(3) provides that when establishing the amount of relocation assistance, the City shall evaluate, and receive public testimony on, what relocation expenses displaced tenants would reasonably incur in that jurisdiction. The total relocation assistance that may be required is capped at \$2,000 by RCW 59.18.440(4). Ordinance No. 26C-07 would establish the relocation assistance required at a flat \$2,000.

RELOCATION ASSISTANCE DISPUTE RESOLUTION

This section allows a tenant or landlord to request a hearing before the Hearing Examiner to resolve a dispute between landlord and tenant related to relocation assistance during the relocation notice period. A request for a hearing regarding eligibility or the amount of relocation assistance shall be filed at least thirty-five days before the relocation event. The landlord or tenant will file a written request for a hearing and clearly state specific objection(s) and the relief sought with the City Clerk. There is no filing fee for a hearing request. Notice of the hearing shall be sent by the City at least seven days prior to the scheduled hearing date to the tenant, landlord, and any other interested parties who have requested notice. The Hearing Examiner shall issue a decision within thirty (30) days of the filing of the request for a hearing. Issues related to unlawful detainer actions will continue to be resolved through the King County Superior Court. The Hearing Examiner's decision is final and conclusive unless, within fourteen calendar days of the date of the Hearing Examiner decision, a petition is filed in King County Superior Court.

PENALTY FOR VIOLATIONS

This section establishes the penalty in the event of a landlord violating the provisions of the chapter. If a landlord is found to be in violation or noncompliance of the chapter, including the operating requirements, they may be found guilty of a misdemeanor and shall be subject to a \$500 fine and/or imprisonment for a period not exceeding 90 days or both such fine and imprisonment. Each day that an offense is committed or permitted to continue shall be considered a separate offense for the purposes of this chapter.

CHANGES TO ORDINANCE No. 26C-27 BETWEEN FIRST AND SECOND READING

At the first reading of Ordinance No. 26C-27, the City Council voted to include two amendments to the ordinance (AB 6983). Both amendments were changes to the standards for the advanced notice of rent increases in MICC 5.XX.050(B)(1). Those amendments were included in Ordinance No. 26C-27 as follows:

- Include the wording, “a cumulative” and “in any twelve- (12)-month period.”
- Change the notice period from one-hundred eighty (180) days to one-hundred twenty (120) days.
- These amendments are reflected in Ordinance No. 26C-27 section MICC 5.XX.050(B)(1) to read as follows: “Landlord shall notify all tenants or subtenants at least one-hundred twenty (120) days prior to an increase in rent exceeding a cumulative three (3) percent in any twelve- (12)-month period. This standard only applies to a rental agreement commencing on or after the effective date of Ordinance No. 26C-07.”

NEXT STEPS

If adopted, Ordinance No. 26C-27 will become effective five days after the notice of adoption is published.

BACKGROUND MATERIALS AND REFERENCES

Background materials are provided on the [City’s Let’s Talk page](#). A summary of previous agenda materials is outlined below:

January 16, 2026

- [AB 6838](#): Compliance with [Growth Management Hearings Board Final Decision and Order](#) related to the City of Mercer Island Periodic Update to the Comprehensive Plan Overview of City Council Planning Session.

February 17, 2026

- [AB 6865](#): Compliance with Growth Management Hearings Board Final Decision and Order Related to the City of Mercer Island Periodic Update to the Comprehensive Plan
- [AB 6866](#): GMA Compliance Public Engagement Plan
- [AB 6871](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 First Reading)

March 3, 2026

- [AB 6893](#): Compliance with Growth Management Hearings Board Order – Follow-Up Discussion on Financing Affordable Housing
- [AB 6890](#): Legislative Review Alternatives to Help City Meet GMHB Order Compliance Deadline (Ordinance No. 26C-03 Second Reading)

March 17, 2026

- [AB 6888](#): Final Approval of the Modified Station Subarea Boundary
- [AB 6894](#): Update on the Growth Management Hearings Board Order – GMA Compliance Work Plan

March 25, 2026

- [PCB26-01](#): Briefing on the Growth Management Hearings Board Order and steps to achieve Growth Management Act compliance

April 21, 2026

- [AB 6909](#): GMA Compliance – Policy Direction on Development Code Amendments
- [AB 6911](#): GMA Compliance – Legislative Review Process

April 28, 2026

- [PCB26-02](#): Planning Commission Legislative Review Process
- [PCB26-03](#): Briefing on Station Subarea Plan Goals and Policies

May 6, 2026

- [PCB 26-04](#): Briefing on Comprehensive Plan Elements and Station Subarea Plan

May 13, 2026

- [PCB 26-05](#): Briefing on Development Code Amendments: land capacity: zoning map, Town Center boundary and subareas, height increases, permitted uses, design standards, and consistency

June 2, 2026

- [AB 6938](#): Public Hearing of MICC Title 5 Amendments Anti-Displacement Measures (First Reading, Ord. No. 26C-07)

June 3, 2026

- [PCB 26-07](#): Public Hearing – Comprehensive Plan Update, Station Subarea Plan, and Implementing Development Code Amendments

RECOMMENDED ACTION

Adopt Ordinance No. 26C-27 for MICC Title 5 Amendments establishing anti-displacement measures.

**CITY OF MERCER ISLAND
ORDINANCE NO. 26C-07**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,
AMENDING TITLE 5 OF THE MERCER ISLAND CITY CODE TO IMPLEMENT
ANTI-DISPLACEMENT MEASURES PURSUANT TO THE GROWTH
MANAGEMENT ACT; PROVIDING FOR SEVERABILITY; AND ESTABLISHING
AN EFFECTIVE DATE.**

WHEREAS, on August 1, 2025, The Western Washington Growth Management Hearings Board (GMHB) issued a Final Decision and Order (Order) for Case No. 25-3-0003; and

WHEREAS, the GMHB Order requires the City to take several actions to comply with the Growth Management Act (GMA), including the establishment of anti-displacement measures; and

WHEREAS, compliance with the GMHB Order will include zoning changes to increase development capacity for multifamily and mixed-use development, triggering a requirement in the City's Comprehensive Plan to evaluate potential displacement risk associated with increasing residential development capacity; and

WHEREAS, as required by the Comprehensive Plan, the City prepared a Displacement Risk Evaluation considering how proposed zoning changes affect displacement risk; and

WHEREAS, the Displacement Risk Evaluation identified renting households earning at or below eighty percent of the area median income, paying more than thirty (30) percent of their income for housing to be at the greatest risk of displacement following the proposed zoning changes; and

WHEREAS, the Comprehensive Plan highlights three strategies for addressing displacement risk: advance notice of rent increases, relocation assistance, and right of first refusal; and

WHEREAS, the Residential Landlord-Tenant Act (Chapter 59.18 RCW) establishes specific requirements for advance notice of rent increases and relocation assistance; and

WHEREAS, the Residential Landlord-Tenant Act requires a minimum ninety (90) days' notice of rent increase (RCW 59.18.140(3)); and

WHEREAS, the Residential Landlord-Tenant Act authorizes cities to require relocation assistance subject to specific requirements (RCW 59.18.440); and

WHEREAS, the Condominium Act (Chapter 64.34 RCW) requires the right of first refusal for tenants in a building proposed for conversion to a condominium, so no local amendment is required to establish this anti-displacement measure; and

WHEREAS, Chapter 35.90 RCW authorizes cities to require a business license for any person that engages in business activities; and

WHEREAS, Title 5 of the Mercer Island City Code (MICC) establishes business license requirements; and

WHEREAS, landlords must obtain a Mercer Island business license per MICC 5.01.035(C); and

WHEREAS, amendments to Title 5 of the MICC can establish requirements that landlords provide advance notice of rent increase and relocation assistance; and

WHEREAS, establishing requirements for advance notice of rent increase and relocation assistance would establish anti-displacement measures consistent with the Displacement Risk Evaluation and satisfy the anti-displacement requirements in the GMHB Order; and

WHEREAS, On June 2, 2026, the City Council held a first reading and public hearing on the proposed amendments to Title 5 MICC.

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

Section 1. Whereas Clauses Adopted. The “Whereas Clauses” set forth in the recital of this Ordinance are hereby adopted as the findings and conclusions of the City Council for passing this ordinance.

Section 2. Established. A new chapter in Title 5 of the MICC is established as shown in Exhibit A.

Section 3. Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, or its application held inapplicable to any person, property, or circumstance, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause, or phrase of this ordinance or its application to any other person, property, or circumstance.

Section 4. Publication and Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON JUNE 16, 2026.

CITY OF MERCER ISLAND

David Rosenbaum, Mayor

Approved as to Form:

ATTEST:

Bio Park, City Attorney

Andrea Larson, City Clerk

Date of Publication:

EXHIBITS

- A. Chapter 5.XX – Rental Property

DRAFT

Exhibit A

Chapter 5.XX Rental Property

5.XX.010 – Definitions Applicable for Chapter 5.XX

Change of use: Conversion of any rental property from a residential use to a nonresidential use that results in the displacement of an existing tenant; conversion from one type of residential use to another type of residential use that results in the displacement of an existing tenant, such as conversion to a retirement home, emergency shelter, or transient hotel; or conversion following removal of use restrictions from an assisted housing development that results in the displacement of an existing tenant: Provided, however, that displacement of an existing tenant in order that the owner or a member of the owner's immediate family may occupy the premises does not constitute a change of use.

Dwelling Unit: A building or a contiguous portion of a building providing complete independent living facilities for one or more persons including permanent provisions for living, sleeping, eating, cooking, and sanitation

Landlord: the owner, lessor, or sublessor of the dwelling unit or the property of which it is a part, and in addition means any person designated as representative of the owner, lessor, or sublessor including, but not limited to, an agent, a resident manager, or a designated property manager.

Low-income Tenant: Tenants whose combined total income per dwelling unit is at or below eighty (80) percent of the median income, adjusted for family size, in the county where the tenants reside.

Rent: recurring and periodic charges identified in the rental agreement for the use and occupancy of the premises, which may include charges for utilities. Except as provided in RCW 59.18.283(3), these terms do not include nonrecurring charges for costs incurred due to late payment, damages, deposits, legal costs, or other fees, including attorneys' fees.

Rental Agreement: All agreements that establish or modify the terms, conditions, rules, regulations, or any other provisions concerning the use and occupancy of a dwelling unit.

Rental Property: A dwelling unit, or part thereof, where lodging is provided, for compensation, for greater than thirty (30) consecutive nights.

Substantial Rehabilitation: Extensive structural repair or extensive remodeling of premises that requires a permit such as a building, electrical, plumbing, or mechanical permit, and that results in the displacement of an existing tenant. This term does not include emergency repairs to address an imminent threat to life or the loss of property.

Tenant: any person who is entitled to occupy a dwelling unit primarily for living or dwelling purposes under a rental agreement.

Subtenant: any person who enters a rental agreement for all or part of a property with the tenant rather than directly from the landlord.

5.XX.020 - License Required.

No person or entity shall engage in the business of conducting or operating a rental property unless that person has a valid business license issued by the City pursuant to the provisions of this chapter. The license required under this chapter is in addition to the business license that may be required under chapter 5.01 MICC when applicable.

5.XX.030 – Fees.

An annual license must be obtained for each person or entity engaging in the business of conducting or operating a rental property. The annual license must include all rental properties that the licensee operates within city limits. The license fee shall be as provided in the fee resolution approved by the City Council, as amended.

5.XX.040 - Rental Property License—Application—Contents.

No license or renewal of a license to operate a rental property shall be issued except upon written application filed with the City upon forms furnished by the City, which shall be signed and sworn to by the person or entity who intends to operate a rental property.

5.XX.050 – Town Center Multifamily Rental Property Operating Requirements.

- A. *Applicability.* In addition to provisions in chapter 59.18 RCW required and enforced by the State, the operating requirements set forth in this section shall apply to landlords operating a rental property within a multifamily zone or the Town Center Zone as established in title 19 MICC.
- B. *Notice Rent Increase, Relocation Assistance.* It shall be the duty of the landlord to meet the following operating requirements. No license to conduct a rental property shall be issued or renewed unless the applicant can certify compliance with the operating requirements in this subsection. Upon written request by the City, the landlord shall provide documentation that the operating requirements have been met for the preceding three (3) years. Documentation that the operating requirements have been met is not required for any period prior to the effective date of Ordinance No. 26C-07.
 1. Landlord shall notify all tenants or subtenants at least one-hundred twenty (120) days prior to an increase in rent exceeding a cumulative three (3)

percent in any twelve- (12)-month period. This standard only applies to a rental agreement commencing on or after the effective date of Ordinance No. 26C-07.

2. If the rental agreement governs a subsidized tenancy where the amount of rent is based on the income of the tenant or circumstances specific to the subsidized household, the landlord shall provide a minimum of thirty (30) days' prior written notice of an increase in the amount of rent of three (3) percent or less. This standard only applies to a rental agreement commencing on or after the effective date of Ordinance No. 26C-07.
 - a. In the event of such an increase, the tenant may terminate the tenancy immediately upon surrendering the dwelling unit prior to the increase taking effect. The tenant shall only owe pro rata rent through the date upon which the rental property is surrendered.
 - b. Any notice increasing the current rent shall inform the tenant that they may terminate the tenancy at any time and owe pro rata rent through the date the tenant surrenders the rental property.
3. *Relocation Assistance.* Relocation assistance must be provided to low-income tenants in the event of rental property demolition, substantial rehabilitation, change of use, and/or removal of rent or income restriction (together, "relocation event").
 - a. For each relocation event, relocation assistance must be equal to two thousand dollars (\$2,000).
 - b. The relocation assistance payment shall be in addition to the refund from the landlord of any deposits or other sums to which the tenant is lawfully qualified to receive.
 - c. *Noticing.* The owner shall deliver to each tenant in each dwelling unit eligible for relocation assistance a written notice at least ninety (90) days prior to a relocation event ("Relocation Notice"). The relocation notice must include information about how to claim relocation assistance. In addition, a copy of the relocation notice shall be posted at every entrance to any building containing dwelling units where a relocation event will occur. The time period between the deliverance of the relocation notice and the relocation event shall be known as the relocation notice period.
 - d. To be eligible for relocation assistance, the tenant must provide proof of income and written intent to vacate the rental property to the landlord at least sixty (60) days prior to the relocation event.

- e. Relocation assistance, or written notice of relocation assistance denial, must be provided to eligible tenants at least forty-five (45) days prior to the relocation event.
- f. In the event that the tenant fails to relocate by the end of the relocation notice period, the tenant must repay the relocation assistance within fourteen (14) days.
- g. The City must pay half of all relocation assistance paid to low-income tenants. The City will have ninety (90) days for review and reimbursement following the submittal of a complete application. Applications by landlords for reimbursement of relocation assistance must be submitted on forms provided by the City and include:
 - i. The type of relocation event and any submitted applications for development;
 - ii. Number of eligible households;
 - iii. Income verification for eligible households;
 - iv. Amount of rent charged for each unit in the rental property;
 - v. Proof of receipt of relocation assistance by eligible tenants; and
 - vi. Attestation that eligible tenants that received relocation assistance have relocated.
- h. No landlord may increase rent for the purpose of avoiding the application of subsection (B)(3). There is a rebuttable presumption a rent increase was made for the purpose of avoiding the application of subsection (B)(3) if within ninety (90) days of the effective date of the rent increase the landlord engages in or applies for a permit needed for a relocation event.

5.XX.060 – Relocation Assistance Dispute Resolution

- A. Either a tenant or landlord may request a hearing before the Hearing Examiner to resolve a dispute between tenant and landlord related to relocation assistance during the relocation notice period in MICC 5.XX.050(B)(3)(d) above.
- B. A request for a hearing regarding eligibility or the amount of relocation assistance must be filed at least thirty-five (35) days before the relocation event for which notice was received or posted per MICC 5.XX.050(B)(3)(c) above.

- C. When the last day of the filing period is a Saturday, Sunday, or federal or City holiday, the period shall run until 5 p.m. on the next business day.
- D. All requests for a hearing must be in writing, clearly state specific objections and the relief sought, and provide mailing addressing and/or email addresses for landlord and tenants. All requests must be filed with the City Clerk. There is no filing fee for a hearing request.
- E. Notice of the hearing shall be sent by the City at least seven (7) days prior to the scheduled hearing date to the tenant and landlord.
- F. A recording shall be made of the hearing before the Hearing Examiner and the Hearing Examiner shall issue a decision within thirty (30) days of the filing of the request for a hearing. The City will not be party in the hearing or proceedings.
- G. On the day it is issued, the Hearing Examiner shall provide the decision on the appeal to the tenant, the landlord, and all those requesting notice.
- H. The Hearing Examiner's decision is final and conclusive unless, within ten (10) days of the date of the Hearing Examiner decision, a petition is filed in King County Superior Court.
- I. Nothing in this chapter shall be interpreted as granting the City or the Hearing Examiner any jurisdiction to resolve unlawful detainer actions.

5.XX.070 – Penalty for Violations

Violations—Penalty. Any landlord violating or failing to comply with any of the provisions of this chapter shall be deemed guilty of a misdemeanor and shall be subject to a \$500 fine and/or imprisonment for a period not exceeding ninety (90) days or both such fine and imprisonment. Each day that an offense is committed or permitted to continue shall be considered a separate offense for the purposes of this chapter.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6946
June 16, 2026
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6946: 2026 Residential Street Overlays Bid Award	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Award the 2026 Residential Street Overlays construction contract to Lakeside Industries Inc.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Kellye Hilde, Deputy Public Works Director Ian Powell, Street Engineer
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Project Locations Map
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ 744,104
AMOUNT BUDGETED	\$ 941,896
APPROPRIATION REQUIRED	\$ 0

EXECUTIVE SUMMARY

The purpose of this agenda item is to award a public works construction contract to repave aging residential streets.

- This hot mix asphalt (HMA) paving contract combines work tied to the Residential Street Resurfacing (90.20.0001) and Arterial Street Preservation (90.20.0002) capital projects.
- The project was advertised for construction on May 1, 2026.
- Four contractor bids were received. The lowest responsive and responsible bid was received by Lakeside Industries Inc., a Washington-based corporation for a total amount of \$545,982.
- Funds for this construction contract are included in the 2025-2026 Biennial Budget and Capital Improvement Program (CIP) via the Street Fund. No additional appropriation is required.
- Construction is scheduled to begin in July 2026 with completion by October 2026.

BACKGROUND

The 2026 Residential Street Overlays project combines two separate transportation-focused capital projects into a single public works contract for construction this summer:

- Residential Street Resurfacing (90.20.0001)
- Arterial Street Preservation (90.20.0002)

Combining these projects leverages their similar scopes of work to create a more competitive and cost-effective public bid. Additionally, managing the two projects under a single contract optimizes city resources by reducing competing construction management demands.

The City plans arterial street resurfacing on a 25-to-30-year cycle, and residential streets on a 35-to 40-year cycle. Every three years the City collects pavement condition data to create a Pavement Condition Index (PCI) score for each of the over 700 segments of pavement within the City's 83.5-mile public road network. This rating process results in a numerical score between 100 and 0, bracketed into six condition ranges: Good (PCI 100-86), Satisfactory (85-71), Fair (70-56), Poor (55-41), Very Poor (40-26), and Failed (25-0).

Along with PCI data, staff carefully sequences resurfacing to follow completed underground utility work. This proactively prevents future utility cuts and disruptions to the fresh pavement, helping increase the useful life of the new street.

The Arterial Street Preservation Program extends the life of arterial streets proactively, by repairing isolated pavement failure areas through crack sealing, square cut patching, and grinding and repaving of full-lane width segments. Work also includes replacing failing patches around utility castings. Roadways are selected for resurfacing based primarily upon pavement conditions.

Design for this combined initiative began in January of 2026. Final plans, specifications, and cost estimates were completed in early May 2026, at which point the project was formally advertised for public bids. The City received four contractor bids, and the construction contract is now ready for award.

ISSUE/DISCUSSION

PROJECT DESCRIPTION

This project has been divided into two schedules of work, as described below. Refer to Exhibit 1 for locations.

Schedule A includes an HMA overlay on SE 82nd Street (from 84th Avenue SE to SE 80th Street). It includes full depth removal and new HMA paving on SE 80th Street (from 84th Avenue SE to SE 82nd Street), 78th Avenue SE (from SE 76th Street approximately 200 feet south) and 93rd Avenue SE (from SE 70th Place approximately 300 feet south). The 2025 PCI ratings for these streets are in the Fair to Very Poor ranges.

The scope of work includes pavement repairs, removing full sections of the existing pavement, regrading gravel base, and repaving with HMA. After repaving, new pavement markings will be applied, utility castings will be adjusted to the grade of the new pavement, and disturbed shoulder and landscaped areas will be restored. The engineer's estimated construction cost for Schedule A was \$553,185.

Prior to paving, minor storm drainage additions and repairs will be completed in Schedule A. This work is currently underway and funded through the Storm Water Utility Fund.

Schedule B repairs and resurfaces the intersection of SE 28th Street and 80th Avenue SE in the Town Center. This intersection was originally built around 1991 as part of the I-90 construction and the 2025 PCI ratings for these streets are in the Fair range.

The scope of work includes a 2” asphalt grind to improve the intersection’s geometry and repaving with HMA. After repaving, new pavement markings will be applied, and utility castings will be adjusted to the grade of the new pavement. The engineer’s estimated construction cost for Schedule B was \$108,420.

At design completion, the engineer’s construction estimate for the two schedules was a combined \$661,605 estimate.

BID RESULTS

Four construction bids were received on May 19, 2026. The lowest bid was from Lakeside Industries, Inc., for \$545,982, which is approximately 17% below the engineer’s estimate. The following Table 1 shows the bid results.

Table 1

2026 RESIDENTIAL STREET OVERLAYS CONSTRUCTION BID RESULTS			
COMPANY NAME	SCHEDULE A RESIDENTIAL STREETOVERLAY	SCHEDULE B ARTERIAL PRESERVATION	TOTAL BID AMOUNT
Lakeside Industries	\$465,547	\$80,435	\$545,982
Icon Materials	\$477,262	\$111,537	\$588,799
Becker Blacktop	\$550,088	\$117,668	\$667,756
Lakeridge Paving	\$647,163	\$109,877	\$757,040
Engineer's Estimate:	\$553,185	\$108,420	\$661,605

The apparent low bidder, Lakeside Industries from Issaquah, has successfully completed numerous paving projects for the nearby cities of Bellevue, Kirkland, and Issaquah in recent years. Lakeside Industries also successfully completed arterial and residential street paving projects for the City of Mercer Island in 2019, 2020, and 2023.

A review of the Labor and Industries (L&I) website confirms Lakeside Industries Inc. is a contractor in good standing with no license violations, outstanding lawsuits, or L&I tax debt. Based on review of Lakeside Industries’ bid submittal and reference checks, staff determined that Lakeside Industries is the lowest responsive bidder for this project and staff recommends awarding the 2026 Residential Street Overlays project to Lakeside Industries.

PROJECT BUDGET

The total estimated cost for the 2026 Residential Street Overlays project is \$744,104. This amount accounts for the base construction contract as well as essential project support, including construction contingency, design, inspection, and project management.

Sufficient funding has already been approved for this work. The combined adopted budgets for the Residential Street Resurfacing (90.20.0001) and Arterial Preservation Program (90.20.0002) total \$941,896. No additional budget appropriation is required. Project costs and available budget are summarized in Table 2, at the top of Page 4. At the completion of the project, any remaining budget will remain in the Street Fund.

Table 2

2026 ARTERIAL AND RESIDENTIAL STREET OVERLAYS PROJECT BUDGET			
Description	Schedule A Residential Street Overlay (90.20.0001)	Schedule B Arterial Preservation (90.20.0002)	TOTAL
Construction Contract			
Schedule A – Residential Street Overlay	\$465,547	-	\$465,547
Schedule B – Arterial Preservation	-	\$80,435	\$80,435
Construction Contract Subtotal	\$465,547	\$80,435	\$545,982
Construction Contingency @ 10%	\$46,555	\$8,044	\$54,599
Project Design - Consultant	\$60,564	\$2,500	\$63,064
Construction Inspection	\$30,000	\$2,500	\$32,500
Contract Admin/Project Management	\$40,000	\$2,500	\$42,500
1% for the Arts	\$4,655	\$804	\$5,459
Total Project Cost	\$647,321	\$96,783	\$744,104
2025 – 2026 Budget Resources			
Residential Street Resurfacing (90.20.0001)	\$1,914,677	-	\$1,914,677
Forecasted Budget Spent on 2025 Residential Overlays	\$1,069,729	-	\$1,069,729
Arterial Preservation (90.20.0002)	-	\$158,877	\$158,877
Actual Budget Spent on 2025 Arterial Overlays	-	\$61,929	\$61,929
Total Budget Available for Project	\$844,948	\$96,948	\$941,896
Budget Remaining	\$197,627	\$165	\$197,792

NEXT STEPS

Minor storm drainage repairs and improvements within Schedule A are being performed under a separate small public works contract, funded entirely through the Stormwater Utility Fund. This utility work is currently underway and is sequenced to be completed prior to the start of street paving, preventing future disruptions to the new asphalt.

Construction activities on the 2026 Residential Street Overlays contract are tentatively scheduled to begin in early July. Per the contract specifications, all physical work must be completed by the end of October 2026.

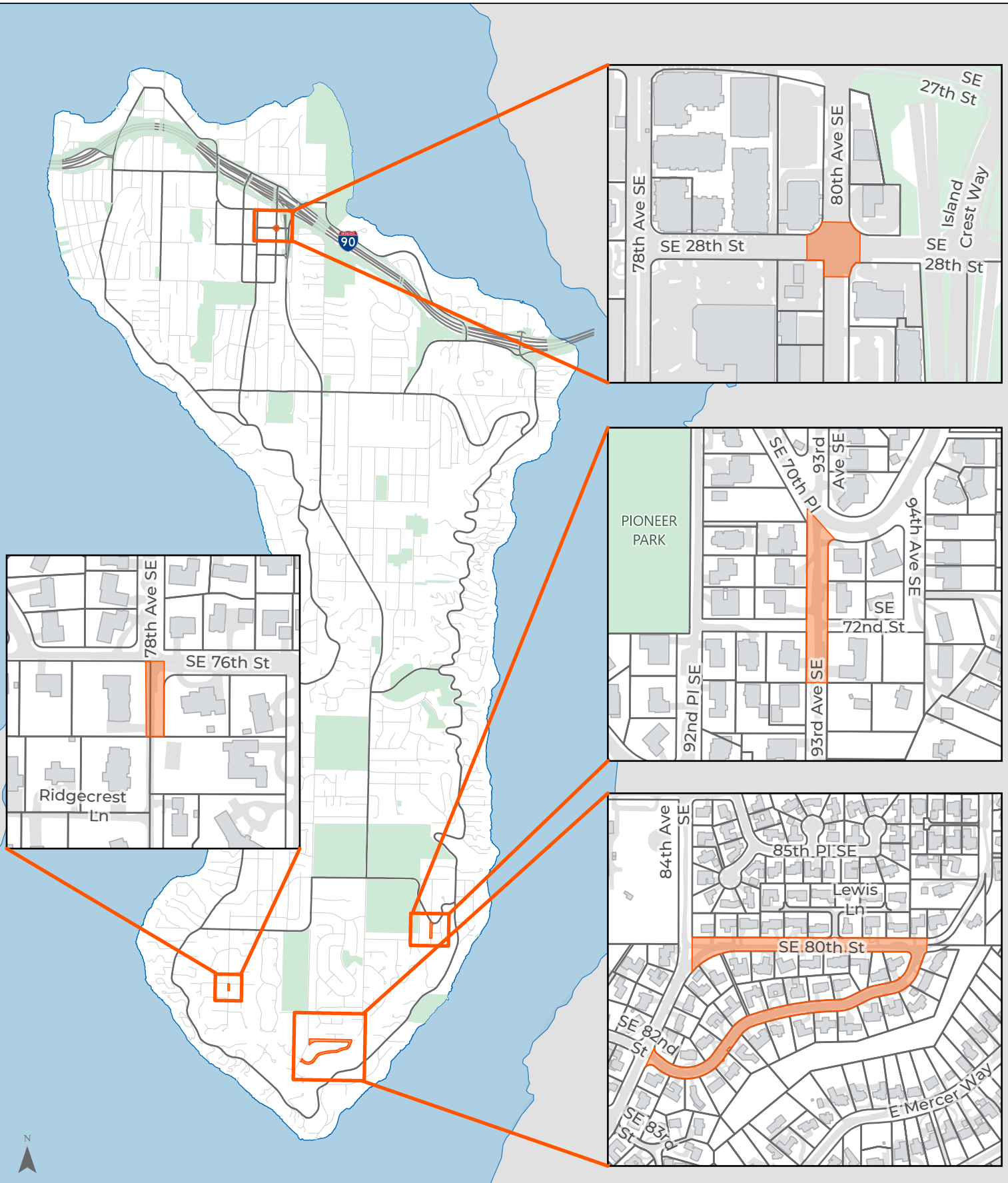
RECOMMENDED ACTION

Award Schedules A and B of the 2026 Residential Street Overlays project to Lakeside Industries Inc. and authorize the City Manager to execute a contract with Lakeside Industries in an amount not to exceed \$545,982 and set the total project budget at \$744,104.



2026 RESIDENTIAL STREET OVERLAYS

Item 8.





BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6951
June 16, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6951: Renew the 2024-2026 Interlocal Cooperation Agreement with King County Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Program Consortiums for the years 2027-2029.	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Authorize the automatic renewal of the 2024-2026 Interlocal Cooperation Agreement with King County for the CDBG and HOME Consortiums for the years 2027-2029.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, CPD Director Alison Van Gorp, Deputy CPD Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Interlocal Cooperation Agreement 2. First Amendment to the Interlocal Cooperation Agreement. 3. Letter from King County Department of Community and Human Services
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 provide the City Council with an opportunity to review the Interlocal Cooperation Agreement (“ICA”) renewal regarding continued participation by the City of Mercer Island in the King County Community Development Block Grant (CDBG) Consortium and the King County HOME Investment Partnerships (HOME) Program Consortium.

- The ICA for the CDBG Consortium and HOME Consortium (Exhibit 1) was signed in 2014 ([AB 4979](#)) and covered the years 2015-2017.
- The ICA was renewed without changes for the years 2018-2020 and 2021-2023 ([AB 5722](#)).
- The 2024-2026 ICAs were amended (Exhibit 2) to incorporate certain required language in accordance with U.S. Department of Housing and Urban Development (HUD) Notice CPD-23-02, Section V.H. The ICA was renewed for the 2024-2026 period ([AB 6286](#)).
- These ICAs will be automatically renewed for the years 2027-2029 unless King County and HUD are notified that the City of Mercer Island has decided to not participate in one or both during the 2027-2029 term.

- The CDBG and HOME programs are federally funded. The King County urban county Consortium disburses the funds to cities and counties based on a formula.

BACKGROUND

CDBG is a program of the U.S. Department of Housing and Urban Development (HUD) that funds local community development activities with the goal of providing affordable housing, anti-poverty programs, and infrastructure development. The funds are distributed on a formula basis to states and local governments.

The HOME Program, likewise, provides formula grants to States and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

CDBG and HOME funds are dispersed annually by HUD. States, counties, and large cities receive funds directly. Small cities, with a population under 50,000, do not receive funds directly. Rather, funds are allocated either to the state, or in urban areas, to the county for distribution. Smaller cities in urban areas, like Mercer Island, can collaborate to receive funds through an Urban County Consortium. Cities that choose not to participate in an Urban County Consortium are eligible to apply for grant funds through the state.

King County and the smaller cities in King County, including Mercer Island, jointly cooperate in an Urban County Consortium to further the broad goals of the federal programs. Funds are distributed to the Consortium via King County and are then allocated to projects. To carry out these activities, King County and the Consortium have agreed to a decision-making structure through the ICA.

The King County Housing and Community Development Division manages consortium funds on behalf of the participating city members and provides staff support for the Joint Recommendations Committee (JRC) of the consortium. The JRC is an inter-jurisdictional body that provides funding recommendations and advice on guidelines and procedures for King County and its consortia city partners on a wide range of housing and community development issues. The JRC is comprised of three King County representatives appointed by the King County Executive, and eight representatives of consortia cities. Sub-regional inter-jurisdictional committees have also been established to advise the JRC in its review and recommendation of projects and programs funded with federal grants. The sub-regional committees are made up of one representative from each participating jurisdiction in a sub-region of King County. There are currently North/East and South County sub-regional advisory committees. Mercer Island participates in the North/East sub-regional committee.

The North/East subregion has elected to split CDBG funds into separate tracks for distributing 1) affordable housing funding, and 2) non-housing funding. Forty percent of the CDBG funds are managed by ARCH (A Regional Coalition for Housing) and are awarded to eligible affordable housing projects that are selected by the ARCH Executive Board through a competitive process. These funds assist Mercer Island in meeting its affordable housing goals. The remaining sixty percent of funds allocated to this sub-region are designated for local infrastructure and park projects and are awarded through a competitive process by the JRC. Mercer Island can apply for these funds through the competitive process each year. The chart at the top of Page 3 summarizes the CDBG funds available to the North/East subregion over the last six years.

	Affordable Housing Projects	Non-Housing Capital Projects
2019	\$113,797	\$170,694
2020	\$126,455	\$189,682
2021	\$178,570	\$639,174
2022	\$164,737	\$524,519
2023	\$219,517	\$614,773
2024	\$204,096	\$467,441
2025	\$167,850	\$555,454

ISSUE/DISCUSSION

The CDBG and HOME Consortiums are established through an interlocal cooperation agreement (ICA), which is reviewed and if needed, modified every three years to coincide with the federal program cycle. The ICA for the CDBG Consortium and HOME Consortium (Exhibit 1) was signed in 2014 ([AB 4979](#)) and initially covered the years 2015-2017. It was renewed with no changes for years 2018-2020 and 2021-2023 ([AB 5722](#)). The 2024-2026 ICAs were amended to incorporate certain required language in accordance with U.S. Department of Housing and Urban Development Notice CPD-23-02, Section V.H ([AB 6313](#)). The ICA was renewed for the 2024-2026 period ([AB 6286](#)). The ICA will be automatically renewed again for the years 2027-2029 unless the City notifies King County and HUD that Mercer Island has decided not to participate in one or both during the 2027-2029 term. This notification must be made by July 7, 2026.

Continued participation in the CDBG and HOME Consortiums has benefits for the City and for low- and moderate-income residents. Benefits include access to home repair and emergency assistance grants and loans, as well as funding for affordable housing construction/preservation and for capital projects including parks and infrastructure improvements. These benefits are further detailed in the June 1 letter to Mayor Rosenbaum from Jelani Jackson, Division Director of King County’s Housing and Community Development Division (Exhibit 3).

NEXT STEPS

It is recommended that the City continue to participate in the CDBG and HOME Consortiums by allowing the ICA to automatically renew. While no formal action is required for continued participation, a motion to renew the ICA is requested to affirm the City’s position consistent with past practice. Alternatively, if the City Council would like to withdraw from the CDBG or HOME consortia, action must be taken to notify King County and HUD by July 7, 2026. Withdrawing from the CDBG or HOME consortia would lead to the City of Mercer Island losing access to the housing assistance and infrastructure improvement programs operated through CDBG and HOME. Mercer Island would be unable to advise King County on CDBG funding and program guidelines decisions.

RECOMMENDED ACTION

Authorize the automatic renewal of the 2024-2026 Interlocal Cooperation Agreement with King County for the Community Development Block Grant Consortium and the HOME Investment Partnerships Program Consortium for the years 2027-2029.

**INTERLOCAL COOPERATION AGREEMENT
REGARDING THE
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

THIS AGREEMENT is entered into by and between King County (hereinafter the “County”) and the City of Mercer Island, (hereinafter the “City”) said parties to this Agreement each being a unit of general local government in the State of Washington.

WITNESSETH:

WHEREAS, the federal government, through adoption and administration of the Housing and Community Development Act of 1974 (the “Act”), as amended, will make available to King County Community Development Block Grant funds, hereinafter referred to as “CDBG”, for expenditure during the **2015, 2016 and 2017** funding years; and

WHEREAS, the area encompassed by unincorporated King County and all participating cities, has been designated by the United States Department of Housing and Urban Development (“HUD”), as an urban county for the purpose of receiving CDBG funds; and

WHEREAS, the Act directs HUD to distribute to each urban county a share of the annual appropriation of CDBG funds based on formula, taking into consideration the social and economic characteristics of the urban county; and

WHEREAS, the Act allows participation of units of general government within an urban county in undertaking activities that further the goals of the CDBG program within the urban county; and

WHEREAS, the CDBG Regulations require the acceptance of the King County Consortium Consolidated Housing and Community Development Plan (“Consolidated Plan”) by participating jurisdictions; and

WHEREAS, King County is responsible to the federal government for all activities undertaken with CDBG funds and shall ensure that all CDBG assurances and certifications King County is required to submit to HUD with the Annual Action Plan are met; and

WHEREAS, King County and the participating jurisdictions agree that it is mutually desirable and beneficial to enter into a consortium arrangement pursuant to and authorized by the National Affordable Housing Act of 1990, as amended, 42 USC 12701 et. seq. and 24 CFR Part 92 for purposes of the HOME Investment Partnerships Program, hereinafter referred to as “HOME Program”, and to cooperate in undertaking HOME Program activities; and

WHEREAS, King County and the participating jurisdictions agree that it is mutually desirable and beneficial to enter into a consortium arrangement pursuant to and authorized by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009, for purposes of the Emergency Solutions Grant Program, hereinafter referred to as “ESG”, and to cooperate in undertaking ESG activities; and

WHEREAS, King County shall undertake CDBG, ESG and HOME Program-funded activities in participating incorporated jurisdictions as specified in the Consolidated Plan by granting funds to those jurisdictions and to other qualifying entities to carry out such activities; and

WHEREAS, King County and the participating jurisdictions are committed to targeting CDBG, ESG and HOME Program funds to ensure benefit for very low to moderate-income persons as defined by HUD; and

WHEREAS, King County and the participating jurisdictions recognize that needs of very low to moderate-income persons may cross jurisdictional boundaries and therefore can be considered regional and sub-regional needs as well as local needs; and

WHEREAS, King County, in conjunction with the participating jurisdictions, must submit an Annual Action Plan to HUD, which is a requirement to receive CDBG funds; and

WHEREAS, the purpose of this Interlocal Cooperation Agreement, entered into pursuant to and in accordance with the State Interlocal Cooperation Act, RCW Chap. 39.34, is to form an urban county consortium, (“Consortium”), for planning the distribution and administration of CDBG, ESG, HOME Program, and other federal funds received on behalf of the Consortium from HUD, and for execution of activities in accordance with and under authority of the Act:

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING CIRCUMSTANCES AND IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, IT IS AGREED THAT:

I. GENERAL AGREEMENT

The County and City agree to cooperate to undertake, or assist in undertaking, activities which further the development of viable urban communities, including community renewal and lower-income housing assistance activities, funded from annual CDBG, ESG and HOME Program funds from federal fiscal years **2015, 2016 and 2017** appropriations, from recaptured funds and from any program income generated from the expenditure of such funds. These activities include the provision of decent housing, homeless assistance, and a suitable living environment and economic development opportunities, principally for persons with very low to moderate incomes.

II. DEFINITIONS

- A. “JRC” means the inter-jurisdictional Joint Recommendations Committee as described in Section V of this Agreement.
- B. “CDBG Consortium Partners” means jurisdictions that are official HUD-recognized participants in the CDBG Consortium through a signed Interlocal Agreement.
- C. “Consolidated Plan” is the King County Consortium Consolidated Housing and Community Development Plan, a HUD-required plan that identifies needs and contains a strategic plan to guide the investment of HUD CDBG, HOME and ESG funds for a multi-year period not to exceed five years.

III. GENERAL DISTRIBUTION OF FUNDS

The distribution of CDBG and HOME Program funds for the King County urban county Consortium shall be governed by the provisions below.

Planning and Administration

- A. The Administrative and Planning Set-asides for the CDBG and the HOME Programs, to be reserved by the County to meet the County's responsibility to meet all HUD requirements for planning and administration, shall be the maximum allowable by HUD [currently twenty (20) percent of the CDBG funds available from the annual entitlement and twenty (20) percent of program income, and ten (10) percent of the HOME Program funds available from the annual entitlement and ten (10) percent of program income]. If the current percentages for CDBG and/or HOME administration and planning are changed at the federal level, the Consortium may allow the percentage retained by the County to change, following review and recommendation by the Joint Recommendations Committee ("JRC"), as provided in Section V, and approval by the Metropolitan King County Council, as provided in Section VI.

Public/Human Services

- B. The Human Services Set-aside of CDBG shall be the maximum allowable by HUD for human services [currently fifteen (15) percent of the funds available from the CDBG annual entitlement and fifteen (15) percent of program income]. The Human Services Set-aside, including Housing Stability homeless prevention activities and other homeless activities, shall be determined by the CDBG Consortium Partners and approved by the JRC in the Consortium's most current Consolidated Housing and Community Development Plan.

Housing Repair

- C. The Housing Repair Program Set-aside shall be twenty (20) percent of the funds available from the CDBG entitlement and twenty (20) percent of program income (this percentage is discretionary and not required or limited by HUD). The JRC may periodically review and recommend increases or decreases to this percentage if, in its judgment, there has been a substantial change in the Consortium's overall funding or need for housing repair that justifies an increase or decrease.

Remaining Capital Funding

- D. The remaining entitlement and program income funds, as well as any recaptured or prior year funds, shall be divided into two separate funds for the two sub-regions of the county: 1) north/east sub-region; and 2) south sub-region. The percentage split between the two funds shall be equal to the percentage of low to moderate-income population represented by each sub-region. Each sub-region may propose funding priorities and allocate portions of the sub-region's funds to such priorities for separate competitive processes. Such competitive processes must be for eligible activities that are consistent with the King County Consortium Consolidated Housing and Community Development Plan. A sub-region may also

elect to allocate additional funds to the Consortium's Housing Repair Program for the benefit of residents of the sub-region.

1. The north/east sub-region shall include those cities in the north and east and those portions of unincorporated King County that lie north of Interstate 90. The cities of Mercer Island, Newcastle, Issaquah, and North Bend, which are at or near the Interstate 90 border, along with their designated potential annexation areas, also shall be included in the north/east sub-region.
2. The south sub-region shall include those cities south of Interstate 90 and those portions of unincorporated King County that lie south of Interstate 90, except for the cities of Mercer Island, Newcastle, Issaquah, and North Bend and their potential annexation areas, which are part of the north/east sub-region.
3. The formula for dividing the funds between the two sub-regions shall be based on each sub-region's share of the Consortium's low to moderate-income population.

CDBG Guidelines to Address Programmatic Details:

- E. The CDBG Consortium Partners may propose King County Consortium CDBG, ESG and HOME Guidelines, for approval by the JRC, to guide the Consortium regarding details of program implementation, including, but not limited to, funding guidelines, frequency of application processes, Consortium procedures and goals for geographic equity in the distribution of funds over time.

IV. USE OF FUNDS: GENERAL PROVISIONS

- A. Funds shall be used to support the goals, objectives and strategies of the King County Consortium Consolidated Housing and Community Development Plan.
- B. Funds shall be used in accordance with the CDBG regulations at 24 CFR Part 570, ESG regulations at 24 CFR Part 576, Home Program regulations at 24 CFR Part 92, and all other applicable federal regulations.

V. JOINT RECOMMENDATIONS COMMITTEE

An inter-jurisdictional Joint Recommendations Committee ("JRC") was established through the 2009 – 2011 CDBG/HOME Consortium Interlocal Cooperation Agreement and through King County Code Chapter 24.13, and is hereby adopted as part of this Agreement.

- A. **Composition**—The JRC for the CDBG/ESG/HOME Consortium shall be composed of three county representatives and eight cities representatives.
 1. The three county representatives shall be King County Executive staff with broad policy responsibilities and/or department directors. County representatives shall be specified in writing and, where possible, shall be consistently the same persons from meeting to meeting.

2. Four of the cities representatives shall be from those cities signing this interlocal cooperation agreement, two from each sub-region.
 3. The remaining four cities representatives shall be from cities that qualify to receive CDBG entitlement funds directly from HUD and that are not signing this agreement, but are signing either Joint Agreements or HOME Program-only agreements. These latter four representatives shall have no vote on matters specific to the jurisdictions that are parties to this Agreement.
 4. The chairperson and vice-chairperson of the JRC shall be chosen from among the members of the JRC by a majority vote of the members for a term of one year beginning with the first meeting of the calendar year. Attendance of five members of the entire body of eleven members of the JRC for the CDBG/HOME Consortium shall constitute a quorum for voting matters in which all members of the JRC are eligible to vote. For voting items of the Regular CDBG Consortium, in which only seven members may vote (those identified in sub-sections 1 and 2 of this section), four members shall constitute a quorum, made up of two King County representatives and two city representatives.
- B. Appointments**—The King County Executive shall appoint the three county representatives. The participating cities shall provide for the appointment of their shared representatives in a manner to be determined by those cities through the Sound Cities Association or other agreed-upon mechanism for the execution of shared appointing authority. The Sound Cities Association or other agreed mechanism will select four jurisdictions of varying size from among those signing this Agreement, two from the north/east sub-region and two from the south sub-region. The cities representatives shall be elected officials, chief administrative officers, or persons who report directly to the chief administrative officer and who have broad policy responsibilities; e.g., planning directors, department directors, etc. Members of the JRC shall serve for two years, or at the pleasure of their respective appointing authorities.
- C. Powers and Duties**—The JRC shall be empowered to:
1. Review and recommend to the King County Executive all policy matters concerning the Consortium CDBG, ESG and HOME Program, including but not limited to the Consolidated Plan and related plans and policies.
 2. Review and recommend to the King County Executive the projects and programs to be undertaken with CDBG funds, ESG funds and HOME Program funds, including the Administrative Set-aside.
 3. Monitor and ensure that all geographic areas and actively participating jurisdictions benefit from CDBG, ESG and HOME Program funded activities over time, so far as is feasible considering eligible applications submitted within the goals, objectives and strategies of the Consolidated Plan: 1) there is equity in distribution of funds pursuant to proportion of

the region's low to moderate-income population; and, 2) equity is achieved over time pursuant to Consortium Guidelines adopted by the JRC to the extent feasible.

- D. **Advisory Committees to JRC**—In fulfilling its duty to review and recommend projects and programs to be undertaken with the CDBG, ESG and HOME Program funds, the JRC shall consider the advice of sub-regional inter-jurisdictional advisory committees. Sub-regional advisory committees, made up of one representative from each participating jurisdiction in a sub-region that wishes to participate, shall be convened to assist in the review and recommendation of projects and programs to be undertaken in that sub-region. The JRC may also solicit recommendations from other inter-jurisdictional housing and community development committees.

VI. RESPONSIBILITIES AND POWERS OF KING COUNTY

- A. Notwithstanding any other provision contained in this Agreement, the County as the applicant and grantee for CDBG, ESG and HOME Program funds has responsibility for and assumes all obligations in the execution of the CDBG, ESG and HOME Programs, including final responsibility for selecting and executing activities, and submitting to HUD the Consolidated Plan, Annual Action Plans, and related plans and reports, including the Analysis of Impediments to Fair Housing Choice and the Fair Housing Action Plan. Nothing contained in this Agreement shall be construed as an abdication of those responsibilities and obligations.
- B. The Metropolitan King County Council shall have authority and responsibility for all policy matters, including the Consolidated Plan, upon review and recommendation by the JRC.
- C. The Metropolitan King County Council shall have authority and responsibility for all fund allocation matters, including approval of the annual CDBG, ESG and HOME Program Administrative Set-asides and appropriation of all CDBG, ESG and HOME Program funds.
- D. The King County Executive, as administrator of the CDBG, ESG and HOME Programs, shall have authority and responsibility for all administrative requirements for which the County is responsible to the federal government.
- E. The King County Executive shall have authority and responsibility for all fund control and disbursements.
- F. The King County Executive shall have the authority and responsibility to staff the JRC and provide liaison between HUD and the urban county Consortium. County Executive staff shall prepare and present to the JRC evaluation reports or recommendations concerning specific proposals or policies, and any other material deemed necessary by the JRC to help it fulfill its powers and duties in IV. C., above.

- G. King County Executive staff shall have the authority and responsibility to communicate and consult with participating jurisdictions on CDBG, ESG and HOME Program policy and program matters in a timely manner.
- H. King County Executive staff shall have the authority and responsibility to convene sub-regional advisory committees made up of representatives from participating jurisdictions in the sub-region to advise the JRC on the allocation of the sub-regional funds.
- I. King County Executive staff shall provide periodic reports on clients served by jurisdictions in the Housing Stability and Housing Repair programs and on the status of CDBG, ESG and HOME Program funded projects and make them available to all participating jurisdictions and the JRC.
- J. King County Executive staff shall solicit proposals, administer contracts, and provide for technical assistance, both in the development of viable CDBG, ESG and HOME Program proposals and in complying with CDBG, ESG and HOME Program contractual requirements.
- K. King County shall have environmental review responsibility for purposes of fulfilling requirements of the National Environmental Policy Act, under which King County may require the local incorporated jurisdiction or contractor to furnish data, information, and assistance for King County's review and assessment in determining whether an Environmental Impact Statement is required.
- L. King County, as the official applicant, shall have the authority and responsibility to ensure that any property acquired or assisted with CDBG funds or HOME Program funds is disposed of or used in accordance with federal regulations.

VII. RESPONSIBILITIES OF THE PARTICIPATING CITIES

- A. All participating cities shall cooperate in the development of the Consolidated Plan and related plans.
- B. All participating cities shall assign a staff person to be the primary contact for the County on CDBG, ESG and HOME Program issues. The assigned CDBG, ESG and HOME Program contact person is responsible for communicating relevant information to others at the participating city, including any representative the city may choose to send to the sub-regional advisory committee, if that representative is not the CDBG, ESG and HOME Program contact person.
- C. At its discretion, a participating city may assign a representative to attend meetings of the sub-regional advisory committee. This representative may or may not be the City's CDBG, ESG and HOME Program contact person. It may be the CDBG, ESG and HOME Program contact person, a different staff member, an elected official, or a citizen.
- D. If and when a participating city deems necessary or advisable, it may prepare applications for CDBG or HOME Program funds to address the needs of its residents, consistent with the Consolidated Plan.

- E. Each participating city shall obtain its council's authorization for any CDBG or HOME Program application submitted.
- F. All participating cities shall carry out CDBG or HOME Program funded projects in a manner that is timely and consistent with contractual requirements.
- G. All participating cities owning community facilities or other real property acquired or improved in whole or in part with CDBG or HOME Program funds shall comply with use restrictions as required by HUD and as required by any relevant policies adopted by the JRC.
 - 1. During the period of the use restriction, the participating cities shall notify King County prior to any modification or change in the use of real property acquired or improved in whole or in part with CDBG or HOME Program funds. This includes any modification or change in use from that planned at the time of the acquisition or improvement, including disposition.
 - 2. During the period of the use restriction, if the property acquired or improved with CDBG or HOME Program funds is sold or transferred for a use which does not qualify under the applicable regulations, the participating city shall reimburse King County in an amount equal to the current fair market value (less any portion thereof attributable to expenditures of funds other than CDBG or HOME Program funds).

VIII. RESPONSIBILITIES OF ALL PARTICIPATING JURISDICTIONS

- A. All participating jurisdictions shall be considered to be those jurisdictions that have signed this Agreement.
- B. All participating jurisdiction shall fulfill to the County's reasonable satisfaction all relevant requirements of federal laws and regulations that apply to King County as applicant, including assurances and certifications described in Section VIII below.
- C. Each participating jurisdiction or cooperating unit of general local government certifies that it has adopted and is enforcing:
 - 1. A policy that prohibits the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
 - 2. A policy that enforces applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of non-violent civil rights demonstrations within jurisdiction.
- D. Pursuant to 24 CFR 570.501(b), all participating units of local governments are subject to the same requirements applicable to sub-recipients when they receive CDBG funds to implement an activity. The applicable requirements include, but are not limited to, a written agreement with the County that complies with 24 CFR 570.503 and includes provisions not limited to: statement of work; records and reports; program income; uniform administrative items; other program

requirements; conditions for religious organizations; suspension and termination; and reversion of assets.

- E. All participating units of local government understand that they may not apply for grants from appropriations under the federal Small Cities or State CDBG Programs during the period in which they participate in this Agreement.
- F. All participating units of local government understand that they may not sell, trade or otherwise transfer all or any portion of the urban county consortium CDBG funds to another metropolitan city, urban county unit of general local government, Indian tribe, or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title I of the Act.
- G. All units of local government participating in the CDBG urban county consortium through this interlocal cooperation agreement understand that they are also part of the urban county for the HOME Program and that they may not participate in a HOME Program consortium except through the urban county, regardless of whether the urban county receives a HOME formula allocation; and also understand that they are part of the urban county for the ESG Program and may only receive a formula allocation for ESG through the urban county consortium.
- H. All participating units of local government hereby agree to affirmatively further fair housing and to ensure that no CDBG or HOME Program funds shall be expended for activities that do not affirmatively further fair housing within its jurisdiction or that impede the County's actions to comply with its fair housing certification. For purposes of this section, "affirmatively furthering fair housing" includes participation in the process of developing an Analysis of Impediments to Fair Housing Choice and a Fair Housing Action Plan. While King County has the primary responsibility for the development of these reports to HUD pursuant to Section VI.A. of this Agreement, upon request, the City shall provide assistance to the County in preparing such reports. All participating units of local government acknowledge that the urban county consortium is prohibited from funding activities in, or in support of, any cooperating unit of general local government that does not affirmatively further fair housing within its own jurisdiction or that impedes the county's actions to comply with the county's fair housing certification.
- I. Participating jurisdictions undertaking activities and/or projects with CDBG funds distributed under this Agreement shall retain full civil and criminal liability as though these funds were locally generated.
- J. Participating jurisdictions retain responsibility in fulfilling the requirements of the State Environmental Policy Act under which King County has review responsibility only.

IX. GENERAL TERMS

- A. This Agreement shall extend through the **2015, 2016 and 2017** program years, and shall remain in effect until the CDBG funds, ESG funds, Home Program funds and program income received with respect to activities carried out during the three-year qualification period are expended and the funded activities completed. This Agreement shall be automatically renewed for participation in successive three-year qualification periods, unless the County or the City provides written notice that it wishes to amend this Agreement or elects not to participate in the new qualification period by the date set forth by the United States Department of Housing and Urban Development (HUD) in subsequent Urban County Qualification Notices. By the date specified in HUD's Urban County Qualification Notice for the next qualification period, King County will notify each participating city in writing of its right not to participate, and a copy of King County's written notification will be sent to HUD by the date specified in the urban county qualification schedule. Each party to this Agreement must adopt amendments necessary to meet the requirements for cooperation agreements as set forth in the Urban County Qualification Notice applicable for a subsequent three-year county qualification period, and to submit such amendment to HUD, as provided in the notice. Failure to comply with the notice will void the automatic renewal for such qualification period.
- B. Pursuant to 24 CFR Part 570.307(d)(2), during the period of qualification no included unit of general local government may terminate or withdraw from the cooperation agreement while it remains in effect.
- C. It is understood that by signing this Agreement, the City shall agree to comply with the policies, goals, objectives and strategies of the King County Consortium Consolidated Housing and Community Development Plan.
- D. Parties to this Agreement must take all required actions necessary to assure compliance with King County's certification under Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, regarding Title VI of the Civil Rights Act of 1964, (Title III of the Civil Rights Act), the Fair Housing Act as amended, affirmatively furthering fair housing, Section 109 of Title I of the Housing and Community Development Act of 1974, as amended, which incorporates Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and other applicable laws.
- E. This Agreement shall be executed in three counterparts, each of which shall be deemed an original, by the chief executive officers of the County and the City, pursuant to the authority granted them by their respective governing bodies. One of the signed Agreements shall be filed by the County with the Region X office of HUD, one shall be filed with the City and one shall be filed with the County. Prior to its taking effect, the fully executed Agreement shall be filed with the County Auditor, or, alternatively, listed by subject on a public agency's web site or other electronically retrievable public source.

- F. It is recognized that amendment to the provisions of this Agreement may be appropriate, and such amendment shall take place when the parties to this Agreement have executed a written amendment to this Agreement.

G. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their successors and assigns. No other person shall have any right of action based on any provision of this Agreement.

KING COUNTY, WASHINGTON

CITY OF MERCER ISLAND, WASHINGTON


for King County Executive


By: Signature

Adrienne Quinn
Printed Name

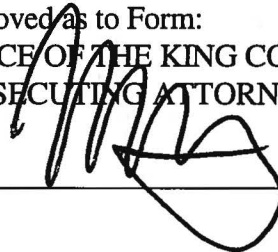
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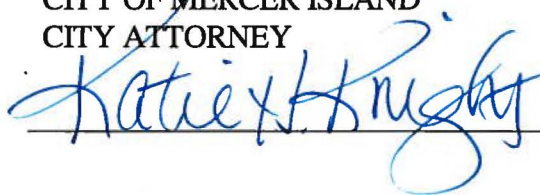
Director, Department of Community and Human Services
Title

City Manager
Title

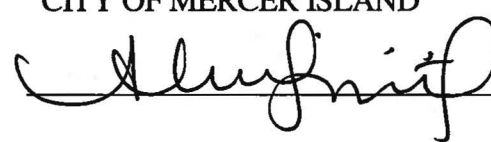
7/25/14
Date

7/8/14
Date

Approved as to Form:
OFFICE OF THE KING COUNTY
PROSECUTING ATTORNEY


Approved as to Form:
CITY OF MERCER ISLAND
CITY ATTORNEY


Katie H. Knight
City Attorney

ATTEST:
CITY OF MERCER ISLAND


Allison Spietz
City Clerk

**AMENDMENT NO. 1 TO THE INTERLOCAL COOPERATION AGREEMENT
REGARDING THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
BETWEEN THE CITY OF MERCER ISLAND AND KING COUNTY**

This First Amendment to the Interlocal Cooperation Agreement Regarding the Community Development Block Grant Program between the City of Mercer Island and King County (“Amendment No. 1” or the “First Amendment”) is made by and between the City of Mercer Island (“the City”), and King County (“the County”), both of which entities being a unit of general local government in the State of Washington and which may be referred to hereinafter individually as a “Party” and collectively as the “Parties.”

RECITALS

- A. On July 25, 2014, pursuant to Ch. 39.34 RCW, the Parties entered that certain Interlocal Cooperation Agreement Regarding the Community Development Block Grant Program (the “Agreement”).
- B. As acknowledged by the Agreement, the area encompassed by unincorporated King County and all participating cities has been designated by the United States Department of Housing and Urban Development (“HUD”) as an urban county for the purpose of receiving Community Development Block Grant (“CDGB”) funds, as administered under the Housing and Community Development Act of 1974 (the “Act”).
- C. Signatory jurisdictions to the Agreement are CDBG Consortium Partners for purposes of the Agreement and the Act.
- D. Under the Agreement and pursuant to the Act, King County is responsible to the federal government for all activities undertaken with CDBG funds and for ensuring that all CDBG assurances and certifications King County is required to submit to HUD under the Annual Action Plan are met.
- E. Urban counties are periodically required to requalify for their entitlement status under CDGB and related federal programs.
- F. Under Notice CPD-23-02, issued by HUD April 10, 2023, and setting forth instructions for continuing qualification for participating urban counties in the CDBG program for Fiscal Years 2024-2026, all existing urban counties are required to have incorporated in their cooperation agreements certain required language regarding fair housing and civil rights obligations.
- G. The Agreement does not contain all the required language regarding fair housing and civil rights obligations.

- H. Under Notice CPD-23-02, urban counties have the option of drafting a separate amendment to their existing cooperation agreements with signatory jurisdictions that include the required language rather than drafting a new cooperation agreement that contains the provisions.
- I. The purpose of this First Amendment is to expressly state the required language regarding fair housing and civil rights obligations and to memorialize the attendant obligations as though set forth in the Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the terms, conditions and mutual covenants set forth herein, the Parties agree to amend the Agreement as follows:

1. The foregoing recitals are true and correct in all respects and are incorporated hereby as if fully set forth herein.
2. Section I of the Agreement is hereby amended and restated in its entirety as follows:

“The County and City agree to cooperate to undertake, or assist in undertaking, community renewal and lower-income housing assistance activities funded from annual CDBG, ESG and HOME Program funds from federal fiscal years 2024, 2025 and 2026 appropriations, from recaptured funds and from any program income generated from the expenditure of such funds. These activities include the provision of decent housing, homeless assistance, and a suitable living environment and economic development opportunities, principally for persons with very low to moderate incomes. The County and City shall (i) take all actions necessary to assure compliance with the County’s certification under Section 104(b) of Title I of the Housing and Community Development Act of 1974, (ii) assure that all CDBG grants will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964, the implementing regulations at 24 CFR part 1, the Fair Housing Act, and the implementing regulations at 24 CFR part 100, and (iii) affirmatively furthering fair housing as defined and in accordance with 24 CFR 5.151 and 5.152 and the implementing regulations at 24 CFR part 8, 24 CFR part 35 and 24 CFR part 146.”

3. Except as specifically provided for in this First Amendment, all other provisions of the Agreement shall remain unchanged and in full force and effect.
4. Any capitalized terms not defined in this First Amendment shall have the meanings given them in the Agreement.
5. This First Amendment shall be effective as of the date it has been executed by both Parties.

6. This First Amendment may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE BLOCKS ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Amendment No. 1 to the Agreement as of the date set forth below their signatures.

City of Mercer Island

King County

Name: Jessi Bon

For King County Executive

Date:

Title: City Manager

By: Simon P. Foster
Title: Division Director
Housing, Homelessness and Community
Development
Department of Community and Human
Services

Attest: _____
Name: Andrea Larson
Title: City Clerk

Approved as to Form:

Approved as to Form:

Bio Park, City Attorney

Ryan W. Ridings, King County Senior Deputy
Prosecuting Attorney



Department of Community and Human Services

Housing and Community Development Division

401 Fifth Avenue, Suite 400
Seattle, WA 98104

Phone: 206-263-9105
TTY Relay Service: 711

June 1, 2026
VIA EMAIL

The Honorable David Rosenbaum, Mayor
City of Mercer Island
9611 SE 36th Street
Mercer Island, WA 98040
david.rosenbaum@mercerisland.gov

RE: INTERLOCAL COOPERATION AGREEMENT RENEWAL

Dear Mayor Rosenbaum:

I am writing to you regarding the continued participation by the City of Mercer Island in the King County Community Development Block Grant (CDBG) Consortium, and the King County HOME Investment Partnerships (HOME) Program Consortium. The Interlocal Cooperation Agreements (ICA) for the CDBG Consortium and HOME Consortium cover 2015-2017, which were renewed with no changes for years 2018 – 2020 and 2021-2023. The 2024-2026 ICAs were amended to incorporate certain required language in accordance with U.S. Department of Housing and Urban Development Notice CPD-23-02, Section V.H. This letter is to notify you that these ICAs will be automatically renewed for the years 2027-2029 unless you notify King County and HUD that the City of Mercer Island has decided to **not** participate in one or both of them during the 2027-2029 term.

King County Code, Title 24, Chapter 13 (KCC 24.13) sets out the framework for King County to enter into consortia relationships through interlocal cooperation agreements to partner in the distribution and administration of funds made available through the HUD and affordable housing funds established by Section 36.22.250(3)(c) of the Revised Code of Washington (RCW).

Pursuant to KCC 24.13, it is the policy of King County to partner and form urban county consortia with the cities and towns in King County outside of the City of Seattle¹ for the HUD-administered CDBG and HOME programs. As a member of the King County CDBG Consortium

¹ As a large metropolitan city, Seattle receives an independent allocation of CDBG, ESG and HOME Program funds directly from HUD.

Mayor David Rosenbaum,
June 1, 2026
Page 2 of 4

your city will also participate with King County regarding the distribution and administration of federal Emergency Solutions Grant (ESG) funds. In addition, King County also partners with all cities and towns in King County for Regional Affordable Housing Program (RAHP) document recording surcharge fee funds for affordable housing, governed by RCW 36.22.250(3)(c), which requires the County to enter into Interlocal agreements.

The King County Housing and Community Development Division administers the CDBG, ESG, HOME and RAHP Consortia funds on behalf of the participating city members and staffs the inter-jurisdictional Joint Recommendations Committee (JRC) of the consortia. The JRC reviews and recommends policy matters and project selections concerning consortia funds to the King County Executive.

Benefits of Continued Participation in the King County CDBG Consortium

Participation in the King County CDBG Consortium is advantageous for the following reasons:

- Low- and moderate-income homeowners in your city can apply for home repair grants or loans;
- Low- and moderate-income residents who are homeless or at-risk for homelessness may be eligible for assistance to help them remain in their homes or to move into permanent housing;
- Nonprofit organizations that serve residents of your city can apply for funds to acquire, construct and/or rehabilitate human service facilities or housing that serve low- and moderate-income residents;
- Nonprofit organizations that serve residents of your city can apply for funds for human service programs that serve low- and moderate-income residents;
- Your city can apply for CDBG funds for public infrastructure and park projects that serve low- and moderate-income neighborhoods; and
- Your city can participate in the city/county staff work group that develops recommendations for the Joint Recommendations Committee on specific projects to receive CDBG funds, as well as program guidelines.

If your city chooses to remain with the urban county, it is ineligible to apply for grants under the State CDBG program while it is part of the urban county.

Benefits of Continued Participation in the King County HOME Consortium

Participation in the HOME Consortium is advantageous for the following reasons:

- Your city, and affordable housing developers serving your city, may apply for HOME funds to help meet locally identified affordable housing needs, including affordable rental housing and first-time homeownership programs through the County's process;

Mayor David Rosenbaum,
June 1, 2026
Page 3 of 4

- Your city, and affordable housing developers serving your city, may apply for HOME funds to support the rehabilitation and preservation of affordable housing in your jurisdiction;
- Your city can participate in the city/county staff working group that develops recommendations for the inter-jurisdictional Joint Recommendations Committee on specific projects to receive HOME funds, as well as program guidelines; and
- Your city is a participant in the ESG program as the urban county receives ESG funding.

RAHP Agreement

The RAHP Agreement governs the administration of funds for housing affordable to households at or below 50 percent of AMI. The RAHP agreement has an automatic renewal clause that allows it to renew for subsequent three-year periods, and is renewing without changes for the 2025-2027 period. The RAHP Guidelines may be updated through the JRC by recommendations from the RAHP Planning group.

Next Steps

If your city decides to not participate in the King County CDBG and HOME Consortium for the 2027-2029 term, you must notify the County and HUD in writing, no later than July 7, 2026. A decision to not participate would be effective for the entire three-year period (January 1, 2027–December 31, 2029) unless your city were to specifically request to be included in a subsequent year for the remainder of the three-year period.

If King County and HUD do not receive a notice of your decision to not participate by the **July 7th, 2026 deadline**, your city will continue to participate in the Consortium. The existing ICAs include automatic renewal provisions and no further action is needed at this time.

If your city decides to not participate in the King County CDBG Consortium and/or the King County HOME Consortium, please send written notification to:

King County Housing and Community Development Division
ATTN: Jelani Jackson, Acting Director
401 Fifth Avenue, Suite 510
Seattle, WA 98104

and

Carma Reed, Acting Director
U.S. Department of Housing and Urban Development
Office of Community Planning and Development
909 First Avenue, Suite 300
Seattle, WA 98104-1000

Mayor David Rosenbaum,
June 1, 2026
Page 4 of 4

We look forward to your continued participation in the King County Consortia and thank you for your attention to this matter.

Sincerely,

Jelani Jackson
Acting Division Director

cc: Susan McLaughlin Director, DCHS
Kristin Pula, Chief of Capital Programs, HCDD, DCHS
Ubox Gardheere, Community Development Lead Program Manager, HCDD, DCHS
Katie Rogers, Chief of Staff, DCHS
Sierra Howlett Browne, Government Relations Director, King County Executive's Office
Emma Abraham, Federal Relations Manager, King County Executive's Office



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6948
June 16, 2026
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6948: First Quarter 2026 Financial Status Update	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	No action necessary. Receive report.	

DEPARTMENT:	Finance
STAFF:	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director Ben Schumacher, Financial Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Q1 2026 Financial Status Update
CITY COUNCIL PRIORITY:	4. Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

EXECUTIVE SUMMARY

This agenda item provides the City Council with a comprehensive budget-to-actual comparison for the first quarter of the year, tracking all primary revenues and expenditures from January 1 through March 31, 2026.

- Per Washington state law, staff provide the City Council with quarterly updates on the City’s financial operations and budget appropriations ([RCW 35A.34.240](#)). This ensures fiscal transparency, allowing the City Council to actively monitor budget-to-actual variances and track potential financial risks throughout the year.
- All funds are performing as expected through the first three months of 2026. General Fund revenue collections are 19% of budget expectations. General Fund expenditures are 28% of budget expectations. Both are tracking with historical performance.
- Analysis across all funds is provided in the First Quarter 2026 Financial Status Update (Exhibit 1).
- No ordinance is included with this agenda bill given the City Council has not approved new budget appropriations since the previous budget amending ordinance adopted by Council on May 5, 2026 ([Ord. No. 26-04](#)).

BACKGROUND

In Washington state, the requirement for municipalities to provide financial updates is governed by the state’s Revised Code of Washington (RCW) municipal budgeting laws. For cities like Mercer Island operating under a biennial/ two-year budget cycle, staff present the City Council with financial status and appropriation updates quarterly ([RCW 35A.34.240](#)). This ensures fiscal transparency, allowing the City Council to actively monitor budget-to-actual variances and track potential financial risks throughout the year.

ISSUE/DISCUSSION

The Q1 2026 financial status update (Exhibit 1) includes detailed analysis of the City's revenue and expenditure actuals from January 1 through March 31, 2026. The budget reflected in the update includes budget amendments adopted by ordinance through May 5, 2026 (see [Ord. No. 26-04](#)).

General Fund Revenues

Overall, General Fund revenues met budget expectations throughout the first quarter, tracking at \$7.4 million, which represents 19.1% of the amended revenue budget (\$39.0 million).

General sales tax is tracking with budget expectations and \$38,000 higher compared to the same period last year. In fiscal year 2025, the construction sector stood as the single largest generator of general sales tax revenue. This trend persists in 2026. While all other sectors – including retail & wholesale trade – experienced year-over-year gains in Q1 2026, the construction sector softened slightly yet remains the top performing business segment.

Business & Occupation (B&O) tax ended the first quarter at 52.6% of budget. This high percentage is normal for the first quarter because most registered businesses file annual returns, which are due by April 15th of the following year. B&O tax is levied at a rate of 0.10% on gross revenues exceeding \$150,000, with quarterly filings required for businesses earning over \$1.0 million annually. While collections are down \$377,000 compared to the prior year, they are tracking closely with historical trends.

Interest earnings performed slightly above budget expectations, ending Q1 2026 at 27.1% of budget. However, total earnings are lower than the same period last year. This drop is due to reduced idle cash reserves and a lower state investment pool (LGIP) interest rate yield, which fell from 4.40% in March 2025 to 3.71% in March 2026.

General Fund Expenditures

General Fund expenditures are within budget expectations at the end of the first quarter, totaling \$10.8 million, or 27.7% of the amended budget (\$39.1 million), as outlined in Figure 1.

Figure 1

GENERAL FUND EXPENDITURES (\$ in millions)	FY 2026 AMENDED BUDGET	% of AMENDED BUDGET	FY 2025 QUARTER 1 ACTUALS	FY 2026 QUARTER 1 ACTUALS	YTD as % of AMENDED BUDGET
Personnel	\$18.26	47%	\$4.00	\$4.23	23%
Supplies	0.66	2%	0.12	0.15	22%
Contractual Services	11.46	29%	3.22	2.87	25%
Other Services & Charges	5.16	13%	2.48	2.78	54%
Interfund Transfers Out	3.58	9%	1.00	0.82	23%
TOTAL EXPENDITURES	\$39.12	100%	\$10.83	\$10.85	28%

Utility Funds

The Water, Sewer, and Storm Water Utility Funds are operating within budget expectations. First-quarter expenditures for Water and Storm Water align with budget expectations. Operating expenditures in the Sewer Utility exceeded budget expectations at the end of March, which is normal as the annual insurance payments are paid in full in January.

Staff are currently prioritizing Water Utility projects to comply with federal tax laws requiring 85% of the November 2024 Limited Tax General Obligation (LTGO) bond proceeds to be spent within three years of issuance; this work is currently on track.

The City successfully advanced high-impact infrastructure projects across the water distribution and sewer conveyance systems. Key progress includes finalizing design and blueprints for the major water main replacement project, launching property surveys along the 2.5-mile Sewer Lakeline Reach 1 corridor, and completing standby generator installations at critical pump stations to ensure uninterrupted utility service during regional power outages.

All other operating and capital funds throughout the City are within budget expectations, and there are no variances to either revenues or expenditures unless otherwise stated in Exhibit 1.

NEXT STEPS

Staff will return to Council with the second and third quarter financial status updates in September and November 2026. The fourth quarter (year-end close) financial status update is provided in the spring of the following calendar year.

RECOMMENDED ACTION

No action necessary. Receive report.

INTRODUCTION

The Financial Status Update provides a budget to actual comparison of revenues and expenditures for the General Fund and all other funds from January through March 2026.

Beginning Fund Balance represents net excess resources from a prior year that have been appropriated to fund budgeted expenditures in fiscal year 2026.

JUNE 16, 2026

FINANCIAL STATUS UPDATE

AS OF MARCH 31, 2026

2026 General Fund

REVENUES

\$ in millions

Adopted Budget	\$38.6
Amended Budget	39.0
Actuals as of 3/31*	7.4

**19.1% of Amended Budget*

EXPENDITURES

\$ in millions

Adopted Budget	\$38.6
Amended Budget	39.1
Actuals as of 3/31*	10.8

**27.7% of Amended Budget*

Contingency Fund Balance

\$4.9 million

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GENERAL FUND

Revenues

Overall, General Fund revenues met budget expectations throughout the first quarter (Q1). The 2026 amended revenue budget is included in the table below along with year-to-date (YTD) actuals, and percentage of the amended budget received through the end of March. Prior YTD actuals are presented for comparative purposes.

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

GENERAL FUND: Revenues

As of March 31, 2026

Revenue Category	2026 Adopted Budget	2026 Amended Budget	Prior YTD 3/31/2025	YTD 3/31/2026	YTD Revenue as % of Amended Budget
Property Tax	\$ 14,199,616	\$ 14,199,616	\$ 1,039,624	\$ 995,575	7.0%
Sales Tax - General	6,925,475	6,925,475	1,696,668	1,734,554	25.0%
Sales Tax - Criminal Justice	1,018,924	1,018,924	233,536	248,248	24.4%
Utility Taxes	5,136,522	5,136,522	1,188,905	1,530,310	29.8%
B&O Taxes	755,980	755,980	774,937	397,793	52.6%
Shared Revenues	1,589,754	1,613,229	646,180	504,495	31.3%
Cost Allocation-Overhead	2,527,397	2,527,397	602,968	631,849	25.0%
EMS Revenues	2,162,216	2,162,216	226,866	388,887	18.0%
Parks & Recreation	1,432,500	1,432,500	376,217	379,600	26.5%
License, Permit & Zoning	631,833	631,833	161,288	164,226	26.0%
Municipal Court	185,000	185,000	35,143	63,458	34.3%
Miscellaneous Revenue	310,738	360,738	61,795	97,572	27.0%
Interest Earnings	1,154,625	1,154,625	459,353	312,446	27.1%
Interfund Transfers	0	0	0	0	N/A
Total Revenues	\$ 38,030,580	\$ 38,104,055	\$ 7,503,480	\$ 7,449,014	19.5%
Appropriated Fund Balance	645,938	971,938	0	0	0.0%
Total Resources	\$ 38,676,518	\$ 39,075,993	\$ 7,503,480	\$ 7,449,014	19.1%

Property Tax is 7.0 percent of the budget at the end of the first quarter. This reflects the annual timing of property tax payments to the City, which typically occur in April and October of the calendar year. This revenue is on track with historical expectations.

General Sales Tax is 25.0 percent of the adopted budget through the end of March. This revenue is on track with budget expectations.

The Construction sector has historically been the largest component of sales tax revenue in fiscal year 2025. This trend continued through Q1 2026. The Retail & Wholesale Trade sector is up in Q1 2026

compared to the previous year, while Construction has decreased yet maintains its place as the top performing business sector.

Sales tax revenues have been strong through Q1 2026. The following table compares sales tax revenue by business sector from January through March for 2025 and 2026.

2025-2026 General Sales Tax Revenue by Business Sector (\$ in thousands)						
Business Sector	JAN thru MAR	JAN thru MAR	Increase / (Decrease)	% of Total		
	2025	2026		2025	2026	% Chg
Construction	\$696	\$638	(\$58)	41.0%	36.8%	-4.2%
Retail & Wholesale Trade	\$533	\$547	\$14	31.4%	31.5%	0.1%
All Other Sectors	\$90	\$96	\$6	5.3%	5.6%	0.2%
Admin & Support Services	\$144	\$158	\$14	8.5%	9.1%	0.6%
Food Services	\$69	\$79	\$9	4.1%	4.5%	0.4%
Professional, Scientific & Tech	\$59	\$93	\$33	3.5%	5.3%	1.8%
Finance/Insurance/Real Estate	\$46	\$48	\$1	2.7%	2.7%	0.0%
Information	\$59	\$77	\$18	3.5%	4.4%	1.0%
Total	\$1,697	\$1,735	\$38	100.0%	100.0%	

Criminal Justice Sales Tax is 24.4 percent of the adopted budget at the end of the first quarter. This revenue consists of a 0.1 percent sales tax imposed by King County that is shared with cities in the county on a per capita (population) basis. It is closely tied to county wide taxable sales numbers. This revenue is up 14.7 thousand over the prior year, representing a 6.2 percent increase through the first quarter.

Utility Taxes are 29.8 percent of budget at the end of March. This revenue category is performing within budget expectations and historical trends.

Business & Occupation (B&O) Tax is 52.6 percent of budget at the end of the first quarter. Most of the City's registered businesses file an annual B&O tax return where the deadline for remitting annual taxes is April 15th of the following year. Revenues in this category are down \$377 thousand compared to the prior year but are following closer to historical trends.

Shared Revenues are 31.3 percent of the budget through the end of March. This revenue category is performing with historical trends.

Major revenue sources include State shared taxes; hazardous waste grants; the I-90 corridor landscape maintenance revenue from the Washington State Department of Transportation; vessel registration fees received from the state through King County; the marine patrol services contract revenue from partner cities; and financial support for the School Resource Officer received from the Mercer Island School District.

EMS Revenues are 18.0 percent of budget at the end of the first quarter. Revenues in this line include those from the King County EMS Levy, emergency aid services, Ground Emergency Medical Transport services, and ambulance transport fees. Revenues in this line are below budget expectations due to a change in the way the revenue is received. Ambulance Transport fees that used to be received directly by the City are now being collected by Eastside Fire & Rescue (EF&R), which provides fire and emergency medical services to Mercer Island. The Ambulance Transport Fees collected by EF&R in the prior year are credited against the operating costs of the EF&R contract in the current year, less an administrative fee.

Parks and Recreation revenues are 26.5 percent of budget at the end of March. Revenue sources include field rentals, boat launch fees, program fees, and rent payments from the annex building outside the Mercer Island Community and Event Center (MICEC). Recreation program revenues are within budget expectations.

License, Permit, and Zoning Fees are 26.0 percent of budget at the end of the first quarter. This revenue category consists of fees related to business licenses and a cable franchise. This revenue is performing within budget expectations.

Municipal Court revenues are performing within budget expectations, ending the quarter at 34.3 percent of budget. Revenues in 2026 increased compared to the prior year due to an increase in case filings.

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

Revenues are performing above budget expectations, ending March at 27.1 percent of budget. However, revenues are lower than the prior year due to lower idle cash reserves and interest rates falling from 4.40 percent in March 2025 to 3.71 percent in March 2026.

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

Expenditures

Overall, General Fund expenditures are within budget estimates at the end of the first quarter. The table below lists the 2026 amended expenditure budget, year-to-date actuals, and year-to-date actuals as a percentage of the amended budget. Prior year actuals are presented for comparative purposes.

The budget and actual amounts are for Q1 2026, January through the end of March. Additional details of material variances from the amended budget are discussed in the narrative below.

GENERAL FUND: Expenditures

As of March 31, 2026

General Fund Department	2026 Adopted Budget	2026 Amended Budget	Prior YTD 3/31/2025	YTD 3/31/2026	YTD Expense as % of Amended Budget
Administrative Services	\$ 1,313,100	\$ 1,325,100	\$ 380,051	\$ 408,074	30.8%
City Attorney's Office	1,114,022	1,114,022	238,596	234,044	21.0%
City Council	61,123	61,123	12,960	17,664	28.9%
City Manager's Office	802,408	802,408	211,101	196,648	24.5%
Community Planning & Development		252,029		27,029	10.7%
Finance	1,530,964	1,530,964	291,963	326,144	21.3%
Fire	9,269,259	9,269,259	3,348,707	2,932,569	31.6%
Human Resources	900,046	878,046	183,482	210,450	24.0%
Information & Geographic Services	215,646	215,646	50,465	54,929	25.5%
Municipal Court	727,664	727,664	157,570	156,621	21.5%
Non-Departmental	2,474,816	2,562,631	1,179,890	1,372,506	53.6%
Parks & Recreation	2,423,758	2,423,758	444,074	528,311	21.8%
Police	9,925,207	9,947,207	2,451,446	2,703,752	27.2%
Public Works	6,050,430	6,123,905	1,283,555	1,283,035	21.0%
Total Expenditures	\$ 36,808,443	\$ 37,233,762	\$ 10,233,860	\$ 10,451,774	28.1%
Interfund Transfers	1,868,075	1,883,075	594,536	396,041	21.0%
Total Expenditures + Interfund Transfers	\$ 38,676,518	\$ 39,116,837	\$ 10,828,395	\$ 10,847,815	27.7%

In reviewing expenditures by department, the following are noteworthy:

Administrative Services expenditures ended the first quarter at 30.8 percent of budget. This is primarily due to the timing of costs related to 2025 voter registrations for King County elections. Other budgeted operating expenditures are within expectations.

Fire department expenditures are 31.6 percent of budget at the end of March. This reflects three annual payments, per the City's interlocal agreement with Eastside Fire & Rescue (EF&R), that occur in January of the fiscal year and relate to capital facilities maintenance, equipment replacement contributions, and the final payment of establishing a leave liability fund for firefighting staff that transitioned to EF&R. All other expenditures are within budget.

Non-Departmental expenditures are 53.6 percent of budget at the end of the first quarter. This is due to annual insurance payments that occur in January of the fiscal year. Expenditures are expected to stay within budget expectations throughout the remainder of the year.

All other expenditures are within expectations through the end of the first quarter.

UTILITY FUNDS

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

Revenues

The table below lists the 2026 adopted and amended revenue budget, January through March actuals, and the percentage of budget received. Prior year actuals are presented for comparative purposes. The budget and actual amounts include January 1 through March 31, 2026. Additional detail regarding material variances is discussed in the narrative following the table.

UTILITY FUNDS: Revenues

As of March 31, 2026

Revenue Category	2026 Adopted Budget	2026 Amended Budget	Prior YTD 3/31/2025	YTD 3/31/2026	YTD Revenue as % of Amended Budget
Operating Revenues					
Water Utility	\$ 13,604,295	\$ 13,604,295	\$ 2,280,586	\$ 2,461,771	18.1%
Sewer Utility	13,359,815	13,359,815	3,300,390	3,561,562	26.7%
Storm Water Utility	2,999,045	2,999,045	768,980	814,885	27.2%
Interest Earnings					
Water Utility	293,158	293,158	403,611	306,123	104.4%
Sewer Utility	81,073	81,073	107,911	92,383	114.0%
Storm Water Utility	50,177	50,177	57,724	51,359	102.4%
Miscellaneous Revenue					
Water Utility	-	-	-	1,814,729	N/A
Sewer Utility	-	-	-	-	N/A
Storm Water Utility	-	-	-	-	N/A
Total Revenues	\$ 30,387,563	\$ 30,387,563	\$ 6,919,202	\$ 9,102,812	30.0%

Water, Sewer, and Storm Water Utility operating revenues are within budget expectations and reflect the seasonality of utility revenues. The Q1 increase compared to the prior year reflect the approved rate increase that became effective January 1, 2026. During a scheduled contract update between Seattle Public Utilities (SPU) and Mercer Island regarding drinking water provisions, minor modifications were made to the purveyor rate model. This resulted in an overcollection during the period when the contract update occurred. As a result, SPU over collected revenues, resulting in a \$1.8 million refund to the City's Water Utility in February. The \$1.8 million remains within the Water Fund and will go towards major capital improvements to the City's water distribution system.

Interest earnings for the Water, Sewer, and Storm Water Utility funds have continued to exceed revenue expectations. The Local Government Investment Pool held a better than anticipated earnings yield through Q1 2026, ranging from 3.87 percent at the beginning of January to 3.71 percent through the end of March.

Expenditures

The table below lists the 2026 adopted and amended expenditure budget by Utility fund and category, January through March actuals, and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of the first quarter. Additional details of major variances are discussed following the table.

UTILITY FUNDS: Expenditures

As of March 31, 2026

Category	2026 Adopted Budget	2026 Amended Budget	Prior YTD 3/31/25	YTD 3/31/26	YTD Expense as % of Amended Budget
Operating Expenditures					
Water Utility	\$ 8,323,477	\$ 8,362,652	\$ 1,862,384	\$ 1,963,030	23.5%
Sewer Utility	10,507,525	10,534,900	2,317,281	3,110,252	29.5%
Storm Water Utility	2,823,515	2,946,465	537,449	618,094	21.0%
Capital Projects					
Water Utility	14,409,252	14,409,252	3,256,286	1,613,931	11.2%
Sewer Utility	4,822,697	4,822,697	745,458	745,359	15.5%
Storm Water Utility	1,799,004	1,799,004	23,274	30,947	1.7%
Debt Service					
Water Utility	2,430,188	2,430,188	-	-	0.0%
Sewer Utility	1,029,611	1,029,611	-	-	0.0%
Storm Water Utility	-	-	-	-	N/A
Total Expenditures	\$ 46,145,269	\$ 46,334,769	\$ 8,742,131	\$ 8,081,613	17%

First quarter expenditures for the Water and Storm Water Utility funds are within budget expectations. However, operating expenditures in the Sewer Utility exceeded budget expectations at the end of March, primarily due to insurance payments that are paid in full in January. Other operating expenditures are within budget expectations.

Regarding capital investment, several major projects are currently in the design or construction phases. Staff is prioritizing Water Utility projects to ensure timely expenditure of time-gated revenues from the Fall 2024 Limited Tax General Obligations (LTGO) bond issuance. Per federal tax law, 85% of LTGO bond proceeds must be spent within three years of issuance. Work is on track to meet this requirement.

Comprehensive project details are available in the dedicated [Capital Improvement Program \(CIP\) section](#) within this exhibit.

ALL OTHER FUNDS

Revenues

The table below lists the 2026 amended revenue budget, year-to-date actuals, and the percentage of budget received. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of March. Additional details of material variances are discussed in the narrative following the table.

ALL OTHER FUNDS: Revenues

As of March 31, 2026

Fund Name	2026 Adopted Budget	2026 Amended Budget	Prior YTD 3/31/2025	YTD 3/31/2026	YTD Revenue as % of Amended Budget
Self Insurance Claim	\$ 10,000	\$ 10,000	\$ -	\$ -	N/A
Street	4,902,904	7,807,134	491,994	1,044,982	13.4%
Contingency	-	-	-	-	N/A
1% for the Arts	15,000	15,000	-	-	0.0%
Youth & Family Services	4,110,833	4,142,433	464,823	808,697	19.5%
Development Services	4,340,046	4,340,046	1,098,698	1,150,798	26.5%
Bond Redemption (Non-Voted)	-	137,462	-	-	0.0%
Capital Improvement	9,554,202	9,691,664	1,460,275	492,666	5.1%
Technology & Equipment	395,922	606,632	95,000	80,000	13.2%
Municipal Facility Replacement	-	587,549	168,773	-	0.0%
Equipment Rental	3,802,523	5,241,559	348,805	484,666	9.2%
Computer Equipment	1,785,733	1,785,733	371,432	390,012	21.8%
Firefighter's Pension	145,000	145,000	11,182	9,444	6.5%

Street Fund revenues are 13.4 percent of budget at the end of March. The primary revenue source in the Street Fund for fiscal year 2026 is Real Estate Excise Taxes (REET). REET revenues ended the quarter down \$20 thousand, or 9.8 percent, when compared to the same period in 2025.

Total property sales recorded in January through March of 2026 were 12.5 percent lower, when compared to the same period in 2025. The property sales recorded for both 2025 and 2026 fall well below the 10-year historical average of 69 in Q1 2026. The average property sale price in Q1 2026 also decreased when compared to Q1 2025 by about \$151 thousand. Taken together, these are the primary drivers of the total REET revenue decline experienced in Q1 2026.

Youth & Family Services revenues ended March at 19.5 percent of the amended budget. This is primarily due to counseling service revenue actuals compared to budget expectations. A proposed agreement with the Boys & Girl Club Organization to fund a counselor position did not move forward based on a mutual agreement between both parties, resulting in none of the \$147.5 thousand service costs being incurred or recouped this biennium.

Thrift Shop revenues were up \$207.2 thousand in fiscal year 2026 relative to the prior year and are 23% of budget the 2026 revenue target as of the end of March. Other revenues are within budget expectations.

Capital Improvement Fund revenues are 5.1 percent of budget at the end of the first quarter. Similar to the Street Fund, REET is a primary revenue source in the Capital Improvement Fund. Staff will continue to monitor factors relating to REET to better inform expectations for the remainder of FY 2026 and beyond.

In addition, the budget for revenues in 2026 includes \$2.2 million in State Grant funding, of which none has been collected due to the timing of capital projects. State grants operate on a reimbursement basis as funds are expended. Staff intend to submit for reimbursement for outside funding as project milestones are met. As an example, reimbursement for grants related to the Luther Burbank Dock & Waterfront Improvements project occur once the waterfront design is complete (Q2 2026) and after construction is complete (Q4 2027).

Municipal Facility Replacement Fund revenues ended the first quarter at 0.0 percent of budget. The amended revenue budget in this fund represents two appropriations ([AB 6850](#) & [AB 6892](#)) to support workspace planning for the 9655 building. Interfund transfers for that work will occur as project phases are completed in the latter half of 2026.

Firefighter's Pension Fund revenues are 6.5 percent of budget at the end of the first quarter. Investment interest earnings are down when compared to 2025. This decrease in interest earnings compared to the prior year comes as local government investment pool yields have fallen nearly 0.7 percentage points when compared to the same period in 2025. Other revenues in this line, like the fire insurance premium tax, are received later in the fiscal year and are within historical expectations.

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

Expenditures

The table below lists the 2026 amended expenditures budget by fund, end of first quarter actuals, and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of March. Additional details of major variances are discussed in the narrative following the table.

ALL OTHER FUNDS: Expenditures

As of March 31, 2026

Fund Name	2026 Adopted Budget	2026 Amended Budget	Prior YTD 3/31/2025	YTD 3/31/2026	YTD Expense as % of Amended Budget
Self Insurance Claim	\$ 10,000	\$ 10,000	\$ -	\$ -	N/A
Street	4,902,903	7,807,133	668,194	482,474	6.2%
Contingency	-	-	-	-	N/A
1% for the Arts	15,000	15,000	2,248	1,500	10.0%
Youth & Family Services	4,110,832	4,142,432	808,852	929,456	22.4%
Development Services	4,334,220	4,334,220	898,282	920,332	21.2%
Bond Redemption (Non-Voted)	-	137,462	-	-	0.0%
Capital Improvement	9,554,201	9,541,663	1,211,251	989,263	10.4%
Technology & Equipment	355,931	566,641	33,230	53,315	9.4%
Municipal Facility Replacement	-	562,283	-	56,530	10.1%
Equipment Rental	3,003,136	4,442,172	322,393	401,329	9.0%
Computer Equipment	1,544,174	1,544,174	489,126	530,975	34.4%
Firefighter's Pension	145,000	145,000	31,055	28,394	19.6%

Street Fund: Total expenditures are 6.2 percent of budget at the end of March. Operating expenditures are within budget expectations. This level of expenditure for the capital projects in the Street Fund are commonplace given many capital projects are currently underway, resulting in notable expenditures in the third and fourth quarters of the fiscal year.

Capital Improvement Fund expenditures ended the first quarter at 10.4 percent of budget. This level of expenditure for capital projects is commonplace given how many capital projects are currently underway. Capital project details can be found in the dedicated [CIP section](#) within this exhibit.

Technology & Equipment Fund: Total expenditures are 9.4 percent of budget at the end of March. This level of expenditure falls within historical expectations throughout the first quarter of the fiscal year. Projects with notable expenditures this year include the financial software implementation (currently on track) and technology equipment replacement program, which has spending levels on track with budget expectations.

Computer Equipment Fund expenditures ended the first quarter at 34.4 percent of budget. This is primarily due to annual software subscriptions that are paid in January. Other operating and capital expenditures are within budget expectations.

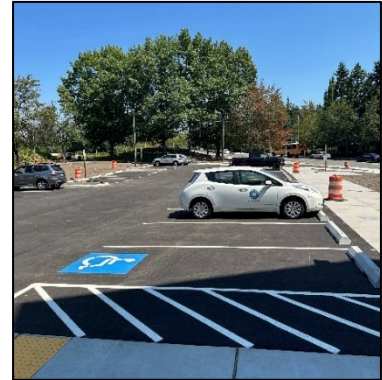
All other variances meet budget expectations through the end of March.

CAPITAL IMPROVEMENT PROGRAM

During Q1 2026, the City made progress across major capital projects, including the transportation system, water and sewer systems, and city parks. Key milestones included the completion of high-impact community facilities ahead of the opening of regional light rail, advancing long-term utility capacity models, and strategic multiyear neighborhood safety enhancements. Project summaries are included below.

TRANSPORTATION & MOBILITY

1. **Town Center Parking Facility:** Construction reached final completion in late March 2026. Key updates included the final installation and electrical inspection of new light fixtures, wiring, and photocells. The City's contractor OMA Construction completed final signage installations and landscaping cleanup to ensure the facility was fully operational prior to the opening of the local light rail station on March 28.



2. **76th Avenue SE Mid-Block Crossing & ADA Improvements:** This project includes improvements across five locations to enhance pedestrian mobility. In late January, bid documents were completed to upgrade and realign an existing mid-block crosswalk in the 2700 block of 76th Avenue with rectangular rapid-flashing beacons (RRFB), improved illumination, and ADA-compliant ramps. Intersections at North Mercer Way & SE 22nd Street, 77th Avenue & SE 29th Street, and 84th Avenue near Luther Burbank Park will receive ADA curb ramp modifications. Seven bids were received in February, with construction scheduled to begin in late May and phased around the FIFA World Cup games and Summer Celebration.
3. **Island Crest Way Corridor Improvements (Shared Use Path Phase 1):** Design for this project reached the 90% milestone. The project introduces a 10-foot-wide paved path with 2-foot gravel shoulders along the west side of Island Crest Way between Island Park Elementary and SE 60th Street. The City secured a Washington State Transportation Improvement Board (TIB) grant to fund over half of the design and construction costs. In March 2026, the City Council authorized a wider trail easement granted by the Mercer Island School District to maximize safety and connectivity. Construction is anticipated for spring 2027.

- 4. **East Mercer Way Roadside Shoulders (Phase 11):** The City contracted with CM Design Group to complete the final phase of the Mercer Way Roadside Shoulder Improvement program, which originally began in 2003. This project constructs a new paved shoulder from SE 79th Street to the 8400 block of East Mercer Way, removing the final remaining gap across the entire 4.8-mile length of the roadway corridor. Design is scheduled for completion in late 2026, with construction launching in early 2027.



WATER DISTRIBUTION SYSTEM

- 5. **Water Supply Pipeline & Gallagher Hill Road AC Main:** RH2 Engineering completed 60% design reviews for the primary 24-inch water supply pipeline along SE 36th Street, Gallagher Hill Road, and SE 40th Street. To avoid spatial conflicts, a sub-project was initiated to replace an existing asbestos cement (AC) water main with a new 10-inch ductile-iron water main along Gallagher Hill Road. Public bidding for this 10-inch main closed on March 24, 2026, with communications going out to nearly 700 households, nearby businesses, and schools in the area about the project in early May 2026. Construction is anticipated to begin in August 2026.
- 6. **2025 AC Water Main Replacements:** This project is part of a long-term initiative to replace over 5,000 linear feet of aging asbestos cement (AC) water mains across the Mercerwood neighborhood, including portions of Mercerwood Drive, Shoreclub Drive, and 95th, 96th, and 97th Avenues. Staff finalized 90% design plans and specifications to support the City's broader structural target of eliminating AC pipelines from the utility system by 2030. Bids will open in late spring, with construction launching in late summer or early fall 2026.
- 7. **Water System Plan Update:** Public Works launched a comprehensive 10-year structural update to the City's Water System Plan (WSP) in compliance with Washington Administrative Code. Evaluating projected system needs over a 20-year horizon, the plan will model local development growth, hydraulic fire-flow standards, and consumer demand. Final plan completion is targeted for early 2027.

SEWER CONVEYANCE SYSTEM

- 8. **Lakeline Reach 1 Capacity Improvements:** Staff initiated extensive technical surveys of the Lakeline Reach 1, a 2.5-mile corridor of the Island's sewer conveyance system. Staff and engineering consultants executed boat-based shoreline evaluations and field investigations across waterfront properties to map bulkheads, docks, and alignment paths. Property-by-property field surveys to



establish permanent brass alignment markers began in late March and will continue through early summer.

9. **Sewer Pump Stations 23 and 25 Generator Replacements:** Valley Electric and Ness Crane executed complex engineering installations to remove decommissioned standby generators and lower updated units into underground vaults. Following power transfers by Puget Sound Energy, the new automatic transfer switch (ATS) at Pump Station 25 was put to an immediate operational test on March 11, when high-wind utility outages occurred. The backup system successfully activated, preserving uninterrupted wastewater service for over 500 local connections.



10. **Sewer Pump Station 19 & 21 Replacement:** The City officially retained Wilson Engineering to provide comprehensive design services to replace these two shoreline-adjacent pumping facilities. Geotechnical boring, drone reconnaissance, and boundary mapping began in March 2026. Due to strict environmental shoreline restrictions and design complexity, permitting will continue through 2027, with construction slated for summer 2028.

PARK IMPROVEMENTS

11. **First Hill Park Playground Replacement:** Executed under the 2022 Parks Levy, the fully renovated playground officially opened to the public in January 2025. The facility integrates play experiences for ages 2 through 12, featuring engineered wood fiber surfacing, cedar timber borders, and a 20-foot-tall Alpha Tower climbing structure. Minor right-of-way parking adjustments along SE 32nd Street and vegetative restoration will continue through the second quarter of the year.



12. **Sewer Lift Station 11 / Fruitland Landing Park Restoration:** Following the removal of temporary bypass equipment and heavy construction plates from the site of Pump Station 11, contractors initiated full parkland restoration. The neighborhood street-end park is being rebuilt to incorporate site grading, weed eradication, updated irrigation, new plants, and community park benches.
13. **Clarke & Groveland Beach Parks Joint Infrastructure Plan:** Staff conducted targeted outreach to collect community feedback on long-term infrastructure choices for Groveland Beach, securing over 120 survey responses from local youth regarding beach hangout concepts and sand volleyball configurations. Refined design iterations will be submitted to the Parks and Recreation Commission for a final formal recommendation to the City Council.

Two summary listings of the originally adopted 2025-2026 Budget (expenditures only), broken down by year, and amendments adopted by Ordinance through May 5, 2026 are presented below.

Fund Type / Fund Name	Original 2025 Budget	2025 Budget Adjustments					Amended 2025 Budget	
		Administrative Biennial Corrections	ORD 25-10 24 to 25 Carry forward	ORD 25-10 Q1 FSU	ORD 25-25 Q2 FSU	ORD 25-33 Q3 FSU		
General Purpose Funds:								
General	37,233,739	(40,844)	151,000	1,760,299	3,317,358	109,889	42,531,442	
Self-Insurance	10,000						10,000	
Youth Services Endowment	-						-	
Special Revenue Funds:								
Street*	5,495,896		1,455,306				6,951,202	
Contingency	-						-	
1% for the Arts	15,000		17,000				32,000	
Youth & Family Services	3,876,503					30,000	3,906,503	
Development Services	4,104,376						4,104,376	
Debt Service Funds:								
Bond Redemption (Voted)	-						-	
Bond Redemption (Non-Voted)	-						-	
Capital Projects Funds:								
Town Center Parking Facilities*	-				744,082		744,082	
Capital Improvement*	10,883,279	150,000	2,226,939	1,138,420	1,670,752		16,069,390	
Technology & Equipment*	493,000		202,208				695,208	
Facility Repl Reserve*	-	(159,283)	785,000		9,080,000	1,562,064	11,267,781	
Enterprise Funds:								
Water*	22,960,080		10,411,104	689,505		245,280	34,305,969	
Sewer*	15,096,406		3,347,658				18,444,064	
Stormwater*	4,849,750		282,405				5,132,155	
Internal Service Funds:								
Equipment Rental*	2,536,727		195,537		60,000		2,792,264	
Computer Equipment*	1,463,979						1,463,979	
Trust Funds:								
Firefighter's Pension	137,000						137,000	
Total	109,155,735	(50,127)	19,074,157	3,588,224	14,872,192	1,947,233	-	148,587,415

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

	Original 2026 Budget	2026 Budget Adjustments						Amended 2026 Budget
		Administrative Biennial Corrections	ORD 25-25 Q2 FSU	ORD 25-33 Q3 FSU	ORD 26-04 Q4 FSU			
General Purpose Funds:								
General	38,676,518	40,844		223,475	176,000			39,116,837
Self-Insurance	10,000							10,000
Youth Services Endowment	-							-
Special Revenue Funds:								
Street*	4,902,902		2,904,231					7,807,133
Contingency	-							-
1% for the Arts	15,000							15,000
Youth & Family Services	4,110,833				31,600			4,142,433
Development Services	4,334,220							4,334,220
Debt Service Funds:								
Bond Redemption (Voted)	-							-
Bond Redemption (Non-Voted)	-			137,462				137,462
Capital Projects Funds:								
Town Center Parking Facilities*	-							-
Capital Improvement*	9,554,202	(150,000)		137,462				9,541,664
Technology & Equipment*	355,931				210,710			566,641
Facility Repl Reserve*	-	159,283			403,000			562,283
Enterprise Funds:								
Water*	25,162,916			20,000	19,175			25,202,091
Sewer*	16,359,832			20,000	7,375			16,387,207
Stormwater*	4,622,520				122,950			4,745,470
Internal Service Funds:								
Equipment Rental*	3,003,139				1,439,037			4,442,176
Computer Equipment*	1,544,174							1,544,174
Trust Funds:								
Firefighter's Pension	145,000							145,000
Total	112,797,187	50,127	2,904,231	538,399	2,409,847	-	-	118,699,791

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



2026 PLANNING SCHEDULE

Item 13.

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.

JULY 7, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		6/25	6/26	6/26	6/29	6/29
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: June 25, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: Certification of Claims June 1-15, 2026			LaJuan Tuttle/Ashley Olson		
--	AB xxxx: Parks & Recreation Month, Proclamation No. xxx			Mayor Rosenbaum/Ryan Daly		
--	AB xxxx: Sewer Pump Station Generator Replacement Project Closeout			Jason Kintner/Chris Marks		
--	AB xxxx: Sewer SCADA System Replacement Project Closeout			Jason Kintner/Chris Marks		
--	AB xxxx: Resolution to Apply for Washington State Recreation and Conservation Office's Grant Funding Program for Deane's Children's Park Phase I Improvements			Jason Kintner/Shelby Perrault		
REGULAR BUSINESS						
45	AB xxxx: GMA Compliance – Comprehensive Plan Amendments (First Reading, Ord. No. 26C-xx)			Jeff Thomas/Alison Van Gorp		
45	AB xxxx: GMA Compliance – MICC, Title 19 Amendments (First Reading, Ord. No. 26C-xx)			Jeff Thomas/Alison Van Gorp		
15	AB xxxx: Fee Schedule Amendments – Establishing a Fee In-Lieu-Of Rate (Resolution No. xxxx)			Jeff Thomas/Alison Van Gorp		
20	AB xxxx: Water Supply Pipeline Construction Contract Approval			Jason Kintner/Clint Morris/Kellye Hilde/Ian Powell		
EXECUTIVE SESSION						

JULY 21, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		7/9	7/10	7/10	7/13	7/13
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						

--	AB xxxx: July 10, 2026 Payroll Certification	Ali Spietz/Nicole Vannatta
--	AB xxxx: Certification of Claims June 16-30, 2026	LaJuan Tuttle/Ashley Olson
--	AB xxxx: GMA Compliance – Comprehensive Plan Amendments (Second Reading, Ord. No. 26C-xx)	Jeff Thomas/Alison Van Gorp
--	AB xxxx: GMA Compliance – MICC, Title 19 Amendments (Second Reading, Ord. No. 26C-xx)	Jeff Thomas/Alison Van Gorp
REGULAR BUSINESS		
30	AB xxxx: Luther Burbank Park Waterfront Improvements – Bid Award	Jason Kintner/Kellye Hilde/ Shelby Perrault/Sarah Bluvas
EXECUTIVE SESSION		

AUGUST 4, 2026 – POTENTIALLY CANCELED		DD	FN	CA	Clerk	CM
ABSENCES:		7/23	7/24	7/24	7/27	7/27
ITEM TYPE TIME TOPIC					STAFF	
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
REGULAR BUSINESS						
EXECUTIVE SESSION						

AUGUST 18, 2026 – POTENTIALLY CANCELED		DD	FN	CA	Clerk	CM
ABSENCES:		8/6	8/7	8/7	8/10	8/10
ITEM TYPE TIME TOPIC					STAFF	
STUDY SESSION						

SPECIAL BUSINESS		
CONSENT AGENDA		
REGULAR BUSINESS		
EXECUTIVE SESSION		

SEPTEMBER 1, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		8/20	8/21	8/21	8/24	8/24
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: July 24, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: August 10, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: August 25, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: Certification of Claims July 1-15, 2026			LaJuan Tuttle/Ashley Olson		
--	AB xxxx: Certification of Claims July 16-31, 2026			LaJuan Tuttle/Ashley Olson		
--	AB xxxx: Certification of Claims August 1-15, 2026			LaJuan Tuttle/Ashley Olson		
--	AB xxxx: National Recovery Month, Proclamation No. xxx			Mayor Rosenbaum/Derek Franklin		
--	AB xxxx: National Preparedness Month, Proclamation No. xxx			Mayor Rosenbaum/Amanda Keverkamp		
--	AB xxxx: Mayor Rosenbaum’s Day of Concern for the Hungry, Proclamation No. xxx			Mayor Rosenbaum/Derek Franklin		
--	AB xxxx: Childhood Cancer Awareness Month, Proclamation No. xxx			Mayor Rosenbaum/Andrea Larson		
REGULAR BUSINESS						

30	AB xxxx: Comprehensive Plan Land Use Map Amendment (First Reading, Ord. No. 26C-xx)	Jeff Thomas/Molly McGuire
60	AB xxxx: Clarke & Groveland Infrastructure Plan – Preferred Infrastructure Plan Review	Jason Kintner/Kellye Hilde/ Shelby Perrault/Sarah Bluvas
60	AB xxxx: Draft 2027 State and Regional Legislative Priorities Review	Jessi Bon/Robbie Cunningham Adams
60	AB xxxx: Present and Discuss Scope of Work for the 2028 PROS Plan Update	Jason Kintner/Kellye Hilde/ Shelby Perrault
EXECUTIVE SESSION		

SEPTEMBER 15, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		9/2	9/3	9/3	9/4	9/4
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: Peace Day on Mercer Island, Proclamation No. xxx				Mayor Rosenbaum/Andrea Larson	
--	AB xxxx: Adoption of 2027 State and Regional Legislative Priorities				Jessi Bon/Robbie Cunningham Adams	
REGULAR BUSINESS						
EXECUTIVE SESSION						

OCTOBER 6, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		9/24	9/25	9/25	9/28	9/28
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: September 10, 2026 Payroll Certification				Ali Spietz/Nicole Vannatter	
--	AB xxxx: September 25, 2026 Payroll Certification				Ali Spietz/Nicole Vannatter	

--	AB xxxx: Certification of Claims August 16-31, 2026	LaJuan Tuttle/Ashley Ols
--	AB xxxx: Certification of Claims September 1-15, 2026	LaJuan Tuttle/Ashley Olson
--	AB xxxx: Domestic Violence Action Month, Proclamation No. xxx	Mayor Rosenbaum/Derek Franklin
--	AB xxxx: Arbor Day, Proclamation No. xxx	Mayor Rosenbaum/Andrew Prince
--	AB xxxx: Indigenous Peoples' Day, Proclamation No. xxx	Mayor Rosenbaum/Andrea Larson
REGULAR BUSINESS		
EXECUTIVE SESSION		

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 xxxx: October 9, 2026 Payroll Certification				Ali Spietz/Nicole Vannatter	
--	AB xxxx: Certification of Claims September 16-30, 2026				LaJuan Tuttle/Ashley Olson	
REGULAR BUSINESS						
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/Deb Estrada
REGULAR BUSINESS		
EXECUTIVE SESSION		

NOVEMBER 17, 2026 – PACKET TO PUBLISH TUESDAY 11/10		DD	FN	CA	Clerk	CM
ABSENCES:		11/4	11/5	11/5	11/6	11/6
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	
REGULAR BUSINESS						
15	AB xxxx: Public Hearing and first Ordinance reading to renew Interim Regulations related to Middle Housing and ADU’s (HB 1110 / HB 1337)				Jeff Thomas/Molly McGuire	
15	AB xxxx: Public Hearing and first Ordinance reading to renew Interim Regulations related to Unit Lot Subdivisions (SB5258)				Jeff Thomas/Molly McGuire	
15	AB xxxx: Set the 2026 annual docket				Jeff Thomas/Madelyn Nelson	
EXECUTIVE SESSION						

DECEMBER 1, 2026		DD	FN	CA	Clerk	CM
ABSENCES:		11/19	11/20	11/20	11/23	11/23
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: Second Ordinance reading to renew Interim Regulations related to Middle Housing and ADU's (HB 1110 / HB 1337)			Jeff Thomas/Molly McGuire		
--	AB xxxx: Second Ordinance reading to renew Interim Regulations related to Unit Lot Subdivisions (SB 5258)			Jeff Thomas/Molly McGuire		
REGULAR BUSINESS						
EXECUTIVE SESSION						

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

EXECUTIVE SESSION		